

Housing Authority of the City of Yakima

Yakima, Washington

Comprehensive Annual Financial Report

Year Ended

December 31, 2020



Housing Authority of the City of Yakima

Yakima, Washington

Comprehensive Annual Financial Report

Year Ended December 31, 2020



Issued by

Finance Department of the Housing Authority of the City of Yakima

Chanelle Murphy, Finance Director

Housing Authority of the City of Yakima

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December 31, 2020

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Housing Authority of the City of Yakima

Yakima, Washington

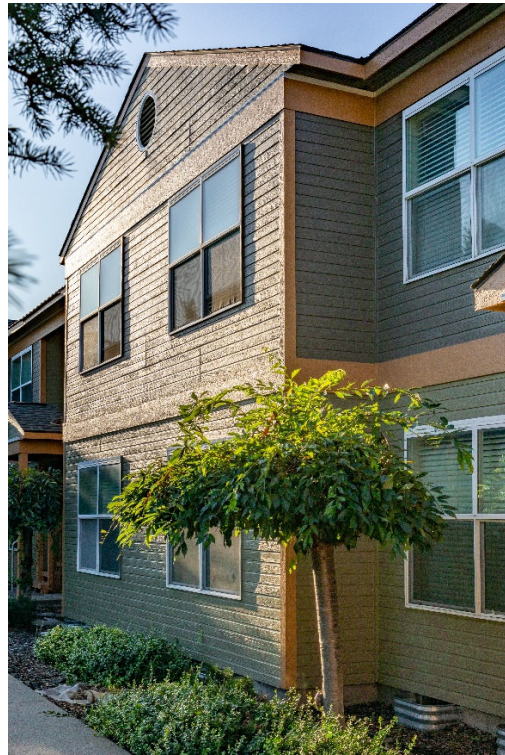
Introductory Section:

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart

List of Principal Officials



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



"Committed to Safe and Affordable Housing"

July 9, 2021

Mr. Robert Ponti, 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 December 31, 2020. 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. 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 Loveridge Hunt & Co, PLLC. *The auditors issued unmodified opinions on YHA's financial statements for the year ended December 31, 2020.* 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).

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. and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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 Uniform Guidance; the Schedule of Federal Awards; Schedule of Findings and Questioned Costs; Corrective Action Plan; and summary schedule of prior audit findings are included in the single audit section of this report.

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 any of YHA's current debt.

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 HUD 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 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 and rural housing 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, a majority of YHA's operating and capital funding comes from a variety of federal sources in the form of operating subsidies, capital grant funds and Section 8 housing assistance payments. During calendar year 2020, HUD and other federal agencies provided approximately 64% 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.

In calendar year 2015, YHA completed the conversion of its public housing units through HUD's Rental Assistance Demonstration (RAD) program to Project-Based Vouchers (PBV). Beginning in January 2015, HUD transferred funding from public housing to Section 8 for YHA's units converted under RAD, eliminating YHA's reliance on public housing funding. Funding for the Section 8 program in calendar year 2020 was prorated at 99% and 80% of eligibility for HAP and administration fees, respectively.

Long-Term Planning and Major Commitments and Initiatives

YHA's mission is 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 broke ground on Chuck Austin Place, a new veterans' housing development at the former Yakima Armory site in July of 2020. The project began in 2016 as a result of YHA facing challenges of finding housing that accepts voucher payments from the federal Housing & Urban Development's Veterans Affairs Supportive Housing (VASH) program. The development will have 17 one-bedroom, 10 two-bedroom units and 14 studio apartments for formerly homeless veterans. The housing complex will also have 12,000 square feet of service space for a dental and medical clinic and other service providers. Construction is expected to be completed in July 2021. The former armory building was donated to YHA in 2017 when it became federal surplus property. The \$17.7 million project is funded with a loan from YHA (\$800,000), HOME funds from the City of Yakima (\$1.1 million), Washington State Department of Commerce Housing Trust Fund (\$2.0 million), LIHTC Equity (\$9.3 million), the Federal Home Loan Bank (\$750,000) and appropriations from the Washington State Department of Commerce (\$2.9 million). In addition, a rooftop solar panel installation is being funded through a grant from Pacific Power's Blue Sky program (\$157,000) and Federal Solar Energy Tax Credits (\$78,500).

YHA started rehabilitation of 142 units of multi-family housing at Valley 7 in March 2021. The total cost of the project is anticipated to be \$4,860,577, financed through United States Department of Agriculture and Development Multifamily Preservation and Rehabilitation (MPR) funding. 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. Rehabilitation work is anticipated to be completed by December 2021.

YHA commenced construction on Cosecha Court II, Phase 2 in 2020. Construction was complete in December 2020 and occupied by residents in May 2021. The project consists of 80 beds financed with the Department of Commerce's Housing Trust Fund and a bank loan.

Harmony Park and Mariposa Park rehabilitation began in April 2021 and was completed in July 2021. Funding for rehabilitation includes a grant of \$588,720 for Mariposa Park and \$286,564 for Harmony Park from the State of Washington Department of Commerce.

YHA purchased real estate for the Milroy Park project on November 30, 2020. This project is anticipated to consist of single-family homes for homeownership. The property was purchased for a total of \$161,545 or \$3.11 per square foot. Funding for this acquisition was provided by Washington State Housing Finance Commission's Land Acquisition Program Loan Funds and internal funds.

YHA started predevelopment for 64 beds of seasonal farm work housing at Cosecha Court II Phase III, which is the final of a three-phase project in Granger, WA. The total estimated cost of construction is \$3.3 million, with proposed funding from the Washington Department of Commerce and a private bank lender. The funding application is due to the Department of Commerce by September 2021, and if successful, work should commence in August 2022 with an anticipated end time of June 2023.

YHA has signed an architectural agreement and is commencing work on predevelopment concepts and financing for Fruitvale Housing, which is anticipated to include 54 units of housing, community space, and administrative space for YHA staff on a lot owned by YHA and adjacent to their current administrative building. Anticipated funding for this project includes the Washington State Department of Commerce Housing Trust Fund and Low-Income Housing 9% Tax Credits through the Washington State Housing Finance Commission. Current funding for the project includes \$85,000 in a predevelopment loan from Impact Capital.

YHA continues to reaffirm its commitment to the homeless of Yakima County by setting aside one hundred and five of its Section 8 vouchers, or approximately \$380 thousand for HAP payments, to be project based for homeless families. YHA has partnered with local nonprofits, landlords and the Homeless Network of Yakima County in providing vouchers to help families adjust to living in permanent housing.

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.

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 December 31, 2019. 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 Chanelle Murphy, YHA's Finance Director. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. 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,



Lowel Krueger, CPA, MBA
Executive Director



Chanelle Murphy
Finance Director

Housing Authority of the City of Yakima
Certificate of Achievement
December 31, 2020



Government Finance Officers Association

**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

December 31, 2019

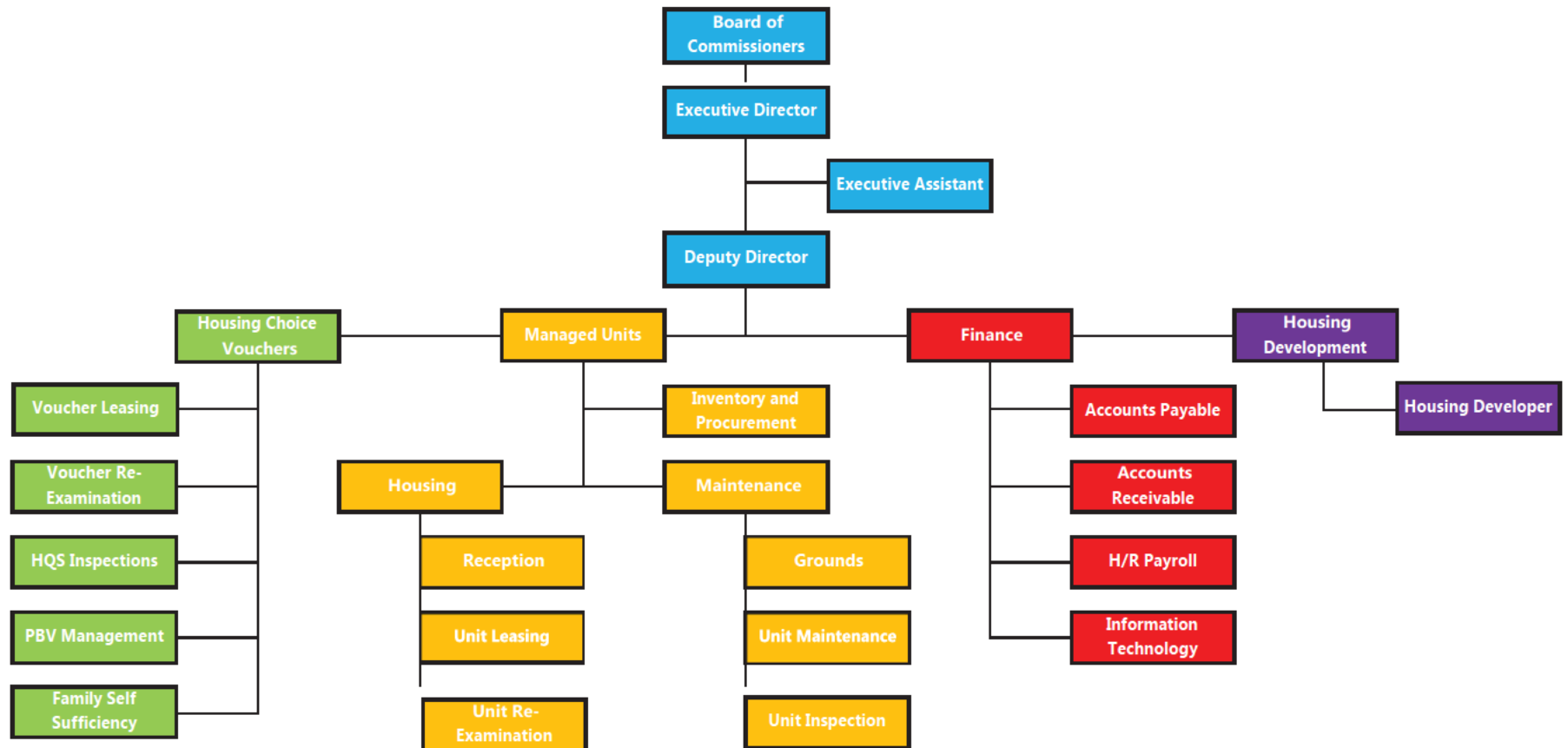
Christopher P. Morrell

Executive Director/CEO

Housing Authority of the City of Yakima

Organizational Chart

December 31, 2020



Housing Authority of the City of Yakima

List of Principal Officials

December 31, 2020

Board of Commissioners:

Bob Ponti
Chairperson

Gary Hudson
Vice-Chairperson

Linda Orozco
Commissioner

Nick Marquez
Commissioner

Christine Goodwin
Commissioner

Management:

Lowel Krueger, CPA, MBA
Executive Director

Chanelle Murphy
Finance Director

August (Ted) Layton
Deputy Director

Manuel Olivas
Maintenance Supervisor

Elsa Mendez
Housing Supervisor

Amanda Delp
Housing Choice Voucher Supervisor

Carlos Reyes
Lead Family Self Sufficiency Coordinator

Susan Wilson
Housing Development 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 the Basic Financial Statement
Combining Financial Statement
Notes to Combining Financial Statement





INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Yakima (the Authority), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Yakima Affordable Housing LLLP, Toppenish Family Housing LLC and YHA Family Housing LLC which represent 84 percent of the assets and net position and 100 percent of the revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority of the City of Yakima, is based solely on the reports of the other auditors. 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 from material misstatement. The financial statements of the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS - (CONTINUED)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component units of the Authority as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 11 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 the financial reporting for placing the basic financial statements in an appropriate operation, economic or historical context. We have applied certain limited procedures to the required supplemental 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.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS - (CONTINUED)

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, combining financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Awards Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. The Financial Data Schedule is presented for the purpose of additional analysis as required by HUD, and is also not a required part of the basic financial statements. The Rural Assistance Programs Combining Financial Statements are presented for the purpose of additional analysis as required by RD, and is also not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards accepted in United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2021, on our consideration of the Authority'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 solely 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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Loveridge Hunt & Co., PLLC

Bellevue, Washington

July 9, 2021

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2020

This narrative overview and analysis of the Housing Authority of the City of Yakima's (YHA) performance for the year ended December 31, 2020 is provided as supplement to YHA's 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 accounting principles generally accepted in the United States of America, 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 position.

FINANCIAL HIGHLIGHTS

- Total net position increased by approximately \$2.5 million from December 31, 2019 to December 31, 2020. This is a result of revenues exceeding expenses, primarily due to increases in funding that exceed increases in expenses.
- As of December 31, 2020, the assets of YHA exceeded liabilities by approximately \$27.5 million (net position). Of this amount, approximately \$16.8 million (unrestricted net position) may be used to meet ongoing obligations, \$8.3 million is net investment in capital assets and \$2.4 million is restricted as to its allowable usage. As of December 31, 2019, the assets of YHA exceeded liabilities by approximately \$25 million (net position). Of this amount, approximately \$14.8 million (unrestricted net position) may be used to meet ongoing obligations, \$8.5 million is net investment in capital assets and \$1.7 million is restricted as to its allowable usage.
- Current and noncurrent assets increased by approximately \$6.2 million (17%) from December 31, 2019 to December 31, 2020. The increase is due to debt attributed to construction in progress for multiple projects in development and loans due from Yakima Veterans Housing, LLLP (YVH).
- Current and noncurrent liabilities increased by approximately \$3.6 million (34%) from December 31, 2019 to December 31, 2020. The increase is due to debt attributed to long-term debt for acquisitions and construction.
- December 31, 2020 operating revenues increased by approximately \$4.4 million (51%) in comparison to the prior period. The increase relates to an increase in housing assistance and tenant payments in addition to grants received to fund new projects.
- December 31, 2020 operating expenses increased by approximately \$1.8 million (19%) in comparison to the prior period. The increase relates to an increase in housing assistance and tenant payments and materials and contract costs.
- Nonoperating revenues, net of nonoperating expenses, and income before other revenues, expenses, gains, losses, and transfers decreased by approximately \$236,000 (18%) from December 31, 2019 to December 31, 2020. This decrease is predominantly due to decrease in interest income and intergovernmental revenue received.

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2020

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.

The **Statements of Net Position** include all of YHA's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to YHA creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of YHA and assessing the liquidity and financial flexibility of YHA.

The **Statements of Revenues, Expenses, and Changes in Net Position** present all of the current period's revenues and expenses. These statements can be used to measure the success of YHA's operations over the past year, its financial position and can be used to determine YHA's overall profitability, financial strength and credit worthiness.

The **Statements of Cash Flows** provide information about YHA's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides information regarding where cash came from, what cash was used for, and what the change was in cash balances during the reporting period.

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.

Combining Financial Schedules – present all of the financial information included in the Statements of Net Position and Revenues, Expenses, and Changes in Net Position by individual program with eliminations of interfund transactions.

Notes to Combining Schedules – provide a description of the different programs individually presented in the Combining Financial Schedules.

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2020

FINANCIAL ANALYSIS

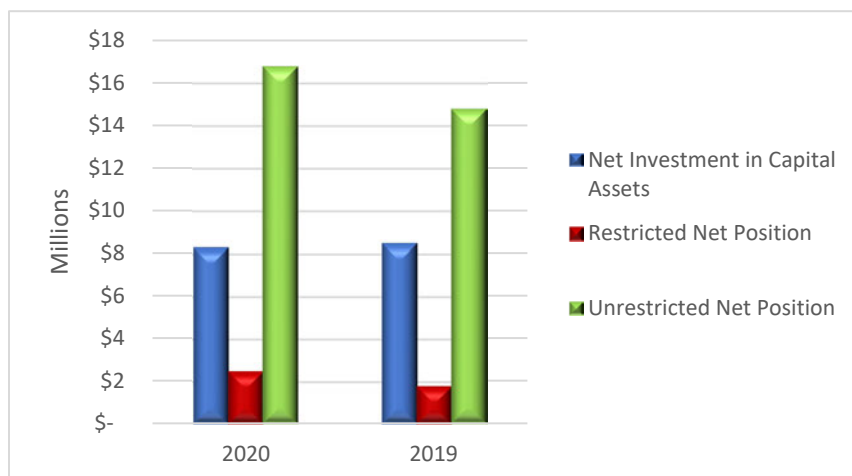
Net Position

The following table represents the condensed Statements of Net Position compared to prior periods:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets, unrestricted	\$ 6,380,073	\$ 6,080,285
Other current assets, restricted	3,151,812	2,147,402
Non-current assets	10,731,796	8,990,145
Capital assets, net	<u>21,700,950</u>	<u>18,558,778</u>
Total assets	<u>\$ 41,964,631</u>	<u>\$ 35,776,610</u>
Current and other liabilities	\$ 1,068,136	\$ 1,501,323
Current liabilities payable from restricted assets	458,661	402,889
Long-term liabilities	<u>12,889,765</u>	<u>8,841,277</u>
Total liabilities	<u>14,416,562</u>	<u>10,745,489</u>
Net Position		
Net investment in capital assets	8,596,998	8,478,605
Restricted net position	2,473,430	1,749,890
Unrestricted net position	<u>16,477,758</u>	<u>14,802,626</u>
Total net position	<u>27,548,069</u>	<u>25,031,121</u>
Total liabilities and net position	<u>\$ 41,964,631</u>	<u>\$ 35,776,610</u>

Total assets of YHA at December 31, 2020 and 2019 amounted to \$41.9 and \$35.8 million, respectively. The following presents the **Statements of Net Position** in graphical form:

Net Position



Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2020

Unrestricted current assets are comprised of cash, receivables, investments, prepaid items, due from other funds and inventories. Unrestricted current assets are approximately 5% higher at December 31, 2020 than December 31, 2019, which represents an increase of approximately \$300 thousand.

Restricted current assets are comprised of cash and investments that are restricted for repayment of security deposits, and federal funding that was unspent at the end of the year. December 31, 2020 restricted current assets increased by approximately \$1 million (47%) in comparison to December 31, 2019 primarily due to an increase in restricted cash and investments.

Capital assets include land, buildings, building improvements, furniture, equipment and machinery, and construction in progress and are shown net of accumulated depreciation. Capital assets increased by approximately \$3.1 million (14%) from December 31, 2019 to December 31, 2020, as a result of construction in progress for ongoing projects.

Total liabilities of YHA, which are segregated between current and noncurrent portions, amounted to approximately \$14.4 million and \$10.7 million at December 31, 2020 and December 31, 2019, respectively.

Current liabilities consist of accounts payable, accrued wages and payroll taxes, compensated absences, accrued interest, unearned revenue, accrued liabilities, short-term note payables, due to other funds and current portion of notes payable. Current liabilities decreased from December 31, 2019 to December 31, 2020 by approximately \$514 thousand (34%) and was primarily due to a decrease in short term debt.

Current liabilities payable from restricted assets primarily consist of tenant security deposits and restricted, unspent funds from the federal government. These liabilities increased by \$55 thousand (14%) from December 31, 2019 to December 31, 2020. The increase is predominantly due to an increase in payment in lieu of taxes and FSS Escrow liabilities.

Long-term liabilities consist of notes payable and the long-term portion of compensated absences. The increase in long-term liabilities from December 31, 2019 to December 31, 2020 was approximately \$4.1 million (47%) and is attributed to borrowings for construction, off set by debt repayments.

Net position represents the equity of YHA after liabilities are subtracted from assets. Net position is divided into three major categories.

The first category, net investment in capital assets, shows YHA's equity in land, buildings, building improvements, furniture, equipment and machinery, and construction in progress, net of related outstanding debt. The second category, restricted net position, has external limitations on the way in which these assets can be used. The last category, unrestricted net position, is available to be used for any lawful and prudent YHA purpose. Total net position of YHA increased by approximately \$2.5 million from December 31, 2019 to December 31, 2020.

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 December 31, 2020 and December 31, 2019, YHA's current ratios were 8.3:1 and 3.9:1, respectively.

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2020

Revenues, Expenses and Changes in Net Position

The following table compares the revenue and expenses for the current and previous periods:

	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
Revenue:		
Intergovernmental revenue - Operating	\$ 8,134,603	\$ 5,963,064
Tenant and other	3,126,025	2,641,922
Intergovernmental revenue - Nonoperating	2,454,651	824,868
Investment revenue	<u>542,770</u>	<u>679,037</u>
Total revenue	<u>14,258,049</u>	<u>10,108,891</u>
Expenses:		
Administration	1,834,732	1,941,884
Utilities	464,907	530,426
Ordinary maintenance and operation	1,070,745	940,660
General expenses	352,482	238,307
Payments in lieu of taxes	4,918	5,271
Housing assistance payments	6,902,117	5,249,567
Depreciation	944,765	840,698
Interest expense	<u>165,530</u>	<u>177,930</u>
Total expenses	<u>11,740,196</u>	<u>9,924,743</u>
Income (Loss) Before Contributions, Transfers, Extraordinary And Special Items	2,517,853	184,148
Capital grants, contributions and special items	<u>(905)</u>	<u>-</u>
Increase in net position	2,516,948	184,148
Net position, beginning of year	<u>25,031,121</u>	<u>24,846,973</u>
Net position, end of year	<u>\$ 27,548,069</u>	<u>\$ 25,031,121</u>

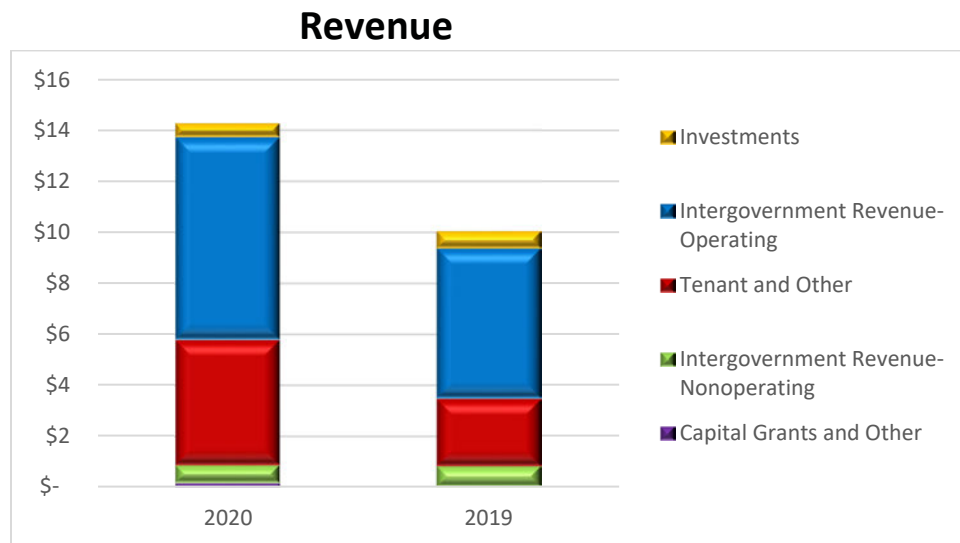
Revenues increased by approximately \$4.4 million (51%) from December 31, 2019 to December 31, 2020. As noted above, the increase is primarily due to tenant related payments and subsidies and grants.

