

Housing Authority of the City of Yakima

Yakima, Washington

Comprehensive Annual Financial Report

Fiscal Year Ended

March 31, 2012



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Yakima, Washington

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Fiscal Year Ended

March 31, 2012

Issued by

Finance Department of
the Housing Authority of the City of Yakima

Stacy Short, CPA, Finance Director

Yakima Housing Authority

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Housing Authority of the City of Yakima

Yakima, Washington

Introductory Section:

Letter of Transmittal

Organizational Chart

List of Principal Officials

***Building stronger communities
through our commitment to
safe and affordable housing***



"Committed to Safe and Affordable Housing"

September 21, 2012

Mr. Robert Wardell, Chairperson of the Board of Commissioners
Members of the Board of Commissioners of the Housing Authority
of the City of Yakima:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the Housing Authority of the City of Yakima (YHA) for the year ended March 31, 2012. The U.S. Department of Housing and Urban Development (HUD) requires that all public housing authorities publish within nine months after the fiscal year-end, financial statements presented in conformity with U.S. Generally Accepted Accounting Principles (GAAP), YHA's financial statements presented here have been audited by Petersen CPAs & Advisors, PLLC. The auditors issued unqualified opinions on YHA's financial statements for the years ended March 31, 2012 and 2011. The data presented in this report is the responsibility of the management of YHA. To the best of our knowledge and belief, the data as presented is accurate in all material aspects; is presented in a manner designed to fairly state the financial position and results of operations of YHA; and all disclosures necessary have been included to enable the reader to gain an understanding of YHA's financial affairs. GAAP requires that management provide a narrative introduction, overview and analysis to complement the basic financial statements in the form of Management's Discussion and Analysis (MD&A).

This report is prepared in conformance with standards of financial reporting as established by the Governmental Accounting Standards Board and the Government Finance Officers Association. Based on these standards, the CAFR is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, YHA's organizational chart, and a list of principal officials. The financial section includes the independent auditors' report on the basic financial statements, MD&A, the basic financial statements, notes to the basic financial statements, and the combining financial schedules. The statistical section includes selected financial and demographic information, presented on a multi-year basis.

YHA is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*. Information related to this single audit, including the independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards; the independent auditors' report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133; the Schedule of Federal Awards; Schedule of Findings and Questioned Costs; and status of prior year findings are included in the single audit section of this report

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Government Overview

This report includes all programs of YHA as well as all of its component units. Component units are legally separate entities for which a government is financially accountable. Although YHA maintains close ties with the City in several respects, YHA is not a component unit of the City as defined by the pronouncements of the Governmental Accounting Standards Board. The governing body for YHA is its Board of Commissioners (Board) comprised of five members appointed by the City of Yakima. The Board appoints an Executive Director to administer the affairs of YHA.

The primary source of funding for YHA is the U.S. Department of Housing and Urban Development (HUD). The City is not financially accountable for the operations of YHA, has no responsibility to fund deficits or receive surpluses, and has not guaranteed YHA's debt beyond a housing revenue bond issued in 1998 that had a balance outstanding of \$1,950,000 at March 31, 2012.

YHA was created in 1977 to provide safe, decent, and sanitary housing for low-income families of Yakima in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other federal agencies. YHA's goals are accomplished through a variety of housing programs and activities. These activities include several programs developed by the U.S. Department of Housing and Urban Development such as the Low Rent Housing Program (Public Housing) and the Housing Choice Voucher program, also known as Section 8. In addition, YHA receives funding from the United States Department of Agriculture's Rural Development (USDA RD) to provide farm labor housing in 147 housing units located in Yakima County.

Economic Condition and Outlook

Congressional housing legislation and the federal budget affect YHA more than local economic factors. YHA's primary source of funding is HUD. As with most housing authorities, most of YHA's operating and capital funding comes from federal dollars in the form of operating subsidies, capital grant funds and Section 8 housing assistance payments. During fiscal year 2012, HUD and other federal agencies provided approximately 72% of YHA's total revenues. For the Section 8 program, HUD provides housing authorities with a fixed annual budget for Housing Assistance Payments (HAP) and for administration fees. For the Public Housing program, housing authorities receive operating subsidies in accordance with an operating subsidy funding formula. In general, the calculated subsidy amount is the difference between an estimate of operating costs minus an estimate of income from rents. Operating subsidies are subject to annual appropriation by Congress.

In fiscal year 2012, YHA, like all housing authorities nationwide, was funded at 100% of eligibility. Federal funding of the affordable housing programs have remained relatively stable during the recent national economic slowdown. The federal fiscal year 2012 began on October 1, 2011. Because Congress failed to pass the necessary full-year appropriation bills to fund federal agencies through September 30, 2011, the federal government has been operating under a series of "continuing resolutions (CR)". After much debates and threats of government shutdown, Congress finally passed the bi-partisan budget deal for 2012 and the President signed the federal fiscal year 2012 budget appropriations into law on November 18, 2011. The 2012 budget deal cuts \$3.8 billion in spending. The Public Housing operating subsidy funding for 2012 requires PHAs to use a portion of the operating reserves held in the Public Housing Operating Fund to supplement reductions in operating subsidy. Capital Grant funding for 2012 is about 9% lower than the prior year. Section 8 administration fees are funded at 80% of eligibility and section 8 HAP is funded at 99.6% of eligibility in 2012.

Continued

Long-Term Planning and Major Commitments and Initiatives

The Board of Commissioners has reaffirmed YHA's mission to building stronger communities through YHA's commitment to safe and affordable housing. Every effort has been made by YHA to operate more efficiently and effectively in the coming year by becoming more innovative in its approach to development, maintenance and management of its units.

YHA has been approved for a Multifamily Preservation and Revitalization (MPR) application that will rehabilitate its 147 farm labor housing units located throughout Yakima County. The USDA RD MPR program is designed to make projects sustainable over a 20 year period through a combination of debt deferral, loans and grants. The terms of YHA's MPR application includes the deferral of six of the seven outstanding loans for 20 years, a \$1.5 million loan, a \$500,000 grant and the use of proceeds from the sale of five single family farm labor units (thereby reducing the total number of farm labor units to 142). YHA anticipates that the MPR deal will close by the fall of 2012.

YHA began construction on a seventy six bed seasonal farm worker project in Granger, Washington. The total project will cost approximately \$3.5 million with a majority of the funding (approximately \$3.0 million) being funded through USDA RD. The project is anticipated to be completed by winter and will be ready to lease in the spring of 2013.

YHA is in the process of restructuring its financing for Nueva Primavera, located in Yakima, Washington, (a 38 unit multifamily project) primarily funded with revenue bonds and a housing trust fund loan. The restructuring will allow for moderate rehabilitation of the units. YHA anticipates that the restructuring of the financing will be completed through HUD's Federal Housing Administration (FHA) program (for approximately \$2.5 million) reducing the overall debt service for the project. In addition, YHA plans to turn the entire project into affordable housing (using project-based vouchers) with the commitment that the housing trust fund loan will be converted into a grant. YHA anticipates that the restructuring of Nueva Primavera will close by the spring of 2013.

YHA has entered into an agreement to purchase Harmony Park (a 24 unit multifamily and elderly housing project) located in Toppenish, Washington. The acquisition and rehabilitation of the units (approximately \$1.0 million) will be funded with housing trust funds through the Washington State Department of Commerce (Department of Commerce). YHA will assume the outstanding debt with the USDA RD of approximately \$730,000. In addition, YHA has requested 15 additional rental assistance units from USDA RD for the operation of Harmony Park. YHA anticipates that the acquisition and rehabilitation will be completed by the summer of 2015.

YHA is currently in the predevelopment phase for a 30 unit multifamily project in Toppenish, Washington. The project will be primarily for farmworkers and will cost approximately \$6.0 million. The project will be funded with a combination of housing trust funds (approximately \$1.5 million) from the Department of Commerce and Low Income Housing Tax Credit equity (approximately \$4.5 million). If funded, YHA anticipates the units will be ready to lease in the spring of 2015.

YHA is currently in the predevelopment phase for the rehabilitation of its 150 public housing units located throughout Yakima, Washington. The total rehabilitation cost of approximately \$6.0 million will primarily be funded through Low Income Housing Tax Credit (LIHTC) equity. YHA plans to apply for the HUD Rental Assistance Demonstration (RAD) program allowing for the use of LIHTC equity in the rehabilitation of the units. If successful, YHA anticipates the rehabilitation of its public housing units to be complete in the spring of 2015.

YHA continues to reaffirm its commitment to the homeless of Yakima County by setting aside seventy five of its Section 8 vouchers, or approximately \$360 thousand for HAP payments, to be project based for homeless families. YHA has partnered with local nonprofits, landlords and the Yakima County Homeless Network in providing case management to help families adjust to living in permanent housing.

YHA continues its efforts to provide safe housing to its residents by partnering with the Yakima Police Department and the Community Oriented Policing Services (COPS) program to hire a police officer for its public housing units costing approximately \$185 thousand over the life of the contract. This is the second of a four year contract with YHA helping the City of Yakima purchase a police vehicle dedicated to patrolling its units.

Financial Information

YHA management is responsible for establishing and maintaining an internal control structure designed to ensure that YHA's assets are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. YHA has designed its internal control structure to provide reasonable, but not absolute, assurances that those objectives are met. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgment by management.

As a recipient of federal awards, YHA is responsible for ensuring that adequate internal controls are in place to provide compliance with applicable laws, regulations, contracts and grants related to those programs. Those internal controls are subject to periodic evaluation by management, and their independent auditors.

As part of YHA's single audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal award programs, as well as to learn whether YHA has complied with applicable laws, regulations, contracts and grants. YHA's single audit for the year ended March 31, 2012 found no instances of material weakness in the internal control or significant violations of the applicable laws, regulations, contracts and grants, audit reports regarding this are included in this CAFR in the Single Audit Section.

Other Information – Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to YHA for its Comprehensive Annual Financial Report for the year ended March 31, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments

Preparation of the Comprehensive Annual Financial Report on a timely basis was accomplished through the dedicated service of the entire staff of the Accounting department under the leadership of Stacy Short, CPA, YHA's Finance Director. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. Our sincere appreciation is extended to the management and staff of Petersen CPAs & Advisors, PLLC who provided necessary expertise and technical assistance.

In closing, without the leadership and support of the members of the Board of Commissioners, preparation of this report would not have been possible.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lowel Krueger".

Lowel Krueger, CPA, MBA
Executive Director

A handwritten signature in black ink, appearing to read "Stacy Short".

Stacy Short, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Housing Authority of the City
of Yakima, Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
March 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

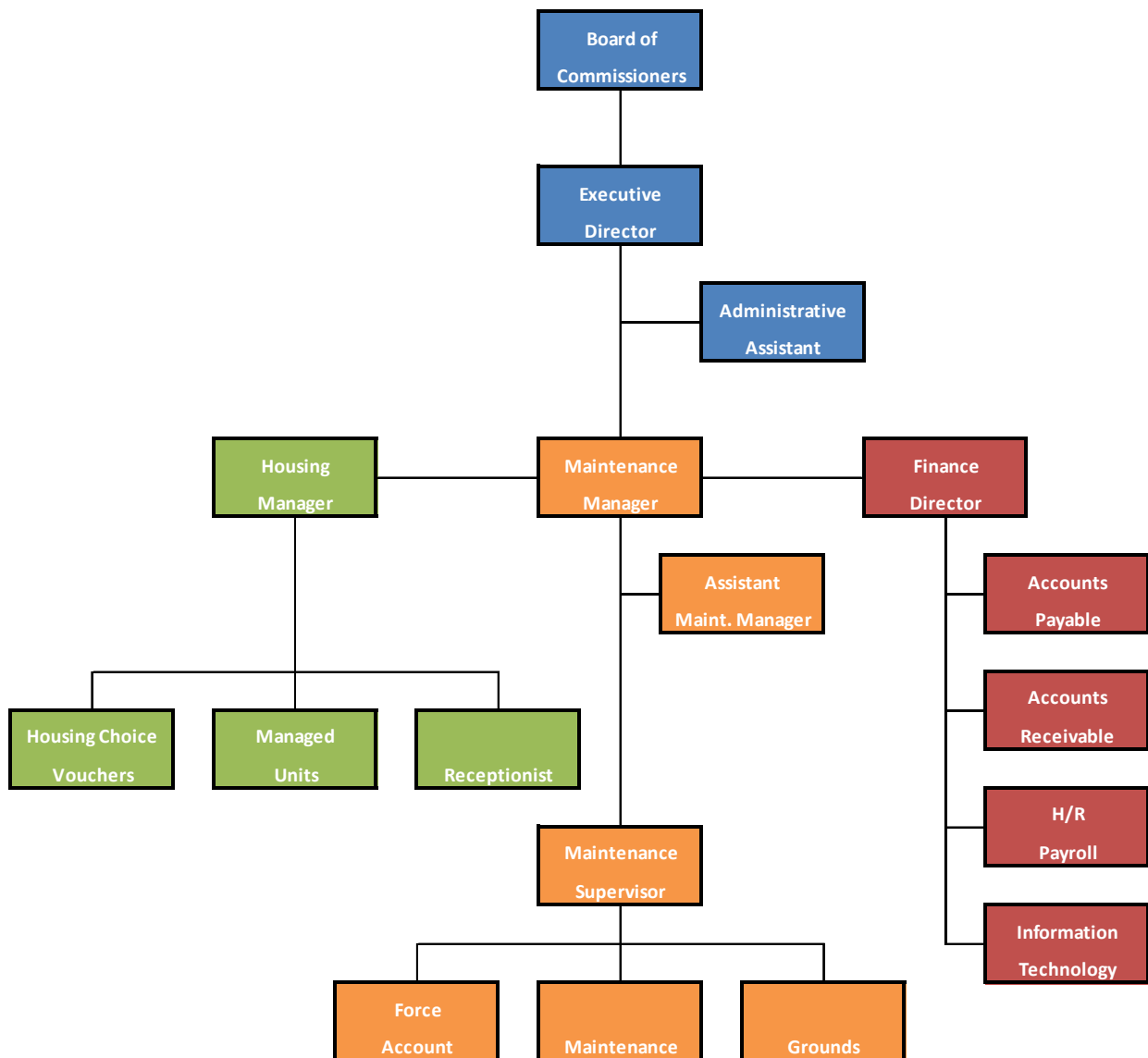
Jeffrey R. Enen

Executive Director

Yakima Housing Authority

Organizational Chart

March 31, 2012



Yakima Housing Authority

List of Principal Officials

March 31, 2012

Board of Commissioners:

Robert Wardell
Chairperson

Mamie Barboza
Vice-Chairperson

Linda Orozco
Commissioner

Brian Johnson
Commissioner

Christine Goodwin
Commissioner

Management:

Lowel Krueger, CPA, MBA
Executive Director

Stacy Short, CPA
Finance Director

Kelly Nielsen
Housing Manager

August (Ted) Layton
Maintenance Manager



Housing Authority of the City of Yakima

Yakima, Washington

Financial Section:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to Basic Financial Statements

Combining Financial Schedules

Notes to Combining Financial Schedules



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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the City of Yakima
Yakima, Washington

We have audited the accompanying financial statements of the Housing Authority of the City of Yakima, as of and for the year ended March 31, 2012, which collectively comprise the Housing Authority of the City of Yakima's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of the City of Yakima's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the City of Yakima, as of March 31, 2012, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2012, on our consideration of the Housing Authority of the City of Yakima's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management

about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Yakima's financial statements as a whole. The introductory section, combining financial schedules, statistical section and HUD required schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The combining financial schedules, schedule of expenditures, and HUD required schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Petersen CPAs + Advisors, PLLC

September 21, 2012

Yakima Housing Authority

Management's Discussion and Analysis

March 31, 2012 and 2011

This narrative overview and analysis of the Housing Authority of the City of Yakima's (YHA) performance through March 31, 2012 is provided as a supplement to YHA's year-end financial statements. Please read it in conjunction with the transmittal letter at the beginning of this report, the basic financial statements following this section, and the notes to the basic financial statements. The management's discussion and analysis is presented in conformance with the Government Accounting Standards Board (GASB) financial reporting model as set forth in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*.

As required under U.S. generally accepted accounting principles, YHA uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation, are recognized in the period in which they are incurred. All assets and liabilities associated with the operations of YHA are included in the statements of net assets.

FINANCIAL HIGHLIGHTS

- Total net assets decreased by approximately \$1.1 million (8.2%) from 2011 to 2012 and decreased \$85 thousand (less than 1%) from 2010 to 2011. This is a result of expenses exceeding revenues by this amount.
- As of March 31, 2012, the assets of YHA exceeded liabilities by approximately \$12.8 million (net assets). Of this amount approximately \$325 thousand (unrestricted net assets) may be used to meet ongoing obligations, \$11.2 million is invested in capital assets, net of related debt and \$1.3 million is restricted as to its allowable usage. The assets of YHA exceeded liabilities at March 31, 2011 by approximately \$13.9 million (net assets). Of this amount, approximately \$420 thousand (unrestricted net assets) may be used to meet ongoing obligations, \$11.6 million is invested in capital assets, net of related debt, and \$1.9 million is restricted as to its allowable usage.
- Current and noncurrent liabilities decreased by approximately \$169 thousand (2%) from the prior year in 2012 and decreased by approximately \$86 thousand (1%) from the prior year in 2011. The changes are due to fluctuations in the timing of due dates and subsequent payments of liabilities.
- Operating revenues decreased by approximately \$328 thousand (6%) in comparison to prior year primarily due to decreases in federal funding (intergovernmental revenue).
- Nonoperating revenues, net of nonoperating expenses, remained consistent between 2011 to 2012 and decreased approximately \$61 thousand or 6% from 2010 to 2011. These fluctuations are due to changes in funding levels for rental subsidies in all housing units owned by YHA.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to YHA's basic financial statements. YHA's basic financial statements are comprised of two components: 1) the basic financial statements and 2) notes to the basic financial statements that provide additional disclosure of some of the information in the basic financial statements.

Continued

Yakima Housing Authority

Management's Discussion and Analysis

March 31, 2012 and 2011

The **Balance Sheets** present information on YHA's assets and liabilities with the difference between the two reported as net assets. Assets and liabilities are presented in the order of liquidity and are classified as "current" (convertible to cash within one year) and "noncurrent". Over time, increases or decreases in net assets may serve as useful indicators as to whether YHA's financial health is improving or deteriorating.

The **Statements of Revenues, Expenses, and Changes in Net Assets** present information showing how YHA's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will only result in cash flows in future years.

The **Statements of Cash Flows** report how YHA's cash and cash equivalents were used in and provided by its operating, noncapital financing, capital and related financing, and investing activities during the periods reported. The net of these activities is added to the beginning year cash balance to reconcile to the cash and cash equivalents balances at March 31, 2012 and 2011. YHA uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income. These statements provide answers to such questions as where did cash come from, how was cash used, and what was the change in the cash balance during the year.

Notes to the Basic Financial Statements provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to a comprehensive understanding of the information provided in the basic financial statements.

FINANCIAL ANALYSIS

Net Assets

The following table represents the condensed Balance Sheet compared to the prior year:

	March 31, 2012	March 31, 2011	March 31, 2010
Current assets, unrestricted	\$ 659,177	\$ 924,071	\$ 1,252,209
Other current assets, restricted	1,362,962	1,977,312	1,375,958
Notes receivable	-	4,164	-
Capital assets, net	17,455,745	17,879,732	18,327,660
Total assets	<u>\$ 19,477,884</u>	<u>\$ 20,785,279</u>	<u>\$ 20,955,827</u>
Current and other liabilities	\$ 595,276	\$ 434,358	\$ 368,916
Current liabilities payable from restricted assets	98,947	294,344	274,368
Long-term liabilities	6,003,686	6,138,500	6,309,875
Total liabilities	<u>6,697,909</u>	<u>6,867,202</u>	<u>6,953,159</u>
Net assets			
Invested in capital assets, net of related debt	11,168,637	11,594,426	11,898,084
Restricted	1,286,417	1,903,860	1,519,605
Unrestricted	324,921	419,791	584,979
Total net assets	<u>12,779,975</u>	<u>13,918,077</u>	<u>14,002,668</u>
Total liabilities and net assets	<u>\$ 19,477,884</u>	<u>\$ 20,785,279</u>	<u>\$ 20,955,827</u>

Total assets of YHA at March 31, 2012 and 2011 amounted to \$19,477,884 and \$20,785,279, respectively.

