

Housing Authority of the City of Yakima

Yakima, Washington

Comprehensive Annual Financial Report

Nine-Months Ended

December 31, 2013

and

Year Ended

March 31, 2013





Housing Authority of the City of Yakima

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Year Ended

March 31, 2013

Issued by

Finance Department of

the Housing Authority of the City of Yakima

Corina Posekony, Senior Accountant

Housing Authority of the City of Yakima

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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 25, 2014

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the Housing Authority of the City of Yakima (YHA) for the nine-months ended December 31, 2013. 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 Petersen CPAs & Advisors, PLLC. The auditors issued unqualified opinions on YHA's financial statements for the nine months and year ended December 31, 2013 and March 31, 2013. 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. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*. Information related to this single audit, including the independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards; the independent auditors' report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133; the Schedule of Federal Awards; Schedule of Findings and Questioned Costs; and status of prior year findings are included in the single audit section of this report.

Government Overview

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

The primary source of funding for YHA is the U.S. Department of Housing and Urban Development (HUD). The City is not financially accountable for the operations of YHA, has no responsibility to fund deficits or receive surpluses, and has not guaranteed YHA's debt beyond a housing revenue bond issued in 1998 that had a balance outstanding of \$1,795,000 at December 31, 2013.

P.O. BOX 1447 Yakima WA 98907 • www.yakimahousing.org

810 N. 6th Ave. Yakima WA 98902 • PH 509. 453. 3106 • FX 509. 453. 3111 • TDD 1. 800. 545. 1833 ext 560

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

Economic Condition and Outlook

Congressional housing legislation and the federal budget affect YHA more than local economic factors. YHA's primary source of funding is HUD. As with most housing authorities, a majority of YHA's operating and capital funding comes from federal dollars in the form of operating subsidies, capital grant funds and Section 8 housing assistance payments. During calendar year 2013, 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. For the Public Housing program, housing authorities receive operating subsidies in accordance with an operating subsidy funding formula. In general, the calculated subsidy amount is the difference between an estimate of operating costs minus an estimate of income from rents. Operating subsidies are subject to annual appropriation by Congress.

In calendar year 2013, YHA, like all housing authorities nationwide, was funded at 82.86% of eligibility. Funding for the Section 8 program was prorated at 93.98% and 68.5% of eligibility for HAP and administration fees, respectively. The severity of the cuts was largely due to the sequestration (a set of federal budget cuts) that went into effect on March 1, 2013. The sequestration occurred after Congress failed to pass deficit decreasing legislation and included \$85 billion in cuts to discretionary programs.

The federal fiscal year 2014 began on October 1, 2013; but, the federal government operated under "continuing resolutions" until the budget was approved on December 2013. Congress also increased the federal debt ceiling in January 2014, which prevented a second round of sequestration cuts. The Public Housing operating subsidy proration is approximately 89.00% of eligibility. The proration levels are approximately 89.00%, 99.70%, and 75.00% of eligibility for the Public Housing operating fund, HAP and Section 8 administrative 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 has been approved for a Multifamily Preservation and Revitalization (MPR) application that will rehabilitate its 147 farm labor housing units located throughout Yakima County. The USDA RD MPR program is designed to make projects sustainable over a 20-year period through a combination of debt deferral, loans and grants. The terms of YHA's MPR application includes the deferral of six of the seven outstanding loans for 20 years, a \$1.5 million loan, a \$500,000 grant and the use of proceeds from the sale of five single-family farm labor units (thereby reducing the total number of farm labor units to 142). YHA anticipates that the MPR deal will close by the winter of 2014.

YHA converted its 150 public housing units (located throughout Yakima, Washington) through HUD's Rental Assistance Demonstration (RAD) program to Project-Based Vouchers (PBV). The conversion of the units allows for their rehabilitation utilizing Low Income Housing Tax Credit (LIHTC) equity. YHA closed with an investor in November, 2013 providing approximately \$13.4 million in equity and is currently in construction rehabilitating the units. YHA anticipates that the rehabilitation of the units will be completed by winter 2014.