Housing Authority of the City of Yakima

Management's Discussion and Analysis

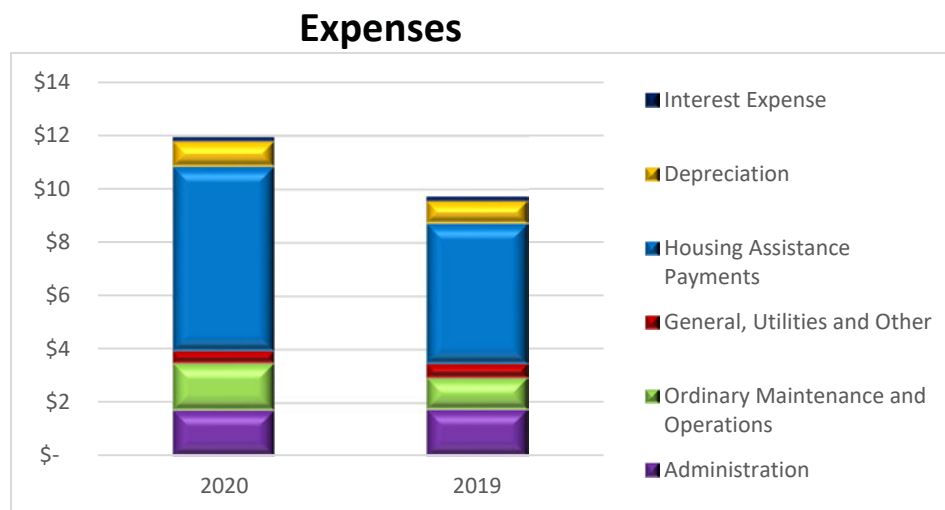
December 31, 2020

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



Expenses increased by approximately \$1.8 million (15%) from December 31, 2019 to December 31, 2020. The most significant changes during the year are primarily due to increased housing assistance payments, and operations expenses.

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



Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2020

Capital Assets and Debt Administration

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Land	\$ 2,726,311	\$ 2,547,986
Buildings	26,212,324	26,166,412
Furniture, equipment & machinery - dwellings	885,494	885,469
Furniture, equipment & machinery - administration	742,503	641,443
Construction in progress	<u>5,223,140</u>	<u>1,461,526</u>
Total capital assets	35,789,772	31,702,836
Less accumulated depreciation	<u>(14,088,822)</u>	<u>(13,144,058)</u>
Net capital assets	<u>\$ 21,700,950</u>	<u>\$ 18,558,778</u>

Net capital assets increased by approximately \$3.1 million (14%) from December 31, 2019 to December 31, 2020. The most significant capital asset transactions during the year-ended December 31, 2020 were the Cosecha Court II additions to construction in progress. Additional information on YHA's capital assets can be found in Note 5 to the basic financial statements.

All debt service payments were made in 2020 and 2019 as scheduled. Long-term debt has been incurred by YHA in order to complete multiple construction and rehabilitation projects to provide low-income families with housing. Additional information on YHA's long-term debt can be found in Note 7 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 housing choice vouchers, tenant subsidy payments, and other various grants. Due to the conversion of its public housing units (utilizing the HUD RAD program) to Section 8 project-based vouchers, 2020 is the seventh year YHA has not received public housing subsidy and received Section 8 funding only. In 2020, Section 8 HAP was prorated at 99% of eligibility. Based on HUD's funding letters and contracts with HUD, 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 1,000 families.

Congress and the federal government continue to cut federal subsidies due to federal budget priorities. The reduced funding shift continues to have an impact on YHA's economic position because federal housing dollars make up the largest source of revenue for YHA. During 2020, YHA earned \$8.8 million in federal assistance.

Due to the COVID-19 pandemic that began in 2020, using the CARES Act passed by Congress, HUD allocated additional funding to assist Public Housing Authorities (PHA's) with maintaining their programs during a difficult economic time for many American families. Between the Section 8 and Mainstream programs, HUD dispersed \$348 thousand to YHA during 2020, and YHA spent \$118 thousand, leaving \$230 thousand of deferred CARES revenue at year-end. This funding will be spent during 2021.

In addition, a majority of YHA's \$8 million of net capital assets as of December 31, 2020 were acquired and/or developed over the years with financial assistance from HUD and USDA RD. Such assistance has typically come with use restrictions and generally limits YHA's ability to encumber or leverage financing against HUD or USDA RD properties in its portfolio.

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2020

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, including the audited financial statements of the component units, should be addressed to:

Lowel Krueger, CPA, MBA
Executive Director

Chanelle Murphy
Finance Director

Phone:
509.453.3106

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

Website:
www.yakimahousing.org

Housing Authority of the City of Yakima

Statement of Net Position

December 31, 2020

	Primary Government	Discretely Presented Component Unit
Assets		
<i>Current Assets:</i>		
Cash and cash equivalents - unrestricted	\$ 4,605,576	\$ 964,000
Accounts receivables, net of allowance	1,705,949	92,003
Prepaid expenses and other assets	-	41,860
Inventories	26,526	-
Due from other funds	42,022	-
	<u>6,380,073</u>	<u>1,097,863</u>
<i>Restricted Assets:</i>		
Cash and cash equivalents - other restricted	964,630	-
Cash - tenant security deposits	63,606	72,019
Investments - restricted	2,123,576	2,138,664
	<u>3,151,812</u>	<u>2,210,683</u>
Total current assets	<u>9,531,885</u>	<u>3,308,546</u>
<i>Noncurrent Assets:</i>		
Investment in Component Units	766,724	-
Loans Receivable from Component Units	9,965,072	-
<i>Capital assets:</i>		
Land	2,726,311	1,688,758
Buildings	26,212,324	33,727,319
Furniture, equipment and machinery - dwellings	885,494	389,830
Furniture, equipment and machinery - admin	742,503	-
Accumulated depreciation	(14,088,822)	(6,354,277)
Construction in progress	5,223,140	6,005,914
Total noncurrent assets	<u>32,432,746</u>	<u>35,457,544</u>
Total assets	<u>\$ 41,964,631</u>	<u>\$ 38,766,090</u>

Housing Authority of the City of Yakima
Statement of Net Position (continued)
December 31, 2020

	Primary Government	Discretely Presented Component Unit
Liabilities and Net Position		
<i>Current Liabilities:</i>		
Accounts payable less than 90 days	\$ 392,575	\$ 20,094
Construction payable less than 90 days	-	1,673,747
Accrued wages and payroll taxes	40,682	9,137
Accrued compensated absences - current	101,601	24,552
Accrued interest payable	-	1,730,725
Accrued liabilities - other	1,187	-
Unearned income	251,020	15,449
Current portion of long term debt	281,071	62,955
Due to other funds	-	42,022
	<u>1,068,136</u>	<u>3,578,681</u>
<i>Payables from Restricted Assets:</i>		
Accounts payable - other government	10,243	-
FSS Escrow deposit	384,812	-
Tenant security deposits	63,606	72,019
	<u>458,661</u>	<u>72,019</u>
Total current liabilities	<u>1,526,797</u>	<u>3,650,700</u>
<i>Noncurrent Liabilities:</i>		
Long-term debt, net of current	12,822,998	16,557,919
Accrued compensated absences, net of current	11,290	2,727
Other noncurrent liabilities	55,477	2,350,000
Total noncurrent liabilities	<u>12,889,765</u>	<u>18,910,646</u>
Total liabilities	<u>14,416,562</u>	<u>22,561,346</u>
<i>Net Position:</i>		
Net investment in capital assets	8,596,881	18,836,670
Restricted for:		
Grantor requirements	2,306,797	-
Required reserves	166,633	3,040,710
Unrestricted net position	16,477,758	(5,672,636)
Total net position	<u>27,548,069</u>	<u>16,204,744</u>
Total liabilities and net position	<u>\$ 41,964,631</u>	<u>\$ 38,766,090</u>

Housing Authority of the City of Yakima

Statement of Revenues, Expenses and Changes in Net Position

December 31, 2020

	Primary Government	Discretely Presented Component Unit
<i>Operating Revenue:</i>		
Intergovernmental revenue	\$ 8,134,603	\$ 781,080
Net tenant rental revenue	1,926,741	1,025,562
Other revenue	1,173,964	23,118
Other tenant revenue	25,320	2,155
Total operating revenue	11,260,628	1,831,915
<i>Operating Expenses:</i>		
Administrative:		
Administrative wages	930,673	154,397
Professional fees	60,704	57,271
Employee benefit contributions	319,815	52,762
Other operating - administrative	272,205	355,859
Tenant services	251,335	18,000
	1,834,732	638,289
Utilities:		
Electricity	68,394	46,608
Other utilities expense	5,451	7,862
Sewer	182,785	97,249
Water	208,277	104,486
	464,907	256,205
Ordinary maintenance and operations:		
Contract costs	540,656	309,726
Employee benefit contributions	99,372	65,816
Maintenance and operations wages	320,237	139,130
Materials and other	110,480	82,435
	1,070,745	597,107
General expenses:		
Depreciation expense	944,765	1,096,512
Amortization expense	-	9,852
Housing assistance payments	6,902,117	-
Insurance premiums	41,932	62,122
Bad debt - tenant rents	37,902	14,963
Other general expenses	267,920	28,523
Protective services contract costs	4,728	-
Payments in lieu of taxes	4,918	-
	8,204,282	1,211,972
Total operating expenses	11,574,666	2,703,573
<i>Operating Income (Loss)</i>	\$ (314,038)	\$ (871,658)

Housing Authority of the City of Yakima

Statement of Revenues, Expenses and Changes in Net Position (continued)

December 31, 2020

	Primary Government	Discretely Presented Component Unit
<i>Operating Income (Loss) (continued)</i>	\$ (314,038)	\$ (871,658)
<i>Nonoperating Revenue (Expenses):</i>		
Interest expense	(165,530)	(775,301)
Intergovernmental revenue	2,454,651	512,091
Investment revenue - restricted	112	872
Investment revenue - unrestricted	542,658	1,399
Total nonoperating revenue (expenses)	2,831,891	(260,939)
<i>Income (Loss) Before Contributions, Transfers, Extraordinary and Special Items</i>	2,517,853	(1,132,597)
<i>Increase (Decrease) in Net Position</i>	2,517,853	(1,132,597)
<i>Net Position, Beginning of Year</i>	25,031,121	16,435,296
<i>Equity Transfer</i>	(905)	905
<i>Capital contribution</i>	-	901,140
<i>Net Position, End of Year</i>	\$ 27,548,069	\$ 16,204,744

Housing Authority of the City of Yakima

Statements of Cash Flows

December 31, 2020

	Primary Government
<i>Cash Flows from Operating Activities:</i>	
Cash Received from HUD and Other Governments	\$ 8,368,050
Cash Received from Tenants	1,896,623
Cash Received from Other	1,187,814
Cash Payments for Housing Assistance Payments	(6,902,117)
Cash Payments for Administrative	(1,814,447)
Cash Payments for Other Operating Expenses	(1,757,019)
Net Cash Provided by Operating Activities	978,904
<i>Cash Flows from Noncapital Financing Activities</i>	
Intergovernmental grants and contracts	2,454,651
Change in loan receivable	(1,741,952)
Net Cash Provided by Noncapital Financing Activities	712,699
<i>Cash Flows from Capital and Related Financing Activities</i>	
Proceeds from Long-Term Debt	4,486,318
Principal Payments on Long-Term Debt	(402,550)
Interest Payments	(173,740)
Net Change on Short-Term Borrowings	(1,059,872)
Acquisition of Capital Assets	(3,786,142)
Net Cash Used by Capital and Other Related Financing Activities	(935,986)
<i>Cash Flows from Investing Activities</i>	
Investment Revenue	458,570
Net Cash Provided by Investing Activities	458,570
<i>Net Increase in Cash and Cash Equivalents</i>	1,214,187
<i>Cash and Cash Equivalents Beginning</i>	6,543,201
<i>Cash and Cash Equivalents Ending</i>	\$ 7,757,388
<i>Cash and Cash Equivalents consist of:</i>	
Cash - unrestricted	\$ 4,605,576
Cash - restricted	964,630
Tenant security deposits	63,606
Investments - restricted	2,123,576
	\$ 7,757,388

Housing Authority of the City of Yakima
Statements of Cash Flows (Continued)
December 31, 2020

	Primary Government
<i>Reconciliation of Operating Loss to Net Cash provided by Operating Activities:</i>	<u>\$ (314,038)</u>
Operating loss	
<i>Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:</i>	
Depreciation	944,765
(Increase) decrease in cash due to changes in assets:	
Receivables	(60,519)
Prepaid expenses and other assets	44,112
Inventories	10,897
Increase (decrease) in cash due to changes in liabilities:	
Accounts payable	44,183
Accrued wages and taxes payable	(21,676)
Accrued liabilities - other	293,790
Compensated absences	(13,516)
Tenant security deposits	5,081
FSS escrow deposits	45,825
Total adjustments	<u>1,292,942</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$ 978,904</u></u>
<i>Noncash investing, financing and capital activities:</i>	
Construction accounts payable	(300,794)

Housing Authority of the City of Yakima

Combining Balance Sheet – Discretely Presented Component Units

December 31, 2020

	YHA Family Housing, LLC	Toppenish Family Housing, LLC	Yakima Affordable Housing, LLLP	Yakima Veterans, LLLP	Total
Assets					
<i>Current Assets:</i>					
Cash and cash equivalents - unrestricted	\$ 87,095	\$ 91,984	\$ 43,977	\$ 740,944	\$ 964,000
Accounts receivables, net of allowance	39,618	6,946	45,439	-	92,003
Prepaid expenses and other assets	32,417	3,198	6,245	-	41,860
Due from other funds	-	-	-	-	-
	159,130	102,128	95,661	740,944	1,097,863
<i>Restricted Assets:</i>					
Cash - tenant security deposits	39,150	8,700	24,169	-	72,019
Investments - restricted	1,459,614	306,553	372,497	-	2,138,664
	1,498,764	315,253	396,666	-	2,210,683
Total current assets	1,657,894	417,381	492,327	740,944	3,308,546
<i>Noncurrent Assets:</i>					
<i>Capital assets:</i>					
Land	1,500,000	188,758	-	-	1,688,758
Buildings	17,617,392	6,046,468	10,063,459	-	33,727,319
Furniture, equipment and machinery - dwellings	172,292	48,799	168,739	-	389,830
Accumulated depreciation	(4,241,845)	(815,374)	(1,297,058)	-	(6,354,277)
Construction in progress	-	-	-	6,005,914	6,005,914
Total noncurrent assets	15,047,839	5,468,651	8,935,140	6,005,914	35,457,544
Total assets	\$ 16,705,733	\$ 5,886,032	\$ 9,427,467	\$ 6,746,858	\$ 38,766,090

Housing Authority of the City of Yakima

Combining Balance Sheet – Discretely Presented Component Units (continued)

December 31, 2020

	YHA Family Housing, LLC	Toppenish Family Housing, LLC	Yakima Affordable Housing, LLLP	Yakima Veterans, LLLP	Total
Liabilities and Net Position					
<i>Current Liabilities:</i>					
Accounts payable less than 90 days	\$ 14,039	\$ 5,700	\$ 354	\$ 1,673,748	\$ 1,693,841
Accrued wages and payroll taxes	5,864	635	2,614	24	9,137
Accrued compensated absences - current portion	14,790	1,973	7,789	-	24,552
Accrued interest payable	1,071,263	106,268	553,194	-	1,730,725
Unearned income	11,990	348	3,111	-	15,449
Current portion of long term debt	-	-	62,955	-	62,955
Due to related party	47,635	-	(5,613)	-	42,022
	1,165,581	114,924	624,404	1,673,772	3,578,681
<i>Payables from Restricted Assets:</i>					
Tenant security deposits	39,150	8,700	24,169	-	72,019
	39,150	8,700	24,169	-	72,019
Total current liabilities	1,204,731	123,624	648,573	1,673,772	3,650,700
<i>Noncurrent Liabilities:</i>					
Long-term debt, net of current	5,873,120	2,101,050	4,413,713	4,170,036	16,557,919
Accrued compensated absences, net of current	1,643	219	865	-	2,727
Other noncurrent liabilities	-	-	2,350,000	-	2,350,000
Total noncurrent liabilities	5,874,763	2,101,269	6,764,578	4,170,036	18,910,646
Total liabilities	7,079,494		7,413,151	5,843,808	22,561,346
<i>Net Position:</i>					
Net investment in capital assets	9,174,719	3,367,601	4,458,472	1,835,878	18,836,670
Restricted for:					
Required reserves	1,459,614	306,554	372,497	902,045	3,040,710
Unrestricted net position	(1,008,094)	(13,016)	(2,816,653)	(1,834,873)	(5,672,636)
Total net position	9,626,239	3,661,139	2,014,316	903,050	16,204,744
Total liabilities, deferred inflow of resources and net position	\$ 16,705,733	\$ 3,661,139	\$ 9,427,467	\$ 6,746,858	\$ 38,766,090

Housing Authority of the City of Yakima
Statement of Revenues, Expenses and Changes in Net Position
December 31, 2020

	YHA Family Housing, LLC	Toppenish Family Housing, LLC	Yakima Affordable Housing, LLLP	Yakima Veterans, LLLP	Total
<i>Operating Revenue:</i>					
Intergovernmental revenue	\$ 781,080	\$ -	\$ -	\$ -	\$ 781,080
Net tenant rental revenue	582,370	208,635	234,557	-	1,025,562
Other revenue	14,481	1,822	5,810	1,005	23,118
Other tenant revenue	1,875	250	30	-	2,155
Total operating revenue	1,379,806	210,707	240,397	1,005	1,831,915
<i>Operating Expenses:</i>					
Administrative:					
Administrative wages	80,329	13,737	60,331	-	154,397
Professional fees	26,867	13,446	16,958	-	57,271
Employee benefit contributions	26,097	4,874	21,791	-	52,762
Other operating - administrative	198,560	39,598	117,701	-	355,859
Tenant services	18,000	-	-	-	18,000
	349,853	71,655	216,781	-	638,289
Utilities:					
Electricity	11,355	824	34,429	-	46,608
Other utilities expense	471	-	7,391	-	7,862
Sewer	56,286	28,960	12,003	-	97,249
Water	67,631	23,825	13,030	-	104,486
	135,743	53,609	66,853	-	256,205
Ordinary maintenance and operations:					
Contract costs	144,652	51,518	113,556	-	309,726
Employee benefit contributions	47,892	5,591	12,333	-	65,816
Maintenance and operations wages	123,408	6,828	8,894	-	139,130
Materials and other	68,060	5,665	8,710	-	82,435
	384,012	69,602	143,493	-	597,107
General expenses:					
Depreciation expense	644,394	171,939	280,179	-	1,096,512
Amortization expense	-	-	9,852	-	9,852
Housing assistance payments	-	-	-	-	-
Insurance premiums	35,662	8,109	18,351	-	62,122
Bad debt - tenant rents	13,414	-	1,549	-	14,963
Bad debt - other	-	-	-	-	-
Other general expenses	16,391	2,105	10,027	-	28,523
Protective services contract costs	-	-	-	-	-
Payments in lieu of taxes	-	-	-	-	-
	709,861	182,153	319,958	-	1,211,972
Total operating expenses	1,579,469	377,019	747,085	-	2,703,573
<i>Operating Income (Loss)</i>	\$ (199,663)	\$ (166,312)	\$ (506,688)	\$ 1,005	\$ (871,658)

Housing Authority of the City of Yakima

Statement of Revenues, Expenses and Changes in Net Position (continued)

December 31, 2020

	YHA Family Housing, LLC	Toppenish Family Housing, LLC	Yakima Affordable Housing, LLLP	Yakima Veterans, LLLP	Total
<i>Operating Income (Loss) (continued)</i>	\$ (199,663)	\$ (166,312)	\$ (506,688)	\$ 1,005	\$ (871,658)
<i>Nonoperating Revenue (Expenses):</i>					
Interest expense	(366,710)	(22,050)	(386,541)	-	(775,301)
Intergovernmental revenue	-	-	512,091	-	512,091
Investment revenue - restricted	-	-	872	-	872
Investment revenue - unrestricted	802	132	465	-	1,399
Total nonoperating revenue (expenses)	(365,908)	(21,918)	126,887	-	(260,939)
<i>Loss Before Contributions, Transfers, Extraordinary and Special Items</i>	(565,571)	(188,230)	(379,801)	1,005	(1,132,597)
<i>Capital contribution</i>	-	-	-	902,045	902,045
<i>Capital grants</i>	-	-	-	-	-
<i>Increase (Decrease) in Net Position</i>	(565,571)	(188,230)	(379,801)	903,050	(230,552)
<i>Net Position, Beginning of Year</i>	10,191,810	3,849,369	2,394,117	-	16,435,296
<i>Net Position, End of Year</i>	\$ 9,626,239	\$ 3,661,139	\$ 2,014,316	\$ 903,050	\$ 16,204,744

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2020

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 and U.S. Department of Agriculture Rural Development (USDA RD) programs, the funding from which consists of approximately 90% 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.

As defined by accounting principles generally accepted in the United States of America (GAAP), the reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component units' board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government, or (c) the component unit is financially dependent on the primary government.

In determining how to define the reporting entity, management has considered all potential component units. The determination to include a component unit in the reporting entity was made by applying the criteria set forth in Governmental accounting and Financial Reporting Standards and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and no. 34*. These criteria include: financial accountability; appointment of a voting majority; imposition of will; financial benefit to or burden on a primary organization; financial accountability as a result of fiscal dependency; potential for dual inclusion; and organizations included in the reporting entity although the primary organization is not financially accountable. It was determined that YHA Family Housing, LLC, Toppenish Family housing LLC, Yakima Affordable Housing, LLLP, and Yakima Veterans Housing, LLLP are appropriately treated as component units due to them being separate legal entities, but YHA is still able to impose their will, and there is a financial benefit/burden between the organizations. The entities are reported as discretely presented component units, as they did not meet the criteria for blending.