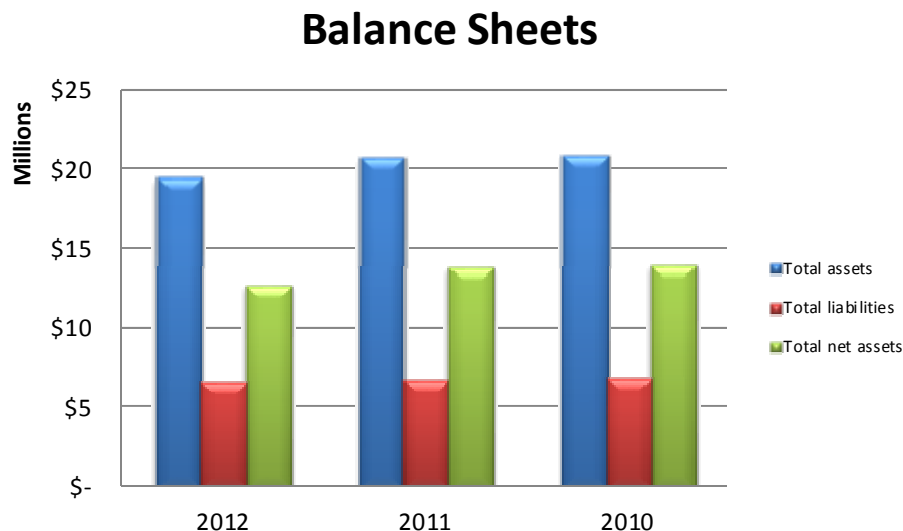
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Yakima Housing Authority

Management's Discussion and Analysis

March 31, 2012 and 2011

The following presents the Balance Sheets in graphical form:



Unrestricted current assets are comprised of cash and cash equivalents, receivables, investments, prepaid items and inventories. Unrestricted current assets are approximately 29% lower at March 31, 2012 than March 31, 2011, which represents a decrease of approximately \$265 thousand. This decrease in current assets corresponds with the decrease in cash of approximately \$277 thousand. In 2011 unrestricted current assets decreased by approximately \$328 thousand, a 28% decrease, which corresponded with a decrease in cash of approximately \$139 thousand.

Restricted current assets are comprised of cash and investments that are restricted for repayment of security deposits and other contractual obligations related to federal funding that was unspent at the end of the year. In 2012 restricted current assets decreased by approximately \$614 thousand. This decrease relates to decreases in the HAP reserve as well as the USDA RD reserve, which directly relates to an ongoing capital project that is being funded from the USDA RD reserve. HAP reserves have decreased as HAP expenditures have exceeded HAP revenue. In 2011, restricted current assets increased by approximately 44% or \$601 thousand. This increase related to increased HAP reserves.

Capital assets include land, buildings, furniture, equipment and machinery, and construction in progress and are shown net of accumulated depreciation. Capital assets decreased by approximately 2% in both years, approximately \$424 and \$448 thousand, in 2012 and 2011, respectively. The decreases are attributed to various additions and improvements, offset by approximately \$900 thousand of depreciation in each year.

Total liabilities of YHA, which are segregated between current and noncurrent portions, amounted to \$6,697,909 and \$6,867,202 at March 31, 2012 and 2011, respectively.

Current liabilities consist of accounts payable, accrued wages and payroll taxes, compensated absences, accrued interest, deferred revenue and current portion of notes payable. Current liabilities increased approximately \$161 thousand, a 37% increase. Current liabilities increased by 18% from 2010 to 2011, a change of approximately \$65 thousand. The fluctuations are primarily a result of the timing of payments to vendors.

Current liabilities payable from restricted assets primarily consist of tenant security deposits and restricted, unspent funds from the federal government. These liabilities reflected an decrease from 2011 to 2012 of approximately \$195 thousand and an increase of \$20 thousand from 2010 to 2011. These fluctuations are

Continued

Yakima Housing Authority

Management's Discussion and Analysis

March 31, 2012 and 2011

attributed to the timing of the receipt and subsequent disbursement of federal funds. In addition, during 2012 there was a significant decrease due to unspent HAP payments remitted to HUD.

Long-term liabilities consist of notes payable and the long-term portion of compensated absences. Decreases in long-term liabilities were approximately \$134 thousand and \$171 thousand from 2011 to 2012, and 2010 to 2011, respectively, and are attributed to repayments of long-term debt.

Net assets represent the equity of YHA after liabilities are subtracted from assets. Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, shows YHA's equity in land, buildings, furniture, equipment and machinery, and construction in progress, net of related outstanding debt. The second category, restricted net assets, has external limitations on the way in which these assets can be used. The last category, unrestricted net assets, is available to be used for any lawful and prudent YHA purpose.

Total net assets of YHA decreased by approximately \$1.1 million from 2011 to 2012 and by approximately \$85 thousand from 2010 to 2011.

YHA's current ratio reflects the relationship between current assets and current liabilities and is a measure of YHA's ability to pay short-term obligations. At March 31, 2012 and 2011, YHA's current ratios were 2.9:1 and 4.0:1, respectively.

Revenues, Expenses and Changes in Net Assets

The following table compares the revenues and expenses for the current and previous fiscal years:

	March 31, 2012	March 31, 2011	March 31, 2010
Revenue:			
Intergovernmental revenue - Operating	\$ 3,185,813	\$ 3,497,573	\$ 3,268,206
Tenant and other	1,653,290	1,669,260	1,526,359
Intergovernmental revenue - Nonoperating	1,059,030	1,035,714	1,096,923
Investment revenue	2,893	3,322	8,641
Gain (loss) on sale of capital assets	-	81,375	(1,387)
Capital grants and contributions	104,017	247,100	363,484
Total revenue	<u>6,005,043</u>	<u>6,534,344</u>	<u>6,262,226</u>
Expenses:			
Administration	1,146,621	1,249,031	1,102,357
Utilities	422,142	401,144	391,885
Ordinary maintenance and operation	1,257,626	1,155,248	958,737
General expenses	110,632	127,472	81,063
Payments in lieu of taxes	9,120	9,088	9,054
Housing assistance payments	3,141,614	2,592,785	2,691,392
Depreciation	952,333	920,762	905,727
Interest expense	103,057	163,405	172,527
Total expenses	<u>7,143,145</u>	<u>6,618,935</u>	<u>6,312,742</u>
Decrease in net assets	(1,138,102)	(84,591)	(50,516)
Net assets, beginning of year	<u>13,918,077</u>	<u>14,002,668</u>	<u>14,053,184</u>
Net assets end of year	<u>\$ 12,779,975</u>	<u>\$ 13,918,077</u>	<u>\$ 14,002,668</u>

Continued

Yakima Housing Authority

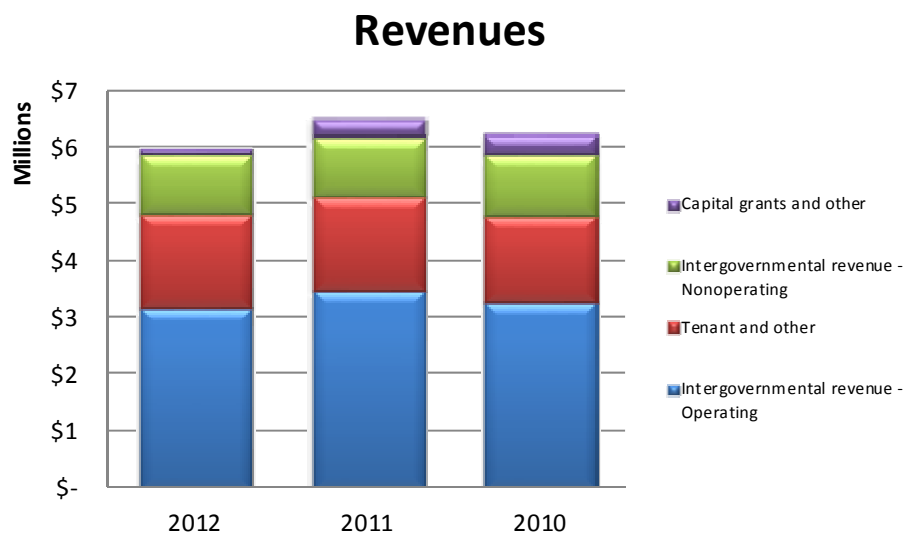
Management's Discussion and Analysis

March 31, 2012 and 2011

In 2012 revenues decreased by 8% due to decreases in both operating and non-operating intergovernmental revenues. Revenues increased by 4% in 2011, due to a slight increases in both intergovernmental and tenant revenues, which was mainly attributed to improved occupancy rates, as well as an increase in intergovernmental revenues.

Capital grants and contributions decreased by approximately \$143 thousand or 58% in 2012 compared to 2011 and decreased 32% or \$116 thousand in 2011 compared to 2010, respectively. The changes are attributed to the Recovery Act grants restricted for capital improvements.

The following compares the revenues for the current and previous fiscal years in graphical format:



Total expenses increased by 8% and 5% from 2011 to 2012, and from 2010 to 2011, respectively.

Administrative expenses decreased by approximately 8 % (approximately \$102 thousand) and increased 13% (approximately \$147) in 2012 and 2011, respectively. Utilities increased by 5% and 2% (approximately \$21 thousand and \$9 thousand) in 2012 and 2011, respectively. Ordinary maintenance and operation expenses increased by approximately 9% and increased by 20% (approximately \$102 and \$197 thousand) in 2012 compared to 2011, and 2011 compared to 2010, respectively. These changes were attributed to increased maintenance costs, as well as overall increases in costs of doing business. Housing assistance payments increased by approximately 21% (approximately \$549 thousand) and decreased by approximately 4% (approximately \$99 thousand) in 2012 compared to 2011, and 2011 compared to 2010, respectively.

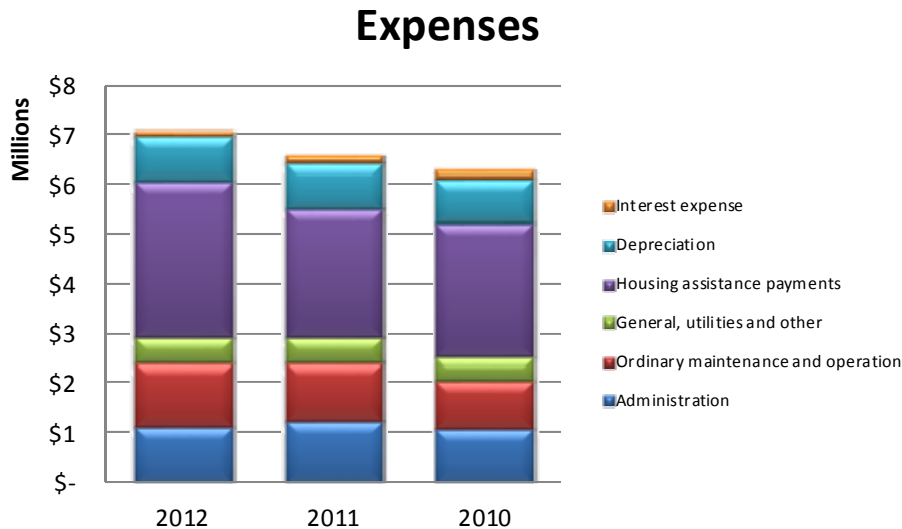
Continued

Yakima Housing Authority

Management's Discussion and Analysis

March 31, 2012 and 2011

The following compares the expenses for the current and previous fiscal years in graphical format:



Capital Assets and Debt Administration

YHA's capital assets are summarized in the table below:

	March 31, 2012	March 31, 2011	March 31, 2010
Land	\$ 2,306,887	\$ 2,306,887	\$ 2,306,887
Buildings	29,383,066	28,871,227	28,617,662
Furniture, equipment & machinery - dwellings	558,472	554,677	544,547
Furniture, equipment & machinery - administration	419,545	419,545	588,280
Construction in progress	567,684	557,431	529,854
Total capital assets	33,235,654	32,709,767	32,587,230
Less accumulated depreciation	(15,779,909)	(14,830,035)	(14,259,570)
Net capital assets	<u>\$ 17,455,745</u>	<u>\$ 17,879,732</u>	<u>\$ 18,327,660</u>

Capital assets increased by approximately \$526 thousand from 2011 to 2012, and \$123 thousand from 2010 to 2011. Capital assets purchased in 2012 and 2011 included siding, cabinetry, flooring, patios, fences, appliances, vehicles and playground equipment. In both 2012 and 2011 approximately \$900 thousand of depreciation expense was recognized, resulting in a decrease in net capital assets of approximately 2%, or approximately \$434 thousand and \$448 thousand, respectively.

Additional information on YHA's capital assets can be found in Note 5 to the basic financial statements.

Continued

Yakima Housing Authority

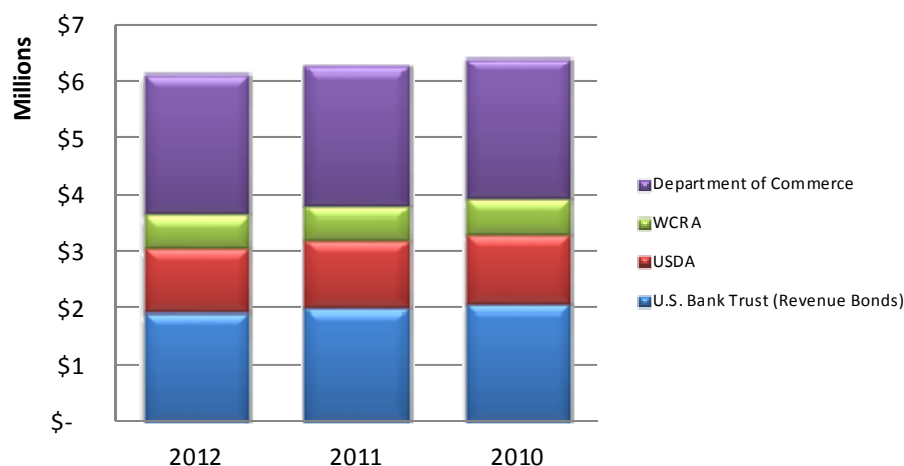
Management's Discussion and Analysis

March 31, 2012 and 2011

YHA's outstanding long-term debt is summarized in the table and graph below:

	<u>March 31, 2012</u>	<u>March 31, 2011</u>	<u>March 31, 2010</u>
Revenue Bonds:			
U.S. Bank Trust - Nueva Primavera	\$ 1,950,000	\$ 2,020,000	\$ 2,085,000
Real Estate Mortgages:			
U.S. Department of Agriculture - Valley Seven	1,135,932	1,193,430	1,250,356
Washington Community Reinvestment Associates - Glenn Acres	595,480	612,920	629,265
Department of Commerce - Glenn Acres	541,100	543,100	545,100
Department of Commerce - Nueva Primavera	1,000,000	1,000,000	1,000,000
Department of Commerce - Mariposa Park	911,856	915,856	919,856
	<u>\$ 6,134,368</u>	<u>\$ 6,285,306</u>	<u>\$ 6,429,577</u>

Long-term Debt



All debt service payments were made in 2012 and 2011 as scheduled. Additional information on YHA's long-term debt can be found in note 6 to the basic financial statements.

ECONOMIC FACTORS AFFECTING YHA'S FUTURE

The majority of YHA's funding is from federal agencies in the form of operating subsidies, capital fund grants, Housing Choice Vouchers, and other various grants. Housing authorities across the country continue to be impacted by continued decline in federal support for housing. HUD funded 2012 Low Rent operating subsidies at 100% of eligibility. HUD has not yet established the percentage of eligibility for the 2013 Low Rent operating subsidies. Based on HUD's funding letters and contracts, it is anticipated that most HUD programs will continue to receive renewal funding including the Housing Choice Voucher program, which is YHA's largest housing program, serving over 720 families.

Continued

Yakima Housing Authority

Management's Discussion and Analysis

March 31, 2012 and 2011

On February 17, 2009, President Obama signed the American Recovery and Reinvestments Act of 2009 (the Recovery Act), which includes a \$4 billion appropriation of Capital Funds for public housing agencies. The Recovery Act requires that \$3 billion of these funds be distributed as formula funds and the remaining \$1 billion be distributed through a competitive process. YHA received approximately \$328 thousand for capital expenditures, which was utilized in 2010 and 2011.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of YHA's finances and to demonstrate YHA's financial accountability over its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Lowel Krueger, CPA, MBA
Executive Director

Stacy Short, CPA
Finance Director

Phone:
509.453.3106

Physical address:
810 N. 6th Avenue
Yakima, WA 98902

Website:
www.yakimahousing.org

Continued

Yakima Housing Authority

Balance Sheets

	March 31,	
	2012	2011
Assets		
<i>Current Assets:</i>		
Cash - unrestricted	\$ 262,494	\$ 539,680
Receivables	174,944	119,592
Investments - unrestricted	68,664	92,188
Prepaid expenses and other assets	51,421	50,539
Inventories	101,654	122,072
	<u>659,177</u>	<u>924,071</u>
<i>Restricted Assets:</i>		
Cash - other restricted	80,319	174,171
Cash - tenant security deposits	76,545	73,452
Investments - restricted	1,206,098	1,729,689
	<u>1,362,962</u>	<u>1,977,312</u>
Total current assets	<u>2,022,139</u>	<u>2,901,383</u>
<i>Noncurrent Assets:</i>		
Notes receivable	-	4,164
<i>Capital assets:</i>		
Land	2,306,887	2,306,887
Buildings	29,383,066	28,871,227
Furniture, equipment & machinery - dwellings	558,472	554,677
Furniture, equipment & machinery - administration	419,545	419,545
Accumulated depreciation	(15,779,909)	(14,830,035)
Construction in progress	567,684	557,431
Total noncurrent assets	<u>17,455,745</u>	<u>17,883,896</u>
Total assets	<u>\$ 19,477,884</u>	<u>\$ 20,785,279</u>

See accompanying notes to financial statements

Yakima Housing Authority

Balance Sheets

	March 31,	
	2012	2011
Liabilities and Net Assets		
<i>Current Liabilities:</i>		
Accounts payable less than 90 days	\$ 74,189	\$ 48,230
Accounts payable greater than 90 days	52,387	-
Accrued wages and payroll taxes payable	89,969	111,768
Accrued compensated absences - current portion	32,122	46,442
Accrued interest payable	8,893	54,111
Deferred revenue	21,878	25,869
Accrued liabilities - other	5,415	-
Short-term note payable	152,740	-
Current portion of long term debt - capital projects mortgage revenue bonds	157,683	147,938
	<u>595,276</u>	<u>434,358</u>
<i>Payables from Restricted Assets</i>		
Accounts payable - other government	22,442	220,919
Tenant security deposits	76,505	73,425
	<u>98,947</u>	<u>294,344</u>
Total current liabilities	<u>694,223</u>	<u>728,702</u>
<i>Noncurrent Liabilities:</i>		
Long-term debt, net of current - capital projects mortgage revenue bonds	5,976,685	6,137,368
Accrued compensated absences, net of current	27,001	1,132
Total noncurrent liabilities	<u>6,003,686</u>	<u>6,138,500</u>
Total liabilities	<u>6,697,909</u>	<u>6,867,202</u>
<i>Net Assets:</i>		
Invested in capital assets, net of related debt	11,168,637	11,594,426
Restricted for:		
Housing Assistance Payments	392,158	782,731
Future capital improvements	894,259	1,121,129
Unrestricted net assets	<u>324,921</u>	<u>419,791</u>
Total net assets	<u>12,779,975</u>	<u>13,918,077</u>
Total liabilities and fund balances	<u>\$ 19,477,884</u>	<u>\$ 20,785,279</u>