YHA has entered into an agreement to purchase Harmony Park (a 24 unit multifamily and elderly housing project) located in Toppenish, Washington. The acquisition and rehabilitation of the units (approximately \$1.3

million) will be funded with housing trust funds through the Washington State Department of Commerce (Department of Commerce). YHA will assume the outstanding debt with the USDA RD of approximately \$710,000. In addition, YHA has requested 15 additional rental assistance units from USDA RD for the operation of Harmony Park. YHA anticipates that the acquisition and rehabilitation will be completed by the winter of 2015.

YHA is currently in the development phase for a 30 unit multifamily project in Toppenish, Washington. The project will be primarily for farmworkers and will cost approximately \$6.4 million. The project is funded with a combination of housing trust funds (approximately \$2.1 million) from the Department of Commerce and Low Income Housing Tax Credit equity (approximately \$4.3 million). YHA anticipates beginning construction in the spring of 2015.

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

Financial Information

YHA management is responsible for establishing and maintaining an internal control structure designed to ensure that YHA's assets are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. YHA has designed its internal control structure to provide reasonable, but not absolute, assurances that those objectives are met.

The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgment by management.

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

As part of YHA's single audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal award programs, as well as to learn whether YHA has complied with applicable laws, regulations, contracts and grants. YHA's single audit for the year ended December 31, 2013 found no instances of material weakness in the internal control or significant violations of the applicable laws, regulations, contracts and grants, audit reports regarding this are included in this CAFR in the Single Audit Section.

Other Information – Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to YHA for its Comprehensive Annual Financial Report for the year ended March 31, 2013. 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 Corina Posekany,

Letter Transmittal
Comprehensive Annual Financial Report
December 31, 2013

YHA's Senior Accountant. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. Our sincere appreciation is extended to the management and staff of Petersen CPAs & Advisors, PLLC who provided necessary expertise and technical assistance.

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

Respectfully submitted,

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

Lowel Krueger, CPA, MBA
Executive Director

A handwritten signature in blue ink, appearing to read "Corina Posekony".

Corina Posekony
Senior Accountant



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

March 31, 2013

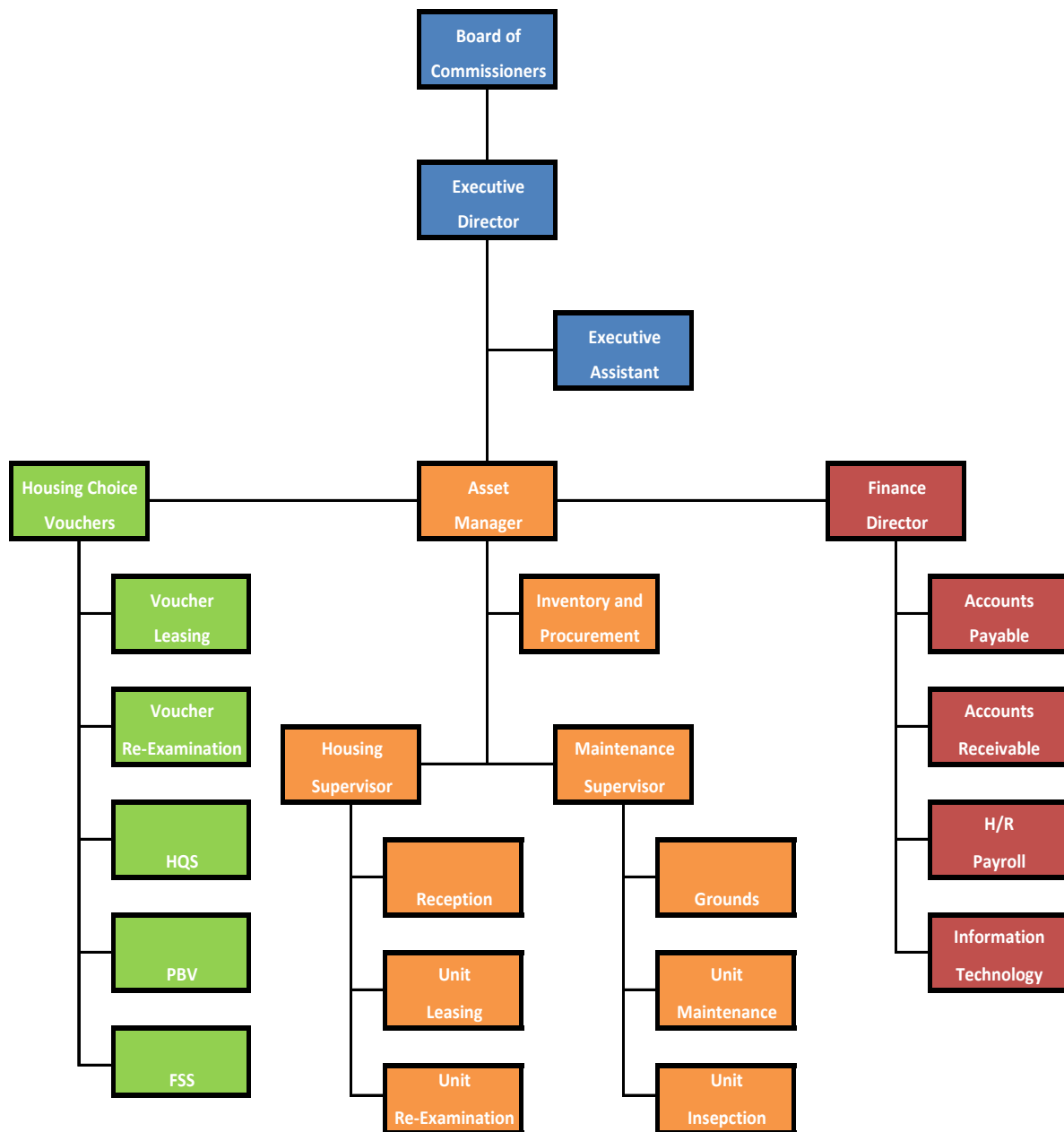
A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is fluid and cursive.