Discretely Presented Component Units:

YHA's discretely presented component units include the limited liability partnerships/companies below. These entities follow all applicable FASB standards. Since they do not follow governmental accounting, for presentation purposes, certain transactions may be reflected differently in these financial statements than in the separately issued discretely presented component unit financial statements in order for them to conform to the presentation of the primary government.

YHA Family Housing, LLC, Toppenish Family Housing, LLC, Yakima Affordable Housing, LLLP, and Yakima Veterans Housing, LLLP are the four component units. YHA is the 0.01% owner and the general partner/managing member in these real estate partnerships as of December 31, 2020. The limited

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2020

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

Reporting entity (continued):

partnership interests are held by third parties unrelated to YHA. Under GASB No. 61, these limited partnerships are considered discretely presented component units of YHA since none of these component units meet the blending criteria.

YHA Family Housing, LLC (YHA Family) was formed in November 2013 as a separate legal entity. YHA Family was formed to purchase 150 units from YHA under the HUD Rental Assistance Demonstration program, and then utilize their \$14.6 million low-income housing tax credit award, which was awarded in 2013 to rehabilitate the units. YHA also has an outstanding capital lease with YHA Family amounting to approximately \$5.9 million at December 31, 2020.

Toppenish Family Housing, LLC (TFH) was formed in May 2015 as a separate legal entity to take advantage of low-income housing tax credits needed to finance the construction of a 30-unit residential rental housing project.

Yakima Affordable Housing, LLLP (YAH) was formed in April 2016 as a separate legal entity to take advantage of low-income housing tax credits needed to finance the rehabilitation of 89-units of rental housing projects for persons of low and moderate income. YHA also has an outstanding capital lease amounting to approximately \$2.3 million at December 31, 2020.

Yakima Veterans Housing, LLLP (YVH) was formed in June 2020 as a separate legal entity to take advantage of low-income housing tax credits needed to finance both the rehabilitation of an existing 14-unit residential building and the construction of five new two-story buildings for veterans and homeless tenants.

Allocations of low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42) regulate the use of the projects to occupant eligibility and unit gross rent, among other requirements. Each building of the projects 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 Partnerships, 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 Partnerships.

Basis of Accounting:

The accounts of YHA are organized and operated on a fund basis. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets, liabilities, net position, revenues and expenses.

YHA accounts for its operations in one fund type, the 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 at the time liabilities are incurred. All assets and liabilities associated with the operations of YHA are included on the statements of net position.

Summary of Significant Accounting Policies:

The basic financial statements of YHA have been prepared in conformity with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. Following is a summary of the more significant accounting policies of YHA.

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2020

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

Budgeting – The Housing Authority follows 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.

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 YHA. In addition, YHA is required to maintain reserves required by long-term financing agreements, which are classified as restricted. Restricted funds also include required reserves and funds received in advance that are restricted for a specific or future purpose. Reserves are also required under the partnership agreements for the component units. YHA's Family Self Sufficiency program provides for an escrowed savings account for tenants participating in the program. Deposits are equal to increased rents participants pay as a result of their increased earnings and are paid to the tenant upon completion of the contract.

Investments – Federal statutes authorize investment of excess federal funds in instruments issued by or guaranteed by the Federal government. YHA has adopted this policy for all invested funds, whether or not they are federal funds. Investments are carried at fair value based on the most recent market quotations.

Inventories – Inventories consist of expendable supplies held for consumption. All inventories are valued at 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 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 December 31, 2020.

Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

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	15 - 40 years
Furniture/equipment	3 - 7 years
Vehicles	5 years

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2020

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

Long-term Debt – Debt issuance costs represent expenses incurred in the process of obtaining long-term financing and are expensed as incurred.

Unearned Revenues – Unearned 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 leave. Employees earn between 120 and 240 hours of paid time off, depending on the individual employee's years of employment. Unused paid time off pay may be "banked" up to a maximum of 240 hours, any unused paid time off in excess of this amount is forfeited. Accrued but unused paid time off, up to 120 hours, is payable upon resignation, retirement or death.

Revenue and expenses — YHA's statements of net position 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. Operating revenues also include operating subsidies and grants provided by HUD. The use of this classification is based on guidance from HUD, the primary user of the financial statements. This presentation results in an operating income that is higher than a non-operating revenue presentation by the amount of the subsidies and grants. Overall, it does not affect presentation of net income or the change in net position in the statement of revenues, expenses and changes in net position, or the presentation of cash and cash equivalents in the statement of cash flows. 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 July 9, 2021, which is the date the financial statements were available to be issued.

Tax status — YHA, as a governmental entity, is not subject to federal or state income taxes. YHA Family Housing, LLC, Toppenish Family Housing, LLC, Yakima Affordable Housing, LLLP, and Yakima Veterans Housing, LLLP do not report taxable income or losses; rather it is allocated to the respective partners in accordance with their respective percentage ownership. Management of the partnerships have evaluated the Partnerships' tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the reporting period. Results could differ from those estimates.

NOTE 2 — DEPOSITS:

Deposits, including those in restricted assets, are defined as cash or cash equivalents on deposit with financial institutions. At December 31, 2020, the carrying amount of YHA's cash accounts deposited with financial institutions was \$5,633,507 and the bank balance was \$5,626,531. The bank deposits are held with financial institutions and are entirely insured or collateralized.

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2020

NOTE 2 — DEPOSITS (CONTINUED):

At December 31, 2020, the carrying amount of the discretely presented component units deposited with financial institutions was \$1,036,019 and the bank balance was \$838,949. The bank deposits are held with financial institutions and are entirely insured or collateralized.

For the primary government, cash and cash equivalents consist of the following at December 31, 2020:

Cash and cash equivalents - unrestricted	\$ 4,605,576
Cash and cash equivalents - current restricted	<u>1,028,236</u>
Total cash and cash equivalents	5,633,812
Less: cash on hand	<u>(305)</u>
Total deposits	<u><u>\$ 5,633,507</u></u>

For the discretely presented component units, cash and cash equivalents consist of the following at December 31, 2020:

Cash and cash equivalents - unrestricted	\$ 964,000
Cash and cash equivalents - current restricted	<u>72,019</u>
Total cash and cash equivalents	1,036,019
Less: cash on hand	<u>(200)</u>
Total deposits	<u><u>\$ 1,035,819</u></u>

NOTE 3 — INVESTMENTS:

YHA's investment practice is to follow all HUD guidelines with regard 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 (rated AAA). All investments are reported at fair value, which is obtained from quoted market prices of the exact same investments trading in public markets.

Investments held are as follows:

	Primary Government	Discretely Presented Component Unit	Total
Money Market Account	<u>\$ 2,123,576</u>	<u>\$ 2,138,664</u>	<u>\$ 4,262,240</u>

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 December 31, 2020, none of YHA's deposits and investments were exposed to custodial credit risk.

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2020

NOTE 3 — INVESTMENTS (continued):

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, and the government does not have a formal policy with regards to interest rate 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 – 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 government does not have a formal policy related to credit risk of investments.

NOTE 4 — RECEIVABLES:

For the primary government, receivables consist of the following at December 31, 2020:

Tenants	\$	137,567
HUD - Other Projects		4,690
Other		41,343
Related party interest receivable		<u>1,605,223</u>
Total receivables		1,788,823
Less: Allowance for doubtful accounts		<u>(82,874)</u>
	\$	<u>1,705,949</u>

For the discretely presented component units, receivables consist of the following at December 31, 2020:

Tenants	\$	73,918
HUD - Other Projects		18,980
Other		<u>42,843</u>
Total receivables		135,741
Less: Allowance for doubtful accounts		<u>(43,738)</u>
	\$	<u>92,003</u>

Housing Authority of the City of Yakima
Notes to Basic Financial Statements
December 31, 2020

NOTE 5 — CAPITAL ASSETS:

Changes in capital assets for the primary government during the year ended December 31, 2020 were as follows:

	January 1, 2020	Additions	Transfers/ retirements	December 31, 2020
Capital assets not depreciated:				
Land	\$ 2,547,986	\$ 2,409	\$ 175,916	\$ 2,726,311
Construction in progress	1,461,526	4,777,790	(1,016,176)	5,223,140
Total capital assets not depreciated	4,009,512	4,780,199	(840,260)	7,949,451
Capital assets being depreciated:				
Buildings and improvements	26,166,412	45,912	-	26,212,324
Furniture and equipment	1,526,912	101,085	-	1,627,997
Total capital assets being depreciated	27,693,324	146,997	-	27,840,321
Accumulated depreciation:				
Buildings and improvements	12,215,374	808,102		13,023,476
Furniture and equipment	928,684	136,662		1,065,346
Total accumulated depreciation	13,144,058	944,764	-	14,088,822
Total capital assets	\$ 18,558,778	\$ 3,982,432	\$ (840,260)	\$ 21,700,950

Changes in capital assets for the discretely presented component units during the year ended December 31, 2020 were as follows:

	January 1, 2020	Additions	Transfers/ retirements	December 31, 2020
Capital assets not depreciated:				
Land	\$ 1,688,758	\$ -	\$ -	\$ 1,688,758
Construction in progress	-	5,165,654	840,260	6,005,914
Total capital assets not depreciated	1,688,758	5,165,654	840,260	7,694,672
Capital assets being depreciated:				
Buildings and improvements	33,720,972	6,347	-	33,727,319
Furniture and equipment	376,392	13,438	-	389,830
Total capital assets being depreciated	34,097,364	19,785	-	34,117,149
Accumulated depreciation:				
Buildings and improvements	5,109,594	1,042,250	-	6,151,844
Furniture and equipment	148,171	54,262	-	202,433
Total accumulated depreciation	5,257,765	1,096,512	-	6,354,277
Total capital assets	\$ 30,528,357	\$ 4,088,927	\$ 840,260	\$ 35,457,544

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2020

NOTE 6 — SHORT-TERM NOTES PAYABLE AND LINE OF CREDIT:

YHA had a \$250,000 line of credit agreement with Banner Bank expiring September 30, 2020. The line of credit was replaced with a promissory note from Banner Bank with an interest rate of 4.25% percent. The note balance at December 31, 2020 was \$221,697 and the LOC balance at December 31, 2019 was \$215,751. The LOC balance at December 31, 2020 was \$0, and therefore there was no short-term debt.

NOTE 7 — LONG-TERM DEBT:

For all long-term debt agreements, similar terms apply stating that if YHA defaults in keeping any term, representation or covenant of this agreement, the entire outstanding principal shall become immediately due and payable. In the event of default, YHA shall pay all collection expenses incurred. Any acceleration of outstanding principle balance, YHA shall pay any and all fees penalties or other costs incurred.

A summary of changes in YHA's long-term debt for the year ended December 31, 2020 is presented below:

	Balance at January 1, 2020	Additions	Reductions	Balance at December 31, 2020	Due Within One Year
Unsecured Note Payable					
Banner Bank:					
Unrestricted	\$ -	\$ 250,000	\$ (28,303)	\$ 221,697	\$ 10,258
Revenue Bonds:					
Banner Bank - Nueva	1,878,950	-	(39,916)	1,839,034	40,716
Real Estate Mortgages:					
Banner Bank:					
Admin. Office - Nueva	313,596	-	(15,401)	298,195	15,732
Banner Bank:					
Cosecha Court II	761,247	-	(13,312)	747,935	13,092
Impact Capital					
Cosecha Court II	166,348	72,609	(238,957)	-	-
Unrestricted	-	81,245	-	81,245	81,245
Office of Rural and Farmworker Housing -					
Unrestricted	170,500	-	-	170,500	-
Preservation Revolving Loan Fund	207,914	-	(10,092)	197,822	10,092
U.S. Dept. of Agriculture - Valley 7	-	324,346	-	324,346	-
U.S. Dept. of Agriculture - Valley 7	286,392	-	(7,145)	279,247	35,424
U.S. Dept. of Agriculture - Valley 7	1,415,812	-	(32,269)	1,383,543	43,008
U.S. Dept. of Agriculture - Cosecha Court	169,019	-	(5,826)	163,193	5,844
U.S. Dept. of Agriculture - Harmony Park	675,375	-	(6,570)	668,805	6,660
Department of Commerce:					
Unrestricted	525,100	-	(1,008)	524,092	-
Unrestricted	-	38,130	-	38,130	-
Cosecha Court II PII - HTF	-	3,719,988	-	3,719,988	-
Valley 7	594,182	-	-	594,182	-
Nueva Primavera	976,010	-	(3,750)	972,260	15,000
Mariposa Park	776,800	-	-	776,800	4,000
Mariposa Park	103,056	-	-	103,056	-
Total long-term debt	<u>\$ 9,020,301</u>	<u>\$ 4,486,318</u>	<u>\$ (402,550)</u>	<u>\$ 13,104,069</u>	<u>\$ 281,071</u>

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2020

NOTE 7 — LONG-TERM DEBT (CONTINUED):

Revenue Bond:

Banner Bank - Nueva – A private placement revenue bond for \$2,025,000, which refinanced Nueva Primavera's existing revenue bond, \$1,839,034 of which was outstanding at December 31, 2020. The initial loan required payments of interest only through November 1, 2015. Subsequently the outstanding balance is payable in monthly payments of approximately \$10,000, including interest at 4.375%, which is fixed for 10 years, and is due April 30, 2029. The mortgage is collateralized by the property.

The annual requirements to amortize outstanding debt including interest, for the revenue bond is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 40,176	\$ 80,500	\$ 120,676
2022	42,700	78,700	121,400
2023	44,600	76,800	121,400
2024	46,700	74,900	121,600
2025-2029	<u>1,664,858</u>	<u>373,200</u>	<u>2,038,058</u>
	<u>\$ 1,839,034</u>	<u>\$ 684,100</u>	<u>\$ 2,523,134</u>

Unsecured Note Payable:

Banner Bank – Unrestricted – Long-term note payable for \$250,000 replacing the line of credit that expired in September 2020. The loan requires 432 monthly payments of \$855, including interest at 4.25%. Final payment of all outstanding interest and principal is due in September of 2023. The loan balance was \$221,697 as of December 31, 2020.

Real Estate Mortgages:

Banner Bank - Nueva – Long-term note payable for \$390,000, collateralized by YHA's administrative offices. The loan requires 60 monthly payments of \$2,415, including interest at 4.25%, commencing July 1, 2014. This if followed, calls for 59 monthly principal and interest payments of \$2,415, with interest at the five-year federal home loan Bank of Seattle Bullet Advance rate plus 2.11%. Final payment of all outstanding interest and principal is due in June 2024. The loan balance was \$298,195 as of December 31, 2020.

Banner Bank – Cosecha Court 2 – Long-term note payable for \$775,000, collateralized by the property. The loan requires 360 monthly payments of \$3,829, including interest at 4.25%. Final payment of all outstanding interest and principal is due in February of 2049. The loan balance was \$747,935 as of December 31, 2020.

Impact Capital – In 2020 YHA obtained \$85,000 in financing from Impact Capital for the construction of 54 units at Fruitvale Housing. There is no interest rate or monthly payments due. The mortgage is collateralized by this property. The loan is due December 31, 2021. The amount drawn at December 31, 2020 was \$81,245.

Office of Rural and Farmworker Housing – Long-term note payable for \$170,500 utilized to purchase real estate in Granger. The loan is collateralized by the property. Interest only payments at 3.5% are due quarterly. The principal balance is due the earlier of the date permanent financing is obtained, or November 2022. The loan balance was \$170,500 as of December 31, 2020.

Office of Rural and Farmworker Housing – Long-term note payable for \$250,000 for rehabilitation construction at Valley 7. The loan is collateralized by the property. The loan requires 240 monthly payments of \$1,500, including interest at 3.5%, commencing June 2015. Final payment of all outstanding interest and principal is due June 2035. The loan balance was \$197,822 as of December 31, 2020.

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2020

NOTE 7 — LONG-TERM DEBT (CONTINUED):

Real Estate Mortgages (continued):

United States Department of Agriculture Rural Development – Valley Seven— Long-term note payable for \$4,860,577 for the rehabilitation of 142 units of multi-family housing at Valley 7. The loan is collateralized by the property. The interest rate is 1% per year, and the repayment period is over 33 years. The drawdowns were \$324,346 as of December 31, 2020.

United States Department of Agriculture Rural Development – Valley Seven— In 2002 YHA consolidated \$1,760,690 of debt that had originally been utilized for the construction of the Valley Seven project, a 142-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. This loan balance was \$279,247 at December 31, 2020.

United States Department of Agriculture Rural Development – Valley Seven— In July 2015, YHA was awarded a USDA loan of \$1,800,000 for the construction costs of Valley Seven. The loan is payable in monthly installments over a period of 33 years, bearing an interest rate of 1% upon completion of construction. The mortgage is collateralized by the property. The loan balance was \$1,383,543 at December 31, 2020.

United States Department of Agriculture Rural Development – Cosecha Court— In 2012 YHA was awarded a USDA loan for the construction costs of Cosecha Court. The loan is payable in monthly installments over a period of 33 years, bearing an interest rate not to exceed 1%. The mortgage is collateralized by the property. The loan balance was \$163,193 as of December 31, 2020.

United States Department of Agriculture Rural Development – Harmony Park— In July 2015, YHA was awarded a USDA loan for the construction costs of Harmony Park for \$701,977. The loan is payable in monthly installments of \$2,369 over a period of 30 years, bearing an interest rate of 3.25%. YHA receives an interest subsidy that resulted in an effective interest rate of 1.73% for the year ended December 31, 2020. The mortgage is collateralized by the property. The loan balance was \$668,805 as of December 31, 2020.

Department of Commerce – Unrestricted - 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. The loan balance was \$524,092 as of December 31, 2020. During the year ended December 31, 2018, Glenn Acres was sold to a tax credit project. The Department of Commerce debt is now the responsibility of YHA.

Department of Commerce – Housing Preservation Program - In 2020, YHA borrowed \$286,564 and \$588,780 from the Washington State Department of Commerce for the rehabilitation of Harmony Park and Mariposa, respectively, for the Harmony Park Apartments project. There is no interest and payment is due in 2054. The mortgage is collateralized by the property. Funds are drawn down as expenses are incurred and as of December 31, 2020, total drawdowns for this project are \$38,130.

Impact Capital – In 2019 YHA obtained a predevelopment loan from Impact Capital for Cosecha Court II Phase II. The loan was paid off in February 2020 in the amount of \$238,957 of principal and interest when permanent financing, was secured.

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2020

NOTE 7 — LONG-TERM DEBT (CONTINUED):

Real Estate Mortgages (continued):

Department of Commerce HTF – Cosecha Court II Phase II - During 2020, permanent financing was obtained and loan balances, collateralized by the property, are from multiple sources. The Housing Trust Fund (HTF) loan totals \$2,997,200 with an interest rate of 1% and term of 40 years, with principle and interest payments starting in 2023. As of December 31, 2020, the HTF loan balance was \$2,616,351. The Yakima Federal loan totals \$1,172,424 with an interest rate of 4.125% and matured in 2051. Monthly payments of \$5,682 are due starting in April 2021. As of December 31, 2020, the Yakima Federal loan balance was \$1,103,637. The total balance as of December 31, 2020 was \$3,719,988.

Department of Commerce – Valley Seven – In 1993 YHA consolidated \$594,182 of debt with the Department of Commerce. The loan is at 0% and is payable upon the sale or change of use of the property. At the conclusion of fifty years YHA and the Department of Commerce can initiate close-out procedures, which provided all criteria are met, and there is no further state interest in keeping the contract open the loan will be closed. The loan balance was \$594,182 as of December 31, 2020.

Department of Commerce - Nueva– In 1999 YHA borrowed \$1,000,000 to construct Nueva Primavera, a 39-unit housing development. During the refinance of Nueva Primavera in May 2015, an additional \$21,010 was borrowed. Installments of interest only are due annually. Principal payments of \$3,750 are due quarterly beginning in 2016, with final payment due in 2049. The mortgage is collateralized by the property. The loan balance was \$972,260 as of December 31, 2020.

Department of Commerce - Mariposa– 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%, and the final payment is due 2048. The mortgage is collateralized by property, and the balance was \$776,800 at December 31, 2020.

Department of Commerce - Mariposa– 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 loan balances were \$103,056 as of December 31, 2020.

The annual requirements to amortize outstanding debt, including interest, for the real estate mortgages are as follows:

	Principal	Interest	Total
2021	\$ 240,355	\$ 103,200	\$ 343,555
2022	211,216	100,600	311,816
2023	329,600	91,900	421,500
2024	410,100	89,200	499,300
2025	143,400	81,600	225,000
2026-2030	959,300	337,300	1,296,600
2031-2035	773,400	260,000	1,033,400
2036-2040	1,120,800	175,600	1,296,400
2041-2045	781,700	126,200	907,900
2046-2050	528,800	114,300	643,100
2050 +	5,766,364	22,856	5,789,220
	<u>\$ 11,265,035</u>	<u>\$ 1,502,756</u>	<u>\$ 12,767,791</u>

Housing Authority of the City of Yakima
Notes to Basic Financial Statements
December 31, 2020

NOTE 7 — LONG-TERM DEBT (CONTINUED):

A summary of changes in YHA's discretely presented component units' long-term debt for the year ended December 31, 2020 is presented below:

	Balance at January 1, 2020	Additions	Reductions	Balance at December 31, 2020	Due Within One Year
Revenue Bonds:					
Banner Bank - YHA Affordable Housing	\$ 4,467,803	\$ 69,365	\$ (60,500)	\$ 4,476,668	\$ 62,955
Due to Yakima Housing Authority:					
Capital Lease Loan - YHA Family	5,873,120	-	-	5,873,120	-
Due from Yakima Veterans	-	1,741,953		1,741,953	-
Real Estate Mortgages:					
Heritage Bank - Yakima Veterans	-	426,026		426,026	-
Housing Trust Fund - Yakima Veterans	-	2,002,057		2,002,057	-
Impact Capital - Yakima Veterans	792,536	10,582	(803,118)	-	-
Department of Community Trade and Economic Development:					
Toppenish Family	2,100,000	1,050	-	2,101,050	-
Total long-term debt	<u>\$ 13,233,459</u>	<u>\$ 4,251,033</u>	<u>\$ (863,618)</u>	<u>\$ 16,620,874</u>	<u>\$ 62,955</u>

Revenue Bonds:

Banner Bank – Yakima Affordable Housing – In 2016 the Partnership borrowed \$7,000,000 for construction, with a conversion to permanent financing required by November 1, 2018. Conversion occurred on March 9, 2018 when the loan was paid down to \$4,625,000. The loan requires monthly payments of principal and interest of \$21,525 with the remaining balance due on May 1, 2035. The loan balance was \$4,476,668 as of December 31, 2020.