Continued

Yakima Housing Authority

Statements of Revenues, Expenses and Changes in Net Assets

	Year ended March 31,	
	2012	2011
<i>Operating Revenue:</i>		
Intergovernmental revenue	\$ 3,185,813	\$ 3,497,573
Net tenant rental revenue	1,565,334	1,538,154
Other revenue	21,839	43,620
Other tenant revenue	66,117	87,486
Total operating revenue	<u>4,839,103</u>	<u>5,166,833</u>
<i>Operating Expenses:</i>		
Administrative:		
Administrative wages	696,459	733,331
Auditing fees	31,230	32,133
Employee benefit contributions	259,914	292,902
Other operating - administrative	157,628	179,583
Tenant services	1,390	11,082
	<u>1,146,621</u>	<u>1,249,031</u>
Utilities:		
Electricity	59,386	54,528
Other utilities expense	13,663	15,076
Sewer	190,773	183,711
Water	158,320	147,829
	<u>422,142</u>	<u>401,144</u>
Ordinary maintenance and operations:		
Contract costs	488,351	332,590
Employee benefit contributions	187,205	194,139
Maintenance and operations wages	438,938	477,176
Materials and other	143,132	151,343
	<u>1,257,626</u>	<u>1,155,248</u>
General expenses:		
Depreciation expense	952,333	920,762
Housing assistance payments	3,141,614	2,592,785
Insurance premiums	56,948	56,278
Other general expenses	30,485	28,585
Payments in lieu of taxes	9,120	9,088
Protective services contract costs	23,199	42,609
	<u>4,213,699</u>	<u>3,650,107</u>
Total operating expenses	<u>7,040,088</u>	<u>6,455,530</u>
<i>Operating Loss</i>	\$ (2,200,985)	\$ (1,288,697)

See accompanying notes to financial statements

Yakima Housing Authority

Statements of Revenues, Expenses and Changes in Net Assets

	2012	2011
<i>Operating Loss</i>	<u>\$ (2,200,985)</u>	<u>\$ (1,288,697)</u>
<i>Nonoperating Revenue (Expenses):</i>		
Gain (loss) on the sale of capital assets	-	81,375
Interest expense	(103,057)	(163,405)
Intergovernmental revenue	1,059,030	1,035,714
Investment revenue - restricted	2,594	2,744
Investment revenue - unrestricted	299	578
Total nonoperating revenue (expenses)	<u>958,866</u>	<u>957,006</u>
<i>Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers</i>	(1,242,119)	(331,691)
Capital grants	<u>104,017</u>	<u>247,100</u>
<i>Total Change in Net Assets</i>	(1,138,102)	(84,591)
<i>Net Assets, Beginning of Year</i>	<u>13,918,077</u>	<u>14,002,668</u>
<i>Net Assets, End of Year</i>	<u>\$12,779,975</u>	<u>\$13,918,077</u>

Continued

Yakima Housing Authority

Statements of Cash Flows

	Year ended March 31,	
	2012	2011
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash Flows from Operating Activities:</i>		
Receipts from tenants and others	\$ 1,597,938	\$ 1,677,275
Payments to employees	(1,135,397)	(1,210,507)
Housing assistance payments	3,185,813	3,497,573
Payments to vendors and suppliers	(4,908,618)	(4,329,361)
Net cash used in operating activities	(1,260,264)	(365,020)
<i>Cash Flows from Noncapital Financing Activities:</i>		
Intergovernmental grants and contracts	856,562	1,055,624
Net cash provided by noncapital financing activities	856,562	1,055,624
<i>Cash Flows from Capital and Related Financing Activities:</i>		
Purchase of capital assets	(319,055)	(417,417)
Principal payments on long-term debt	(150,938)	(144,271)
Interest paid	(148,275)	(163,453)
Proceeds from sale of capital assets	-	25,958
Capital grants received	104,017	247,100
Net cash used in capital and related financing activities	(514,251)	(452,083)
<i>Cash Flows from Investing Activities:</i>		
Interest received	2,893	3,322
Net cash provided by investing activities	2,893	3,322
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(915,060)	241,843
<i>Cash and Cash Equivalents, Beginning of Year</i>	2,609,180	2,367,337
<i>Cash and Cash Equivalents, End of Year</i>	<u>\$ 1,694,120</u>	<u>\$ 2,609,180</u>
<i>Cash and Cash Equivalents consist of:</i>		
Cash - unrestricted	262,494	539,680
Cash - restricted	80,319	174,171
Tenant security deposits	76,545	73,452
Investments - unrestricted	68,664	92,188
Investments - restricted	1,206,098	1,729,689
	<u>\$ 1,694,120</u>	<u>\$ 2,609,180</u>

See accompanying notes to financial statements

Yakima Housing Authority

Statements of Cash Flows

	Year ended March 31,	
	2012	2011
<i>Reconciliation of Operating Loss to Net Cash used in Operating Activities:</i>		
Operating loss	<u>\$ (2,200,985)</u>	<u>\$ (1,288,697)</u>
<i>Adjustments to Reconcile Operating Loss to Net Cash used in Operating Activities:</i>		
Depreciation	952,333	920,762
Increase (decrease) in cash due to changes in assets and liabilities:		
Receivables	(55,352)	8,015
Prepaid expenses	(882)	(6,373)
Inventories	20,418	(37,179)
Accounts payable	25,959	(4,824)
Accrued wages and taxes payable	(21,799)	34,379
Accrued liabilities - other	5,415	-
Compensated absences	11,549	8,542
Tenant security deposits	3,080	355
Net adjustments	<u>940,721</u>	<u>923,677</u>
<i>Net Cash used in Operating Activities</i>	<u><u>\$ (1,260,264)</u></u>	<u><u>\$ (365,020)</u></u>

Schedule of Noncash Investing and Financing Activities:

During the year ended March 31, 2012, fully depreciated assets in the amount of \$2,459 were scrapped.

During the year ended March 31, 2012, construction in progress was financed with a short term note in the amount of \$152,740 and unpaid vendors over 90 days of \$52,387.

During the year ended March 31, 2011, \$274,046 of assets with \$259,257 of accumulated depreciation were purchased in the state/local fund from the HUD fund for \$95,170, with a gain on sale of \$80,381. The balance was unpaid as of March 31, 2011.

During the year ended March 31, 2011, \$116,004 of assets with accumulated depreciation of \$91,040 were sold or scrapped for a net gain of \$994.

Continued

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2012 and 2011

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization:

The Housing Authority of the City of Yakima (YHA) is a corporate body created by Resolution No. D-1575 in 1977 by the City of Yakima. The City of Yakima created YHA per Washington State Revised Code Chapter 35.82. YHA was created to provide safe, decent, and sanitary housing for low- and moderate-income residents of the City of Yakima, Washington. YHA administers multiple U.S. Department of Housing and Urban Development (HUD) programs, the funding from which consists of approximately 60% of total revenue, and funds many of the key services provided by YHA.

Reporting entity:

YHA is a public corporation. YHA's five-member Board of Commissioners is appointed by the Yakima City Council, and is a legally separate agency from the City of Yakima. The City does not have the ability to affect the operations of YHA, nor does YHA provide a financial benefit to, or impose a financial burden on the City of Yakima.

YHA is the general partner of Mariposa Park Limited Partnership (the Partnership). As general partner, YHA controls the day-to-day operations of the Partnership. Under Governmental Accounting Standards Board (GASB) Statement No. 14, the partnership is a component unit, due to YHA's ability to control the operations and impose its will on the partnership, and there is a financial benefit/burden relationship. The 26-unit Mariposa Park Limited Partnership qualified for an allocation of low-income housing credits pursuant to Internal Revenue Code Section 42 (Section 42) that regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements. Each building of the project must meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the credits.

There are a variety of transactions that occur between the General Partner (YHA) and the Partnership, including the payment of a management fee by the Partnership to the General Partner. In addition, there are a variety of receivables and payables between the General Partner and the Partnership. The partnership is on a calendar year end, as a result, their December 31, 2011 and 2010 statements are included in these statements, which results in a variety of timing differences between the Partnership and YHA. Due to the Partnership being legally separate from the Housing Authority, eliminations in the accompanying statements are limited to the balance of related-party receivables and payables, and the management fee income and related expense.

Income, losses, and tax credits from operations are allocated 99.99% to the Limited Partner and .01% to the General Partner.

Basis of Accounting:

The accounts of YHA are reported as an enterprise fund. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded when incurred.

All assets and liabilities associated with the operations of YHA are included on the balance sheets. It is YHA's policy to utilize the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. YHA has elected not to follow subsequent private-sector guidance issued after November 30, 1989.

Summary of Significant Accounting Policies:

The basic financial statements of YHA have been prepared in conformity with GAAP. Following is a summary of the more significant accounting policies of YHA.

Budgeting- The Housing Authority follows the guidelines set forth in the Low Rent Housing Financial Management Handbook (RHA 7475.1) issued by HUD. The budgets are adopted on a basis consistent with GAAP.

Continued

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2012 and 2011

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Cash and cash equivalents — YHA's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. As required by HUD, all of the bank balance amounts are fully insured by the Federal Government or covered by collateral under the terms of a Depository Agreement executed between YHA and the financial institution.

Restricted Funds — YHA receives security deposits when tenants move into their units. These deposits are segregated in a depository account and are considered a liability of the Housing Authority. In addition, YHA is required to maintain a reserve related to the mortgage on Nueva Primavera, the funds held in this reserve are classified as restricted. Restricted funds also include required reserves and funds received in advance that are restricted for a specific or future purpose. YHA currently has restricted funds from both the U.S. Department of Agriculture Rural Development (USDA RD) and HUD, as well as reserve requirements for Mariposa Park Limited Partnership. USDA RD has established a reserve for YHA capital improvements, which can only be utilized upon USDA RD approval. In addition, HAP funds are restricted for payments to landlords on behalf of the program recipients. Any additional deferred grant revenues that have been advanced to YHA, but not yet expended are classified as restricted. Mariposa Park Limited Partnership restricted funds related to financing and investor required reserves.

Inventories — Inventories consist of expendable supplies held for consumption and are valued at actual cost.

Capital Assets — Capital assets are stated at historical cost. Outlays for capital assets and improvements in excess of \$5,000 are capitalized. Maintenance and repairs are charged to operations as incurred. Replacements that improve or extend the lives of property are capitalized. Donated assets are valued at their fair market value on the date donated.

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its future service utility has declined significantly and unexpectedly. YHA is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. No such events or circumstances were encountered as of March 31, 2012 or 2011.

Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income.

The reporting entity's policy is to capitalize interest on construction projects until substantial completion of the project. Capitalized interest is amortized over the estimated useful life of the asset on the same basis as the asset. The estimated useful lives are as follows:

Dwelling structures	20 - 40 years
Furniture/equipment	3 years
Vehicles	5 years

Deferred Revenues — Deferred grant revenues are grant funds that have been drawn down or funds advanced and have not yet been expended. At the time those funds are expended revenue will be recognized.

Accrued Compensated Absences — The Housing Authority recognizes an expense for all earned but unused vacation leave. Employees earn between 96 and 176 hours of vacation pay a year, depending on the individual employee's years of employment. Unused vacation pay may be "banked" up to a maximum of 160 hours, any unused vacation in excess of this amount is forfeited. Accrued but unused vacation is payable upon resignation, retirement or death. Sick leave may be carried over from year to year, however accrued but unused sick leave will not be cashed out under any circumstances.

Continued

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2012 and 2011

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Revenue and expenses — YHA's statements of revenues, expenses, and changes in net assets distinguish between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with providing housing and related services, and federal operating subsidies and housing assistance payments that are directly related to YHA's mission. Nonoperating revenue includes capital and noncapital federal grants, interest revenue, and other revenue not meeting the definition of operating. Operating expenses consist of all expenses incurred to provide housing services. Nonoperating expenses include interest expense and other expenses not meeting the definition of operating.

Subsequent events — Subsequent events have been evaluated through September 21, 2012, which is the date the financial statements were available to be issued. No events occurred that required further disclosure.

Tax status — YHA, as a governmental entity, is not subject to federal or state income taxes. Mariposa Park Limited Partnership, as partnership, does not report taxable income or losses; rather it is allocated to the respective partners in accordance with their respective percentage ownership. Management of the partnership has evaluated the Partnership's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of FASB ASC 740-10, regarding the reporting of uncertainty in income taxes. With few exceptions, the Partnership is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2007.

Use of estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications — Certain reclassifications of 2011 amounts have been made in the accompanying financial statements in order to conform with the 2012 presentation with no effect on previously reported change in net assets.

NOTE 2 — DEPOSITS:

Deposits, including those in restricted assets, are defined as cash or cash equivalents on deposit with financial institutions. At March 31, 2012, the carrying amount of YHA's cash accounts deposited with financial institutions was \$419,208 and the bank balance was \$438,475. At March 31, 2011, the carrying amount of YHA's cash accounts deposited with financial institutions was \$787,153 and the bank balance was \$812,351. The bank deposits are held with financial institutions and are entirely insured or uninsured and collateralized.

Cash and cash equivalents consist of the following at March 31:

	2012	2011
Cash and cash equivalents - unrestricted	\$ 262,494	\$ 539,680
Cash and cash equivalents - current restricted	156,864	247,623
Total cash and cash equivalents	419,358	787,303
Less: cash on hand	(150)	(150)
Total deposits	<u>\$ 419,208</u>	<u>\$ 787,153</u>

Continued

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2012 and 2011

NOTE 3 — INVESTMENTS:

YHA's investment practice is to follow all HUD guidelines with regards to depository accounts. As a result, YHA restricts its investments to direct obligations of the U.S. government, fully insured or collateralized investments at commercial banks and savings and loan associations, collateralized repurchase agreements, state-approved investment pools, or money market funds consisting entirely of U.S. government securities. All investments are reported at fair market value, which is obtained from quoted market prices of the exact same investments trading in public markets.

Investments held by YHA are as follows at March 31:

	2012	2011
Money market account	\$ 1,274,762	\$ 1,821,877

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, YHA's deposits may not be returned. YHA follows HUD policies, which requires collateral for all deposits not covered by federal depository insurance. At March 31, 2012 and 2011, none of YHA's deposits and investments were exposed to custodial credit risk.

Concentration of Credit Risk– Concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government). Since YHA follows HUD policies, and all held investments are in investments issued or guaranteed by the U.S. government, there is no concentration of credit risk.

Credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. This credit risk is measured by the credit quality rating of investments in debt securities as rated by a nationally recognized rating agency.

The following table summarizes the credit quality and credit risk as a percentage of total investments:

		2012	2011
Money market account	Aaa	100%	100%

Concentration of Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 100% of YHA's investments have a maturity of less than one year.

NOTE 4 — RECEIVABLES:

Receivables at March 31 consist of the following:

	2012	2011
Tenants	\$ 99,752	\$ 52,934
Intergovernmental	74,224	52,354
Other	4,097	17,515
Total receivables	178,073	122,803
Less: Allowance for doubtful accounts	(3,129)	(3,211)
	<u>\$ 174,944</u>	<u>\$ 119,592</u>

Continued

Yakima Housing Authority
Notes to Basic Financial Statements
March 31, 2012 and 2011

NOTE 5 — CAPITAL ASSETS:

Changes in capital assets during the years ended March 31, 2012 and 2011 are shown below:

	April 1, 2011	Additions	Transfer/ retirements	March 31, 2012
Capital assets not depreciated:				
Land	\$ 2,306,887	\$ -	\$ -	\$ 2,306,887
Construction in progress	557,431	309,145	(298,892)	567,684
Total capital assets not depreciated	<u>2,864,318</u>	<u>309,145</u>	<u>(298,892)</u>	<u>2,874,571</u>
Capital assets being depreciated:				
Buildings	28,871,227	511,839	-	29,383,066
Furniture and Equipment	974,222	6,254	(2,459)	978,017
Total capital assets being depreciated	<u>29,845,449</u>	<u>518,093</u>	<u>(2,459)</u>	<u>30,361,083</u>
Accumulated depreciation:				
Buildings	14,108,891	819,112	-	14,928,003
Furniture and Equipment	721,144	133,221	(2,459)	851,906
Total accumulated depreciation	<u>14,830,035</u>	<u>952,333</u>	<u>(2,459)</u>	<u>15,779,909</u>
Total capital assets	<u>\$ 17,879,732</u>	<u>\$ (125,095)</u>	<u>\$ (298,892)</u>	<u>\$ 17,455,745</u>

	April 1, 2010	Additions	Transfer/ retirements	March 31, 2011
Capital assets not depreciated:				
Land	\$ 2,306,887	\$ -	\$ -	\$ 2,306,887
Construction in progress	529,854	247,100	(219,523)	557,431
Total capital assets not depreciated	<u>2,836,741</u>	<u>247,100</u>	<u>(219,523)</u>	<u>2,864,318</u>
Capital assets being depreciated:				
Buildings	28,617,662	306,575	(53,010)	28,871,227
Furniture and Equipment	1,132,827	178,434	(337,039)	974,222
Total capital assets being depreciated	<u>29,750,489</u>	<u>485,009</u>	<u>(390,049)</u>	<u>29,845,449</u>
Accumulated depreciation				
Buildings	13,259,253	849,638	-	14,108,891
Furniture and Equipment	1,000,317	71,124	(350,297)	721,144
Total accumulated depreciation	<u>14,259,570</u>	<u>920,762</u>	<u>(350,297)</u>	<u>14,830,035</u>
Total capital assets	<u>\$ 18,327,660</u>	<u>\$ (188,653)</u>	<u>\$ (259,275)</u>	<u>\$ 17,879,732</u>

Continued

Yakima Housing Authority
Notes to Basic Financial Statements
March 31, 2012 and 2011

NOTE 6 — LONG-TERM DEBT:

A summary of changes in YHA's long-term debt for the years ended March 31, 2012 and 2011 is as follows:

	Balance at April 1, 2011	Additions	Reductions	Balance at March 31, 2012	Due Within One Year
Revenue Bonds:					
U.S. Bank Trust	\$ 2,020,000	\$ -	\$ (70,000)	\$ 1,950,000	\$ 75,000
Real Estate Mortgages:					
United States Dept. of Agriculture Washington Community Reinvestment Associates	1,193,430	-	(57,498)	1,135,932	58,075
Department of Community Trade and Economic Development:	612,920	-	(17,440)	595,480	18,608
Glenn Acres	543,100	-	(2,000)	541,100	2,000
Nueva Primavera	1,000,000	-	-	1,000,000	-
Mariposa Park	915,856	-	(4,000)	911,856	4,000
Total long-term debt	<u>\$ 6,285,306</u>	<u>\$ -</u>	<u>\$ (150,938)</u>	<u>\$ 6,134,368</u>	<u>\$ 157,683</u>

	Balance at April 1, 2010	Additions	Reductions	Balance at March 31, 2011	Due Within One Year
Revenue Bonds:					
U.S. Bank Trust	\$ 2,085,000	\$ -	\$ (65,000)	\$ 2,020,000	\$ 70,000
Real Estate Mortgages:					
United States Dept. of Agriculture Washington Community Reinvestment Associates	1,250,356	-	(56,926)	1,193,430	57,498
Department of Community Trade and Economic Development:	629,265	-	(16,345)	612,920	17,440
Glenn Acres	545,100	-	(2,000)	543,100	2,000
Nueva Primavera	1,000,000	-	-	1,000,000	-
Mariposa Park	919,856	-	(4,000)	915,856	4,000
Total long-term debt	<u>\$ 6,429,577</u>	<u>\$ -</u>	<u>\$ (144,271)</u>	<u>\$ 6,285,306</u>	<u>\$ 150,938</u>

U.S. Bank Trust – A housing revenue bond originally issued in 1998 for \$2,600,000, for the purchase of Nueva Primavera, a 39 unit housing development. Installments of \$5,000 plus interest of 5.2% are due monthly. The final payment is due September, 2028. The bond is collateralized by property, guaranteed by the City of Yakima, and subject to Federal arbitrage. YHA did not meet the bond covenant requiring debt service coverage of 1.15. Subsequent to the year ended March 31, 2012, YHA received a letter of agreement to refinance the bond with an FHA HUD guaranteed mortgage.

United States Department of Agriculture Rural Development – In 2002 YHA consolidated \$1,760,690 of debt that had originally been utilized for the construction of the Valley Seven project, a 147 unit housing development. Monthly installments of \$5,269, including interest of 1% are due monthly. The final payment is due in 2027. The mortgage is collateralized by the property.

Continued

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2012 and 2011

NOTE 6 — LONG-TERM DEBT (continued):

Washington Community Reinvestment Associates – In 1999 YHA borrowed \$748,420 to purchase Glenn Acres, a 38 unit apartment building. Installments of \$4,730, including interest of 6.5% are due monthly. The final payment is due in 2029. The mortgage is collateralized by the property.

Department of Commerce – In 2000 YHA borrowed \$565,100 to purchase Glenn Acres, a 38 unit apartment building. Installments of \$2,000 are due annually until November 30, 2028. Subsequent to November 30, 2028 interest of 1% will be charged. The final payment is due in 2040. The mortgage is collateralized by the property.

Department of Commerce – In 1999 YHA borrowed \$1,000,000 to construct Nueva Primavera, a 39 unit housing development. Installments of interest only are due annually. Principal payments varying between \$9,437 and \$46,754 are due annually beginning in 2016, with final payment due in 2050. The mortgage is collateralized by the property.

Department of Commerce – In 1999 YHA borrowed \$840,800 to construct Mariposa Park, a 26 unit housing development. Installments of \$4,000 are due annually, plus interest of 1%. The final payment is due in 2048. The mortgage is collateralized by the property.

Department of Commerce – In 1998 YHA borrowed \$103,060 to construct Mariposa Park, a 26 unit housing development. The principal is due in full in 2049. No interest shall accrue. The mortgage is collateralized by the property.

The annual requirements to amortize outstanding debt, including interest, are as follows:

Revenue Bonds:

	Principal	Interest	Total
2013	75,000	\$ 99,450	174,450
2014	80,000	95,420	175,420
2015	85,000	91,130	176,130
2016	85,000	86,710	171,710
2017	90,000	82,160	172,160
2018-2022	525,000	333,450	858,450
2023-2027	685,000	176,930	861,930
2028-2029	325,000	17,030	342,030
	<u>\$ 1,950,000</u>	<u>\$ 982,280</u>	<u>\$ 2,932,280</u>

Real Estate Mortgages:

	Principal	Interest	Total
2013	82,683	53,310	135,993
2014	84,513	51,480	135,993
2015	86,432	49,562	135,994
2016	88,446	57,548	145,994
2017	90,560	55,433	145,993
2018-2022	460,436	220,234	680,670
2023-2027	364,308	125,720	490,028
2028-2032	623,457	67,040	690,497
2033-2037	664,162	44,279	708,441
2038-2042	514,157	22,693	536,850
2043-2047	246,281	9,826	256,107
2048-2052	878,933	673	879,606
	<u>\$ 4,184,368</u>	<u>\$ 757,798</u>	<u>\$ 4,942,166</u>

Continued

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2012 and 2011

NOTE 6 — LONG-TERM DEBT (continued):

Compensated Absences:

The compensated absence balances as of March 31, 2012 and 2011 are as follows:

Compensated absence balances as of March 31, 2010	\$ 39,032
Compensated absences earned by employees	29,259
Compensated absences utilized by employees	<u>(20,717)</u>
Compensated absence balances as of March 31, 2011	47,574
Compensated absences earned by employees	54,375
Compensated absences utilized by employees	<u>(42,826)</u>
Compensated absence balances as of March 31, 2012	<u>\$ 59,123</u>

NOTE 7 — RESTRICTED NET ASSETS:

Restricted net assets consist of funds received from governmental agencies, which are restricted for providing housing assistance to qualifying individuals and families.

	<u>2012</u>	<u>2011</u>
Future capital improvements	\$ 894,259	\$ 1,121,129
Housing assistance	<u>392,158</u>	<u>782,731</u>
Total restricted net assets	<u>\$ 1,286,417</u>	<u>\$ 1,903,860</u>

NOTE 8 — OPERATING LEASES:

In October of 2007 the Housing Authority entered into an operating lease for a postage machine. The lease calls for quarterly payments of \$600 through October of 2012. Total future lease commitments are \$1,200 in 2012.

NOTE 9 — DEFERRED COMPENSATION PLAN:

YHA, in conjunction with the State, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Washington State Department of Retirement Systems manages the plan. In June 1998, the State Deferred Compensation Program plan assets were placed into trust for the exclusive benefit of participants and their beneficiaries. Pursuant to GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, since the Housing Authority is not the owner of these assets, the plan assets and liabilities are not reported as part of the Housing Authority.

NOTE 10 — DEFINED CONTRIBUTION PLAN:

All YHA full-time employees participate in the Yakima Housing Authority Retirement Plan, which provides funds at retirement for employees of YHA and in the event of death, provides funds for their beneficiaries, through contributions by YHA of 12% of employee payroll after an employee reaches 1,000 hours of employment.

As of March 31, 2012 and 2011 there were 32 and 27 participants, respectively in the Defined Contribution Plan. The covered payroll for employees in the plan was \$987,662 and \$1,151,846 at March 31, 2012 and 2011, respectively.

Continued

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2012 and 2011

NOTE 10 — DEFINED CONTRIBUTION PLAN (continued):

Employer contributions were \$118,520 /12% and \$138,221/12% of covered payroll for March 31, 2012 and 2011, respectively. Employees are vested in their account by years of service, 43% (year 1), 54% (year 2), 66% (year 3), 77% (year 4), 89% (year 5), and 100% (year 6).

The Defined Contribution Plan uses the accrual basis of accounting. Investments are directed by individual plan participants, and holdings are reported at fair value, based on quoted market prices.

YHA reserves the right to amend or terminate the plan. However, no amendment will change the employee's right of vested benefit, and should the plan be terminated all employees would automatically become 100% vested in the normal value of their account.

The plan is not subject to ERISA reporting requirements, and separate financial statements have not been prepared for the plan. The plan is administered by CPI Qualified Plan Consultants, Inc.

NOTE 11 — PARTICIPATION IN HOUSING AUTHORITY RISK RETENTION POOL:

YHA is a member of the Housing Authority Risk Retention Pool (HARRP). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Inter-local Cooperation Act. The pool was formed on March 1, 1987 when public housing authority's (PHA's) in the State of Washington joined together by signing an Inter-local Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Thirty-two Washington PHA's have joined the pool, along with forty-three PHA's in Oregon, California and Nevada.

The pool allows members to establish a plan of self insurance, jointly purchase insurance coverage and to provide such related services as risk management and loss control. Coverage for public official liability is on a "claims made basis." All other coverage is on an "occurrence" basis. The pool provides the following forms of pool purchased insurance coverage for its members:

- The PHA's jointly self-insure the first \$300,000 per occurrence of their general liability, errors & omissions and property exposures and the pool purchases \$2,700,000 in reinsurance.
- The Auto Liability program self insurance's the first \$100,000 per claim and the pool purchases excess insurance up to \$1,900,000.

Members make an annual contribution based upon an actuarial study to fund the pool. Members have no individual deductible in the General Liability and Auto Liability programs. In regards to the Errors & Omissions coverage, members carry a deductible of 1/10th of each loss subject to a minimum of \$2,500 and a maximum of \$25,000 for each claim. They may choose a \$1,000, \$2,500, \$5,000, \$10,000 or \$25,000 per occurrence deductible in the Property program. Since the pool is a cooperative effort, any claims falling within HARRP's self-insured retention will be paid from the pooled funds contributed by all the members.

Each new member pays the pool a non-refundable membership fee. This amount covers the member's share of organizational expenses and the cost of analyzing their loss data and risk profile. Members contract to remain in the pool for a minimum of three years, and must give notice 30 days before terminating participation. The Inter-local Governmental Agreement is renewed automatically each year after the initial three year period. The annual premium is calculated to cover all anticipated expenses. Any shortfall will be covered by the pool surplus and reserves; there is no additional assessment feature in the Agreement.

Continued

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2012 and 2011

NOTE 11 — PARTICIPATION IN HOUSING AUTHORITY RISK RETENTION POOL (continued):

The pool is fully funded by its member participants. Claims are filed by members with HARRP. HARRP maintains a full time staff including an Executive Director, a Risk Manager and employees providing appropriate support.

HARRP is governed by a Board of Directors consisting of representatives from nine member PHA's. Three Directors are elected from among the PHA members of the Association of Washington Housing Authorities; three from PHA members of the Association of Oregon Housing Authorities; and three from PHA members of the Northern California/Nevada Executive Directors Association. The Board meets at least once each quarter to conduct the business affairs of HARRP. Standing committees established by the Board are:

- Management Committee
- Claims/Loss Management Committee
- Insurance/Underwriting Committee
- Audit Committee

The Housing Authority has opted to have the \$1,000,000 excess Auto Liability insurance and has chosen the \$1,000 per occurrence deductible in the Property insurance option.

YHA has had no insurance settlement within the last three years that exceeded insurance coverage.

NOTE 12— CONTINGENCIES AND LITIGATION:

The Housing Authority has recorded in its financial statements all material liabilities.

The Housing Authority participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Housing Authority management believes that such disallowances, if any, will be immaterial.

NOTE 13— RELATED PARTY TRANSACTIONS:

YHA is the General Partner of Mariposa Park Limited Partnership (the Partnership). The Partnership consists of one general partner (YHA) who owns a .01% interest; one investment limited partner, Columbia Housing/PNC Institutional Fund I Limited Partnership (the Investment Limited Partner), who owns a 99.99% interest; and a special limited partner, Columbia Housing SLP Corporation (the Special Limited Partner). All profits, losses, and credits are allocated to the Partners in accordance with their percentage interests.

YHA manages the Partnership property under an amended property management agreement, which provides for a management fee of 5.6% of gross rental collections.

Incentive management fee:

Beginning in 1999, the Partnership was required to pay to YHA as the General Partner a noncumulative annual incentive management fee only to the extent funds are available from net cash flows, as defined in the Partnership agreement, in the amount of 6% of effective gross income from the project. As of December 31, 2011 and 2010, incentive management fees of \$3,470 and \$7,901, respectively, were expensed and accrued.

Investor services fee:

The Partnership agreement also provides for the payment of an investor services fee to the Investment Limited partner. The annual fee is equal to \$1,875, to be increased by 3% per annum, commencing in 2000. The fee is to be paid from the special reserve account or from net cash flows, as defined in the Partnership agreement. Investor service fees of \$2,673 and \$2,595 were expensed for the years ended December 31, 2011 and 2010, respectively. Amounts accrued and owing at December 31, 2011 and 2010, were \$2,673 and \$2,595, respectively.

Continued

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2012 and 2011

NOTE 13— RELATED PARTY TRANSACTIONS (continued):

Partnership management fee:

Beginning in 1999 the Partnership was required to pay to YHA as the General Partner a noncumulative partnership management fee in the annual amount of \$3,000, increased at 3% per annum commencing in 2000. The partnership management fee is payable first from the special reserve account and then, only to the extent funds are available for the payment thereof, from net cash flows, as defined in the Partnership agreement. Such fee is paid for monitoring operations, performing periodic physical inspections, reviewing financial and tax accounting systems, reviewing operating budgets and statements, reviewing management procedures, supervising the preparation of financial statements and tax returns, and monitoring all other matters relating to the legal and tax status of the Partnership. Although the fee is noncumulative, there were sufficient funds to pay the fee, therefore the Partnership management fee was accrued for the year ended December 31, 2011 and 2010 in the amount of \$4,278 and \$4,153, respectively, and is included in related-party payables.

Operating lease:

The partnership entered into an operating lease with the General Partner for land. The lease commenced on April 20, 1998, and expires December 31, 2097. The lease calls for annual payments due on or before January 15 following each calendar year. For each year following receipt of the certificates of occupancy and through expiration of the lease, payments are \$5,231 per year, increased by 4% per annum commencing in 2000. All payments are subject to net cash flows as defined in the amended and restated Agreement of Limited Partnership of Mariposa Park Limited Partnership dated February 1, 1999. To the extent the full lease payment is not available from net cash flows, any unpaid balance shall be cumulative to be paid from cash flows on any subsequent lease date.

Included in the annual lease payment is an amount for a payment in lieu of tax (PILOT) to the City of Yakima. The agreement anticipates that said sum payable to the City of Yakima is expressly assumed by and becomes an obligation of the Partnership, and payment is a portion of the total lease payment.

Lease expense for the years ended December 31, 2011 and 2010, was \$8,375 and \$8,053, respectively. Outstanding payables for lease expense as of December 31, 2011 and 2010, were \$8,375 and \$8,053, respectively, and were included in related-party payables.

NOTE 14— RESERVES:

Operating reserve:

The Partnership agreement of Mariposa Park Limited Partnership required a minimum deposit of \$54,332 into an operating reserve account. The reserve is to be used to pay any operating deficits of the Partnership. At December 31, 2011 and 2010 the reserve was over funded by \$7,636 and \$7,553, respectively.

Replacement reserves:

The Partnership agreement of Mariposa Park Limited Partnership requires an annual deposit into a replacement reserve account in an amount not less than \$5,000 for future capital expenditures. At December 31, 2011 and 2010, the replacement reserve balance was \$109,011 and \$115,012, and was fully funded in both years.

Special reserves:

The Partnership agreement of Mariposa Park Limited Partnership requires the Partnership to deposit \$127,937 into a special reserve account upon receipt of the final installment from the Investment Limited Partner. This requirement was met in prior years when the final installment was received. The reserve account is to be used to pay the investor services fee, the partnership management fee, and any operating deficits that the operating reserve cannot pay. The reserve was properly maintained in both years.

Mortgage reserves:

YHA is required to maintain a reserve for the Nueva Primavera long-term debt borrowing. At March 31, 2012 and 2011 \$230,540 and \$227,927, respectively were deposited with U.S. Bank and held in reserves in compliance with Nueva Primavera debt covenants.

Continued

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2012 and 2011

NOTE 14— RESERVES (continued):

Capital improvements reserve:

YHA has received funding from USDA RD that is restricted for capital improvements. At March 31, 2012 and 2011 \$379,201 and \$604,223, respectively were held in reserves, which requires USDA RD approval for disbursements.

NOTE 15— ADOPTION OF NEW ACCOUNTING STANDARDS:

The Governmental Accounting Standards Board issued a new statement (59) which YHA adopted during the year ended March 31, 2012, and four new statements (51, 53, 57, and 58), which YHA adopted during the year ended March 31, 2011, none of which had an impact on YHA's financial statements:

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which establishes accounting and financial reporting requirements for intangible assets.

Statement No. 53, *Accounting and Financial Reporting for Derivative*, which establishes accounting and financial reporting requirements for derivative instruments.

Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement requirements related to the measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit plans.

Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code.

Statement No. 59, *Financial Instruments Omnibus*, updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools.

The Governmental Accounting Standards Board also issued four new statements, which will be effective for YHA in subsequent years:

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, provides guidance related to financial reporting of service concession arrangements, which are a type of public-private or public-public partnerships. This guidance will be effective for YHA beginning April 1, 2012. YHA does not currently participate in these types of arrangements, so it is anticipated that there will be no impact related to the adoption of this standard.

Statement No. 61, *The Financial Reporting Entity Omnibus* – an amendment of GASB Statements No. 14 and No. 34, modifies requirements for inclusion of component units in the financial reporting entity. This guidance will be effective for YHA beginning April 1, 2013. YHA has performed a preliminary analysis of this guidance and does not believe it will affect the reporting methodology of Mariposa Park, a component unit of YHA, nor YHA's status as a stand-alone government.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This guidance will be effective for YHA beginning April 1, 2012. YHA does not believe there will be any significant impact to the financial reporting upon adoption of this guidance.

Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* – an amendment of GASB No. 53, provides clarification of the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider is replaced. This guidance will be effective for YHA beginning April 1, 2012, and YHA does not believe there will be an impact to the financial statements related to the adoption of this standard.

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Yakima Housing Authority

Combining Balance Sheet

	HUD Low Rent	Housing Choice Vouchers	Component Unit (Mariposa)	State / Local
Assets				
<i>Current Assets:</i>				
Cash - unrestricted	\$ 257,309	\$ 13,607	\$ 28,942	\$ (78,224)
Total receivables, net of allowance	53,832	16,248	7,162	40,158
Investments - unrestricted	31,613	-	-	37,042
Prepaid expenses and other assets	113,953	6,338	3,471	5,557
Inventories	83,870	-	17,784	-
Due from other funds	324,638	-	-	51,250
	<u>865,215</u>	<u>36,193</u>	<u>57,359</u>	<u>55,783</u>
<i>Restricted Assets:</i>				
Cash - other restricted	-	80,319	-	-
Cash - tenant security deposits	28,462	-	5,384	10,200
Investments - restricted	-	247,915	278,661	236,397
	<u>28,462</u>	<u>328,234</u>	<u>284,045</u>	<u>246,597</u>
Total current assets	<u>893,677</u>	<u>364,427</u>	<u>341,404</u>	<u>302,380</u>
<i>Noncurrent Assets:</i>				
Notes receivable	-	-	-	-
<i>Capital assets:</i>				
Land	908,069	-	-	681,574
Buildings	13,771,269	-	2,603,602	3,434,806
Furniture, equipment & machinery - dwellings	226,112	-	77,885	97,178
Furniture, equipment & machinery - admin	119,153	4,974	78,465	207,724
Accumulated depreciation	(8,194,421)	(4,974)	(1,112,530)	(1,299,467)
Construction in progress	362,557	-	-	205,127
Total noncurrent assets	<u>7,192,739</u>	<u>-</u>	<u>1,647,422</u>	<u>3,326,942</u>
Total assets	<u>\$ 8,086,416</u>	<u>\$ 364,427</u>	<u>\$ 1,988,826</u>	<u>\$ 3,629,322</u>

See accompanying independent auditors' report.

Glenn Acres	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ 23,287	\$ 17,573	\$ 262,494	\$ -	\$ 262,494
70	57,474	174,944	-	174,944
5	4	68,664	-	68,664
2,482	14,790	146,591	(95,170)	51,421
-	-	101,654	-	101,654
315,000	-	690,888	(690,888)	-
340,844	89,841	1,445,235	(786,058)	659,177
-	-	80,319	-	80,319
7,903	24,596	76,545	-	76,545
63,924	379,201	1,206,098	-	1,206,098
71,827	403,797	1,362,962	-	1,362,962
412,671	493,638	2,808,197	(786,058)	2,022,139
-	-	-	-	-
84,100	633,144	2,306,887	-	2,306,887
1,196,554	8,376,835	29,383,066	-	29,383,066
29,643	127,654	558,472	-	558,472
-	9,229	419,545	-	419,545
(392,188)	(4,776,329)	(15,779,909)	-	(15,779,909)
-	-	567,684	-	567,684
918,109	4,370,533	17,455,745	-	17,455,745
\$ 1,330,780	\$ 4,864,171	\$20,263,942	\$ (786,058)	\$19,477,884

Continued

Yakima Housing Authority

Combining Balance Sheet

	HUD Low Rent	Housing Choice Vouchers	Component Unit (Mariposa)	State / Local
Liabilities and Net Assets				
<i>Current Liabilities:</i>				
Accounts payable less than 90 days	\$ 37,357	\$ -	\$ 7,303	\$ 525
Accounts payable greater than 90 days	-	-	-	52,387
Accrued wages and payroll taxes	89,969	-	-	-
Accrued compensated absences				
current portion	11,981	5,106	-	3,599
Accrued interest payable	-	-	-	8,394
Deferred revenue	6,332	-	977	1,110
Short-term note payable	-	-	-	152,740
Current portion of long term debt	-	-	-	79,000
Accrued liabilities - other	-	-	-	-
Due to other funds	38,014	93,720	-	420,430
	<u>183,653</u>	<u>98,826</u>	<u>8,280</u>	<u>718,185</u>
<i>Payables from Restricted Assets:</i>				
Accounts payable - other government	3,647	-	18,795	-
Tenant security deposits	28,484	-	5,384	10,200
	<u>32,131</u>	<u>-</u>	<u>24,179</u>	<u>10,200</u>
Total current liabilities	<u>215,784</u>	<u>98,826</u>	<u>32,459</u>	<u>728,385</u>
<i>Noncurrent Liabilities:</i>				
Long-term debt, net of current	-	-	-	3,782,856
Noncurrent liabilities - other	-	-	-	95,170
Accrued compensated absences, net of current	9,855	2,987	-	3,596
Total noncurrent liabilities	<u>9,855</u>	<u>2,987</u>	<u>-</u>	<u>3,881,622</u>
Total liabilities	<u>225,639</u>	<u>101,813</u>	<u>32,459</u>	<u>4,610,007</u>
<i>Net Assets:</i>				
Invested in capital assets, net of related debt	7,192,739	-	1,647,422	(687,654)
Restricted for:				
Housing Assistance Payments - Section 8	-	328,234	-	-
Future capital improvements	-	-	286,941	228,117
Unrestricted net assets	<u>668,038</u>	<u>(65,620)</u>	<u>22,004</u>	<u>(521,148)</u>
Total net assets	<u>7,860,777</u>	<u>262,614</u>	<u>1,956,367</u>	<u>(980,685)</u>
Total liabilities and net assets	<u>\$ 8,086,416</u>	<u>\$ 364,427</u>	<u>\$ 1,988,826</u>	<u>\$ 3,629,322</u>

See accompanying independent auditors' report.