Debt owed to YHA by YHA's Discretely Presented Component Units:

Due to Yakima Housing Authority – Yakima Veterans Housing, LLLP received financing for rehabilitation and construction of buildings through Yakima Housing Authority acting as a pass-through with the following funding sources listed below. These were recorded as grant income on the housing authority and due to YHA on YVH:

Yakima Housing Authority - Federal Home Loan Bank – In 2020 YHA obtained financing from FHLB for Yakima Veterans Housing, LLLP. The mortgage is collateralized by this property. The interest rate is 0% and payment is due 15 years after completion of the project. The balance of this loan at December 31, 2020 was \$750,000.

Yakima Housing Authority - Department of Commerce – In 2020 YHA signed a promissory note for \$1,050,100 for construction of Yakima Veterans Housing, LLLP. The loan requires all outstanding principal and interest to be paid in full on or before December 31, 2061. The interest rate is 0%. The loan balance was \$630,017 as of December 31, 2020.

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

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NOTE 7 — LONG-TERM DEBT (CONTINUED):

Yakima Housing Authority - City of Yakima – Long-term note payable for \$1,100,000 for construction at Yakima Veterans Housing, LLLP. The loan is collateralized by the property. The loan requires all outstanding principal and interest to be paid in full on or before December 31, 2061. The interest rate is 0%. The loan balance was \$479,674 as of December 31, 2020.

Capital Leases – Yakima Affordable Housing, LLLP and YHA Family Housing, LLC have obtained long-term financing from YHA, which are payable in accordance with their respective operating agreements and based on cash flow. Financing terms are disclosed in Note 14.

The annual requirements to amortize outstanding debt including interest, for the revenue bonds are as follows:

	Principal	Interest	Total
2021	\$ 62,955	\$ 195,345	\$ 258,300
2022	68,400	189,900	258,300
2023	71,100	187,200	258,300
2024	73,900	184,400	258,300
2025	76,600	181,700	258,300
2026-2030	397,000	894,500	1,291,500
2035-2039	<u>11,341,784</u>	<u>880,700</u>	<u>12,222,484</u>
	<u>\$ 12,091,739</u>	<u>\$ 2,713,745</u>	<u>\$ 14,805,484</u>

Real Estate Mortgages:

Department of Commerce – Toppenish Family - In 2015, YHA was granted a loan of \$2,100,000 to construct Toppenish Family Housing, a 24-unit housing development, all of which was drawn down at December 31, 2019. The principal is due in full in 2049. No interest shall accrue. The mortgage is collateralized by the property. The loan balance was \$2,101,500 as of December 31, 2020.

Heritage Bank – *Yakima Veterans Housing, LLLP* - In 2020 YHA obtained financing from Heritage Bank for YVH in the form of a promissory note not to exceed \$7,700,000. The mortgage is collateralized by this property with an interest rate of 1.40% and a maturity date in 2022. Accrued interest is due starting the first day of the month following the first disbursement, which is then followed by monthly payments. The amount drawn at December 31, 2020 was \$426,028.

Department of Commerce HTF – *Yakima Veterans Housing, LLLP* - In 2020 YHA signed a promissory note for \$2,002,057 for construction of YVH. The interest rate is 1%, to begin accruing July 31, 2021. And the full balance of the note is due June 30, 2061. The loan balance was \$2,002,057 as of December 31, 2020.

Housing Authority of the City of Yakima
Notes to Basic Financial Statements
December 31, 2020

NOTE 7 — LONG-TERM DEBT (CONTINUED):

Real Estate Mortgages (continued):

The annual requirements to amortize outstanding debt, including interest, for the real estate mortgages are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 44,099	\$ 44,099
2022	426,028	44,099	470,127
2023	-	38,134	38,134
2024	-	38,134	38,134
2025-2029	-	38,134	38,134
2030-2034	-	38,134	38,134
2035-2039	-	38,134	38,134
2040-2044	-	38,134	38,134
2045-2049	<u>4,103,107</u>	<u>495,747</u>	<u>4,598,854</u>
	<u>\$ 4,529,135</u>	<u>\$ 812,749</u>	<u>\$ 5,341,884</u>

Compensated Absences:

The compensated absence balances for the primary government as of December 31, 2020 is as follows:

Compensated absence balances as of December 31, 2019	\$ 126,407
Compensated absences earned by employees	106,428
Compensated absences utilized by employees	<u>(119,944)</u>
Compensated absence balances as of December 31, 2020	<u>\$ 112,891</u>

The compensated absence balances for the discretely presented components as of December 31, 2020 is as follows:

Compensated absence balances as of December 31, 2019	\$ 16,404
Compensated absences earned by employees	39,398
Compensated absences utilized by employees	<u>(28,523)</u>
Compensated absence balances as of December 31, 2020	<u>\$ 27,279</u>

NOTE 8 — RESTRICTED NET POSITION:

Restricted net position consists of funds that are restricted for the following purposes:

Housing Assistance – Funds received from governmental agencies, which are restricted for providing housing assistance to qualifying individuals and families.

Future Capital Improvements – Funds received from a governmental agency, which is restricted for future capital improvements, and requires the approval from the governmental agency prior to expenditure of the funds.

Required Reserves – Funds held by YHA in compliance with legal, regulatory, or lending requirements.

Housing Authority of the City of Yakima

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NOTE 9 — OPERATING LEASES:

In May of 2018 YHA entered into an operating lease for a postage machine. The lease called for monthly payments of \$283 through May of 2023.

NOTE 10 — 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 11 — DEFINED CONTRIBUTION PLAN:

All YHA full-time employees participate in the Housing Authority of the City of Yakima 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 8% of employee payroll after an employee reaches 1,000 hours of employment.

As of December 31, 2020, there were 38 participants in the Defined Contribution Plan. The covered payroll for employees in the plan was \$1,557,770 at December 31, 2020.

Employer contributions were \$145,482 for the year ended December 31, 2020. 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 Cuna Mutual Retirement Solutions.

NOTE 12 — PARTICIPATION IN HOUSING AUTHORITY RISK RETENTION POOL:

The Yakima Housing Authority is not facing any type of risk and has no settlements that exceeded the insurance coverage traditionally insured with property and casualty insurance. We are unaware of any loss exposures that may need specialized coverage traditionally excluded in property and casualty insurance.

The Yakima Housing Authority is a member of Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 190.080 ORS and 48.62 RCW (self-insurance regulations) and Chapter 39.34 (Interlocal Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. HARRP is a U.S. Department of Housing and Urban Development (HUD) approved self-insurance entity for utilization by public housing authorities. HARRP has a total of eighty member/owner housing authorities in the states of Washington, Oregon, California and Nevada.

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2020

NOTE 12 — PARTICIPATION IN HOUSING AUTHORITY RISK RETENTION POOL (CONTINUED):

Thirty of the eighty members are Washington State public housing entities.

New members are underwritten at their original membership and thereafter automatically renew on an annual basis. Members may quit upon giving notice to HARRP prior to their renewal date. Members terminating membership are not eligible to rejoin HARRP for three years. HARRP can terminate the members after giving a sixty (60) day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

General and Automobile Liability Coverage is written on an occurrence basis, without member deductibles. Errors and Omissions coverage (which includes Employment Practices Liability) is written on claims made basis, and the members are responsible for 10% of the incurred costs of the claims. (Due to special underwriting circumstances, some members may be subject to greater deductibles and E & O co-payments). Coverage limits for General Liability, Automobile Liability, as well as Errors and Omissions, are \$2,000,000 per occurrence with a \$2,000,000 aggregate.

The Property coverage offered by HARRP is on a replacement cost basis, with deductibles ranging from \$2,500 to \$25,000. Our Property coverages include Equipment Breakdown, as well as Fidelity coverage with limits of \$100,000 (with options up to \$1,000,000) for employee dishonesty, forgery or alteration and \$50,000 for theft, with a \$1,000 deductible.

HARRP self-insures coverage for liability lines. HARRP self-insures the first \$2,000,000 for property, then purchases \$45 million of excess insurance from Munich Reinsurance for a combined total of \$47,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

HARRP provides loss control and claim services with in-house staff and retained third party contractors.

HARRP is fully funded by member contributions that are adjusted by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, excess insurance, reinsurance and other administrative expenses. HARRP does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

NOTE 13 — CONTINGENCIES:

YHA has recorded in its financial statements all material liabilities.

YHA 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.

The Housing Authority has a \$296,000 recoverable grant from the Washington State Housing Trust Fund for the construction of low-income temporary housing for farmworkers at Cosecha Court. This grant is conditional on the Housing Authority provided low-income individual with housing for a commitment period of forty (40) years. If the project is sold, refinanced, transferred, the use changes during the 40-year term of the commitment, or is out of compliance with the conditions of the contract, the award amount plus a proportional share of the appreciated value of the property will be due and payable to the Housing Trust Fund within 30 days of such event. The term of the commitment expires January 31, 2054.

The Housing Authority has a \$1,065,000 recoverable grant from Washington Housing Trust Fund for the rehabilitation of fifty-one-unit apartment complex (Naches House), which currently provides low-income housing.

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2020

NOTE 13 — CONTINGENCIES (CONTINUED):

This grant is conditional on the Housing Authority provided low-income individual with housing for a commitment period of forty (40) years. If the project is sold, refinanced, transferred, the use changes during the 40-year term of the commitment, or is out of compliance with the conditions of the contract, the award amount plus a proportional share of the appreciated value of the property will be due and payable to the Housing Trust Fund within 30 days of such event. The term of the commitment expires January 31, 2054.

The Housing Authority has a \$1,300,000 recoverable grant from Washington Department of Commerce for the rehabilitation of twenty-four-unit apartment complex (Harmony Park), which currently provides low-income housing. This grant is conditional on the Housing Authority provided low-income individual with housing for a commitment period of forty (40) years. If the project is sold, refinanced, transferred, the use changes during the 40-year term of the commitment, or is out of compliance with the conditions of the contract, the award amount plus a proportional share of the appreciated value of the property will be due and payable to the Department of Commerce within 30 days of such event. The term of the commitment expires December 31, 2053.

The Housing Authority was awarded a \$3,000,000 recoverable grant from the Washington Housing Trust Fund for the construction of low-income temporary housing for farmworkers at Cosecha Court II. This grant is conditional on the Housing Authority providing low-income individuals with housing for a commitment period of forty (40) years. If the project is sold, refinanced, transferred, the use changes during the 40-year term of the commitment, or is out of compliance with the conditions of the contract, the award amount plus a proportional share of the appreciated value of the property will be due and payable to the Housing Trust Fund within 30 days of such event. The term of the commitment expires January 31, 2057. As of December 31, 2020, the Housing Authority had drawn \$2,970,000 on the total amount available.

The Housing Authority was awarded a \$1,050,000 CCFU ReLoan grant from the Washington State Department of Commerce for construction of low-income housing for YVH. This grant is conditional on the Housing Authority providing low-income individuals with housing for a commitment period of forty (40) years. If the project is sold, refinanced, transferred, the use changes during the 40-year term of the commitment, or is out of compliance with the conditions of the contract, the award amount plus a proportional share of the appreciated value of the property will be due and payable to the Housing Trust Fund within 30 days of such event. As of December 31, 2020, the Housing Authority had drawn \$630,017 on the total amount available.

The Housing Authority was awarded a \$1,100,000 HOME ReLoan grant from the City of Yakima for construction of low-income housing for YVH. This grant is conditional on the Housing Authority providing low-income individuals with housing for a commitment period of forty (40) years. If the project is sold, refinanced, transferred, the use changes during the 40-year term of the commitment, or is out of compliance with the conditions of the contract, the award amount plus a proportional share of the appreciated value of the property will be due and payable to the Housing Trust Fund within 30 days of such event. The city of Yakima has the right to audit the records. As of December 31, 2020, the Housing Authority had drawn \$361,935 on the total amount available.

The Housing Authority was awarded a \$1,400,000 CCFUA grant from the State of Washington Department of Commerce for tenant improvements to low-income housing for YVH. This grant is conditional on the Housing Authority providing low-income individuals with housing for a commitment period of forty (40) years. If the award is not used as required by YHA for a period of ten (10) years, YHA must repay the funds with an annual interest rate of 5%. As of December 31, 2020, the Housing Authority had drawn \$361,935 on the total amount available.

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2020

NOTE 13 — CONTINGENCIES (CONTINUED):

The Housing Authority was awarded a \$750,000 FHLB ReLoan grant from Heritage Bank for construction of low-income housing for YVH. This grant is conditional on the Housing Authority providing low-income individuals with housing for a commitment period of forty (40) years. If the project is sold, refinanced, transferred, the use changes during the 40-year term of the commitment, or is out of compliance with the conditions of the contract, the award amount plus a proportional share of the appreciated value of the property will be due and payable to the Housing Trust Fund within 30 days of such event. If the award is not used as required by YHA for a period of ten (10) years, YHA must repay the funds with an annual interest rate of 5%. As of December 31, 2020, the Housing Authority had drawn \$750,000 on the total amount available.

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function. The length of time these measures will be in place, and the full extent of the financial impact on the Housing Authority is unknown at this time.

NOTE 14 — RELATED PARTY TRANSACTIONS:

YHA Family Housing, LLC:

In 2012 YHA's application to participate in the HUD Rental Assistance Demonstration Program (HUD RAD) was approved. The HUD RAD program allows housing authorities to convert their public housing stock to project-based Section 8, which allowed YHA to seek funding sources for rehabilitation that were previously not allowed, due to the restrictions surrounding public housing. In connection with closing on the 150 units, YHA sold the 150 units to YHA Family Housing, LLC.

The units, which prior to the sale had a net book value of \$5,618,924 (cost of \$15,022,084 net of accumulated depreciation of \$8,826,555), were sold to the LLC for \$7,036,800, and capitalized on the LLC's books at \$5,536,800 (building) and \$1,500,000 (land) during the year-ended December 31, 2015. The purchase price was financed on a long-term lease with an initial principal balance of \$6,333,120, \$5,873,120 of which was outstanding at December 31, 2020. As of December 31, 2020, accrued interest of \$1,071,263 was outstanding. Principal and interest payments at 5.2% are payable out of distributions of cash flow in accordance with the Amended and Restated Operating Agreement and is due in full on December 31, 2068.

For the year ended December 31, 2020, there were no contributions of equity from YHA to the LLC.

In June of 2013 YHA Family Housing, LLC signed a credit reservation and carryover allocation contract with the Washington State Housing Finance Commission for the reservation and award of \$1,464,418 of credit awarded under Section 42 of the Internal Revenue Code. Pursuant to the terms of the Operating Agreement, the Investor Member is required to make capital contributions totaling \$13,324,871 subject to potential adjustments based on the amount of low-income housing tax credits ultimately allocated to the Project in addition to other potential occurrences. As of December 31, 2020, the Investor Member has made all required capital contributions.

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2020

NOTE 14 — RELATED PARTY TRANSACTIONS (CONTINUED):

YHA Family Housing, LLC (continued):

Property management fee – YHA owns a 0.01% interest in YHA Family Housing, LLC (the LLC), which was formed in December of 2012. YHA is the Managing Member, and manages the Partnership under a property management agreement, which provides for a maximum management fee of 8% of the annual gross effective income, payment of which will be limited to 4% if adequate cash flows are not available. For the period ended December 31, 2020, \$133,606 was recorded as a management fee expense, \$1,180 of which was outstanding at December 31, 2020.

Asset management fee – YHA Family Housing, LLC pays an annual asset management fee to the Limited Partner in the amount of \$7,500 per annum. The payment is due on December 1 of the year that the first building in the Project is placed in service, and on June 1st of each year thereafter, increased by 3% per annum. For the period ended December 31, 2020, \$18,000 was recorded as management fee expense, and there was no outstanding fee payable at December 31, 2020.

Toppenish Family Housing LLC

In July of 2015, Toppenish Family Housing, LLC signed a credit reservation and carryover allocation contract with the Washington State Housing Finance Commission for the reservation and award of \$547,109 of credit awarded under Section 42 of the Internal Revenue Code. This award is provided \$4.9 million dollars of equity contributions from the LLC's limited partner, of which \$4,563,589 had been received as of December 31, 2020.

Property management fee – YHA owns a 0.01% interest in Toppenish Family Housing, LLC (the LLC), which was formed in May of 2015. YHA is the Managing Member, and manages the Partnership under a property management agreement, which provides for a maximum management fee of 8% of the annual gross effective income, payment of which will be limited to 4% if adequate cash flows are not available. For the period ended December 31, 2020, \$23,360 was recorded as a management fee expense, \$528 of which was outstanding at December 31, 2020.

Asset management fee – Toppenish Family Housing, LLC pays an annual asset management fee to the Limited Partner in the amount of \$15,000 per annum. The payment is due on December 1 of the year that the first building in the Project is placed in service, and on June 1st of each year thereafter, increased by 3% per annum. For the period ended December 31, 2020, \$18,000 was recorded as management fee expense, and there was no outstanding fee payable at December 31, 2020.

Yakima Affordable Housing, LLLP

In April of 2016, Yakima Affordable Housing, LLLP, signed a credit reservation and carryover allocation contract with the Washington State Housing Finance Commission for the reservation and award of \$7,000,000 of credit awarded under Section 42 of the Internal Revenue Code. This award provided \$3.7 million dollars of equity contributions from the LLLP's limited partner, of which \$3,690,831 had been received as of December 31, 2020. In addition, the Partnership obtained a capital lease from YHA in the original amount of \$4,490,000. The capital lease accrues interest at a rate of 4.38% annually. As of December 31, 2020, the outstanding balance was \$2,350,000 and the interest payable was \$533,960. For the year ended December 31, 2020 interest expense was \$175,476.

Property management fee – YHA owns a 0.01% interest in Yakima Affordable Housing, LLLP (the LLLP), which was formed in April of 2016. YHA is the Managing Member, and manages the Partnership under a property management agreement, which provides for a management fee that does not exceed 8% of gross rental collections. For the period ended December 31, 2020, \$79,898 was recorded as a management fee expense, \$4,906 of which was outstanding at December 31, 2020.

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2020

NOTE 14 — RELATED PARTY TRANSACTIONS (CONTINUED):

Yakima Affordable Housing, LLLP (continued):

Asset management fee – Yakima Affordable Housing, LLLP pays an annual asset management fee to the Limited Partner in the amount of \$4,500 per annum. The payment is due on December 1 of the year that the first building in the Project is placed in service, and on June 1st of each year thereafter, increased by 3% per annum. For the period ended December 31, 2020, there was no management fee expense, and there was no outstanding fee payable at December 31, 2020.

Yakima Veterans Housing, LLLP

In June of 2020, YVH signed three promissory notes with Yakima Housing Authority to provide financing for the rehabilitation and construction of buildings to house veterans and the homeless. Funding provided to Yakima Housing Authority is then passed on to YVH from the following three grantors: CCFU grants a total of \$1,050,000, City of Yakima grants a total of \$1,100,000, and FHLB grants a total of \$750,000. As of December 31, 2020, a total of \$1,741,952 was drawn down for the construction and YVH owes that amount back to YHA.

NOTE 15 — RESERVES:

YHA Family Housing, LLC:

Operating reserve:

The YHA Family Housing, LLC operating agreement requires an initial funding of \$431,425, to be deposited upon the LLC attaining stabilization.

Subsequent monthly deposits to the reserve are required at the greater of the amount required by the lender or \$27,750 (on an annualized basis), increased annually by 3%. At December 31, 2020, the balance in the reserve was \$433,008, and was overfunded by \$1,583.

Withdrawals in excess of \$10,000 in any one fiscal year require the consent of the Limited Partner. Should the balance in the operating reserve fall below the operating reserve minimum (\$215,623), distributions shall be made from Net Cash Flows on each payment date to maintain a minimum balance equal to the operating reserve minimum. Subsequent to the end of the compliance period the operating reserve may be related and distributed as net cash flow.

Replacement reserves:

The YHA Family Housing, LLC operating agreement requires an initial funding of \$825,000, to be deposited upon the LLC attaining stabilization. Additional contributions of \$52,500 annually are required to be made to the replacement reserve commencing the earlier of six months after completion of construction or the first month of stabilized operations. Payments are increased annually by 2% per annum. Any interest earned on the Replacement Reserve shall become a part of the Replacement Reserve.

Draws from the Replacement Reserve are restricted for capital costs that result in a depreciable asset with a useful life exceeding two years. Draws from the Replacement Reserve are limited to \$25,000 in any one fiscal year except for emergency expenditures. At December 31, 2020, the balance in the reserve was \$1,026,606, and was over funded by \$6,670.

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2020

NOTE 15 — RESERVES (CONTINUED):

YHA Family Housing, LLC (continued):

Working capital reserve:

YHA Family Housing, LLC has a working capital reserve that was funded upon the closing of their Project. The use of these funds is limited to funding operating deficits and is to be maintained throughout the duration of the compliance period. At December 31, 2020, YHA Family Housing, LLC maintained operating cash in excess of the required reserve amount of \$50,000.

Toppenish Family Housing, LLC:

Operating reserve:

The Toppenish Family Housing, LLC operating agreement requires an initial funding of \$75,708, to be deposited upon the LLC attaining stabilization. The reserve is to be used to pay any operating deficits. As of December 31, 2020, the reserve balance was \$75,708.

Withdrawals in excess of \$10,000 in any one fiscal year require to consent of the Limited Partner. Should the balance in the operating reserve fall below the operating reserve minimum (\$37,854), distributions shall be made for the Net Cash Flows as outlined in the partnership agreement.

Replacement reserves:

The Toppenish Family Housing, LLC operating agreement requires an initial funding of \$130,000, which is not required to be funded until October 1, 2021. A second replacement reserve capital contribution of \$230,000 is required on October 1, 2026. Any interest earned on the Replacement Reserve shall become a part of the Replacement Reserve. As of December 31, 2020, the reserve balance was \$230,846.

Yakima Affordable Housing, LLLP

Operating reserve:

The Yakima Affordable Housing, LLLP operating agreement requires an initial funding of \$175,000, to be deposited upon the LLLP attaining stabilization. The reserve is to be used to pay any operating deficits of Yakima Affordable Housing, LLLP.

As of December 31, 2020, the reserve balance was \$182,048, as the stabilization capital contribution has not yet occurred.

Withdrawals in excess of \$10,000 in any one fiscal year require the consent of the Limited Partner. Should the balance in the operating reserve fall below the operating reserve minimum (\$175,000), distributions shall be made from Net Cash Flows on each payment date to maintain a minimum balance equal to the operating reserve minimum. Subsequent to the end of the compliance period, the operating reserve may be related and distributed as net cash flow.