March 31, 2012

Glenn Acres	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ -	\$ 29,004	\$ 74,189	\$ -	\$ 74,189
-	-	52,387	-	52,387
-	-	89,969	-	89,969
2,012	9,424	32,122	-	32,122
-	499	8,893	-	8,893
1,733	11,726	21,878	-	21,878
-	-	152,740	-	152,740
20,608	58,075	157,683	-	157,683
-	5,415	5,415	-	5,415
22,712	116,012	690,888	(690,888)	-
47,065	230,155	1,286,164	(690,888)	595,276
-	-	22,442	-	22,442
7,907	24,530	76,505	-	76,505
7,907	24,530	98,947	-	98,947
54,972	254,685	1,385,111	(690,888)	694,223
1,115,972	1,077,857	5,976,685	-	5,976,685
-	-	95,170	(95,170)	-
1,960	8,603	27,001	-	27,001
1,117,932	1,086,460	6,098,856	(95,170)	6,003,686
1,172,904	1,341,145	7,483,967	(786,058)	6,697,909
(218,471)	3,234,601	11,168,637	-	11,168,637
63,924	-	392,158	-	392,158
-	379,201	894,259	-	894,259
312,423	(90,776)	324,921	-	324,921
157,876	3,523,026	12,779,975	-	12,779,975
<u>\$ 1,330,780</u>	<u>\$ 4,864,171</u>	<u>\$20,263,942</u>	<u>\$ (786,058)</u>	<u>\$19,477,884</u>

Continued

Yakima Housing Authority

Combining Balance Sheet

	HUD Low Rent	Housing Choice Vouchers	Component Unit (Mariposa)	State / Local
Assets				
<i>Current Assets:</i>				
Cash - unrestricted	\$ 208,174	\$ 290,505	\$ 17,315	\$ 4,256
Total receivables, net of allowance	27,905	16,172	5,005	23,791
Investments - unrestricted	55,216	-	-	36,963
Prepaid expenses and other assets	112,542	8,723	6,483	3,797
Inventories	105,184	-	16,888	-
Due from other funds	338,781	-	-	50,000
	<u>847,802</u>	<u>315,400</u>	<u>45,691</u>	<u>118,807</u>
<i>Restricted Assets:</i>				
Cash - other restricted	-	19,454	-	-
Cash - tenant security deposits	27,942	-	4,735	9,767
Investments - restricted	-	495,936	286,941	229,965
	<u>27,942</u>	<u>515,390</u>	<u>291,676</u>	<u>239,732</u>
Total current assets	<u>875,744</u>	<u>830,790</u>	<u>337,367</u>	<u>358,539</u>
<i>Noncurrent Assets:</i>				
Notes receivable	2,308	-	353	1,503
<i>Capital assets:</i>				
Land	908,069	-	-	681,574
Buildings	13,472,377	-	2,603,602	3,408,230
Furniture, equipment & machinery - dwellings	224,995	-	77,885	96,380
Furniture, equipment & machinery - admin	119,153	4,974	78,465	207,724
Accumulated depreciation	(7,718,092)	(4,974)	(1,032,387)	(1,184,195)
Construction in progress	557,431	-	-	-
Total noncurrent assets	<u>7,566,241</u>	<u>-</u>	<u>1,727,918</u>	<u>3,211,216</u>
Total assets	<u>\$ 8,441,985</u>	<u>\$ 830,790</u>	<u>\$ 2,065,285</u>	<u>\$ 3,569,755</u>

See accompanying independent auditors' report.

March 31, 2011

Glenn Acres	Rural Assistance Programs	HUD Veterans Affairs Supportive Housing	Formula Capital Fund Stimulus Grants	Subtotal	Eliminating Entries	Total
\$ 14,881	\$ 4,549	\$ -	\$ -	\$ 539,680	\$ -	\$ 539,680
368	46,351	-	-	119,592	-	119,592
5	4	-	-	92,188	-	92,188
1,981	12,183	-	-	145,709	(95,170)	50,539
-	-	-	-	122,072	-	122,072
315,000	-	-	-	703,781	(703,781)	-
332,235	63,087	-	-	1,723,022	(798,951)	924,071
-	-	154,717	-	174,171	-	174,171
6,922	24,086	-	-	73,452	-	73,452
59,986	604,223	52,638	-	1,729,689	-	1,729,689
66,908	628,309	207,355	-	1,977,312	-	1,977,312
399,143	691,396	207,355	-	3,700,334	(798,951)	2,901,383
-	-	-	-	4,164	-	4,164
84,100	633,144	-	-	2,306,887	-	2,306,887
1,196,554	8,190,464	-	-	28,871,227	-	28,871,227
29,574	125,843	-	-	554,677	-	554,677
-	9,229	-	-	419,545	-	419,545
(359,026)	(4,531,361)	-	-	(14,830,035)	-	(14,830,035)
-	-	-	-	557,431	-	557,431
951,202	4,427,319	-	-	17,883,896	-	17,883,896
\$ 1,350,345	\$ 5,118,715	\$ 207,355	\$ -	\$21,584,230	\$ (798,951)	\$20,785,279

Continued

Yakima Housing Authority

Combining Balance Sheet

	HUD Low Rent	Housing Choice Vouchers	Component Unit (Mariposa)	State / Local
Liabilities and Net Assets				
<i>Current Liabilities:</i>				
Accounts payable less than 90 days	\$ 39,403	\$ -	\$ 3,449	\$ -
Accrued wages and payroll taxes	111,768	-	-	-
Accrued compensated absences				
current portion	17,900	10,424	-	5,658
Accrued interest payable	-	-	-	53,612
Deferred revenue	9,462	-	844	2,310
Current portion of long term debt	-	-	-	74,000
Due to other funds	11,602	157,623	-	435,047
	<u>190,135</u>	<u>168,047</u>	<u>4,293</u>	<u>570,627</u>
<i>Payables from Restricted Assets:</i>				
Accounts payable - other government	3,647	194,570	22,702	-
Tenant security deposits	27,942	-	4,735	9,761
	<u>31,589</u>	<u>194,570</u>	<u>27,437</u>	<u>9,761</u>
Total current liabilities	<u>221,724</u>	<u>362,617</u>	<u>31,730</u>	<u>580,388</u>
<i>Noncurrent Liabilities:</i>				
Long-term debt, net of current	-	-	-	3,861,856
Noncurrent liabilities - other	-	-	-	95,170
Accrued compensated absences, net of current	655	4	-	72
Total noncurrent liabilities	<u>655</u>	<u>4</u>	<u>-</u>	<u>3,957,098</u>
Total liabilities	<u>222,379</u>	<u>362,621</u>	<u>31,730</u>	<u>4,537,486</u>
<i>Net Assets:</i>				
Invested in capital assets, net of related debt	7,563,933	-	1,727,565	(726,143)
Restricted for:				
Housing Assistance Payments - Section 8	-	515,390	-	-
Future capital improvements	-	-	286,941	229,965
Unrestricted net assets	<u>655,673</u>	<u>(47,221)</u>	<u>19,049</u>	<u>(471,553)</u>
Total net assets	<u>8,219,606</u>	<u>468,169</u>	<u>2,033,555</u>	<u>(967,731)</u>
Total liabilities and net assets	<u>\$ 8,441,985</u>	<u>\$ 830,790</u>	<u>\$ 2,065,285</u>	<u>\$ 3,569,755</u>

See accompanying independent auditors' report.

March 31, 2011

Glenn Acres	Rural Assistance Programs	HUD Veterans Affairs Supportive Housing	Formula Capital Fund Stimulus Grants	Subtotal	Eliminating Entries	Total
\$ -	\$ 5,378	\$ -	\$ -	\$ 48,230	\$ -	\$ 48,230
-	-	-	-	111,768	-	111,768
2,398	10,062	-	-	46,442	-	46,442
-	499	-	-	54,111	-	54,111
1,915	11,338	-	-	25,869	-	25,869
17,440	56,498	-	-	147,938	-	147,938
17,373	82,136	-	-	703,781	(703,781)	-
39,126	165,911	-	-	1,138,139	(703,781)	434,358
-	-	-	-	220,919	-	220,919
6,922	24,065	-	-	73,425	-	73,425
6,922	24,065	-	-	294,344	-	294,344
46,048	189,976	-	-	1,432,483	(703,781)	728,702
1,138,580	1,136,932	-	-	6,137,368	-	6,137,368
-	-	-	-	95,170	(95,170)	-
77	324	-	-	1,132	-	1,132
1,138,657	1,137,256	-	-	6,233,670	(95,170)	6,138,500
1,184,705	1,327,232	-	-	7,666,153	(798,951)	6,867,202
(204,818)	3,233,889	-	-	11,594,426	-	11,594,426
59,986	-	207,355	-	782,731	-	782,731
-	604,223	-	-	1,121,129	-	1,121,129
310,472	(46,629)	-	-	419,791	-	419,791
165,640	3,791,483	207,355	-	13,918,077	-	13,918,077
\$ 1,350,345	\$ 5,118,715	\$ 207,355	\$ -	\$21,584,230	\$ (798,951)	\$20,785,279

Continued

Yakima Housing Authority

Combining Schedule of Revenues, Expenses and Changes in Net Assets

	HUD Low Rent	Housing Choice Vouchers	Component Unit (Mariposa)	State / Local
<i>Operating Revenue:</i>				
Intergovernmental revenue	\$ -	\$ 3,185,813	\$ -	\$ -
Net tenant rental revenue	455,914	-	137,489	291,357
Other revenue	-	11,256	(20,288)	109,988
Other tenant revenue	20,875	-	-	19,464
Total operating revenue	476,789	3,197,069	117,201	420,809
<i>Operating Expenses:</i>				
Administrative:				
Administrative wages	224,701	241,421	8,562	56,430
Auditing fees	6,063	6,537	8,300	2,272
Employee benefit contributions	89,726	88,288	3,974	19,486
Outside management fees	-	-	-	-
Other operating - administrative	63,219	63,421	5,696	20,466
Tenant services	875	-	-	515
	384,584	399,667	26,532	99,169
Utilities:				
Electricity	16,143	-	4,190	8,038
Other utilities expense	984	-	-	952
Sewer	57,177	-	9,502	15,705
Water	39,807	-	11,157	13,972
	114,111	-	24,849	38,667
Ordinary maintenance and operations:				
Contract costs	87,494	44,390	22,265	52,512
Employee benefit contributions	79,831	748	7,387	19,450
Maintenance and operations wages	197,303	752	18,001	41,079
Materials and other	50,390	2,146	8,007	13,169
	415,018	48,036	55,660	126,210
General expenses:				
Depreciation expense	477,041	-	80,143	115,702
Housing assistance payments	-	3,141,614	-	-
Insurance premiums	17,500	9,749	7,233	5,429
Other general expenses	3,413	11,887	-	5,023
Protective services contract costs	20,534	72	529	1,020
Payments in lieu of taxes	3,647	-	-	-
	522,135	3,163,322	87,905	127,174
Total operating expenses	1,435,848	3,611,025	194,946	391,220
<i>Operating Loss</i>	\$ (959,059)	\$ (413,956)	\$ (77,745)	\$ 29,589

See accompanying independent auditors' report.

Glenn Acres	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ 3,185,813	\$ -	\$ 3,185,813
93,694	586,880	1,565,334	-	1,565,334
-	240	101,196	(79,357)	21,839
4,837	20,941	66,117	-	66,117
98,531	608,061	4,918,460	(79,357)	4,839,103
36,006	129,339	696,459	-	696,459
1,234	6,824	31,230	-	31,230
13,543	44,897	259,914	-	259,914
-	-	-	-	-
10,108	45,147	208,057	(50,429)	157,628
-	-	1,390	-	1,390
60,891	226,207	1,197,050	(50,429)	1,146,621
12,814	18,201	59,386	-	59,386
10,066	1,661	13,663	-	13,663
9,047	99,342	190,773	-	190,773
5,308	88,076	158,320	-	158,320
37,235	207,280	422,142	-	422,142
21,603	289,015	517,279	(28,928)	488,351
11,296	68,493	187,205	-	187,205
26,249	155,554	438,938	-	438,938
7,351	62,069	143,132	-	143,132
66,499	575,131	1,286,554	(28,928)	1,257,626
33,462	245,985	952,333	-	952,333
-	-	3,141,614	-	3,141,614
2,751	14,286	56,948	-	56,948
1,515	8,647	30,485	-	30,485
1,044	-	23,199	-	23,199
20	5,453	9,120	-	9,120
38,792	274,371	4,213,699	-	4,213,699
203,417	1,282,989	7,119,445	(79,357)	7,040,088
\$ (104,886)	\$ (674,928)	\$ (2,200,985)	\$ -	\$ (2,200,985)

Continued

Yakima Housing Authority

Combining Schedule of Revenues, Expenses and Changes in Net Assets

	HUD Low Rent	Housing Choice Vouchers	Component Unit (Mariposa)	State / Local
<i>Operating Loss</i>	<u>\$ (959,059)</u>	<u>\$ (413,956)</u>	<u>\$ (77,745)</u>	<u>\$ 29,589</u>
<i>Nonoperating Revenue (Expenses):</i>				
Gain (loss) on the sale of capital assets	-	-	-	-
Interest expense	-	-	-	(58,002)
Intergovernmental revenue	496,081	-	-	15,343
Investment revenue - restricted	-	1,046	-	557
Investment revenue - unrestricted	132	-	557	(441)
Total nonoperating revenue (expenses)	<u>496,213</u>	<u>1,046</u>	<u>557</u>	<u>(42,543)</u>
<i>Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers</i>	(462,846)	(412,910)	(77,188)	(12,954)
Equity transfer	-	207,355	-	-
Capital grants	<u>104,017</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Change in Net Assets</i>	<u>(358,829)</u>	<u>(205,555)</u>	<u>(77,188)</u>	<u>(12,954)</u>
<i>Net Assets, Beginning of Year</i>	<u>8,219,606</u>	<u>468,169</u>	<u>2,033,555</u>	<u>(967,731)</u>
<i>Net Assets, End of Year</i>	<u>\$ 7,860,777</u>	<u>\$ 262,614</u>	<u>\$ 1,956,367</u>	<u>\$ (980,685)</u>

See accompanying independent auditors' report.

Glenn Acres	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
<u>\$ (104,886)</u>	<u>\$ (674,928)</u>	<u>\$ (2,200,985)</u>	<u>\$ -</u>	<u>\$ (2,200,985)</u>
-	-	-	-	-
(39,326)	(5,729)	(103,057)	-	(103,057)
136,431	411,175	1,059,030	-	1,059,030
17	974	2,594	-	2,594
-	51	299	-	299
<u>97,122</u>	<u>406,471</u>	<u>958,866</u>	<u>-</u>	<u>958,866</u>
(7,764)	(268,457)	(1,242,119)	-	(1,242,119)
-	-	207,355	-	207,355
-	-	104,017	-	104,017
<u>(7,764)</u>	<u>(268,457)</u>	<u>(930,747)</u>	<u>-</u>	<u>(930,747)</u>
<u>165,640</u>	<u>3,791,483</u>	<u>13,710,722</u>	<u>-</u>	<u>13,710,722</u>
<u>\$ 157,876</u>	<u>\$ 3,523,026</u>	<u>\$12,779,975</u>	<u>\$ -</u>	<u>\$12,779,975</u>

Continued

Yakima Housing Authority

Combining Schedule of Revenues, Expenses and Changes in Net Assets

	HUD Low Rent	Housing Choice Vouchers	Component Unit (Mariposa)	State / Local
<i>Operating Revenue:</i>				
Intergovernmental revenue	\$ -	\$ 3,282,252	\$ -	\$ -
Net tenant rental revenue	449,879	-	131,690	268,432
Other revenue	4,801	15,968	(27,417)	111,947
Other tenant revenue	26,324	-	4,250	21,807
Total operating revenue	481,004	3,298,220	108,523	402,186
<i>Operating Expenses:</i>				
Administrative:				
Administrative wages	237,070	309,382	-	61,222
Auditing fees	11,078	12,039	3,300	1,486
Employee benefit contributions	95,881	123,670	-	24,461
Outside management fees	-	-	-	-
Other operating - administrative	79,252	69,320	6,575	18,257
Tenant services	11,040	42	-	-
	434,321	514,453	9,875	105,426
Utilities:				
Electricity	15,145	-	4,123	8,349
Other utilities expense	1,096	-	-	1,064
Sewer	57,561	-	9,328	14,977
Water	40,346	-	12,124	13,718
	114,148	-	25,575	38,108
Ordinary maintenance and operations:				
Contract costs	81,720	43,307	16,117	45,703
Employee benefit contributions	84,246	369	8,834	21,339
Maintenance and operations wages	199,105	1,468	21,521	47,676
Materials and other	61,148	2,514	5,247	19,134
	426,219	47,658	51,719	133,852
General expenses:				
Depreciation expense	452,861	-	78,665	116,531
Housing assistance payments	-	2,507,138	-	25,043
Insurance premiums	16,502	9,230	7,440	6,048
Other general expenses	4,796	14,216	-	3,907
Protective services contract costs	41,601	-	534	474
Payments in lieu of taxes	3,648	-	-	-
	519,408	2,530,584	86,639	152,003
Total operating expenses	1,494,096	3,092,695	173,808	429,389
<i>Operating Loss</i>	\$ (1,013,092)	\$ 205,525	\$ (65,285)	\$ (27,203)

See accompanying independent auditors' report.

March 31, 2011

Glenn Acres	Rural Assistance Programs	HUD Veterans Affairs Supportive Housing	Formula Capital Fund Stimulus Grants	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ 215,321	\$ -	\$ 3,497,573	\$ -	\$ 3,497,573
101,285	586,868	-	-	1,538,154	-	1,538,154
-	-	-	-	105,299	(61,679)	43,620
3,117	31,988	-	-	87,486	-	87,486
104,402	618,856	215,321	-	5,228,512	(61,679)	5,166,833
30,084	95,573	-	-	733,331	-	733,331
869	3,361	-	-	32,133	-	32,133
11,761	37,129	-	-	292,902	-	292,902
-	-	-	-	-	-	-
11,573	39,573	-	-	224,550	(44,967)	179,583
-	-	-	-	11,082	-	11,082
54,287	175,636	-	-	1,293,998	(44,967)	1,249,031
11,354	15,557	-	-	54,528	-	54,528
12,721	195	-	-	15,076	-	15,076
7,839	94,006	-	-	183,711	-	183,711
4,297	77,344	-	-	147,829	-	147,829
36,211	187,102	-	-	401,144	-	401,144
16,046	146,409	-	-	349,302	(16,712)	332,590
11,315	67,432	-	604	194,139	-	194,139
27,913	177,710	-	1,783	477,176	-	477,176
6,033	57,267	-	-	151,343	-	151,343
61,307	448,818	-	2,387	1,171,960	(16,712)	1,155,248
33,074	239,631	-	-	920,762	-	920,762
-	-	60,604	-	2,592,785	-	2,592,785
2,597	14,461	-	-	56,278	-	56,278
518	5,148	-	-	28,585	-	28,585
-	-	-	-	42,609	-	42,609
33	5,407	-	-	9,088	-	9,088
36,222	264,647	60,604	-	3,650,107	-	3,650,107
188,027	1,076,203	60,604	2,387	6,517,209	(61,679)	6,455,530
\$ (83,625)	\$ (457,347)	\$ 154,717	\$ (2,387)	\$ (1,288,697)	\$ -	\$ (1,288,697)

Continued

Yakima Housing Authority

Combining Schedule of Revenues, Expenses and Changes in Net Assets

	HUD Low Rent	Housing Choice Vouchers	Component Unit (Mariposa)	State / Local
<i>Operating Loss</i>	<u>\$ (1,013,092)</u>	<u>\$ 205,525</u>	<u>\$ (65,285)</u>	<u>\$ (27,203)</u>
<i>Nonoperating Revenue (Expenses):</i>				
Gain (loss) on the sale of capital assets	80,650	725	-	-
Interest expense	-	-	-	(116,730)
Intergovernmental revenue	460,159	-	-	73,446
Investment revenue - restricted	-	578	-	733
Investment revenue - unrestricted	415	49	733	(673)
Total nonoperating revenue (expenses)	<u>541,224</u>	<u>1,352</u>	<u>733</u>	<u>(43,224)</u>
<i>Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers</i>	(471,868)	206,877	(64,552)	(70,427)
Transfers in (out)	-	-	-	-
Equity transfer	23,858	-	-	-
Capital grants	<u>223,242</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Change in Net Assets</i>	(224,768)	206,877	(64,552)	(70,427)
<i>Net Assets, Beginning of Year</i>	<u>8,444,374</u>	<u>261,292</u>	<u>2,098,107</u>	<u>(897,304)</u>
<i>Net Assets, End of Year</i>	<u><u>\$ 8,219,606</u></u>	<u><u>\$ 468,169</u></u>	<u><u>\$ 2,033,555</u></u>	<u><u>\$ (967,731)</u></u>

See accompanying independent auditors' report.

March 31, 2011

Glenn Acres	Rural Assistance Programs	HUD Veterans Affairs Supportive Housing	Formula Capital Fund Stimulus Grants	Subtotal	Eliminating Entries	Total
<u>\$ (83,625)</u>	<u>\$ (457,347)</u>	<u>\$ 154,717</u>	<u>\$ (2,387)</u>	<u>\$ (1,288,697)</u>	<u>\$ -</u>	<u>\$ (1,288,697)</u>
-	-	-	-	81,375	-	81,375
(40,421)	(6,254)	-	-	(163,405)	-	(163,405)
120,634	379,088	-	2,387	1,035,714	-	1,035,714
98	1,267	68	-	2,744	-	2,744
40	14	-	-	578	-	578
<u>80,351</u>	<u>374,115</u>	<u>68</u>	<u>2,387</u>	<u>957,006</u>	<u>-</u>	<u>957,006</u>
(3,274)	(83,232)	154,785	-	(331,691)	-	(331,691)
-	-	-	-	-	-	-
-	-	-	(23,858)	-	-	-
-	-	-	23,858	247,100	-	247,100
<u>(3,274)</u>	<u>(83,232)</u>	<u>154,785</u>	<u>-</u>	<u>(84,591)</u>	<u>-</u>	<u>(84,591)</u>
168,914	3,874,715	52,570	-	14,002,668	-	14,002,668
<u>\$ 165,640</u>	<u>\$ 3,791,483</u>	<u>\$ 207,355</u>	<u>\$ -</u>	<u>\$13,918,077</u>	<u>\$ -</u>	<u>\$13,918,077</u>

Continued

Yakima Housing Authority

Notes to Combining Financial Schedules

March 31, 2012 and 2011

HUD Low Rent – Used to account for the administration, operation, maintenance, improvement and construction of YHA’s low-income Public Housing units under declaration of trust with HUD.

Housing Choice Vouchers – Used to account for Housing Assistance Payments made to landlords on behalf of eligible low-income clients.

Component Unit (Mariposa) – Used to account for the administration, operating, maintenance, improvement and construction of YHA’s independently owned low- income housing unit, Mariposa Park.

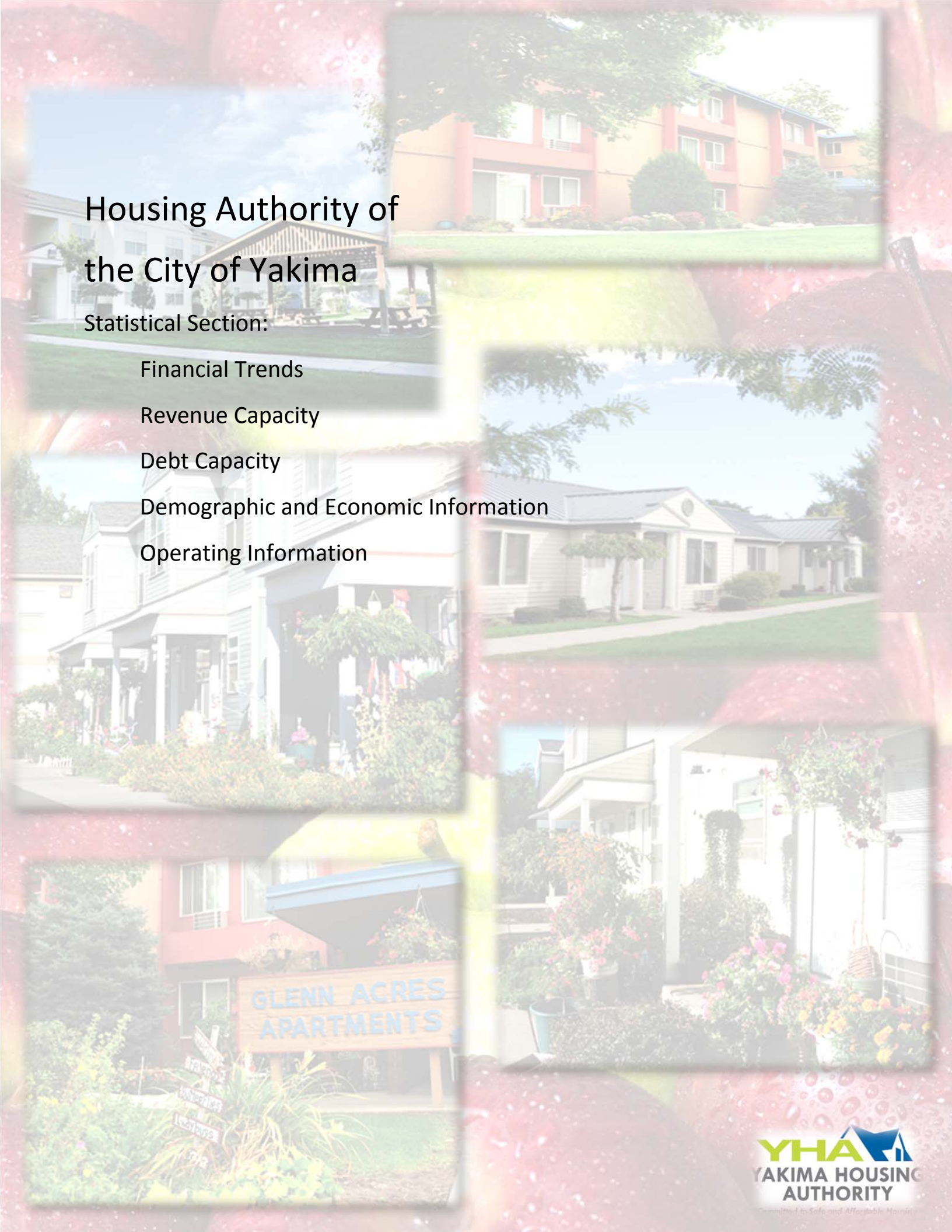
State / Local – Used to account for the administration, operating, maintenance, improvement and construction of YHA’s independently owned low- income housing unit, Nueva Primavera, as well as the administration of the equipment pool and the Yakima County Affordable Housing Program.

Glenn Acres– Used to account for the administration, operating, maintenance, improvement and construction of an apartment complex for the elderly.

Rural Assistance Programs – Used to account for administration, operation, maintenance, improvement and construction of Rural Housing units with USDA RD.

HUD Veterans Affairs Supportive Housing – Used to account for Housing Assistance Payments made to landlords on behalf of Veterans that have been previously approved with supportive services.

Formula Capital Fund Stimulus Grants – Used to account for capital expenditures of YHA’s low-income Public Housing units as signed by President Obama and known as the “American Recovery and Reinvestment Act of 2009.”



Housing Authority of the City of Yakima

Statistical Section:

Financial Trends

Revenue Capacity

Debt Capacity

Demographic and Economic Information

Operating Information

Yakima Housing Authority

Statistical Section

This part of YHA's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the YHA's overall financial health.

Contents	Tables
Financial Trends <i>These schedules contain trend information to help the reader understand how YHA's Financial performance and well-being have changed over the past 10 years.</i>	1 - 2
Revenue Capacity <i>These schedules contain trend information to help the reader assess YHA's most significant revenue sources.</i>	3 - 4
Debt Capacity <i>These schedules contain trend information to help the reader assess the affordability of YHA's current levels of outstanding debt and ability to issue additional debt in the future.</i>	5 - 6
Demographic and Economic Information <i>These schedules contain trend information of the demographic and economic indicators to help the reader understand the environment within which YHA's financial activities take place.</i>	7 - 9
Operating Information <i>These schedules contain data to help the reader understand how the information in YHA's financial report relates to the services YHA provides and the activities it performs.</i>	10 - 12

Yakima Housing Authority
Net Assets – Last Ten Fiscal Years
(Unaudited)

Table 1

Fiscal Year	Invested in capital assets, net of related debt	Restricted Assets	Unrestricted Assets	Total
2003	\$ 13,188,869	\$ 1,106,267	\$ 1,920,331	\$ 16,215,467
2004	14,881,385	1,409,636	998,699	17,289,720
2005	14,296,987	1,298,440	1,017,621	16,613,048
2006	13,663,496	1,318,495	1,133,058	16,115,049
2007	13,071,385	1,380,176	1,566,400	16,017,961
2008	12,536,386	2,038,030	889,649	15,464,065
2009	12,054,435	1,286,617	712,132	14,053,184
2010	11,898,084	1,519,605	584,979	14,002,668
2011	11,594,426	1,903,860	419,791	13,918,077
2012	11,168,637	1,286,417	324,921	12,779,975

Source: Previous years' audits and current year financial statements

Yakima Housing Authority

Changes in Net Assets – Last Ten Fiscal Years

(Unaudited)

	2003	2004	2005	2006
<i>Operating Revenue:</i>				
Intergovernmental revenues	\$ 2,735,335	\$ 2,792,810	\$ 2,847,262	\$ 2,923,874
Net tenant revenue	1,184,841	1,337,766	1,352,543	1,356,523
Other revenues	210,954	102,034	89,068	96,270
	<u>4,131,130</u>	<u>4,232,610</u>	<u>4,288,873</u>	<u>4,376,667</u>
<i>Operating Expenses:</i>				
Administrative	946,337	919,597	898,834	915,152
Utilities	276,398	322,656	332,725	356,201
Ordinary maintenance and operating	741,775	876,304	786,460	801,946
General expenses	116,788	116,369	109,488	85,810
Depreciation	828,718	936,675	930,670	916,331
Housing assistance payments	2,375,902	2,424,236	2,495,773	2,417,440
	<u>5,285,918</u>	<u>5,595,837</u>	<u>5,553,950</u>	<u>5,492,880</u>
<i>Operating Loss</i>	<u>(1,154,788)</u>	<u>(1,363,227)</u>	<u>(1,265,077)</u>	<u>(1,116,213)</u>
<i>Nonoperating Revenue (Expenses):</i>				
Intergovernmental	772,712	734,042	682,098	684,271
Investment revenue	27,968	28,640	31,475	69,528
Interest expense	(198,059)	(196,656)	(180,058)	(186,494)
Gain (loss) on disposition of assets	(1,457)	(1,513)	723	(2,970)
	<u>601,164</u>	<u>564,513</u>	<u>534,238</u>	<u>564,335</u>
<i>Income (Loss) before Capital Contributions</i>	<u>(553,624)</u>	<u>(798,714)</u>	<u>(730,839)</u>	<u>(551,878)</u>
Capital grants	194,994	87,577	56,547	49,912
Change in net assets	(358,630)	(711,137)	(674,292)	(501,966)
<i>Net Assets, Beginning of Year</i>	16,574,119	16,215,467	17,289,720	16,613,048
Prior Period Adjustments	(22)	1,785,390	(2,380)	3,967
<i>Net Assets, End of Year</i>	<u>\$ 16,215,467</u>	<u>\$ 17,289,720</u>	<u>\$ 16,613,048</u>	<u>\$ 16,115,049</u>

Source: Previous years' audits and current year financial statements

Table 2

2007	2008	2009	2010	2011	2012
\$ 2,973,170	\$ 2,822,660	\$ 2,374,716	\$ 3,268,206	\$ 3,497,573	\$ 3,185,813
1,311,336	1,330,080	1,260,215	1,397,600	1,538,154	1,565,334
81,685	68,852	90,200	128,759	131,106	87,956
4,366,191	4,221,592	3,725,131	4,794,565	5,166,833	4,839,103
928,853	933,771	982,928	1,102,357	1,249,031	1,146,621
349,731	392,369	390,490	391,885	401,144	422,142
840,911	964,442	815,891	958,737	1,155,248	1,257,626
95,794	107,293	177,691	90,117	136,560	119,752
914,010	896,353	902,067	905,727	920,762	952,333
2,453,317	2,360,319	2,785,701	2,691,392	2,592,785	3,141,614
5,582,616	5,654,547	6,054,768	6,140,215	6,455,530	7,040,088
(1,216,425)	(1,432,955)	(2,329,637)	(1,345,650)	(1,288,697)	(2,200,985)
877,169	874,823	872,089	1,096,923	1,035,714	1,059,030
107,283	92,903	17,431	8,641	3,322	2,893
(172,372)	(187,727)	(178,340)	(172,527)	(163,405)	(103,057)
637	(551)	9,292	(1,387)	81,375	-
812,717	779,448	720,472	931,650	957,006	958,866
(403,708)	(653,507)	(1,609,165)	(414,000)	(331,691)	(1,242,119)
138,803	99,613	198,282	363,484	247,100	104,017
(264,905)	(553,894)	(1,410,883)	(50,516)	(84,591)	(1,138,102)
16,115,049	16,017,961	15,464,067	14,053,184	14,002,668	13,918,077
167,817	-	-	-	-	-
<u>\$ 16,017,961</u>	<u>\$ 15,464,067</u>	<u>\$ 14,053,184</u>	<u>\$ 14,002,668</u>	<u>\$ 13,918,077</u>	<u>\$ 12,779,975</u>

Continued

Yakima Housing Authority
Operating Revenues by Source – Last Ten Fiscal Years
(Unaudited)

Table 3

Fiscal Year	Net Tenant Rental		Intergovernmental		Other		Total	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
2003	\$1,184,841	28.68%	\$2,735,335	66.21%	\$210,954	5.11%	\$4,131,130	100.00%
2004	1,337,766	31.61%	2,792,810	65.98%	102,034	2.41%	4,232,610	100.00%
2005	1,352,543	31.54%	2,847,262	66.39%	89,068	2.08%	4,288,873	100.00%
2006	1,356,523	30.99%	2,923,874	66.81%	96,270	2.20%	4,376,667	100.00%
2007	1,311,336	30.03%	2,973,170	68.10%	81,685	1.87%	4,366,191	100.00%
2008	1,330,080	31.51%	2,822,660	66.86%	68,852	1.63%	4,221,592	100.00%
2009	1,260,215	33.83%	2,374,716	63.75%	90,200	2.42%	3,725,131	100.00%
2010	1,397,600	29.15%	3,268,206	68.16%	128,759	2.69%	4,794,565	100.00%
2011	1,538,154	29.77%	3,497,573	67.69%	131,106	2.54%	5,166,833	100.00%
2012	1,565,334	32.35%	3,185,813	65.83%	87,956	1.82%	4,839,103	100.00%

Source: Previous years' audits and current year financial statements

Yakima Housing Authority

Non-Operating Revenues by Source – Last Ten Fiscal Years

(Unaudited)

Table 4

Fiscal Year	Intergovernmental		Investment		Gain (Loss) on Assets		Total	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
2003	\$ 772,712	96.68%	\$ 27,968	3.50%	\$ (1,457)	-0.18%	\$ 799,223	100.00%
2004	734,042	96.44%	28,640	3.76%	(1,513)	-0.20%	761,169	100.00%
2005	682,098	95.49%	31,475	4.41%	723	0.10%	714,296	100.00%
2006	684,271	91.14%	69,528	9.26%	(2,970)	-0.40%	750,829	100.00%
2007	877,169	89.04%	107,283	10.89%	637	0.07%	985,089	100.00%
2008	874,823	90.45%	92,903	9.61%	(551)	-0.06%	967,175	100.00%
2009	872,089	97.03%	17,431	1.94%	9,292	1.03%	898,812	100.00%
2010	1,096,923	99.34%	8,641	0.78%	(1,387)	-0.12%	1,104,177	100.00%
2011	1,035,714	92.44%	3,322	0.30%	81,375	7.26%	1,120,411	100.00%
2012	1,059,030	99.73%	2,893	0.27%	-	0.00%	1,061,923	100.00%

Source: Previous years' audits and current year financial statements

Yakima Housing Authority
Debt Service Coverage – Last Ten Fiscal Years
(Unaudited)

	2003	2004	2005	2006	2007
Revenue (excluding HAP subsidy)	\$ 2,712,375	\$ 2,676,356	\$ 2,279,099	\$ 2,650,541	\$ 2,903,774
Expenses (excluding depreciation)	<u>2,279,357</u>	<u>2,491,838</u>	<u>2,373,197</u>	<u>2,407,867</u>	<u>2,447,865</u>
Revenue available for debt service	<u>\$ 433,018</u>	<u>\$ 184,518</u>	<u>\$ (94,098)</u>	<u>\$ 242,674</u>	<u>\$ 455,909</u>
Debt Service Requirements:					
Principal	\$ 110,488	\$ 120,690	\$ 121,970	\$ 128,306	\$ 134,701
Interest	<u>198,059</u>	<u>196,656</u>	<u>180,058</u>	<u>186,494</u>	<u>172,372</u>
Total	<u>\$ 308,547</u>	<u>\$ 317,346</u>	<u>\$ 302,028</u>	<u>\$ 314,800</u>	<u>\$ 307,073</u>
Debt service coverage	1.40	0.58	(0.31)	0.77	1.48

Source: Previous years' audits and current year financial statements

Table 5

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 2,869,364	\$ 2,866,009	\$ 3,518,500	\$ 3,565,321	\$ 3,342,310
<u>2,655,371</u>	<u>2,629,917</u>	<u>2,866,419</u>	<u>3,215,258</u>	<u>3,195,606</u>
<u>\$ 213,993</u>	<u>\$ 236,092</u>	<u>\$ 652,081</u>	<u>\$ 350,063</u>	<u>\$ 146,704</u>
\$ 136,157	\$ 142,678	\$ 144,271	\$ 147,938	\$ 157,683
<u>187,727</u>	<u>178,340</u>	<u>172,527</u>	<u>154,506</u>	<u>152,760</u>
<u>\$ 323,884</u>	<u>\$ 321,018</u>	<u>\$ 316,798</u>	<u>\$ 302,444</u>	<u>\$ 310,443</u>
0.66	0.74	2.06	1.16	0.47

Continued

Yakima Housing Authority
Ratio of Debt to Capital Assets – Last Ten Fiscal Years
(Unaudited)

Table 6

Fiscal Year	Notes Payable	Bonds Payable	Total Debt	Capital Assets	Ratio of Total Debt to Capital Assets
2003	\$ 4,875,374	\$ 2,470,000	\$ 7,345,374	\$ 28,794,821	25.51%
2004	4,789,079	2,425,000	7,214,079	31,655,637	22.79%
2005	4,718,389	2,375,000	7,093,389	31,813,568	22.30%
2006	4,646,419	2,325,000	6,971,419	31,829,643	21.90%
2007	4,573,113	2,270,000	6,843,113	31,997,319	21.39%
2008	4,498,412	2,210,000	6,708,412	32,168,607	20.85%
2009	4,422,254	2,150,000	6,572,254	32,158,166	20.44%
2010	4,344,577	2,085,000	6,429,577	32,587,230	19.73%
2011	4,265,306	2,020,000	6,285,306	32,709,767	19.22%
2012	4,184,368	1,950,000	6,134,368	33,235,654	18.46%

Source: Previous years' audits and current year financial statements

Note: Total debt amount includes short-term portion due within one year

Yakima Housing Authority
Service Area Demographics / Statistics – Last Ten Fiscal Years
(Unaudited)

Table 7

<u>Year</u>	<u>Yakima & Kittitas County Population</u>	<u>Residents of YHA</u>	<u>Yakima & Kittitas County Unemployment Rate</u>
2003	261,200	2,254	8.3%
2004	263,300	3,114	8.7%
2005	265,900	2,946	7.3%
2006	269,200	2,873	6.4%
2007	272,500	2,536	5.9%
2008	275,300	2,483	5.6%
2009	278,300	2,924	7.0%
2010	279,600	2,472	8.8%
2011	286,000	2,266	10.6%
2012	287,500	2,833	11.0%

Note: This table includes all YHA housing programs.