Replacement reserves:

The Yakima Affordable Housing, LLLP partnership agreement required the establishment of a replacement reserve account in the initial amount of \$75,000. The Partnership is required to fund the replacement reserve in the annual amount of \$375 per unit increasing by 3% per annum. As of December 31, 2020, the reserve balance was \$190,450, and was in compliance with the reserve requirement.

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2020

NOTE 15 — RESERVES (CONTINUED):

Yakima Veterans Housing, LLLP:

The Yakima Veterans Housing, LLLP partnership agreement required the establishment of a replacement reserve account in the initial amount of \$902,045. As of December 31, 2020, the reserve balance was \$902,045, and was in compliance with the reserve requirement.

NOTE 16 — COMMITMENTS:

YHA applied to the U.S. Department of Health and Human Services (HHS) for the transfer of the former Marine Armory located in Yakima, Washington, to YHA. The Marine Armory will be improved to provide supportive services (case management, medical and dental services, and health care coordination) and 41 units of permanent housing for homeless veterans. The new construction and improvement of the existing facility will be funded with HOME funds from the City of Yakima (\$1.1 million), Housing Trust Funds (approximately \$2.0 million) through the Department of Commerce, and LIHTC Equity (approximately \$9.3 million). HHS entered into a three-year lease agreement with YHA in July 2017 until the financing for the improvements were obtained. The property was transferred to YHA on June 19, 2020 and rehabilitation and construction began on July 6th, 2020. Construction was completed in June 2021 and occupancy is expected to start in August 2021.

YHA has been approved for Multifamily Preservation and Rehabilitation (MPR) funding that will rehabilitate its 142 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. Contracts were signed in October 2020, and construction will be completed in December 2021.

There are construction projects in process as of December 31, 2020 including Cosecha Court II Phase II, Cosecha Court, Valley 7, Harmony Park, YHA office renovations, Fruitvale Housing, and Milroy Park. The Cosecha Court projects are 3-tier and for construction of temporary housing for seasonal farm workers. Cosecha Court II Phase II project is anticipated to cost \$4.2 million, of which \$3.8 has been spent as of December 31, 2020. Cosecha Court is anticipated to cost \$296,000, of which \$12,000 has been spent as of December 31, 2020. Valley 7 construction contract is for \$3.6 million, of which \$381,000 has been spent as of December 31, 2020. Harmony Park construction contract is for \$433,000, of which \$35,000 has been spent as of December 31, 2020. YHA office renovations are expected to cost \$424,000, of which \$245,000 has been spent as of December 31, 2020. Fruitvale Housing construction costs are expected to be \$85,000, of which \$81,000 has been spent as of December 31, 2020. Milroy Park project is anticipated to cost \$180,000, of which \$180,000 has been spent as of December 31, 2020.

The YVH entered into a Guaranty Agreement with YHA (the "Guarantor") to induce the Limited Partner to acquire an interest in the partnership, to enter into the Partnership Agreement, and to become the Limited Partner of the Partnership. The Guarantors have provided an unlimited guaranty to the Partnership to assure the performance of the General Partner and the Developer of all their obligations under the Partnership Agreement.

NOTE 17 — SUBSEQUENT EVENTS:

Subsequent to the end of the year, YHA completed construction work on Harmony Park Apartments, which included energy efficiency upgrades to 24 multi-family units located in Toppenish, WA. The total cost of the project is anticipated to be \$536,000, with \$256,564 financed through the Department of Commerce and the remaining through Harmony Park reserves.

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2020

NOTE 17 — SUBSEQUENT EVENTS (CONTINUED):

YHA also completed construction work on Mariposa Park Apartments, which included siding replacement and new paint on 19 of the 26 units. The total cost of the project is anticipated to be \$738,000, with \$588,720 financed through the Department of Commerce and the remaining through Mariposa Park reserves.

YHA started rehabilitation of 142 units of multi-family housing at Valley 7 in March 2021. The total cost of the project is anticipated to be \$4,860,577, financed through United States Department of Agriculture and Development.

Predevelopment for 64 beds of seasonal farm work housing at Cosecha Court II Phase III, which is the final of a three-phase project in Granger, WA. The total estimated cost of construction is \$3.3 million, with proposed funding from the Washington Department of Commerce and a private bank lender. The funding application is due to the Department of Commerce by September 2021, and if the application is successful, work should commence in August 2022 with an anticipated end time of June 2023.

In June 2021, HUD awarded YHA with Emergency Housing Vouchers (EHV) as a part of the Housing Choice Voucher (HCV) program. These EHVs are allocated to PHAs and can be used to provide assistance to individuals and families who are 1) homeless, 2) at risk of homelessness, 3) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or 4) recently homeless. The vouchers are to be monitored and tracked separately from other vouchers the PHA maintains. YHA was awarded \$493,224 in HAP, \$30,000 in preliminary fees, \$262,500 in service fees, and \$81,264 in administrative fees, all of which are to be separately managed.

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly Covid-19 virus. Although progress has been made to return to a state of normalcy, there are lingering effects from the healthcare crisis and economic shut-down. During 2020, YHA was awarded funding from the CARES Act in response to this crisis, and there is still currently funding left for YHA to draw on for both HCV and Mainstream programs.

NOTE 18 — ADOPTION OF NEW ACCOUNTING STANDARDS:

During the year ended December 31, 2020 and beyond, YHA has and will implement several new Governmental Accounting Standards Board (GASB) pronouncements. These pronouncements are as follows:

GASB No. 87, *Leases* - The objective of this statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement is effective for fiscal years beginning after June 15, 2021. YHA has not yet evaluated the impact from this statement on future financial reporting.

GASB No. 91, *Conduit Debt Obligations* - The primary objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in the accounting and reporting of conduit debt obligations. This Statement is effective for fiscal years beginning after December 15, 2021. YHA has not yet evaluated the impact from this statement on future financial reporting.

Housing Authority of the City of Yakima
Notes to Basic Financial Statements
December 31, 2020

NOTE 18 — ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED):

GASB No. 90, *Majority Equity Interests* - YHA has adopted GASB No. 90, Majority Equity Interest, which is effective fiscal years beginning after December 15, 2019. The objective of this standard is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate entity and to improve the relevance of the financial statement information of certain component units. The standard requires that if an entity holds a majority equity interest in a legally separate organization, the equity interest should be reported as an investment. If the majority equity interest does not meet the definition of an investment, then the entity should report the legally separate organization as a component unit. The implementation of GASB Statement Number 90 does not have a material impact on YHA's financial statements.

Housing Authority of the City of Yakima
Notes to Basic Financial Statements
December 31, 2020

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Housing Authority of the City of Yakima
Combining Schedule of Net Position - Primary Government
December 31, 2020

	YHA Business Activities	YHA COCC	Housing Choice Vouchers	FSS	Mainstream	State & Local	Rural Assistance Programs
Assets							
<i>Current Assets:</i>							
Cash and cash equivalents - unrestricted	\$ 4,055,173	\$ -	\$ 133,377	\$ 15,138	\$ 7,178	\$ 64,633	\$ 330,077
Accounts receivables, net of allowance	1,605,223	-	13,186	-	-	7,042	80,498
Prepaid expenses and other assets	-	-	-	-	-	-	-
Inventories	26,526	-	-	-	-	-	-
Due from other funds	393,591	189,236	-	-	-	-	9,744
	<u>6,080,513</u>	<u>189,236</u>	<u>146,563</u>	<u>15,138</u>	<u>7,178</u>	<u>71,675</u>	<u>420,319</u>
<i>Restricted Assets:</i>							
Cash and cash equivalents - other restricted	2,625	-	695,825	-	36,218	-	-
Cash - tenant security deposits	-	-	-	-	-	26,730	36,876
Investments - restricted	148,054	6,022	-	-	-	1,101,039	868,461
	<u>150,679</u>	<u>6,022</u>	<u>695,825</u>	<u>-</u>	<u>36,218</u>	<u>1,127,769</u>	<u>905,337</u>
Total current assets	<u>6,231,192</u>	<u>195,258</u>	<u>842,388</u>	<u>15,138</u>	<u>43,396</u>	<u>1,199,444</u>	<u>1,325,656</u>
<i>Noncurrent Assets:</i>							
Investment in Component Units	766,724	-	-	-	-	-	-
Loan Receivable from Component Units	9,965,072	-	-	-	-	-	-
Capital assets:							
Land	977,598	-	-	-	-	787,021	961,692
Buildings	298,328	-	-	-	-	9,812,670	16,101,326
Furniture, equipment and machinery - dwellings	-	-	35,128	-	-	448,032	402,334
Furniture, equipment and machinery - admin	722,136	20,367	-	-	-	-	-
Accumulated depreciation	(676,255)	-	(33,721)	-	-	(4,005,076)	(9,373,770)
Construction in progress	4,795,260	-	-	-	-	-	427,880
Total noncurrent assets	<u>16,848,863</u>	<u>20,367</u>	<u>1,407</u>	<u>-</u>	<u>-</u>	<u>7,042,647</u>	<u>8,519,462</u>
Total assets	<u>\$ 23,080,055</u>	<u>\$ 215,625</u>	<u>\$ 843,795</u>	<u>\$ 15,138</u>	<u>\$ 43,396</u>	<u>\$ 8,242,091</u>	<u>\$ 9,845,118</u>

Housing Authority of the City of Yakima
Combining Schedule of Net Position - Primary Government
December 31, 2020

Assets	HCV CARES	Mainstream CARES	COCC CARES	Subtotal	Eliminating Entries	Total
<i>Current Assets:</i>						
Cash and cash equivalents - unrestricted	\$ -	\$ -	\$ -	\$ 4,605,576	\$ -	\$ 4,605,576
Accounts receivables, net of allowance	-	-	-	1,705,949	-	1,705,949
Prepaid expenses and other assets	-	-	-	-	-	-
Inventories	-	-	-	26,526	-	26,526
Due from other funds	-	-	-	592,571	(550,549)	42,022
	-	-	-	6,930,622	(550,549)	6,380,073
<i>Restricted Assets:</i>						
Cash and cash equivalents - other restricted	227,358	2,604	-	964,630	-	964,630
Cash - tenant security deposits	-	-	-	63,606	-	63,606
Investments - restricted	-	-	-	2,123,576	-	2,123,576
	227,358	2,604	-	3,151,812	-	3,151,812
Total current assets	227,358	2,604	-	10,082,434	(550,549)	9,531,885
<i>Noncurrent Assets:</i>						
Investment in Component Units	-	-	-	766,724	-	766,724
Loan Receivable from Component Units	-	-	-	9,965,072	-	9,965,072
Capital assets:				-		-
Land	-	-	-	2,726,311	-	2,726,311
Buildings	-	-	-	26,212,324	-	26,212,324
Furniture, equipment and machinery - dwellings	-	-	-	885,494	-	885,494
Furniture, equipment and machinery - admin	-	-	-	742,503	-	742,503
Accumulated depreciation	-	-	-	(14,088,822)	-	(14,088,822)
Construction in progress	-	-	-	5,223,140	-	5,223,140
Total noncurrent assets	-	-	-	32,432,746	-	32,432,746
Total assets	\$ 227,358	\$ 2,604	\$ -	\$ 42,515,180	\$ (550,549)	\$ 41,964,631

Housing Authority of the City of Yakima
Combining Schedule of Net Position - Primary Government
December 31, 2020

	YHA Business Activities	YHA COCC	Housing Choice Vouchers	FSS	Mainstream	State & Local	Rural Assistance Programs
Liabilities and Net Position							
<i>Current Liabilities:</i>							
Accounts payable less than 90 days	\$ 335,709	\$ 3,290	\$ 1,641	\$ -	\$ -	\$ 13,576	\$ 38,359
Accrued wages and payroll taxes	5,421	14,764	7,357	2,894	-	1,864	8,382
Accrued compensated absences - current	5,884	34,451	18,306	11,019	-	6,967	24,974
Accrued liabilities - other	1,187	-	-	-	-	-	-
Unearned income	-	-	-	-	-	3,887	17,171
Current portion of long term debt	91,503	-	-	-	-	88,540	101,028
Due to other funds	-	-	219,542	-	-	325,356	5,651
	439,704	52,505	246,846	13,913	-	440,190	195,565
<i>Payables from Restricted Assets:</i>							
Accounts payable - other government	-	-	-	-	-	-	10,243
FSS Escrow deposit	-	-	384,812	-	-	-	-
Tenant security deposits	-	-	-	-	-	26,730	36,876
	-	-	384,812	-	-	26,730	47,119
Total current liabilities	439,704	52,505	631,658	13,913	-	466,920	242,684
<i>Noncurrent Liabilities:</i>							
Long-term debt, net of current	4,664,149	-	-	-	-	4,648,739	3,510,110
Accrued compensated absences, net of current	654	3,828	2,034	1,225	-	774	2,775
Other noncurrent liabilities	55,477	-	-	-	-	-	-
Total noncurrent liabilities	4,720,280	3,828	2,034	1,225	-	4,649,513	3,512,885
Total liabilities	5,159,984	56,333	633,692	15,138	-	5,116,433	3,755,569
<i>Net Position:</i>							
Net investment in capital assets	1,361,415	20,367	1,407	-	-	2,305,368	4,908,324
Restricted for:							-
Housing Assistance Payments - Section 8	-	-	-	-	-	-	-
Grantor requirements	1,004,996	-	-	-	-	433,341	868,460
Required reserves	(854,317)	6,022	311,012	-	36,218	667,698	-
Unrestricted net position	16,407,977	132,903	(102,316)	-	7,178	(280,749)	312,765
Total net position	17,920,071	159,292	210,103	-	43,396	3,125,658	6,089,549
Total liabilities and net position	\$ 23,080,055	\$ 215,625	\$ 843,795	\$ 15,138	\$ 43,396	\$ 8,242,091	\$ 9,845,118

Housing Authority of the City of Yakima
Combining Schedule of Net Position - Primary Government
December 31, 2020

	HCV CARES	Mainstream CARES	COCC CARES	Subtotal	Eliminating Entries	Total
Liabilities and Net Position						
<i>Current Liabilities:</i>						
Accounts payable less than 90 days	\$ -	\$ -	\$ -	\$ 392,575	\$ -	\$ 392,575
Accrued wages and payroll taxes	-	-	-	40,682	-	40,682
Accrued compensated absences - current	-	-	-	101,601	-	101,601
Accrued liabilities - other	-	-	-	1,187	-	1,187
Unearned income	227,358	2,604	-	251,020	-	251,020
Current portion of long term debt	-	-	-	281,071	-	281,071
Due to other funds	-	-	-	550,549	(550,549)	-
	227,358	2,604	-	1,618,685	(550,549)	1,068,136
<i>Payables from Restricted Assets:</i>						
Accounts payable - other government	-	-	-	10,243	-	10,243
FSS Escrow deposit	-	-	-	384,812	-	384,812
Tenant security deposits	-	-	-	63,606	-	63,606
	-	-	-	458,661	-	458,661
Total current liabilities	227,358	2,604	-	2,077,346	(550,549)	1,526,797
<i>Noncurrent Liabilities:</i>						
Long-term debt, net of current	-	-	-	12,822,998	-	12,822,998
Accrued compensated absences, net of current	-	-	-	11,290	-	11,290
Other noncurrent liabilities	-	-	-	55,477	-	55,477
Total noncurrent liabilities	-	-	-	12,889,765	-	12,889,765
Total liabilities	227,358	2,604	-	14,967,111	(550,549)	14,416,562
<i>Net Position:</i>						
Net investment in capital assets	-	-	-	8,596,881	-	8,596,881
Restricted for:				-		-
Housing Assistance Payments - Section 8	-	-	-	-	-	-
Grantor requirements	-	-	-	2,306,797	-	2,306,797
Required reserves	-	-	-	166,633	-	166,633
Unrestricted net position	-	-	-	16,477,758	-	16,477,758
Total net position	-	-	-	27,548,069	-	27,548,069
Total liabilities and net position	\$ 227,358	\$ 2,604	\$ -	\$ 42,515,180	\$ (550,549)	\$ 41,964,631

Housing Authority of the City of Yakima

Combining Schedule of Revenues, Expenses and Changes in Net Position - Primary Government

December 31, 2020

	YHA Business Activities	YHA COCC	Housing Choice Vouchers	FSS	Mainstream	State & Local	Rural Assistance Programs
<i>Operating Revenue:</i>							
Intergovernmental revenue	\$ 33,216	\$ -	\$ 7,843,203	\$ -	\$ 140,102	\$ -	\$ -
Net tenant rental revenue	-	-	-	-	-	923,999	1,002,742
Other revenue	702,869	819,610	74,416	31,490	-	9,932	47,854
Other tenant revenue	23,430	-	-	-	-	650	1,240
Total operating revenue	759,515	819,610	7,917,619	31,490	140,102	934,581	1,051,836
<i>Operating Expenses:</i>							
Administrative:							
Administrative wages	30,995	440,086	270,846	-	-	36,987	124,816
Professional fees	546	3,436	31,816	-	-	6,957	16,797
Employee benefit contributions	26,072	122,944	98,220	-	-	18,781	46,271
Other operating - administrative	5,544	36,273	278,846	-	-	160,685	230,610
Tenant services	101,197	-	-	150,138	-	10,080	22,500
	164,354	602,739	679,728	150,138	-	233,490	440,994
Utilities:							
Electricity	3,758	6,889	-	-	-	24,704	33,043
Other utilities expense	436	4,013	-	-	-	-	1,002
Sewer	-	257	-	-	-	40,168	142,360
Water	734	795	-	-	-	46,979	159,769
	4,928	11,954	-	-	-	111,851	336,174
Ordinary maintenance and operations:							
Contract costs	797	92,519	104,496	-	-	100,573	220,609
Employee benefit contributions	810	17,592	2,254	-	-	19,569	59,147
Maintenance and operations wages	7,127	50,614	5,811	-	-	74,254	182,431
Materials and other	9,344	230	744	-	-	31,898	67,707
	18,078	160,955	113,305	-	-	226,294	529,894

Housing Authority of the City of Yakima

Combining Schedule of Revenues, Expenses and Changes in Net Position - Primary Government (continued)

December 31, 2020

	HCV CARES	Mainstream CARES	COCC CARES	Subtotal	Eliminating Entries	Total
<i>Operating Revenue:</i>						
Intergovernmental revenue	\$ 118,082	\$ -	\$ -	\$ 8,134,603	\$ -	\$ 8,134,603
Net tenant rental revenue	-	-	-	1,926,741	-	1,926,741
Other revenue	-	-	83,606	1,769,777	(595,813)	1,173,964
Other tenant revenue	-	-	-	25,320	-	25,320
Total operating revenue	118,082	-	83,606	11,856,441	(595,813)	11,260,628
<i>Operating Expenses:</i>						
Administrative:						
Administrative wages	-	-	26,943	930,673	-	930,673
Professional fees	-	-	1,152	60,704	-	60,704
Employee benefit contributions	-	-	7,527	319,815	-	319,815
Other operating - administrative	118,082	-	5,398	835,438	(563,233)	272,205
Tenant services	-	-	-	283,915	(32,580)	251,335
	118,082	-	41,020	2,430,545	(595,813)	1,834,732
Utilities:						
Electricity	-	-	-	68,394	-	68,394
Other utilities expense	-	-	-	5,451	-	5,451
Sewer	-	-	-	182,785	-	182,785
Water	-	-	-	208,277	-	208,277
	-	-	-	464,907	-	464,907
Ordinary maintenance and operations:						
Contract costs	-	-	21,662	540,656	-	540,656
Employee benefit contributions	-	-	-	99,372	-	99,372
Maintenance and operations wages	-	-	-	320,237	-	320,237
Materials and other	-	-	557	110,480	-	110,480
	-	-	22,219	1,070,745	-	1,070,745

Housing Authority of the City of Yakima

Combining Schedule of Revenues, Expenses and Changes in Net Position - Primary Government (continued)

December 31, 2020

	YHA Business Activities	YHA COCC	Housing Choice Vouchers	FSS	Mainstream	State & Local	Rural Assistance Programs
General expenses:							
Depreciation expense	96,079	-	4,308	-	-	275,003	569,375
Amortization expense							
Housing assistance payments	-	-	6,805,411	-	96,706	-	-
Insurance premiums	-	2,765	4,392	-	-	10,373	24,402
Bad debt - tenant rents	-	-	-	-	-	3,404	34,498
Bad debt - other	-	-	-	-	-	-	-
Other general expenses	149,718	47,224	23,852	10,638	-	9,138	27,350
Protective services contract costs	57	2,571	121	-	-	763	1,216
Payments in lieu of taxes	-	-	-	-	-	-	4,918
	245,854	52,560	6,838,084	10,638	96,706	298,681	661,759
Total operating expenses	433,214	828,208	7,631,117	160,776	96,706	870,316	1,968,821
<i>Operating Income (Loss)</i>	\$ 326,301	\$ (8,598)	\$ 286,502	\$ (129,286)	\$ 43,396	\$ 64,265	\$ (916,985)
<i>Nonoperating Revenue (Expenses):</i>							
Gain on the sale of capital assets	-	-	-	-	-	-	-
Interest expense	(10,861)	-	-	-	-	(120,882)	(33,787)
Debt issuance costs	-	-	-	-	-	-	-
Intergovernmental revenue	1,744,560	-	-	129,286	-	-	580,805
Investment revenue - restricted	-	-	-	-	-	-	112
Investment revenue - unrestricted	542,226	-	-	-	-	300	132
Total nonoperating revenue (expenses)	2,275,925	-	-	129,286	-	(120,582)	547,262
<i>Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers</i>	2,602,226	(8,598)	286,502	-	43,396	(56,317)	(369,723)
Operating transfer	-	-	-	-	-	-	-
Partnership net income	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
<i>Increase (Decrease) in Net Position</i>	2,602,226	(8,598)	286,502	-	43,396	(56,317)	(369,723)
<i>Net Position, Beginning of Year</i>	15,318,750	147,523	(76,399)	-	-	3,181,975	6,459,272
<i>Equity Transfer</i>	(905)	20,367				-	
<i>Capital contribution</i>	-						
<i>Capital distribution</i>							
<i>Net Position, End of Year</i>	\$ 17,920,071	\$ 159,292	\$ 210,103	\$ -	\$ 43,396	\$ 3,125,658	\$ 6,089,549

Housing Authority of the City of Yakima

Combining Schedule of Revenues, Expenses and Changes in Net Position - Primary Government (continued)

December 31, 2020

	HCV CARES	Mainstream CARES	COCC CARES	Subtotal	Eliminating Entries	Total
General expenses:						
Depreciation expense	-	-	-	944,765	-	944,765
Amortization expense	-	-	-	-	-	-
Housing assistance payments	-	-	-	6,902,117	-	6,902,117
Insurance premiums	-	-	-	41,932	-	41,932
Bad debt - tenant rents	-	-	-	37,902	-	37,902
Bad debt - other	-	-	-	-	-	-
Other general expenses	-	-	-	267,920	-	267,920
Protective services contract costs	-	-	-	4,728	-	4,728
Payments in lieu of taxes	-	-	-	4,918	-	4,918
	-	-	-	8,204,282	-	8,204,282
Total operating expenses	118,082	-	63,239	12,170,479	(595,813)	11,574,666
<i>Operating Income (Loss)</i>	\$ -	\$ -	\$ 20,367	\$ (314,038)	\$ -	\$ (314,038)
<i>Nonoperating Revenue (Expenses):</i>						
Gain on the sale of capital assets	-	-	-	-	-	-
Interest expense	-	-	-	(165,530)	-	(165,530)
Debt issuance costs	-	-	-	-	-	-
Intergovernmental revenue	-	-	-	2,454,651	-	2,454,651
Investment revenue - restricted	-	-	-	112	-	112
Investment revenue - unrestricted	-	-	-	542,658	-	542,658
Total nonoperating revenue (expenses)	-	-	-	2,831,891	-	2,831,891
<i>Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers</i>	-	-	20,367	2,517,853	-	2,517,853
Operating transfer	-	-	-	-	-	-
Partnership net income	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-
<i>Increase (Decrease) in Net Position</i>	-	-	20,367	2,517,853	-	2,517,853
<i>Net Position, Beginning of Year</i>	-	-	-	25,031,121	-	25,031,121
<i>Equity Transfer</i>			(20,367)	(905)		(905)
<i>Capital contribution</i>				-	-	-
<i>Capital distribution</i>				-	-	-
<i>Net Position, End of Year</i>	\$ -	\$ -	\$ -	\$ 27,548,069	\$ -	\$ 27,548,069

Housing Authority of the City of Yakima

Notes to Combining Financial Schedules

December 31, 2020

YHA Business Activities – Consists of the Unrestricted Fund, and Cosecha Court II Phase II. Used to account for the general administration and operations of the Housing Authority of the City of Yakima, as well as unrestricted receipts unrelated to other funds.

Central Office Cost Center – Used to account for housing authority fee income from the management of the other programs and expenses incurred by the housing authority are recovered by these fees.

Housing Choice Vouchers – Used to account for Housing Assistance Payments made to landlords on behalf of eligible low- income clients, Veterans Affairs Supportive Housing (VASH), and Non-Elderly Disabled Housing (NED). VASH payments are made on behalf of Veterans that have been previously approved with supportive services. NED payments are made on behalf of individuals who are under the age of 62, and disabled, that have been previously approved with supportive services.

Family Self-Sufficiency – Used to account for HUD-assisted families involved in the program who are trying to increase their earned income and reduce dependency on welfare assistance and rental subsidies.

Mainstream Vouchers – Used to account for Housing Assistance Payments made to landlords on behalf of eligible low- income clients, specifically non-elderly persons with disabilities, in the same manner as housing choice vouchers, however the funding and reporting is separate from regular tenant-based vouchers.

State & Local – Consists of Mariposa Park, Nueva Primavera, and Cosecha Court II properties. Used to account for the administration, operating, maintenance, improvement and construction of an apartment complex for YHA's multi-family housing.

Rural Assistance Programs – Consists of Harmony Park, Valley Seven, and Cosecha Court properties. Used to account for administration, operation, maintenance, improvement and construction of Rural Housing units with USDA RD and Farm Labor Housing Loans and Grants.

HCV CARES – Used to account for additional Housing Assistance Payments administrative fees allocated to the HCV program due to the CARES Act passed by US Congress in 2020 to help battle the Covid-19 pandemic.

Mainstream CARES – Used to account for additional Mainstream administrative fees allocated to the program due to the CARES Act passed by US Congress in 2020 to help battle the Covid-19 pandemic.

COCC CARES – Used to account for additional fees up to 50% of regular fees charged by the COCC program that were allowed from the CARES Act funding.

Housing Authority of the City of Yakima

Statistical Section:

Financial Trends

Revenue Capacity

Debt Capacity

Demographic and Economic Information

Operating Information



Housing Authority of the City of Yakima

Statistical Section (Unaudited)

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. The following tables present the prior ten fiscal years, which includes one nine month period, December 31, 2013, due to a change in year-end.

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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
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Housing Authority of the City of Yakima

Net Position – Last Ten Fiscal Years

(Unaudited)

Table 1

Fiscal Year	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position	Total
3/31/2012	\$ 11,168,637	\$ 1,286,417	\$ 324,921	\$ 12,779,975
3/31/2013	13,331,020	1,462,202	184,281	14,977,503
12/31/2013	14,778,559	1,424,515	993,267	17,196,341
12/31/2014	12,467,861	1,904,635	2,348,573	17,196,341
12/31/2015	6,461,102	1,764,624	9,676,852	17,902,578
12/31/2016	5,966,020	1,295,618	14,602,032	21,863,670
12/31/2017	6,669,537	1,565,793	14,067,959	22,303,289
12/31/2018	9,015,253	1,476,781	14,354,939	24,846,973
12/31/2019	8,478,605	1,749,890	14,802,626	25,031,121
12/31/2020	8,596,881	2,473,430	16,477,758	27,548,069

Source: Previous years' audits and current year financial statements

Housing Authority of the City of Yakima
Changes in Net Position – Last Ten Fiscal Years
(Unaudited)

	March 31, 2012	March 31, 2013	December 31, 2013	December 31, 2014
<i>Operating Revenue:</i>				
Intergovernmental revenues	\$ 3,185,813	\$ 3,815,409	\$ 2,584,579	\$ 3,812,160
Net tenant revenue	1,565,334	1,438,835	1,092,641	1,347,657
Other revenues	87,956	227,054	321,960	1,040,913
	<u>4,839,103</u>	<u>5,481,298</u>	<u>3,999,180</u>	<u>6,200,730</u>
<i>Operating Expenses:</i>				
Administrative	1,146,621	1,125,627	962,910	880,236
Utilities	422,142	489,594	362,941	494,291
Ordinary maintenance and operating	1,257,626	996,766	651,002	868,013
General expenses	119,752	151,951	161,977	199,852
Depreciation	952,333	965,006	732,592	944,793
Housing assistance payments	3,141,614	3,173,252	2,301,902	3,631,338
	<u>7,040,088</u>	<u>6,902,196</u>	<u>5,173,324</u>	<u>7,018,523</u>
<i>Operating Loss</i>	<u>(2,200,985)</u>	<u>(1,420,898)</u>	<u>(1,174,144)</u>	<u>(817,793)</u>
<i>Nonoperating Revenue (Expenses):</i>				
Intergovernmental	1,059,030	815,325	695,678	920,683
Investment revenue	2,893	10,838	8,651	1,107
Interest expense	(103,057)	(143,456)	(128,620)	(582,944)
Debt issuance costs	-	-	-	(109,126)
Gain (loss) on disposition of assets	-	(2,461)	1,029,116	310,480
	<u>958,866</u>	<u>680,246</u>	<u>1,604,825</u>	<u>540,200</u>
<i>Income (Loss) before Capital Contributions</i>	<u>(1,242,119)</u>	<u>(740,652)</u>	<u>430,681</u>	<u>(277,593)</u>
<i>Pass-through funds</i>	-	-	(171,327)	-
<i>Partnership net income</i>				
<i>Capital grants</i>	<u>104,017</u>	<u>2,938,180</u>	<u>909,481</u>	<u>1,065,000</u>
Change in net position	(1,138,102)	2,197,528	1,168,835	787,407
<i>Net Position, Beginning of Year</i>	<u>13,918,586</u>	<u>12,780,484</u>	<u>14,978,012</u>	<u>17,196,847</u>
Capital contributions	-	-	1,050,000	-
Prior Period Adjustments	-	-	-	-
<i>Net Position, End of Year</i>	<u>\$ 12,780,484</u>	<u>\$ 14,978,012</u>	<u>\$ 17,196,847</u>	<u>\$ 17,984,254</u>

Note: The December 31, 2013 row is for a nine-month period, the remaining columns are for a 12-month period.

Source: Previous years' audits and current year financial statements

Table 2

December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
\$ 4,465,763	\$ 5,108,871	\$ 5,236,400	\$ 5,853,773	\$ 5,963,064	\$ 8,134,603
1,555,931	1,544,233	1,461,204	1,637,226	1,722,149	1,926,741
638,583	1,969,497	701,576	732,753	919,773	1,199,284
6,660,277	8,622,601	7,399,180	8,223,752	8,604,986	11,260,628
1,303,055	1,423,049	1,456,614	1,654,048	1,941,884	1,834,732
492,280	525,481	539,788	483,310	530,426	464,907
806,893	792,754	901,460	804,225	940,660	1,070,745
118,336	157,717	120,549	187,698	243,578	357,400
949,616	819,063	938,984	962,676	840,698	944,765
3,983,015	4,375,261	4,568,069	5,195,877	5,249,567	6,902,117
7,653,195	8,093,325	8,525,464	9,287,834	9,746,813	11,574,666
(992,918)	529,276	(1,126,284)	(1,064,082)	(1,141,827)	(314,038)
919,704	739,836	770,556	711,689	824,868	2,454,651
357,882	451,374	432,859	413,518	679,037	542,770
(240,573)	(211,319)	(137,205)	(163,153)	(177,930)	(165,530)
(310,750)	(5,096)	-	-	-	-
-	1,529,195	3,317	350	-	-
726,263	2,503,990	1,069,527	962,404	1,325,975	2,831,891
(266,655)	3,033,266	(56,757)	(101,678)	184,148	2,517,853
-	-	-	-	-	-
(41,782)	(76)	-	-	-	-
654,570	927,902	495,867	2,645,362	-	-
346,133	3,961,092	439,110	2,543,684	184,148	2,517,853
17,984,254	17,903,088	21,864,180	22,303,290	24,846,974	25,031,121
(427,299)	-	-	-	-	(905)
-	-	-	-	-	-
\$ 17,903,088	\$ 21,864,180	\$ 22,303,290	\$ 24,846,974	\$ 25,031,122	\$ 27,548,069

Housing Authority of the City of Yakima
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
3/31/2012	\$ 1,565,334	32.35%	\$ 3,185,813	65.83%	\$ 87,956	1.82%	\$ 4,839,103	100.00%
3/31/2013	1,438,835	26.25%	3,815,409	69.61%	227,054	4.14%	5,481,298	100.00%
12/31/2013	1,092,641	27.32%	2,584,579	64.63%	321,960	8.05%	3,999,180	100.00%
12/31/2014	1,347,657	21.73%	3,812,160	61.48%	1,040,913	16.79%	6,200,730	100.00%
12/31/2015	1,555,931	23.36%	4,465,763	67.05%	638,583	9.59%	6,660,277	100.00%
12/31/2016	1,544,233	17.91%	5,108,871	59.25%	1,969,497	22.84%	8,622,601	100.00%
12/31/2017	1,461,204	19.75%	5,236,400	70.77%	701,576	9.48%	7,399,180	100.00%
12/31/2018	1,637,226	19.91%	5,853,773	71.18%	732,753	8.91%	8,223,752	100.00%
12/31/2019	1,722,149	20.01%	5,963,064	69.30%	919,773	10.69%	8,604,986	100.00%
12/31/2020	1,926,741	14.82%	8,134,603	62.56%	2,941,236	22.62%	13,002,580	100.00%

Note: The December 31, 2013 row is for a nine-month period, the remaining columns are for a 12-month period.

Source: Previous years' audits and current year financial statements

Housing Authority of the City of Yakima
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
3/31/2012	\$ 1,059,030	99.73%	\$ 2,893	0.27%	\$ -	0.00%	\$ 1,061,923	100.00%
3/31/2013	815,325	98.98%	10,838	1.32%	(2,461)	-0.30%	823,702	100.00%
12/31/2013	695,678	40.13%	8,651	0.50%	1,029,116	59.37%	1,733,445	100.00%
12/31/2014	920,683	74.71%	1,107	0.09%	310,480	25.20%	1,232,270	100.00%
12/31/2015	919,704	71.99%	357,882	28.01%	-	0.00%	1,277,586	100.00%
12/31/2016	739,836	27.20%	451,374	16.59%	1,529,195	56.21%	2,720,405	100.00%
12/31/2017	770,556	63.85%	432,859	35.87%	3,317	0.28%	1,206,732	100.00%
12/31/2018	711,689	63.23%	413,518	36.74%	350	0.03%	1,125,557	100.00%
12/31/2019	824,868	54.85%	679,037	45.15%	-	0.00%	1,503,905	100.00%
12/31/2020	712,699	56.77%	542,770	43.23%	-	0.00%	1,255,469	100.00%

Note: The December 31, 2013 row is for a nine-month period, the remaining columns are for a 12-month period.

Source: Previous years' audits and current year financial statements

Housing Authority of the City of Yakima
Debt Service Coverage - Last Ten Fiscal Years
(Unaudited)

Table 5

	March 31, 2012	March 31, 2013	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
Revenue (excluding HAP subsidy)	\$ 3,342,310	\$ 2,949,559	\$ 3,981,124	\$ 5,694,917	\$ 4,897,868	\$ 6,670,985	\$ 3,909,219	\$ 3,977,389	\$ 4,627,428	\$ 7,195,481
Expenses (excluding depreciation, HAP)	3,195,606	2,763,939	2,052,471	3,212,057	3,126,261	2,899,001	3,018,411	3,129,281	3,656,548	4,838,079
Revenue available for debt service	<u>\$ 146,704</u>	<u>\$ 185,620</u>	<u>\$ 1,928,653</u>	<u>\$ 2,482,860</u>	<u>\$ 1,771,607</u>	<u>\$ 3,771,984</u>	<u>\$ 890,808</u>	<u>\$ 848,108</u>	<u>\$ 970,880</u>	<u>\$ 2,357,402</u>
Debt Service Requirements:										
Principal	\$ 157,683	\$ 174,577	\$ 180,030	\$ 145,248	\$ 249,160	\$ 182,162	\$ 212,600	\$ 230,200	\$ 188,248	\$ 138,200
Interest	152,760	146,900	146,900	212,336	241,000	142,970	169,400	158,700	171,500	166,000
Total	<u>\$ 310,443</u>	<u>\$ 321,477</u>	<u>\$ 326,930</u>	<u>\$ 357,584</u>	<u>\$ 490,160</u>	<u>\$ 325,132</u>	<u>\$ 382,000</u>	<u>\$ 388,900</u>	<u>\$ 359,748</u>	<u>\$ 304,200</u>
Debt service coverage	0.47	0.58	5.9	6.94	3.61	11.6	2.33	2.18	2.7	7.7

Note: The December 31, 2013 column is for a nine-month period, the remaining columns are for a 12-month period.

Source: Previous years' audits and current year financial statements

Housing Authority of the City of Yakima
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
3/31/2012	\$ 4,184,368	\$ 1,950,000	\$ 6,134,368	\$ 33,235,654	19.73%
3/31/2013	4,301,675	1,875,000	6,176,675	36,233,259	18.46%
12/31/2013	4,236,944	1,795,000	6,031,944	29,409,779	20.51%
12/31/2014	4,597,430	3,554,062	8,151,492	23,605,663	34.53%
12/31/2015	5,644,301	2,022,272	7,666,573	27,841,171	18.95%
12/31/2016	6,113,889	1,988,754	7,666,573	24,909,095	30.78%
12/31/2017	6,426,833	1,955,504	8,102,643	26,578,300	30.49%
12/31/2018	7,075,887	1,917,161	8,993,048	30,664,198	29.33%
12/31/2019	7,141,351	1,878,950	9,020,301	31,702,836	28.45%
12/31/2020	11,265,035	1,839,034	13,104,069	35,789,772	36.61%

Source: Previous years' audits and current year financial statements

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

Housing Authority of the City of Yakima
Service Area Demographics
(Unaudited)

Table 7

Fiscal Year	Yakima County Population	Residents of YHA	Yakima Unemployment Rate
3/31/2012	246,000	2,833	10.60%
3/31/2013	247,250	2,725	10.10%
12/31/2013	247,044	2,581	8.80%
12/31/2014	247,944	2,681	8.80%
12/31/2015	245,452	3,003	8.30%
12/31/2016	249,502	2,855	7.70%
12/31/2017	251,398	2,893	7.00%
12/31/2018	250,193	2,870	6.60%
12/31/2019	250,873	2,943	7.10%
12/31/2020	251,184	2,932	7.90%

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.

Housing Authority of the City of Yakima

Principal Employers for the County of Yakima – Current year and nine years ago

(Unaudited)

Table 8

	2020		
	Employees	Rank	Percentage of Total County Employment
Virginia Mason Memorial Hospital	2,500	1	2.77%
Walmart - Yakima/Sunnyside/Grandview	1,700	2	1.88%
Yakima School District 7	1,594	3	1.77%
Zirkle Fruit	1,500	4	1.66%
Washington Fruit & Produce	1,500	5	1.66%
Borton Fruit	1,212	6	1.34%
Yakima County	1,074	7	1.19%
Monson Fruit	1,023	8	1.13%
Yakima Valley Farm Workers Clinic	1,006	9	1.11%
Astria Regional Medical Health	985	10	1.09%

	2011		
	Employees	Rank	Percentage of Total County Employment
Yakima Valley Memorial Hospital	2,500	1	2.03%
Yakima School District, No. 7	1,723	2	1.40%
Walmart	1,700	3	1.38%
Yakima Valley Farm Workers Clinic	1,181	4	0.96%
Yakima County	1,169	5	0.95%
Yakima Regional Medical Center	942	6	0.77%
Washington Beef	850	7	0.69%
City of Yakima	725	8	0.59%
Sunnyside School District	670	9	0.54%
Yakama Nation Legends Casino	634	10	0.52%

Source: Yakima Chamber of Commerce

Housing Authority of the City of Yakima

Resident Demographics / Population Statistics - Last Ten Fiscal Years

(Unaudited)

Table 9

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
3/31/2012	705.0	510.0	80.0	1,295.0
3/31/2013	674.0	509.0	84.0	1,267.0
12/31/2013	588.0	455.0	88.0	1,131.0
12/31/2014	357.0	327.0	69.0	753.0
12/31/2015	669.0	585.0	143.0	1,397.0
12/31/2016	445.0	339.0	35.0	819.0
12/31/2017	433.0	315.0	38.0	786.0
12/31/2018	805.0	575.0	150.0	1,530.0
12/31/2019	804.0	585.0	159.0	1,548.0
12/31/2020	737.0	564.0	155.0	1,456.0

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
3/31/2012	705	670	163	1,538
3/31/2013	663	624	171	1,458
12/31/2013	655	616	179	1,450
12/31/2014	597	604	173	1,374
12/31/2015	949	462	195	1,606
12/31/2016	539	577	196	1,312
12/31/2017	574	607	210	1,391
12/31/2018	546	595	215	1,356
12/31/2019	578	605	212	1,395
12/31/2020	611	642	223	1,476

Source: Housing Authority of the City of Yakima's tenant records

Housing Authority of the City of Yakima

Resident Demographics / Ethnicity Statistics - Last Ten Fiscal Years

(Unaudited)

Table 10

Public Housing and Non-HUD Housing Programs						
Fiscal Year	Caucasian	Latino	African American	Native American	Other	Total
3/31/2012	246	971	13	39	26	1,295
3/31/2013	193	1,005	21	33	15	1,267
12/31/2013	135	926	18	35	17	1,131
12/31/2014	100	624	19	6	4	753
12/31/2015	104	1,248	19	26	-	1,397
12/31/2016	82	688	20	28	1	819
12/31/2017	72	680	14	19	1	786
12/31/2018	171	1,250	30	72	7	1,530
12/31/2019	165	1,299	23	54	7	1,548
12/31/2020	169	1,212	26	40	9	1,456

Housing Choice Voucher Program						
Fiscal Year	Caucasian	Latino	African American	Native American	Other	Total
3/31/2012	969	338	139	77	15	1,538
3/31/2013	778	477	109	62	32	1,458
12/31/2013	739	488	132	77	14	1,450
12/31/2014	628	577	97	56	16	1,374
12/31/2015	929	546	61	56	14	1,606
12/31/2016	716	429	89	56	22	1,312
12/31/2017	763	448	89	69	22	1,391
12/31/2018	740	426	86	78	26	1,356
12/31/2019	722	463	93	82	35	1,395
12/31/2020	785	437	99	97	58	1,476

Source: Housing Authority of the City of Yakima's tenant records

Housing Authority of the City of Yakima
Number of YHA Dwelling Units - Last Ten Fiscal Years
(Unaudited)

Table 11

Fiscal Year	Public Housing	Farm Labor Units	Housing Choice Vouchers	VASH	NED	Mainstream	Cosecha Court *	Nueva Primavera **	Mariposa Park LP	Harmony Park	Glenn Acres	Naches House	YHA Family Housing **	Toppenish Family Housing **	Total
3/31/2012	150	147	635	60	15	-	-	39	26	-	38	-	-	-	1,110
3/31/2013	150	147	635	70	15	-	-	39	26	-	38	-	-	-	1,120
12/31/2013	-	146	660	70	15	-	10	39	26	-	38	-	150	-	1,154
12/31/2014	-	142	810	70	15	-	10	38	26	-	38	51	150	-	1,350
12/31/2015	-	142	818	70	15	-	10	38	26	24	38	51	150	-	1,382
12/31/2016	-	142	919	78	15	-	10	38	26	24	38	51	150	30	1,521
12/31/2017	-	142	919	78	15	-	10	38	26	24	38	51	150	30	1,521
12/31/2018	-	142	934	78	15	-	16	38	26	24	38	51	150	30	1,548
12/31/2019	-	142	934	83	15	-	16	38	26	24	38	51	150	30	1,553
12/31/2020	-	142	1,040	93	15	65	16	38	26	24	38	51	150	30	1,728

* Seasonal Farmworker Housing - 16 units, includes phase 1 and 2.