Sources: State of Washington – Office of Financial Management Workforce Explorer Washington and previous years' audits, current year financial statements, and YHA tenant records.

Yakima Housing Authority

Resident Demographics / Population Statistics – Last Ten Fiscal Years

(Unaudited)

Table 8

Public Housing and Non-HUD Housing Programs				
Fiscal Year	Number of minors (ages 0-18)	Number of adults (ages 19-61)	Number of elderly (ages 62+)	Total number of residents
2003	569	412	64	1,045
2004	750	571	81	1,402
2005	691	529	69	1,289
2006	595	512	83	1,190
2007	586	495	73	1,154
2008	559	444	79	1,082
2009	708	565	94	1,367
2010	555	471	92	1,118
2011	592	398	57	1,047
2012	705	510	80	1,295

Housing Choice Voucher Program				
Fiscal Year	Number of minors (ages 0-18)	Number of adults (ages 19-61)	Number of elderly (ages 62+)	Total number of residents
2003	565	514	130	1,209
2004	780	762	170	1,712
2005	760	722	175	1,657
2006	780	723	180	1,683
2007	661	577	144	1,382
2008	651	606	144	1,401
2009	712	690	155	1,557
2010	603	599	152	1,354
2011	598	498	123	1,219
2012	705	670	163	1,538

Source: Yakima Housing Authority's tenant records

Yakima Housing Authority

Resident Demographics / Ethnicity Statistics – Last Ten Fiscal Years

(Unaudited)

Table 9

Public Housing and Non-HUD Housing Programs

Fiscal Year	Caucasian	Latino	African American	Native American	Other	Total
2003	426	589	6	5	19	1,045
2004	464	878	16	19	25	1,402
2005	298	937	21	9	24	1,289
2006	206	925	22	16	21	1,190
2007	189	926	7	13	19	1,154
2008	154	889	8	15	16	1,082
2009	177	1,144	-	25	21	1,367
2010	160	931	-	14	13	1,118
2011	137	864	11	28	7	1,047
2012	246	971	13	39	26	1,295

Housing Choice Voucher Program

Fiscal Year	Caucasian	Latino	African American	Native American	Other	Total
2003	630	441	63	57	18	1,209
2004	948	587	82	76	19	1,712
2005	913	593	73	62	16	1,657
2006	902	621	85	59	16	1,683
2007	720	495	102	54	11	1,382
2008	715	532	80	61	13	1,401
2009	811	549	98	76	23	1,557
2010	678	492	88	71	25	1,354
2011	553	512	101	44	9	1,219
2012	969	338	139	77	15	1,538

Source: Yakima Housing Authority's tenant records

Yakima Housing Authority

Number of YHA Dwelling Units – Last Ten Fiscal Years

(Unaudited)

Table 10

Fiscal Year	Public Housing	Farm Labor Units	Housing Choice Vouchers	VASH	NED	Nueva Primavera	Mariposa Park LP	Glenn Acres	Total
2003	150	147	573	-	-	39	26	38	973
2004	150	147	573	-	-	39	26	38	973
2005	150	147	603	-	-	39	26	38	1,003
2006	150	147	603	-	-	39	26	38	1,003
2007	150	147	603	-	-	39	26	38	1,003
2008	150	147	605	-	-	39	26	38	1,005
2009	150	147	618	-	-	39	26	38	1,018
2010	150	147	618	35	-	39	26	38	1,053
2011	150	147	618	60	15	39	26	38	1,093
2012	150	147	635	60	15	39	26	38	1,110

Source: YHA development and deed files

Yakima Housing Authority

Property Characteristics and Unit Composition – Last Ten Fiscal Years

(Unaudited)

Table 11

Name of Development	Address	Number of Units	Year built or acquired
Valley Seven (Farm Labor Units):			
Harvest Plaza	301-309 S 1st St	10	1980
	208-212 S 2nd St	6	1980
Horizon Apartments	712 Washington Ave	9	1982
	501 & 502 E 1st Ave	12	1982
	115 & 117 S 'G' St	2	1982
	517 N Elm St	1	1982
Linda Vista	1106 Washington Ave	4	1993
	810 Monroe Ave	2	1993
	822 Rentschler Ave	3	1993
	701-709 Guyette	12	1993
	708 Rentschler Ave	4	1993
	712 Rentschler Ave	3	1993
	308 W 3rd	2	1993
Valley West	16901-16907 Summitview	4	1992
	16941-16947 Summitview	4	1992
	1002-1006 Naches Ave	3	1992
	400/402 Newland Pl	2	1992
	815/817 Franklin	2	1992
	1215/1217 Tieton Ave	2	1992
	261/263 S Tieton Rd	2	1992
	19861-19867 Summitview	4	1992
Pioneer Plaza	408-412 E Spruce St	3	1983
	902-906 E Beech St	3	1983
	115-1121 Pleasant Ave	4	1983
	1314-1316 S 12th Ave	2	1983
	1408-1414 Willow St	4	1983
	507/509 N 6th Ave	2	1983
	510/512 Cherry Ave	2	1983
Sage Court	614 Washington	7	1986
	110 S Beech St	3	1986
Sunset Terrace	417/419/503/505 N 6th Ave	4	1986
	1004-1010 Buwalda	4	1986
	202 N 9th St	2	1986
	1707 Pleasant Ave	2	1986
	608 S 8th St	1	1986
	509 S 10th St	1	1986
	332 S 9th St	1	1986
	311 S 7th St	1	1986
	1611-1617 S 1st St	4	1986
	603/605 S 4th St	2	1986
	1112/1114 S 18th Ave	2	1986
Total Valley Seven (Farm Labor Units)		<u>147</u>	

Yakima Housing Authority

Property Characteristics and Unit Composition – Last Ten Fiscal Years

(Unaudited)

Table 11

Total Valley Seven (Farm Labor Units) (brought forward)			<u>147</u>
Public Housing Units:			
Fair Avenue Apartments - 42-1	110 S Fair Ave	14	1989
Pacific Apartments - 42-1	504/508 Pacific	15	1989
Evergreen Apartments - 42-1	1322 S 18th Ave	6	1988
Cascade Apartments - 42-1	615 N 15th Ave	15	1989
Eastwood Apartments - 42-1	610 E Arlington St	10	1989
Spruce Lane Apartments - 42-2	914 E Spruce St	20	1979
Edgewood Apartments - 42-2	621 N 16th Ave	10	1979
Willow Lane Apartments - 42-2	1214 Willow St	10	1979
Sierra Apartments - 42-2	603 Central Ave	14	1979
Parkview Apartments - 42-2	801 Central Ave	10	1979
9th Street Apartments - 42-3	1212 S 9th St	4	1982
Yakima Terrace- 42-6	1307/1309/1311 A & B S 18th Ave	6	1987
Nueva Primavera -42-7	810 N 6th Ave	<u>16</u>	1999
Total Public Housing Units		<u>150</u>	
Other housing developments:			
Nueva Primavera	1118 Fruitvale Ave & 810 N 6th Ave	39	1999
Mariposa Apartments	314 Cherry Ave/918 & 919 Fenton	26	1999
Glenn Acres	15 N 37th Ave	<u>38</u>	1999
Total other housing developments:		<u>103</u>	
Total Units		<u><u>400</u></u>	

Source: YHA development and deed files

Continued

Yakima Housing Authority
Number of YHA Staff – Last Ten Fiscal Years
(Unaudited)

Table 12

<u>Fiscal Year</u>	<u>Administration</u>	<u>Finance</u>	<u>Housing</u>	<u>Maintenance</u>	<u>Total</u>
2003	2	5	14	12	33
2004	2	5	14	12	33
2005	2	5	11	11	29
2006	2	5	10	11	28
2007	2	5	10	10	27
2008	2	5	10	10	27
2009	2	5	10	11	28
2010	2	5	10	12	29
2011	2	5	12	11	30
2012	2	5	10	10	27

Source: YHA's operating budget documents for the related fiscal year

Housing Authority of the City of Yakima

Single Audit Section:

Independent Auditors' Reports

Schedule of Expenditures of Federal Awards

Schedule of Findings and Questioned Costs

Status of Prior Year Findings



3702 KERN ROAD

YAKIMA, WA 98902

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*REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Housing Authority of the City of Yakima
Yakima, Washington

We have audited the financial statements of the Housing Authority of the City of Yakima, as of and for the year ended March 31, 2012, and have issued our report thereon dated September 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Housing Authority of the City of Yakima is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Housing Authority of the City of Yakima's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Yakima's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Yakima's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Yakima's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Petersen CPAs + Advisors, PLLC

September 21, 2012



3702 KERN ROAD

YAKIMA, WA 98902

509 575 1040 P

509 457 2145 F

*INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133*

To the Board of Commissioners
Housing Authority of the City of Yakima
Yakima, Washington

Compliance

We have audited the Housing Authority of the City of Yakima's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Yakima's major federal programs for the year ended March 31, 2012. The Housing Authority of the City of Yakima's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of the City of Yakima's management. Our responsibility is to express an opinion on the Housing Authority of the City of Yakima's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Yakima's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Housing Authority of the City of Yakima's compliance with those requirements.

In our opinion, the Housing Authority of the City of Yakima, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2012.

Internal Control over Compliance

Management of the Housing Authority of the City of Yakima is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of the City of Yakima's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in

accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Yakima's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Petersen CPAs + Advisors, PLLC

September 21, 2012

Yakima Housing Authority
Schedule of Expenditures of Federal Awards
March 31, 2012

	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Other Identification Number</u>	<u>Federal Expenditures</u>
<i>U.S. Department of Housing and Urban Development:</i>				
Public and Indian Housing	14.850	S-75	WA042-001,2,3,6,7	<u>\$ 364,130</u>
Public Housing Capital Fund	14.872	S-75	WA19PO42501-08	5,712
Public Housing Capital Fund	14.872	S-75	WA19PO42501-09	15,000
Public Housing Capital Fund	14.872	S-75	WA19PO42501-10	130,242
Public Housing Capital Fund	14.872	S-75	WA19PO42501-11	<u>85,014</u>
Total Public Housing Capital Fund				<u>235,968</u>
Section 8 Housing Assistance				
Payments Program	14.195	WA19M000052	WA19M000052	<u>136,431</u>
Section 8 Housing Choice Vouchers	14.871	S0083V	WA042VO	<u>3,141,613</u>
Total U.S. Department of Housing and Urban Development				<u>3,878,142</u>
<i>USDA Farmers Home Administration Direct Programs:</i>				
Rural Rental Assistance Program	10.427	Valley Seven		<u>411,175</u>
Total USDA Farmers Home Administration Direct Programs				<u>411,175</u>
Total Federal Expenditures				<u><u>\$ 4,289,317</u></u>

The accompanying notes are an integral part of this schedule.

Yakima Housing Authority

Notes to Schedule of Expenditures of Federal Awards

March 31, 2012

General – The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of City of Yakima (YHA). YHA's reporting entity is defined in note 1 to the basic financial statements.

Basis of Accounting – The schedule of expenditures of federal awards is prepared on the accrual basis of accounting. Revenues are recognized when program costs have been incurred or when revenues have otherwise been earned.

Yakima Housing Authority

Schedule of Findings and Questioned Costs

March 31, 2012

Section I – Summary of Auditors’ Results

- A. The type of report issued on the basic financial statements:

Unqualified Opinion

- B. Significant deficiencies in internal control disclosed by the audit of the basic financial statements:

None reported

- C. Noncompliance that is material to the financial statements:

None reported

- D. Significant deficiencies in internal control over major programs:

Unqualified Opinion

- E. The type of report issued on compliance for major programs:

Unqualified Opinion

- F. Any audit findings that are required to be reported under Section 510 (a) of OMB Circular A-133:

No

- G. Major Programs:

Section 8 housing choice voucher program (CFDA 14.871)

- H. Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

- I. Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133:

Yes

Section II – Findings Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*

No findings relating to the basic financial statements to be reported in accordance with *Government Auditing Standards* identified.

Section III – Findings and Questioned Costs Relating to Federal Awards

No findings relating to the federal awards to be reported in accordance with OMB Circular A-133 identified.

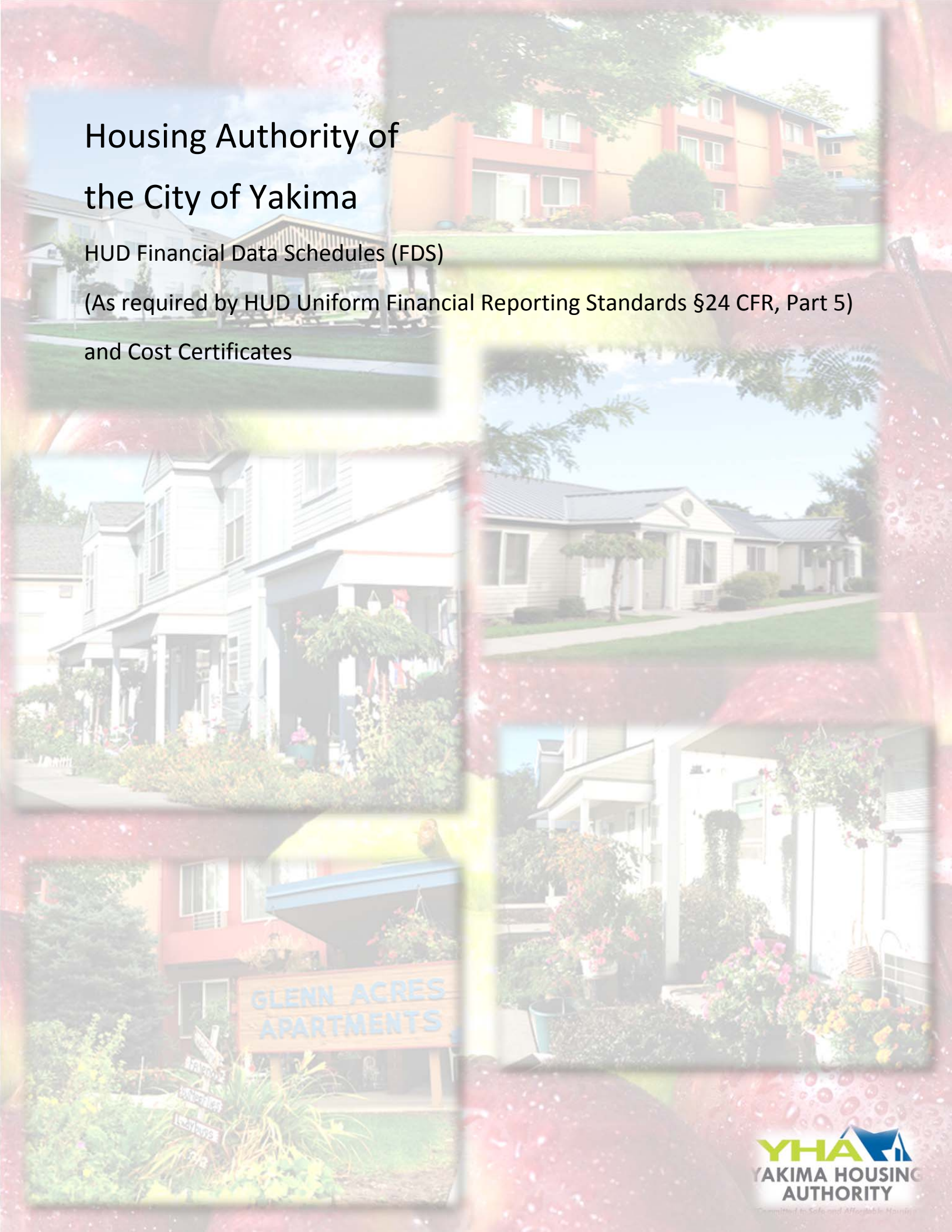
Yakima Housing Authority
Status of Prior Year Findings
March 31, 2012

There are no prior audit findings

Housing Authority of the City of Yakima

HUD Financial Data Schedules (FDS)

(As required by HUD Uniform Financial Reporting Standards §24 CFR, Part 5)
and Cost Certificates



Yakima Housing Authority

Financial Data Schedules

Line Item #	Account description	Low Rent/ CFP	14.871 Housing Choice Vouchers	State / Local
111	Cash - unrestricted	\$ 257,309	\$ 13,607	\$ -
112	Cash - restricted - modernization and development	-	-	-
113	Cash - other restricted	-	80,319	-
114	Cash - tenant security deposits	28,462	-	15,584
115	Cash - restricted for payment of current liabilities	-	-	-
100	Total cash	<u>285,771</u>	<u>93,926</u>	<u>15,584</u>
121	Accounts receivable - PHA projects	-	-	-
122	Accounts receivable - HUD other projects	36,764	-	1,933
124	Accounts receivable - other government	-	-	15,270
125	Accounts receivable - miscellaneous	-	-	4,097
126	Accounts receivable - tenants - dwelling rents	10,433	-	17,609
126.1	Allowance for doubtful accounts - dwelling rents	(1,051)	-	(919)
126.2	Allowance for doubtful accounts - other	-	-	-
127	Notes, loans and mortgages receivable - current	7,686	16,248	9,330
128	Fraud recovery	-	-	-
128.1	Allowance for doubtful accounts - fraud recoery	-	-	-
129	Accrued interest receivable	-	-	-
120	Total receivables, net of allowances for doubtful accounts	<u>53,832</u>	<u>16,248</u>	<u>47,320</u>
131	Investments - unrestricted	31,613	-	37,042
132	Investments - restricted	-	247,915	515,058
135	Investments - restricted for payment of current liability	-	-	-
142	Prepaid expenses and other assets	113,953	6,338	9,028
143	Inventories	84,214	-	17,784
143.1	Allowance for obsolete inventories	(344)	-	-
144	Inter program due from	324,638	-	51,250
145	Assets held for sale	-	-	-
150	Total current assets	<u>893,677</u>	<u>364,427</u>	<u>693,066</u>
161	Land	908,069	-	681,574
163	Buildings	13,771,269	-	6,038,408
163	Furniture, equipment & machinery - dwellings	226,112	-	175,063
164	Furniture, equipment & machinery - administration	119,153	4,974	286,189
165	Leasehold improvements	-	-	-
166	Accumulated depreciation	(8,194,421)	(4,974)	(2,411,997)
167	Construction in progress	362,557	-	205,127
168	Infrastructure	-	-	-
160	Total capital assets, net of accumulated depreciation	<u>7,192,739</u>	<u>-</u>	<u>4,974,364</u>
171	Notes, loans and mortgages receivable - non-current	-	-	-
	Notes, loans and mortgages receivable -			
172	non-current - past due	-	-	-
173	Grants receivable - non-current	-	-	-
174	Other assets	-	-	-
176	Investments in joint ventures	-	-	-
180	Total non-current assets	<u>7,192,739</u>	<u>-</u>	<u>4,974,364</u>
190	Total assets	<u>\$ 8,086,416</u>	<u>\$ 364,427</u>	<u>\$ 5,667,430</u>