** Including HCV's that are project based.

Source: YHA financial statements and audits

Housing Authority of the City of Yakima
Property Characteristics and Unit Comparison
(Unaudited)

Table 12

Name of Development	Address	Number of Units	Year built or acquired
Valley Seven (Farm Labor Units):	301-309 S 1st St	10	1980
Harvest Plaza	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
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
	1611-1617 S 1st St	4	1986
	603/605 S 4th St	2	1986
	1112/1114 S 18th Ave	2	1986
		<hr/>	
	Total Valley Seven (Farm Labor Units)	142	
		<hr/>	
YHA Family Housing, LLC:			
Fair Avenue Apartments	110 S Fair Ave	14	1979
Pacific Apartments	504/508 Pacific	15	1979
Evergreen Apartments	1322 S 18th Ave	6	1979
Cascade Apartments	615 N 15th Ave	15	1979
Eastwood Apartments	610 E Arlington St	10	1979
Spruce Lane Apartments	914 E Spruce St	20	1980
Edgewood Apartments	621 N 16th Ave	10	1980
Willow Lane Apartments	1214 Willow St	10	1980
Sierra Apartments	603 Central Ave	14	1980
Parkview Apartments	801 Central Ave	10	1980
9th Street Apartments	1212 S 9th St	4	1982
Yakima Terrace	1307/1309/1311 A & B S 18th Ave	6	1987
Nueva Primavera	810 N 6th Ave	16	1999
		<hr/>	
	Total YHA Family Housing Units	150	
		<hr/>	
Other housing developments:			
Harmony Park	711 Rentschler Lane	24	1988
Nueva Primavera	1118 Fruitvale Ave & 810 N 6th Ave	38	1999
Mariposa Apartments	314 Cherry Ave/918 & 919 Fenton	26	1999
Glenn Acres	15 N 37th Ave	38	1999
Cosecha Court (76 beds)	416 5th Street	10	2013
Cosecha Court 2	399 Cherry Hill Road	16	2018
Naches House	314 N Naches Ave	51	2014
Toppenish Family Housing	800 Guyette Lane	30	2016
		<hr/>	
	Total other housing developments:	233	
		<hr/>	
	Total Units	525	
		<hr/>	

Source: YHA's development & deed files

Housing Authority of the City of Yakima
Number of YHA Staff - Last Ten Fiscal Years
(Unaudited)

Table 13

Fiscal Year	Administration	Finance	Housing Choice Vouchers	Asset Management	Development	Total
3/31/2012	2	5	4	16	-	27
3/31/2013	2	4	5	13	-	24
12/31/2013	2	4	6	12	-	24
12/31/2014	2	4	6	14	-	26
12/31/2015	2	4	6	20	-	32
12/31/2016	3	5	6	17	-	31
12/31/2017	3	5	8	17	1	34
12/31/2018	3	5	8	18	3	37
12/31/2019	3	4	9	22	3	41
12/31/2020	3	5	9	21	2	40

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

Corrective Action Plan

Summary Schedule of Prior Audit Findings





INDEPENDENT AUDITOR'S 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

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

We have audited, in accordance with the 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, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Yakima (the Authority) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 9, 2021. Our report includes a reference to other auditors who audited the financial statements of the Yakima Affordable Housing LLLP, Toppenish Family Housing LLC and YHA Family Housing LLC as described in our report on the Authority's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of noncompliance associated with the aggregate discretely presented component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

INDEPENDENT AUDITOR'S 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 - (CONTINUED)

misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 financial statements. 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*.

The Authority's Response to Findings

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Loveridge Hunt & Co., PLLC

Bellevue, Washington
July 9, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Yakima's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal program for the year ended December 31, 2020. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Authority'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE - (CONTINUED)

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Authority'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 a 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Loveridge Hunt & Co., PLLC

Bellevue, Washington
July 9, 2021

Housing Authority of the City of Yakima
Schedule of Expenditures of Federal Awards
12/31/2020

<u>Federal Agency/Pass-through Agency/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U. S. Department of Housing and Urban Development		
Housing Voucher Cluster:		
Section 8 Housing Choice Voucher Program	14.871	\$ 7,843,203
COVID-19 Section 8 Housing Choice Voucher Program CARES funding	14.871	118,082
Mainstream Voucher Program	14.879	140,102
Total Housing Voucher Cluster		<u>8,101,387</u>
PIH Family Self-Sufficiency Program	14.896	<u>129,286</u>
<i>Total U.S. Department of Housing and Urban Development</i>		<u>8,230,673</u>
U. S. Department of Agriculture		
Farm Labor Housing Loan and Grants	10.405	169,019
Farm Labor Housing Loan and Grants	10.405	324,346
Farm Labor Housing Loan and Grants	10.405	286,392
<i>Total 10.405</i>		<u>779,757</u>
Rural Rental Housing Loans	10.415	675,375
<i>Passed through Office of Rural and Farmwork Housing:</i>		
515 Multi-Family Housing Preservation Revolving Loan Fund Demonstration Project	10.415	207,914
<i>Total 10.415</i>		<u>883,289</u>
Rural Rental Assistance Payments	10.427	107,158
Rural Rental Assistance Payments	10.427	76,353
Rural Rental Assistance Payments	10.427	9,777
Rural Rental Assistance Payments	10.427	387,517
<i>Total 10.427</i>		<u>580,805</u>
Rural Development Multi-Family Housing Revitalization Demonstration Program (MPR) - Loan	10.447	1,415,812
<i>Total 10.447</i>		<u>1,415,812</u>
<i>Total U.S. Department of Agriculture</i>		<u>3,659,663</u>
Total Expenditures of Federal Awards		<u>\$ 11,890,336</u>

Housing Authority of the City of Yakima

Notes to Schedule of Expenditures of Federal Awards

December 31, 2020

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.

YHA's basic financial statements include the operations of Yakima Affordable Housing, LLLP, discretely presented component units, which received \$512,091 in federal awards which are not included in YHA's schedule of expenditures of federal awards for the year ended December 31, 2020.

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.

Indirect cost rate – YHA has elected not to use the de-minimis indirect cost rate.

Farm Labor Housing Loan – The expenditures shown consist of loan funds received and expended in the Cosecha Court development. The total balance of the loan outstanding at December 31, 2020 was \$163,193.

Farm Labor Housing Loan – The expenditures shown consist of loan funds received and expended in the Valley Seven development. The total balance of the loan outstanding at December 31, 2020 was \$324,346.

Rural Rental Housing – The expenditures shown consist of loan funds received and expended in the Harmony Park development. The total balance of the loan outstanding at December 31, 2020 was \$668,805.

Rural Rental Housing – The expenditures shown consist of loan funds received and expended in the Valley Seven development. The total balance of the loan outstanding at December 31, 2020 was \$279,247.

Multi-Family Housing Preservation Revolving Loan Fund Demonstration Program – The expenditures shown consist of loan funds received and expended in the Valley Seven development. The total balance of the loan outstanding at December 31, 2020 was \$1,383,543.

Multi-Family Housing Preservation Revolving Loan Fund Demonstration Program – The expenditures shown consist of loan funds received as a pass through from the Office of Rural and Farmworker Housing and expended in the Valley Seven development. The total balance of the loan outstanding at December was \$197,822.

Subrecipients - Yakima Housing Authority does not have any subrecipients.

Housing Authority of the City of Yakima
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No

- Significant deficiency(ies) identified that
are not considered to be material weaknesses Yes X No

Noncompliance material to financial statements
noted: Yes X No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? Yes X No

- Significant deficiency(ies) identified that
are not considered to be material weaknesses Yes X No

Type of auditor's report issued on compliance
for major programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with the
Uniform Guidance? Yes X No

Identification of major programs:

CFDA Number(s)
14.871/14.879

Name of Federal Program or Cluster
Housing Voucher Cluster

Housing Authority of the City of Yakima

Schedule of Findings and Questioned Costs - (Continued)

For the Year Ended December 31, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS - (Continued)

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

\$ 750,000

Auditee qualified as low-risk auditee:

 X Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

Financial statement findings 2020-001 and 2020-002 are described below. No other findings were noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings and questioned costs were noted.

Housing Authority of the City of Yakima
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Finding Reference Number:
2020-001

Perspective:

During our review of the financial records prepared by management, we performed procedures to audit the financial statements and to underlying financial records, grant agreements, loan documents and other support.

Criteria:

The Authority must properly design, implement, and maintain effective internal controls to ensure that financial information is reliable and properly reported in conformity with U.S. generally accepted accounting principles

Condition:

The assets and revenue were understated by approximately \$1.377 million. This was due to understatement of accounts receivable/loans receivable of \$1.206 from a component unit, CIP/fixed assets understated by \$171k, interest income overstated by \$174k and grant revenue understated by \$1.551 million.

Cause:

Management's internal review process did not detect these items in a timely manner.

Effect or potential effect:

The assets and net income were understated by approximately \$1.377 million. Potential effects of the condition noted could result in materially misstated financial statements.

Recommendation:

We recommend the Authority develop a process to develop expectations of key account balances based upon current year development activities and to ensure timely review of adjustments that typically are recorded as part of the financial statement drafting process.

Views of Responsible Officials:

See Corrective Action Plan.

Housing Authority of the City of Yakima
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Finding Reference Number:
2020-002

Perspective:

During our review of the financial records prepared by management, we performed procedures to reconcile the Schedule of Expenditures of Federal Awards ("SEFA") and HUD FDS to underlying financial records, grant agreements and loan documents.

Criteria:

In accordance with 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements For Federal Awards*, §200.510(b), the Authority must prepare a SEFA which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended.

Condition:

The initial SEFA was understated by approximately \$324,000. This was due to the exclusion of a new loan received during 2020.

Cause:

Management's internal review process did not provide for adequate preparation and review of the SEFA and the FDS.

Effect or potential effect:

The SEFA was understated by approximately \$324,000. Potential effects of the conditions noted could result in errors in the determination of major federal programs for compliance testing and misstatement of the audited FDS submission to HUD.

Recommendation:

We recommend the Authority develop a process to review and verify the amounts on the FDS and SEFA to ensure accuracy and completeness of the reports.

Views of Responsible Officials:

See Corrective Action Plan.



"Committed to Safe and Affordable Housing"

Corrective Action Plan

For the year ended December 31, 2020

U.S. Department of Housing and Urban Development:

Yakima Housing Authority respectfully submits the following corrective action plan for the year ended December 31, 2020.

Auditor:

Loveridge Hunt & Co., PLLC
14725 SE 36th Street, Suite 401
Bellevue, WA 98006

The findings from the December 31, 2020 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings – Financial Statement Audit

Finding Reference Number:

2020-001

Perspective:

During our review of the financial records prepared by management, we performed procedures to audit the financial statements and to underlying financial records, grant agreements, loan documents and other support.

Criteria:

The Authority must properly design, implement, and maintain effective internal controls to ensure that financial information is reliable and properly reported in conformity with U.S. generally accepted accounting principles

Condition:

The assets and revenue were understated by approximately \$1.377 million. This was due to understatement of accounts receivable/loans receivable of \$1.206 from a component unit, CIP/fixed assets understated by \$171k, interest income overstated by \$174k and grant revenue understated by \$1.551 million.

Cause:

Management's internal review process did not detect these items in a timely manner.

Effect or potential effect:

The assets and net income were understated by approximately \$1.377 million. Potential effects of the condition noted could result in materially misstated financial statements.

Recommendation:

We recommend the Authority develop a process to develop expectations of key account balances based upon current year development activities and to ensure timely review of adjustments that typically are recorded as part of the financial statement drafting process.

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"Committed to Safe and Affordable Housing"

Views of responsible officials and planned corrective action:

The Housing Authority will implement monthly meetings between BDO fee accountants, YHA accounting and development staff. During these meetings, discussion will be centered on the types of current and outstanding development projects, status updates, types of and amounts of funding received and expense transactions incurred during the month, along with any upcoming changes.

Findings – SEFA

Finding Reference Number:

2020-002

Perspective:

During our review of the financial records prepared by management, we performed procedures to reconcile the Schedule of Expenditures of Federal Awards ("SEFA") and HUD FDS to underlying financial records, grant agreements and loan documents.

Criteria:

In accordance with 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements For Federal Awards*, §200.510(b), the Authority must prepare a SEFA which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended.

Condition:

The initial SEFA was understated by approximately \$324,000. This was due to the exclusion of a new loan received during 2020.

Cause:

Management's internal review process did not provide for adequate preparation and review of the SEFA and the FDS.

Effect or potential effect:

The SEFA was understated by approximately \$324,000. Potential effects of the conditions noted could result in errors in the determination of major federal programs for compliance testing and misstatement of the audited FDS submission to HUD.

Recommendation:

We recommend the Authority develop a process to review and verify the amounts on the FDS and SEFA to ensure accuracy and completeness of the reports.

Views of responsible officials and planned corrective action:

The Housing Authority accounting and development staff, along with BDO fee accountants will discuss any new loan, grant, or revenue sources will be reviewed to determine their impact on the SEFA.

Housing Authority of the City of Yakima
Summary Schedule of Prior Audit Findings
December 31, 2020

There were no 2019 findings, and no unresolved audit findings from prior years.

Housing Authority of the City of Yakima
Financial Data Schedules

December 31, 2020

FDS Line #	Project Total	14.879 Mainstream Vouchers	1 Business Activities	2 State/Local	14.MSC Mainstream CARES Act Funding	14.CCC Central Office Cost Center CARES Act Funding	6.1 Component Unit - Discretely Presented	10.427 Rural Rental Assistance Payments	10.405 Farm Labor Housing Loans and Grants	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	14.896 PIH Family Self-Sufficiency Program	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$0	\$7,178	\$4,055,173	\$64,633	\$0	\$0	\$964,000	\$330,077	\$0	\$0	\$133,377	\$15,138	\$0	\$5,569,576		\$5,569,576
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
113 Cash - Other Restricted	\$0	\$36,218	\$2,625	\$0	\$2,604	\$0	\$0	\$0	\$0	\$227,358	\$695,825		\$0	\$964,630		\$964,630
114 Cash - Tenant Security Deposits	\$0	\$0	\$0	\$26,730	\$0	\$0	\$72,019	\$36,876	\$0	\$0	\$0		\$0	\$135,625		\$135,625
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
100 Total Cash	\$0	\$43,396	\$4,057,798	\$91,363	\$2,604	\$0	\$1,036,019	\$366,953	\$0	\$227,358	\$829,202	\$15,138	\$0	\$6,669,831	\$0	\$6,669,831
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
122 Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$18,980	\$4,690	\$0	\$0	\$0		\$0	\$23,670		\$23,670
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$42,843	\$32,517	\$8,826	\$0	\$0		\$0	\$84,186		\$84,186
126 Accounts Receivable - Tenants	\$0	\$0	\$0	\$18,209	\$0	\$0	\$73,919	\$92,985	\$0	\$0	\$0		\$0	\$185,113		\$185,113
126.1 Allowance for Doubtful Accounts -Tenants	\$0	\$0	\$0	-\$11,167	\$0	\$0	\$43,739	\$58,520	\$0	\$0	\$0		\$0	-\$113,426		-\$113,426
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
128 Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$26,373		\$0	\$26,373		\$26,373
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$13,187		\$0	-\$13,187		-\$13,187
129 Accrued Interest Receivable	\$0	\$0	\$1,605,223	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$1,605,223		\$1,605,223
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$1,605,223	\$7,042	\$0	\$0	\$92,003	\$71,672	\$8,826	\$0	\$13,186	\$0	\$0	\$1,797,952	\$0	\$1,797,952
131 Investments - Unrestricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
132 Investments - Restricted	\$0	\$0	\$148,054	\$1,101,039	\$0	\$0	\$2,138,664	\$626,331	\$242,130	\$0	\$0		\$6,022	\$4,262,240		\$4,262,240
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
142 Prepaid Expenses and Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$41,860	\$0	\$0	\$0	\$0		\$0	\$41,860		\$41,860
143 Inventories	\$0	\$0	\$29,473	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$29,473		\$29,473
143.1 Allowance for Obsolete Inventories	\$0	\$0	-\$2,947	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	-\$2,947		-\$2,947
144 Inter Program Due From	\$0	\$0	\$393,591	\$0	\$0	\$0	\$0	\$9,744	\$0	\$0	\$0		\$189,236	\$592,571	-\$592,571	\$0
145 Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
150 Total Current Assets	\$0	\$43,396	\$6,231,192	\$1,199,444	\$2,604	\$0	\$3,308,546	\$1,074,700	\$250,956	\$227,358	\$842,388	\$15,138	\$195,258	\$13,390,980	-\$592,571	\$12,798,409
161 Land	\$0	\$0	\$977,598	\$787,021	\$0	\$0	\$1,688,758	\$749,667	\$212,025	\$0	\$0		\$0	\$4,415,069		\$4,415,069
162 Buildings	\$0	\$0	\$298,329	\$9,812,670	\$0	\$0	\$33,727,319	\$13,281,979	\$2,819,347	\$0	\$0		\$0	\$59,939,644		\$59,939,644
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$448,032	\$0	\$0	\$389,830	\$152,965	\$249,369	\$0	\$35,128		\$0	\$1,275,324		\$1,275,324
164 Furniture, Equipment & Machinery - Administration	\$0	\$0	\$722,135	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$20,367	\$742,502		\$742,502
165 Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
166 Accumulated Depreciation	\$0	\$0	-\$676,255	-\$4,005,076	\$0	\$0	-\$6,354,277	-\$8,622,300	-\$751,470	\$0	-\$33,721		\$0	-\$20,443,099		-\$20,443,099
167 Construction in Progress	\$0	\$0	\$4,795,260	\$0	\$0	\$0	\$6,005,914	\$415,898	\$11,982	\$0	\$0		\$0	\$11,229,054		\$11,229,054
168 Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$6,117,067	\$7,042,647	\$0	\$0	\$35,457,544	\$5,978,209	\$2,541,253	\$0	\$1,407	\$0	\$20,367	\$57,158,494	\$0	\$57,158,494

FDS Line #	Project Total	14.879 Mainstream Vouchers	1 Business Activities	2 State/Local	14.MSC Mainstream CARES Act Funding	14.CCC Central Office Cost Center CARES Act Funding	6.1 Component Unit - Discretely Presented	10.427 Rural Rental Assistance Payments	10.405 Farm Labor Housing Loans and Grants	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	14.896 PIH Family Self-Sufficiency Program	COCC	Subtotal	ELIM	Total
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$9,965,072	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$9,965,072		\$9,965,072
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
174 Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
176 Investments in Joint Ventures	\$0	\$0	\$766,724	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$766,724		\$766,724
180 Total Non-Current Assets	\$0	\$0	\$16,848,863	\$7,042,647	\$0	\$0	\$35,457,544	\$5,978,209	\$2,541,253	\$0	\$1,407	\$0	\$20,367	\$67,890,290	\$0	\$67,890,290
200 Deferred Outflow of Resources		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$0	\$43,396	\$23,080,055	\$8,242,091	\$2,604	\$0	\$38,766,090	\$7,052,909	\$2,792,209	\$227,358	\$843,795	\$15,138	\$215,625	\$81,281,270	-\$592,571	\$80,688,699
311 Bank Overdraft	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
312 Accounts Payable <= 90 Days	\$0	\$0	\$335,709	\$13,576	\$0	\$0	\$1,693,841	\$36,575	\$1,784	\$0	\$1,641		\$3,291	\$2,086,417		\$2,086,417
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$5,421	\$1,864	\$0	\$0	\$9,137	\$7,849	\$533	\$0	\$7,357	\$2,895	\$14,764	\$49,820		\$49,820
322 Accrued Compensated Absences - Current Portion	\$0	\$0	\$5,884	\$6,967	\$0	\$0	\$24,552	\$21,646	\$3,328	\$0	\$18,306	\$11,019	\$34,450	\$126,152		\$126,152
324 Accrued Contingency Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
325 Accrued Interest Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$1,730,725	\$0	\$0	\$0	\$0		\$0	\$1,730,725		\$1,730,725
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
333 Accounts Payable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,243	\$0	\$0	\$0		\$0	\$10,243		\$10,243
341 Tenant Security Deposits	\$0	\$0	\$0	\$26,730	\$0	\$0	\$72,019	\$36,876	\$0	\$0	\$0		\$0	\$135,625		\$135,625
342 Unearned Revenue	\$0	\$0	\$0	\$3,887	\$2,604	\$0	\$15,449	\$17,171	\$0	\$227,358	\$0		\$0	\$266,469		\$266,469
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$91,503	\$88,540	\$0	\$0	\$62,955	\$95,184	\$5,844	\$0	\$0		\$0	\$344,026		\$344,026
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
345 Other Current Liabilities	\$0	\$0	\$1,187	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$384,812		\$0	\$385,999		\$385,999
346 Accrued Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
347 Inter Program - Due To	\$0	\$0	\$0	\$325,356	\$0	\$0	\$42,022	\$0	\$5,651	\$0	\$219,542		\$0	\$592,571	-\$592,571	\$0
348 Loan Liability - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
310 Total Current Liabilities	\$0	\$0	\$439,704	\$466,920	\$2,604	\$0	\$3,650,700	\$225,544	\$17,140	\$227,358	\$631,658	\$13,914	\$52,505	\$5,728,047	-\$592,571	\$5,135,476
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$4,664,149	\$4,648,739	\$0	\$0	\$16,557,919	\$3,352,762	\$157,348	\$0	\$0		\$0	\$29,380,917		\$29,380,917
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
353 Non-current Liabilities - Other	\$0	\$0	\$55,477	\$0	\$0	\$0	\$2,350,000	\$0	\$0	\$0	\$0		\$0	\$2,405,477		\$2,405,477
354 Accrued Compensated Absences - Non Current	\$0	\$0	\$654	\$774	\$0	\$0	\$2,727	\$2,405	\$370	\$0	\$2,034	\$1,224	\$3,828	\$14,016		\$14,016
355 Loan Liability - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
356 FASB 5 Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
357 Accrued Pension and OPEB Liabilities											\$0		\$0	\$0		\$0
350 Total Non-Current Liabilities	\$0	\$0	\$4,720,280	\$4,649,513	\$0	\$0	\$18,910,646	\$3,355,167	\$157,718	\$0	\$2,034	\$1,224	\$3,828	\$31,800,410	\$0	\$31,800,410
300 Total Liabilities	\$0	\$0	\$5,159,984	\$5,116,433	\$2,604	\$0	\$22,561,346	\$3,580,711	\$174,858	\$227,358	\$633,692	\$15,138	\$56,333	\$37,528,457	-\$592,571	\$36,935,886

	Project Total	14.879 Mainstream Vouchers	1 Business Activities	2 State/Local	14.MSC Mainstream CARES Act Funding	14.CCC Central Office Cost Center CARES Act Funding	6.1 Component Unit - Discretely Presented	10.427 Rural Rental Assistance Payments	10.405 Farm Labor Housing Loans and Grants	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	14.896 PIH Family Self-Sufficiency Program	COCC	Subtotal	ELIM	Total
FDS Line #																
400 Deferred Inflow of Resources		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0
508.4 Net Investment in Capital Assets	\$0	\$0	\$1,361,415	\$2,305,368	\$0	\$0	\$18,836,670	\$2,530,263	\$2,378,061	\$0	\$1,407		\$20,367	\$27,433,551		\$27,433,551
511.4 Restricted Net Position	\$0	\$36,218	\$150,679	\$1,101,039	\$0	\$0	\$3,040,710	\$626,330	\$242,130	\$0	\$311,012		\$6,022	\$5,514,140		\$5,514,140
512.4 Unrestricted Net Position	\$0	\$7,178	\$16,407,977	-\$280,749	\$0	\$0	-\$5,672,636	\$315,605	-\$2,840	\$0	-\$102,316	\$0	\$132,903	\$10,805,122		\$10,805,122
513 Total Equity - Net Assets / Position	\$0	\$43,396	\$17,920,071	\$3,125,658	\$0	\$0	\$16,204,744	\$3,472,198	\$2,617,351	\$0	\$210,103	\$0	\$159,292	\$43,752,813	\$0	\$43,752,813
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$43,396	\$23,080,055	\$8,242,091	\$2,604	\$0	\$38,766,090	\$7,052,909	\$2,792,209	\$227,358	\$843,795	\$15,138	\$215,625	\$81,281,270	-\$592,571	\$80,688,699

Housing Authority of the City of Yakima

Financial Data Schedules

December 31, 2020

	Project Total	14.879 Mainstream Vouchers	1 Business Activities	2 State/Local	14.MSC Mainstream CARES Act Funding	14.CCC Central Office Cost Center CARES Act Funding	6.1 Component Unit - Discretely Presented	10.427 Rural Rental Assistance Payments	10.405 Farm Labor Housing Loans and Grants	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	14.896 PIH Family Self-Sufficiency Program	COCC	Subtotal	ELIM	Total
FDS Line #																
70300 Net Tenant Rental Revenue	\$0	\$0	\$0	\$923,999	\$0	\$0	\$1,025,562	\$905,829	\$96,913	\$0	\$0		\$0	\$2,952,303		\$2,952,303
70400 Tenant Revenue - Other	\$0	\$0	\$23,430	\$650	\$0	\$0	\$2,155	\$1,240	\$0	\$0	\$0		\$0	\$27,475		\$27,475
70500 Total Tenant Revenue	\$0	\$0	\$23,430	\$924,649	\$0	\$0	\$1,027,717	\$907,069	\$96,913	\$0	\$0	\$0	\$0	\$2,979,778	\$0	\$2,979,778
70600 HUD PHA Operating Grants	\$0	\$140,102	\$33,216	\$0	\$0	\$0	\$781,080	\$0	\$0	\$118,082	\$7,843,203		\$0	\$8,915,683		\$8,915,683
70610 Capital Grants	\$0										\$0		\$0	\$0		\$0
70710 Management Fee													\$465,952	\$465,952	-\$465,952	\$0
70720 Asset Management Fee													\$50,580	\$50,580	-\$50,580	\$0
70730 Book Keeping Fee													\$205,640	\$205,640	-\$205,640	\$0
70740 Front Line Service Fee													\$0	\$0		\$0
70750 Other Fees			\$0										\$0	\$0		\$0
70700 Total Fee Revenue													\$722,172	\$722,172	-\$722,172	\$0
70800 Other Government Grants	\$0	\$0	\$2,608	\$0	\$0	\$0	\$512,091	\$580,805	\$0	\$0	\$0	\$129,286	\$0	\$1,224,790		\$1,224,790
71100 Investment Income - Unrestricted	\$0	\$0	\$542,226	\$300	\$0	\$0	\$1,398	\$132	\$0	\$0	\$0		\$2	\$544,058		\$544,058
71200 Mortgage Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
71400 Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,446		\$0	\$7,446		\$7,446
71500 Other Revenue	\$0	\$0	\$2,444,821	\$9,933	\$0	\$83,606	\$23,118	\$47,854	\$0	\$0	\$66,970	\$31,490	\$97,436	\$2,805,228	-\$146,200	\$2,659,028
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
72000 Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$872	\$112	\$0	\$0	\$0		\$0	\$984		\$984
70000 Total Revenue	\$0	\$140,102	\$3,046,301	\$934,882	\$0	\$83,606	\$2,346,276	\$1,535,972	\$96,913	\$118,082	\$7,917,619	\$160,776	\$819,610	\$17,200,139	-\$868,372	\$16,331,767
91100 Administrative Salaries	\$0	\$0	\$30,995	\$36,987	\$0	\$26,943	\$154,397	\$123,176	\$1,640	\$0	\$270,846		\$440,086	\$1,085,070		\$1,085,070
91200 Auditing Fees	\$0	\$0	\$0	\$4,340	\$0	\$0	\$45,968	\$6,882	\$985	\$0	\$27,779		\$614	\$86,568		\$86,568
91300 Management Fee	\$0	\$0	\$0	\$38,688	\$0	\$0	\$172,340	\$126,060	\$2,494	\$47,775	\$126,370			\$513,727	-\$513,727	\$0
91310 Book-keeping Fee	\$0	\$0	\$0	\$16,120	\$0	\$0	\$63,560	\$30,560	\$624	\$35,831	\$94,777			\$241,472	-\$241,472	\$0
91400 Advertising and Marketing	\$0	\$0	\$0	\$485	\$0	\$0	\$955	\$2,485	\$938	\$0	\$1,965		\$1,260	\$8,088		\$8,088
91500 Employee Benefit contributions - Administrative	\$0	\$0	\$26,072	\$18,781	\$0	\$7,527	\$52,762	\$39,311	\$6,960	\$0	\$98,220		\$122,944	\$372,577		\$372,577
91600 Office Expenses	\$0	\$0	\$3,737	\$105,393	\$0	\$5,399	\$118,615	\$41,997	\$25,454	\$34,476	\$55,734		\$35,013	\$425,818	-\$62,593	\$363,225
91700 Legal Expense	\$0	\$0	\$546	\$2,617	\$0	\$1,152	\$11,303	\$7,622	\$1,308	\$0	\$4,037		\$2,822	\$31,407		\$31,407
91800 Travel	\$0	\$0	\$27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$27		\$27
91810 Allocated Overhead	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0		\$0
91900 Other	\$0	\$0	\$1,780	\$0	\$0	\$0	\$388	\$0	\$0	\$0	\$0		\$0	\$2,168		\$2,168
91000 Total Operating - Administrative	\$0	\$0	\$63,157	\$223,411	\$0	\$41,021	\$620,288	\$378,093	\$40,403	\$118,082	\$679,728	\$0	\$602,739	\$2,766,922	-\$817,792	\$1,949,130

	Project Total	14.879 Mainstream Vouchers	1 Business Activities	2 State/Local	14.MSC Mainstream CARES Act Funding	14.CCC Central Office Cost Center CARES Act Funding	6.1 Component Unit - Discretely Presented	10.427 Rural Rental Assistance Payments	10.405 Farm Labor Housing Loans and Grants	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	14.896 PIH Family Self-Sufficiency Program	COCC	Subtotal	ELIM	Total
FDS Line #																
92000 Asset Management Fee	\$0	\$0	\$0	\$10,080	\$0	\$0	\$18,000	\$15,000	\$7,500	\$0	\$0			\$50,580	-\$50,580	\$0
92100 Tenant Services - Salaries	\$0	\$0	\$73,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$113,101	\$0	\$186,901		\$186,901
92200 Relocation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$27,397	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$37,037	\$0	\$64,434		\$64,434
92400 Tenant Services - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
92500 Total Tenant Services	\$0	\$0	\$101,197	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$150,138	\$0	\$251,335	\$0	\$251,335
93100 Water	\$0	\$0	\$734	\$46,979	\$0	\$0	\$104,486	\$150,012	\$9,757	\$0	\$0		\$795	\$312,763		\$312,763
93200 Electricity	\$0	\$0	\$3,758	\$24,704	\$0	\$0	\$46,607	\$21,995	\$11,048	\$0	\$0		\$6,889	\$115,001		\$115,001
93300 Gas	\$0	\$0	\$436	\$0	\$0	\$0	\$7,862	\$1,002	\$0	\$0	\$0		\$4,013	\$13,313		\$13,313
93400 Fuel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
93500 Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
93600 Sewer	\$0	\$0	\$0	\$40,168	\$0	\$0	\$97,249	\$134,058	\$8,302	\$0	\$0		\$257	\$280,034		\$280,034
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
93800 Other Utilities Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
93000 Total Utilities	\$0	\$0	\$4,928	\$111,851	\$0	\$0	\$256,204	\$307,067	\$29,107	\$0	\$0	\$0	\$11,954	\$721,111	\$0	\$721,111
94100 Ordinary Maintenance and Operations - Labor	\$0	\$0	\$7,127	\$74,254	\$0	\$0	\$139,131	\$157,917	\$24,514	\$0	\$5,811		\$50,614	\$458,368		\$458,368
94200 Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$9,344	\$31,898	\$0	\$557	\$82,435	\$63,684	\$4,023	\$0	\$744		\$230	\$192,915		\$192,915
94300 Ordinary Maintenance and Operations Contracts	\$0	\$0	\$797	\$100,573	\$0	\$21,661	\$309,726	\$195,973	\$24,634	\$0	\$104,496		\$92,519	\$850,379		\$850,379
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$810	\$19,569	\$0	\$0	\$65,816	\$55,017	\$4,130	\$0	\$2,254		\$17,592	\$165,188		\$165,188
94000 Total Maintenance	\$0	\$0	\$18,078	\$226,294	\$0	\$22,218	\$597,108	\$472,591	\$57,301	\$0	\$113,305	\$0	\$160,955	\$1,667,850	\$0	\$1,667,850
95100 Protective Services - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
95200 Protective Services - Other Contract Costs	\$0	\$0	\$57	\$763	\$0	\$0	\$0	\$0	\$1,216	\$0	\$121		\$2,571	\$4,728		\$4,728
95300 Protective Services - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
95000 Total Protective Services	\$0	\$0	\$57	\$763	\$0	\$0	\$0	\$0	\$1,216	\$0	\$121	\$0	\$2,571	\$4,728	\$0	\$4,728
96110 Property Insurance	\$0	\$0	\$0	\$6,611	\$0	\$0	\$39,275	\$13,994	\$1,202	\$0	\$2,866		\$2,070	\$66,018		\$66,018
96120 Liability Insurance	\$0	\$0	\$0	\$3,762	\$0	\$0	\$22,847	\$8,129	\$1,077	\$0	\$1,528		\$695	\$38,036		\$38,036
96130 Workmen's Compensation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
96140 All Other Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
96100 Total Insurance Premiums	\$0	\$0	\$0	\$10,373	\$0	\$0	\$62,122	\$22,123	\$2,279	\$0	\$4,392	\$0	\$2,765	\$104,054	\$0	\$104,054
96200 Other General Expenses	\$0	\$0	\$147,977	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$147,977		\$147,977
96210 Compensated Absences	\$0	\$0	\$1,741	\$9,138	\$0	\$0	\$28,523	\$22,865	\$4,485	\$0	\$23,852	\$10,638	\$47,224	\$148,466		\$148,466
96300 Payments in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$4,918		\$4,918
96400 Bad debt - Tenant Rents	\$0	\$0	\$0	\$3,404	\$0	\$0	\$14,963	\$34,498	\$0	\$0	\$0		\$0	\$52,865		\$52,865
96500 Bad debt - Mortgages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
96600 Bad debt - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
96800 Severance Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
96000 Total Other General Expenses	\$0	\$0	\$149,718	\$12,542	\$0	\$0	\$43,486	\$62,281	\$4,485	\$0	\$23,852	\$10,638	\$47,224	\$354,226	\$0	\$354,226

	Project Total	14.879 Mainstream Vouchers	1 Business Activities	2 State/Local	14.MSC Mainstream CARES Act Funding	14.CCC Central Office Cost Center CARES Act Funding	6.1 Component Unit - Discretely Presented	10.427 Rural Rental Assistance Payments	10.405 Farm Labor Housing Loans and Grants	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	14.896 PIH Family Self-Sufficiency Program	COCC	Subtotal	ELIM	Total
FDS Line #																
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$10,861	\$120,882	\$0	\$0	\$598,775	\$32,123	\$1,664	\$0	\$0		\$0	\$764,305		\$764,305
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0	\$0	\$0	\$176,526	\$0	\$0	\$0	\$0		\$0	\$176,526		\$176,526
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$9,852	\$0	\$0	\$0	\$0		\$0	\$9,852		\$9,852
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$10,861	\$120,882	\$0	\$0	\$785,153	\$32,123	\$1,664	\$0	\$0	\$0	\$0	\$950,683	\$0	\$950,683
96900 Total Operating Expenses	\$0	\$0	\$347,996	\$716,196	\$0	\$63,239	\$2,382,361	\$1,289,278	\$143,955	\$118,082	\$821,398	\$160,776	\$828,208	\$6,871,489	-\$868,372	\$6,003,117
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$140,102	\$2,698,305	\$218,686	\$0	\$20,367	-\$36,085	\$246,694	-\$47,042	\$0	\$7,096,221	\$0	-\$8,598	\$10,328,650	\$0	\$10,328,650
97100 Extraordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
97300 Housing Assistance Payments	\$0	\$96,706	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,796,273		\$0	\$6,892,979		\$6,892,979
97350 HAP Portability-In	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,138		\$0	\$9,138		\$9,138
97400 Depreciation Expense	\$0	\$0	\$96,079	\$275,003	\$0	\$0	\$1,096,512	\$466,902	\$102,473	\$0	\$4,308		\$0	\$2,041,277		\$2,041,277
97500 Fraud Losses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
97600 Capital Outlays - Governmental Funds																
97700 Debt Principal Payment - Governmental Funds																
97800 Dwelling Units Rent Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
90000 Total Expenses	\$0	\$96,706	\$444,075	\$991,199	\$0	\$63,239	\$3,478,873	\$1,756,180	\$246,428	\$118,082	\$7,631,117	\$160,776	\$828,208	\$15,814,883	-\$868,372	\$14,946,511
10010 Operating Transfer In	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$107,158	\$0	\$0		\$0	\$107,158	-\$107,158	\$0
10020 Operating transfer Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$107,158	\$0	\$0	\$0		\$0	-\$107,158	\$107,158	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
10050 Proceeds from Notes, Loans and Bonds																
10060 Proceeds from Property Sales																
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
10091 Inter Project Excess Cash Transfer In																
10092 Inter Project Excess Cash Transfer Out																
10093 Transfers between Program and Project - In	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$107,158	\$107,158	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$43,396	\$2,602,226	-\$56,317	\$0	\$20,367	-\$1,132,597	-\$327,366	-\$42,357	\$0	\$286,502	\$0	-\$8,598	\$1,385,256	\$0	\$1,385,256
11020 Required Annual Debt Principal Payments	\$0	\$0	\$14,175	\$85,480	\$0	\$0	\$60,500	\$98,520	\$1,725	\$0	\$0	\$0	\$0	\$260,400		\$260,400
11030 Beginning Equity	\$0	\$0	\$15,318,750	\$3,181,975	\$0	\$0	\$16,435,296	\$3,799,564	\$2,659,708	\$0	-\$76,399	\$0	\$147,523	\$41,466,417		\$41,466,417
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	-\$905	\$0	\$0	-\$20,367	\$902,045	\$0	\$0	\$0	\$0		\$20,367	\$901,140		\$901,140
11170 Administrative Fee Equity											-\$100,909			-\$100,909		-\$100,909
11180 Housing Assistance Payments Equity																
11190 Unit Months Available	0	645	0	876			3204	1992	120		13685		0	20522		32522
11210 Number of Unit Months Leased	0	188	0	806			3178	1910	39		12637		0	18758		18758

Housing Authority of the City of Yakima
Combining Balance Sheet – Rural Assistance Programs
December 31, 2020

	Harmony Park	Valley 7	Cosecha Court	Total
Assets				
<i>Current Assets:</i>				
Cash and cash equivalents - unrestricted	\$ 46,850	\$ 283,227	\$ -	\$ 330,077
Accounts receivables, net of allowance	20,526	51,147	8,826	80,499
Prepaid expenses and other assets	-	-	-	-
Due from other funds	1,185	8,559	-	9,744
	68,561	342,933	8,826	420,320
<i>Restricted Assets:</i>				
Cash - tenant security deposits	10,151	26,725	-	36,876
Investments - restricted	330,775	295,555	242,130	868,460
	340,926	322,280	242,130	905,336
Total current assets	409,487	665,213	250,956	1,325,656
<i>Noncurrent Assets:</i>				
<i>Capital assets:</i>				
Land	137,800	611,867	212,025	961,692
Buildings	1,563,388	11,718,591	2,819,347	16,101,326
Furniture, equipment and machinery - dwellings	10,050	142,915	249,369	402,334
Accumulated depreciation	(169,467)	(8,452,834)	(751,470)	(9,373,771)
Construction in progress	34,910	380,988	11,982	427,880
Total noncurrent assets	1,576,681	4,401,527	2,541,253	8,519,461
Total assets	\$ 1,986,168	\$ 5,066,740	\$ 2,792,209	\$ 9,845,117

Housing Authority of the City of Yakima
Combining Balance Sheet – Rural Assistance Programs
December 31, 2020

	Harmony Park	Valley 7	Cosecha Court	Total
Liabilities and Net Position				
<i>Current Liabilities:</i>				
Accounts payable less than 90 days	\$ 519	\$ 36,056	\$ 1,784	\$ 38,359
Accrued wages and payroll taxes	655	7,194	533	8,382
Accrued compensated absences - current portion	2,515	19,131	3,328	24,974
Accrued liabilities - other	-	10,243	-	10,243
Unearned income	3,313	13,858	-	17,171
Current portion of long term debt	6,660	88,524	5,844	101,028
Due to related party	-	-	5,651	5,651
	<u>13,662</u>	<u>175,006</u>	<u>17,140</u>	<u>205,808</u>
<i>Payables from Restricted Assets:</i>				
Tenant security deposits	10,151	26,725	-	36,876
	<u>10,151</u>	<u>26,725</u>	<u>-</u>	<u>36,876</u>
Total current liabilities	<u>23,813</u>	<u>201,731</u>	<u>17,140</u>	<u>242,684</u>
<i>Noncurrent Liabilities:</i>				
Long-term debt, net of current	662,145	2,690,616	157,348	3,510,109
Accrued compensated absences, net of current	279	2,126	370	2,775
Other noncurrent liabilities	-	-	-	-
Total noncurrent liabilities	<u>662,424</u>	<u>2,692,742</u>	<u>157,718</u>	<u>3,512,884</u>
Total liabilities	<u>686,237</u>	<u>2,894,473</u>	<u>174,858</u>	<u>3,755,568</u>
<i>Net Position:</i>				
Net investment in capital assets	907,876	1,622,387	2,378,061	4,908,324
Restricted for:				
Required reserves	330,775	295,555	242,130	868,460
Unrestricted net position	61,280	254,325	(2,840)	312,765
Total net position	<u>1,299,931</u>	<u>2,172,267</u>	<u>2,617,351</u>	<u>6,089,549</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 1,986,168</u>	<u>\$ 5,066,740</u>	<u>\$ 2,792,209</u>	<u>\$ 9,845,117</u>

Housing Authority of the City of Yakima

Statement of Revenues, Expenses and Changes in Net Position - Rural Assistance Programs

December 31, 2020

	Harmony Park	Valley 7	Cosecha Court	Total
<i>Operating Revenue:</i>				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Net tenant rental revenue	116,332	789,497	96,913	1,002,742
Other revenue	24,793	23,173	-	47,966
Other tenant revenue	240	1,000	-	1,240
Total operating revenue	141,365	813,670	96,913	1,051,948
<i>Operating Expenses:</i>				
Administrative:				
Administrative wages	11,862	111,314	1,640	124,816
Professional fees	3,134	11,370	2,293	16,797
Employee benefit contributions	3,948	35,363	6,960	46,271
Other operating - administrative	29,404	171,694	29,510	230,608
Tenant services	7,500	7,500	7,500	22,500
	55,848	337,241	47,903	440,992
Utilities:				
Electricity	1,715	20,280	11,048	33,043
Other utilities expense	-	1,002	-	1,002
Sewer	25,983	108,075	8,302	142,360
Water	10,687	139,325	9,757	159,769
	38,385	268,682	29,107	336,174
Ordinary maintenance and operations:				
Contract costs	18,665	177,308	24,634	220,607
Employee benefit contributions	4,938	50,079	4,130	59,147
Maintenance and operations wages	13,186	144,731	24,514	182,431
Materials and other	4,944	58,740	4,023	67,707
	41,733	430,858	57,301	529,892
General expenses:				
Depreciation expense	41,825	425,077	102,473	569,375
Amortization expense	-	-	-	-
Housing assistance payments	-	-	-	-
Insurance premiums	2,553	19,570	2,279	24,402
Bad debt - tenant rents	11,231	23,267	-	34,498
Bad debt - other	-	-	-	-
Other general expenses	2,622	20,243	4,485	27,350
Protective services contract costs	-	-	1,216	1,216
Payments in lieu of taxes	-	4,918	-	4,918
	58,231	493,075	110,453	661,759
Total operating expenses	194,197	1,529,856	244,764	1,968,817
<i>Operating Income (Loss)</i>	\$ (52,832)	\$ (716,186)	\$ (147,851)	\$ (916,869)

Housing Authority of the City of Yakima

Statement of Revenues, Expenses and Changes in Net Position - Rural Assistance Programs

December 31, 2020

	Harmony Park	Valley 7	Cosecha Court	Total
<i>Operating Income (Loss) (continued)</i>	\$ (52,832)	\$ (716,186)	\$ (147,851)	\$ (916,869)
<i>Nonoperating Revenue (Expenses):</i>				
Interest expense	(11,275)	(20,848)	(1,664)	(33,787)
Intergovernmental revenue	86,130	387,517	107,158	580,805
Investment revenue - restricted	-	-	-	-
Investment revenue - unrestricted	123	9	-	132
Total nonoperating revenue (expenses)	74,978	366,678	105,494	547,150
<i>Loss Before Contributions, Transfers, Extraordinary and Special Items</i>	22,146	(349,508)	(42,357)	(369,719)
<i>Capital contribution</i>	-	-	-	-
<i>Capital grants</i>	-	-	-	-
<i>Increase (Decrease) in Net Position</i>	22,146	(349,508)	(42,357)	(369,719)
<i>Net Position, Beginning of Year</i>	1,277,785	2,521,775	2,659,708	6,459,268
<i>Net Position, End of Year</i>	\$ 1,299,931	\$ 2,172,267	\$ 2,617,351	\$ 6,089,549