March 31, 2012

14.195 Section 8 Housing Assist. Payments Program Special	10.427 Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ 23,287	\$ 17,573	\$ 311,776	\$ (49,282)	\$ 262,494
-	-	-	-	-
-	-	80,319	-	80,319
7,903	24,596	76,545	-	76,545
-	-	-	-	-
31,190	42,169	468,640	-	419,358
-	-	-	-	-
-	-	38,697	-	38,697
-	20,257	35,527	-	35,527
-	-	4,097	-	4,097
78	38,368	66,488	-	66,488
(8)	(1,151)	(3,129)	-	(3,129)
-	-	-	-	-
-	-	33,264	-	33,264
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
70	57,474	174,944	-	174,944
5	4	68,664	-	68,664
63,924	379,201	1,206,098	-	1,206,098
-	-	-	-	-
2,482	14,790	146,591	(95,170)	51,421
-	-	101,998	-	101,998
-	-	(344)	-	(344)
315,000	-	690,888	(690,888)	-
-	-	-	-	-
412,671	493,638	2,857,479	(786,058)	2,022,139
84,100	633,144	2,306,887	-	2,306,887
1,196,554	8,376,835	29,383,066	-	29,383,066
29,643	127,654	558,472	-	558,472
-	9,229	419,545	-	419,545
-	-	-	-	-
(392,188)	(4,776,329)	(15,779,909)	-	(15,779,909)
-	-	567,684	-	567,684
-	-	-	-	-
918,109	4,370,533	17,455,745	-	17,455,745
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
918,109	4,370,533	17,455,745	-	17,455,745
\$ 1,330,780	\$ 4,864,171	\$ 20,313,224	\$ (786,058)	\$ 19,477,884

Continued

Yakima Housing Authority

Financial Data Schedules

Line Item #	Account description	Low Rent/ CFP	14.871 Housing Choice Vouchers	State / Local
311	Bank overdraft	\$ -	\$ -	\$ 49,282
312	Accounts payable less than 90 days	37,357	-	7,828
313	Accounts payable greater than 90 days	-	-	52,387
321	Accrued wages / payroll taxes payable	89,969	-	-
322	Accrued compensated absences - current portion	11,981	5,106	3,599
324	Accrued contingency liability	-	-	-
325	Accrued interest payable	-	-	8,394
331	Accounts payable - HUD PHA programs	-	-	-
332	Accounts payable - PHA projects	-	-	-
333	Accounts payable - other government	3,647	-	18,795
341	Tenant security deposits	28,484	-	15,584
342	Deferred revenues	6,332	-	2,087
	Current portion of long-term debt -			
343	capital projects/mortgage revenue bonds	-	-	79,000
344	Current portion of long-term debt - operating borrowings	-	-	-
345	Other current liabilities	-	-	-
346	Accrued liabilities - other	-	-	-
347	Inter program - due to	38,014	93,720	420,430
348	Loan liability - current	-	-	152,740
310	Total current liabilities	<u>215,784</u>	<u>98,826</u>	<u>810,126</u>
	Long-term debt, net of current -			
351	capital projects/mortgage revenue bonds	-	-	3,782,856
352	Long-term debt, net of current - operating borrowings	-	-	-
353	Non-current liabilities - other	-	-	95,170
354	Accrued compensated absences - non-current	9,855	2,987	3,596
355	Loan liability - non-current	-	-	-
356	FASB 5 liabilities	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-
350	Total non-current liabilities	<u>9,855</u>	<u>2,987</u>	<u>3,881,622</u>
300	Total liabilities	<u>225,639</u>	<u>101,813</u>	<u>4,691,748</u>
508.1	Invested in capital assets, net of related debt	7,192,739	-	959,768
509.2	Fund balance reserved	-	-	-
511.2	Unreserved, designated fund balance	-	-	-
511.1	Restricted net assets	-	328,234	515,058
512.1	Unrestricted net assets	668,038	(65,620)	(499,144)
512.2	Unreserved, undesignated fund balance	-	-	-
513	Total equity/net assets	<u>7,860,777</u>	<u>262,614</u>	<u>975,682</u>
600	Total liabilities and equity/net assets	<u>\$ 8,086,416</u>	<u>\$ 364,427</u>	<u>\$ 5,667,430</u>

March 31, 2012

14.195 Section 8 Housing Assist. Payments Program Special	10.427 Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ 49,282	\$ (49,282)	-
-	29,004	74,189	-	74,189
-	-	52,387	-	52,387
-	-	89,969	-	89,969
2,012	9,424	32,122	-	32,122
-	-	-	-	-
-	499	8,893	-	8,893
-	-	-	-	-
-	-	-	-	-
-	-	22,442	-	22,442
7,907	24,530	76,505	-	76,505
1,733	11,726	21,878	-	21,878
-	-	-	-	-
20,608	58,075	157,683	-	157,683
-	-	-	-	-
-	5,415	5,415	-	5,415
-	-	-	-	-
22,712	116,012	690,888	(690,888)	-
-	-	152,740	-	152,740
54,972	254,685	1,434,393	(740,170)	694,223
1,115,972	1,077,857	5,976,685	-	5,976,685
-	-	-	-	-
-	-	95,170	(95,170)	-
1,960	8,603	27,001	-	27,001
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,117,932	1,086,460	6,098,856	(95,170)	6,003,686
1,172,904	1,341,145	7,533,249	(835,340)	6,697,909
(218,471)	3,234,601	11,168,637	-	11,168,637
-	-	-	-	-
-	-	-	-	-
63,924	379,201	1,286,417	-	1,286,417
312,423	(90,776)	324,921	-	324,921
-	-	-	-	-
157,876	3,523,026	12,779,975	-	12,779,975
\$ 1,330,780	\$ 4,864,171	\$ 20,313,224	\$ (835,340)	\$ 19,477,884

Continued

Yakima Housing Authority

Financial Data Schedules

Line Item #	Account description	Project Total	14.871 Housing Choice Vouchers	State / Local
70300	Net tenant rental revenue	\$ 459,115	\$ -	\$ 430,531
70400	Tenant revenue - other	20,875	-	19,464
70500	Total tenant revenue	479,990	-	449,995
70600	HUD PHA operating grants	496,081	3,185,813	-
70610	Capital grants	104,017	-	-
70710	Management fee	-	-	-
70720	Asset management fee	-	-	-
70730	Bookkeeping fee	-	-	-
70740	Front line service fee	-	-	-
70750	Other fees	-	-	-
70700	Total fee revenue	600,098	3,185,813	-
70800	Other government grants	-	-	15,343
71100	Investment income - unrestricted	132	-	116
71200	Mortgage interest income	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-
71310	Cost of sale of assets	-	-	-
71400	Fraud recovery	-	20,906	-
71500	Other revenue	-	1,382	89,700
71600	Gain or loss on sale of capital assets	-	-	-
72000	Investment income - restricted	-	1,046	557
70000	Total revenue	\$ 1,080,220	\$ 3,209,147	\$ 555,711

14.195 Section 8 Housing Assist. Payments Program Special	10.427 Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ 94,960	\$ 594,448	\$ 1,579,054	\$ -	\$ 1,579,054
4,837	20,941	66,117	-	66,117
99,797	615,389	1,645,171	-	1,645,171
-	-	3,681,894	-	3,681,894
-	-	104,017	-	104,017
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	3,785,911	-	3,785,911
136,431	411,175	562,949	-	562,949
-	51	299	-	299
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	20,906	-	20,906
-	240	91,322	(79,357)	11,965
-	-	-	-	-
17	974	2,594	-	2,594
<u>\$ 236,245</u>	<u>\$ 1,027,829</u>	<u>\$ 6,109,152</u>	<u>\$ (79,357)</u>	<u>\$ 6,029,795</u>

Yakima Housing Authority

Financial Data Schedules

Line Item #	Account description	Project Total	14.871 Housing Choice Vouchers	State / Local
91100	Administrative salaries	\$ 224,701	\$ 241,421	\$ 64,992
91200	Auditing fees	6,063	6,537	10,572
91300	Management fee	-	-	-
91310	Bookkeeping fee	-	-	-
91400	Advertising and marketing	-	435	244
91500	Employee benefit contributions - administrative	89,726	88,288	23,460
91600	Office expenses	27,264	50,368	15,499
91700	Legal expense	28,882	6,858	3,527
91800	Travel	7,073	5,760	4,037
91810	Allocated overhead	-	-	-
91900	Other	-	-	2,855
91000	Total operating - administrative	<u>383,709</u>	<u>399,667</u>	<u>125,186</u>
92000	Asset management fee	-	-	-
92100	Tenant services - salaries	-	-	-
92200	Relocation costs	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-
92400	Tenant services - other	875	-	515
92500	Total tenant services	<u>875</u>	<u>-</u>	<u>515</u>
93100	Water	39,807	-	25,129
93200	Electricity	16,143	-	12,228
93300	Gas	984	-	952
93400	Fuel	-	-	-
93500	Labor	-	-	-
93600	Sewer	57,177	-	25,207
93700	Employee benefit contributions - utilities	-	-	-
93800	Other utilities expense	-	-	-
93000	Total utilities	<u>114,111</u>	<u>-</u>	<u>63,516</u>
94100	Ordinary maintenance and operations - labor	197,303	752	59,080
94200	Ordinary maintenance and operations - materials and other	50,390	2,146	21,176
94300	Ordinary maintenance and operations contracts	87,494	44,390	74,777
94500	Employee benefit contributions - ordinary maintenance	79,831	748	26,837
94000	Total maintenance	<u>415,018</u>	<u>48,036</u>	<u>181,870</u>
95100	Protective services - labor	-	-	-
95200	Protective services - other contract costs	20,534	72	1,549
95300	Protective services - other	-	-	-
95500	Employee benefit contributions - protective services	-	-	-
95000	Total protective services	<u>20,534</u>	<u>72</u>	<u>1,549</u>
96110	Property insurance	10,545	-	10,353
96120	Liability insurance	4,044	6,918	863
96130	Workmen's compensation	-	-	-
96140	All other insurance	2,911	2,831	1,446
96100	Total insurance premiums	<u>\$ 17,500</u>	<u>\$ 9,749</u>	<u>\$ 12,662</u>

14.195 Section 8 Housing Assist. Payments Program Special		10.427 Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$	36,006	\$ 129,339	\$ 696,459	\$ -	\$ 696,459
	1,234	6,824	31,230	-	31,230
	-	-	-	-	-
	-	-	-	-	-
	165	725	1,569	-	1,569
	13,543	44,897	259,914	-	259,914
	7,310	26,821	127,262	(50,429)	76,833
	1,126	8,089	48,482	-	48,482
	1,244	7,977	26,091	-	26,091
	-	-	-	-	-
	263	1,535	4,653	-	4,653
	60,891	226,207	1,195,660	(50,429)	1,145,231
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	1,390	-	1,390
	-	-	1,390	-	1,390
	5,308	88,076	158,320	-	158,320
	12,814	18,201	59,386	-	59,386
	10,066	122	12,124	-	12,124
	-	-	-	-	-
	-	-	-	-	-
	9,047	99,342	190,773	-	190,773
	-	-	-	-	-
	-	1,539	1,539	-	1,539
	37,235	207,280	422,142	-	422,142
	26,249	155,554	438,938	-	438,938
	7,351	62,069	143,132	-	143,132
	21,603	289,015	517,279	(28,928)	488,351
	11,296	68,493	187,205	-	187,205
	66,499	575,131	1,286,554	(28,928)	1,257,626
	-	-	-	-	-
	1,044	-	23,199	-	23,199
	-	-	-	-	-
	-	-	-	-	-
	1,044	-	23,199	-	23,199
	1,690	10,010	32,598	-	32,598
	676	2,764	15,265	-	15,265
	-	-	-	-	-
	385	1,512	9,085	-	9,085
\$	2,751	\$ 14,286	\$ 56,948	\$ -	\$ 56,948

Continued

Yakima Housing Authority

Financial Data Schedules

Line Item #	Account description	Project Total	14.871 Housing Choice Vouchers	State / Local
96200	Other general expenses	\$ 132	\$ 11,887	\$ 3,135
96210	Compensated absences	3,281	-	1,888
96300	Payments in lieu of taxes	3,647	-	-
96400	Bad debt - tenant rents	3,201	-	1,685
96500	Bad debt - mortgages	-	-	-
96600	Bad debt - other	-	11,032	-
96800	Severance expense	-	-	-
96000	Total other general expenses	<u>10,261</u>	<u>22,919</u>	<u>6,708</u>
96710	Interest of mortgage (or bonds) payable	-	-	58,002
96720	Interest on notes payable (short and long-term)	-	-	-
96730	Amortization of bond issue costs	-	-	-
96700	Total interest expense and amortization cost	<u>-</u>	<u>-</u>	<u>58,002</u>
96900	Total operating expenses	<u>962,008</u>	<u>480,443</u>	<u>450,008</u>
97000	Excess of operating revenue over operating expenses	<u>118,212</u>	<u>2,728,704</u>	<u>105,703</u>
97100	Extraordinary maintenance	-	-	-
97200	Casualty losses - non-capitalized	-	-	-
97300	Housing assistance payments	-	3,127,799	-
97350	HAP portability-in	-	13,815	-
97400	Deprecation expense	477,041	-	195,845
97500	Fraud losses	-	-	-
97600	Capital outlays - governmental funds	-	-	-
97700	Debt principal payment - governmental funds	-	-	-
97800	Dwelling units rent expense	-	-	-
90000	Total expenses	<u>1,439,049</u>	<u>3,622,057</u>	<u>645,853</u>
10010	Operating transfer in	131,951	-	-
10020	Operating transfer out	(131,951)	-	-
10030	Operating transfers from/to primary government	-	-	-
10040	Operating transfers from/to component unit	-	-	-
10050	Proceeds from notes, loans and bonds	-	-	-
10060	Proceeds from property sales	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-
10080	Special items (net gain/loss)	-	-	-
10091	Inter project excess cash transfer in	-	-	-
10092	Inter project excess cash transfer out	-	-	-
10093	Transfers between program and project - in	104,017	-	-
10094	Transfers between program and project - out	(104,017)	-	-
10100	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
10000	Excess(deficiency) of total revenue over(under) total expense:	<u>\$ (358,829)</u>	<u>\$ (412,910)</u>	<u>\$ (90,142)</u>
	Net income	(358,829)	(205,555)	(90,142)

14.195 Section 8 Housing Assist. Payments Program Special	10.427 Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ 17	\$ 1,006	\$ 16,177	\$ -	\$ 16,177
1,498	7,641	14,308	-	14,308
20	5,453	9,120	-	9,120
1,266	7,568	13,720	-	13,720
-	-	-	-	-
-	-	11,032	-	11,032
-	-	-	-	-
2,801	21,668	64,357	-	64,357
39,326	5,729	103,057	-	103,057
-	-	-	-	-
-	-	-	-	-
39,326	5,729	103,057	-	103,057
210,547	1,050,301	3,153,307	(79,357)	3,073,950
25,698	(22,472)			2,955,845
-	-	-	-	-
-	-	-	-	-
-	-	3,127,799	-	3,127,799
-	-	13,815	-	13,815
33,462	245,985	952,333	-	952,333
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
244,009	1,296,286	7,247,254	(79,357)	7,167,897
-	-	131,951	(131,951)	-
-	-	(131,951)	131,951	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	104,017	(104,017)	-
-	-	(104,017)	104,017	-
-	-	-	-	-
\$ (7,764)	\$ (268,457)	\$ (1,138,102)	\$ -	\$ (1,138,102)
(7,764)	(268,457)			(1,138,102)

Continued

Yakima Housing Authority

Financial Data Schedules

Line Item #	Account description	Project Total	14.871 Housing Choice Vouchers	State / Local
11020	Required annual debt principal payments	\$ -	\$ -	\$ 79,000
11030	Beginning equity	8,219,606	468,169	1,065,824
11040	Prior period adjustments, equity transfers and corrections	-	207,355	-
11050	Changes in compensated absence balance	-	-	-
11060	Changes in contingent liability balance	-	-	-
11070	Changes in unrecognized pension transition liability	-	-	-
11080	Changes in special term/severance benefits liability	-	-	-
11090	Changes in allowance for doubtful accounts - dwelling rents	-	-	-
11100	Changes in allowance for doubtful accounts - other	-	-	-
11170	Administrative fee equity	-	-	-
11180	Housing assistance payments equity	-	-	-
11190	Unit months available	1,800	8,337	780
11210	Number of unit months leased	1,754	7,972	768
11270	Excess cash	406,556	-	-
11610	Land purchases	-	-	-
11620	Building purchases	104,017	-	-
11630	Furniture and equipment - dwelling purchases	-	-	-
11640	Furniture and equipment - administrative purchases	-	-	-
11650	Leasehold improvements purchases	-	-	-
11660	Infrastructure purchases	-	-	-
13510	CFFP debt service payments	-	-	-
13901	Replacement housing factor funds	-	-	-

14.195 Section 8 Housing Assist. Payments Program Special	10.427 Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ 20,608	\$ 58,075	\$ 157,683	\$ -	\$ 157,683
165,640	3,791,483	13,710,722	207,355	13,918,077
-	-	207,355	(207,355)	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
456	1,764	13,137	-	13,137
441	1,712	12,647	-	12,647
-	-	406,556	-	406,556
-	-	-	-	-
-	-	104,017	-	104,017
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

Continued

Actual Modernization Cost Certificate

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp 12/31/2011)

Comprehensive Improvement Assistance Program (CIAP) Comprehensive Grant Program (CGP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

HA Name: Housing Authority of the City of Yakima	Modernization Project Number: WA19S042501-09
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The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	\$ 328,613.00
B. Funds Disbursed	\$ 328,613.00
C. Funds Expended (Actual Modernization Cost)	\$ 328,613.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

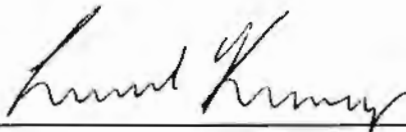
5. That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Executive Director & Date:

X



7/29/10


For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

Date:

X



7/16/10

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X

form HUD-53001 (10/96)
ref Handbooks 7485.1 & 3

Actual Modernization Cost Certificate

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp.01/31/2014)

Comprehensive Improvement Assistance Program (CIAP)
Comprehensive Grant Program (CGP)

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HA Name:

Housing Authority of the City of Yakima

Modernization Project Number:

WA19PO42501-08

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A.	Original Funds Approved \$
	\$259,609
B.	Funds Disbursed \$
	\$259,609
C. Cost)	Funds Expended (Actual Modernization \$ 259,609
D.	Amount to be Recaptured (A-C) \$
E.	Excess of Funds Disbursed (B-C) \$

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

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Signature of Executive Director & Date:

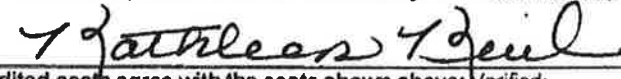
X  8/4/11

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

Date:

X 

12/28/11

The audited costs agree with the costs shown above: Verified: (Designated HUD Official)

Date:

X

Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X

form HUD-53001 (10/98)
ref Handbooks 7485.1 &.1