Executive Director/CEO

Housing Authority of the City of Yakima

Organizational Chart

December 31, 2013



Housing Authority of the City of Yakima

List of Principal Officials

December 31, 2013

Board of Commissioners:

Robert Wardell
Chairperson

Christine Goodwin
Vice-Chairperson

Linda Orozco
Commissioner

Robert Ponti
Commissioner

Richard Fagundes
Commissioner

Management:

Lowel Krueger, CPA, MBA
Executive Director

Kelly Nielsen (through February, 2014)
Finance Director

August (Ted) Layton
Asset Manager

Manuel Olivas
Maintenance Supervisor

Elsa Mendez
Housing Supervisor

Housing Authority of the City of Yakima

Yakima, Washington

Financial Section:

Independent Auditors' Report
Management's Discussion and Analysis
Basic Financial Statements
Notes to Basic Financial Statements
Combining Financial Schedules
Notes to Combining Financial Schedules



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Yakima, as of and for the nine month period ended December 31, 2013 and the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Yakima's basic 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity'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 entity'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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the City of Yakima, as of the nine month period ended December 31, 2013 and the year ended March 31, 2013, and results of their operations and their cash flows for the nine months and 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 – 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the Housing Authority of the City of Yakima'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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 generally accepted in the United States of America. In our opinion, the combining financial statements and the schedule of expenditures of federal awards are 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 25, 2014, on our consideration of the Housing Authority of the City of Yakima's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Yakima's internal control over financial reporting and compliance.

Petersen CPAs + Advisors, PLLC

July 25, 2014

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2013 and March 31, 2013

This narrative overview and analysis of the Housing Authority of the City of Yakima's (YHA) performance for the nine-months ended December 31, 2013 is provided as a 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 \$2.2 million (15%) from March 31, 2013 to December 31, 2013 and by approximately \$2.2 million (17%) from March 31, 2012 to March 31, 2013. This is a result of revenues exceeding expenses by this amount.
- As of December 31, 2013, the assets of YHA exceeded liabilities by approximately \$17.2 million (net position). Of this amount approximately \$780 thousand (unrestricted net position) may be used to meet ongoing obligations, \$14.8 million is invested in capital assets, net of related debt and \$1.6 million is restricted as to its allowable usage. As of March 31, 2013 the assets of YHA exceeded liabilities by approximately \$15 million (net position). Of this amount approximately \$165 thousand (unrestricted net position) may be used to meet ongoing obligations, \$13.3 million is invested in capital assets, net of related debt and \$1.5 million is restricted as to its allowable usage.
- Current and noncurrent liabilities decreased by approximately \$209 thousand (2.6%) from March 31, 2013 to December 31, 2013 and increased by approximately \$175 thousand (2.6%) from March 31, 2012 to March 31, 2013. The changes are due to fluctuations in the timing of due dates and subsequent payments of liabilities, debt service payments, as well as outstanding liabilities related to the Cosecha Court construction at March 31, 2013.
- Operating revenues for the nine months ended December 31, 2013 decreased by approximately \$1.6 million (29%) in comparison to the 12 months ended March 31, 2013. Excluding the impact of approximately \$1.3 million attributed to the short year, the remaining decrease of approximately \$300 thousand (5%) is primarily due to a decrease in federal funding (intergovernmental revenue), and offset by \$85 thousand of new or one time funding sources. March 31, 2013 operating revenues increased by approximately \$650 thousand (13%) in comparison to the prior year primarily due to an increase in federal funding (intergovernmental revenue).
- Nonoperating revenues, net of nonoperating expenses, and other revenues, expenses, gains, losses, and transfers decreased by approximately \$1.1 million or 31% from March 31, 2013 to December 31, 2013, and increased approximately \$2.6 million or 240% from March 31, 2012 to 2013. The funding received during the year ended March 31, 2013 that caused the significant increase and resulting decrease in the following period was for the construction of Cosecha Court, and was a one-time award. The

Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2013 and March 31, 2013

- nonoperating revenues for the year ended December 31, 2013 include the \$1 million gain recognized on the sale of the 150-units that were sold to YHA Family Housing, LLC, as well as the sale of a single family dwelling unit.

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 intrafund 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, 2013 and March 31, 2013

FINANCIAL ANALYSIS

Net Position

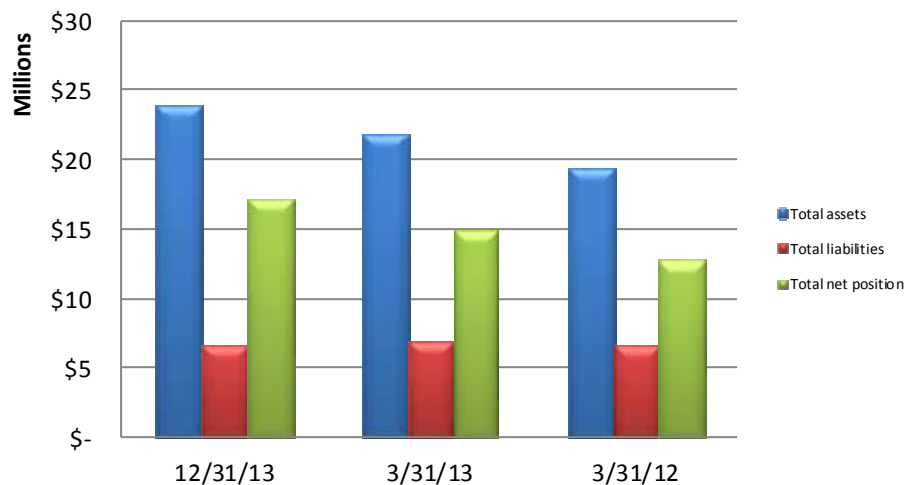
The following table represents the condensed Statements of Net Position compared to prior periods:

	December 31, 2013	March 31, 2013	March 31, 2012
Current assets, unrestricted	\$ 892,166	\$ 755,388	\$ 659,217
Other current assets, restricted	2,143,753	1,568,055	1,362,922
Capital assets, net	20,843,469	19,526,845	17,455,745
Total assets	<u>\$ 23,879,388</u>	<u>\$ 21,850,288</u>	<u>\$ 19,477,884</u>
Current and other liabilities	\$ 689,923	\$ 777,966	\$ 595,276
Current liabilities payable from restricted assets	91,782	84,430	98,947
Long-term liabilities	5,901,343	6,010,389	6,003,686
Total liabilities	<u>6,683,048</u>	<u>6,872,785</u>	<u>6,697,909</u>
Net Position			
Invested in capital assets, net of related debt	14,778,559	13,331,020	11,168,637
Restricted net position	1,385,915	1,462,202	1,286,417
Unrestricted net position	1,031,866	184,281	324,921
Total net position	<u>17,196,340</u>	<u>14,977,503</u>	<u>12,779,975</u>
Total liabilities and net position	<u>\$ 23,879,388</u>	<u>\$ 21,850,288</u>	<u>\$ 19,477,884</u>

Total assets of YHA at December 31, 2013 and March 31, 2013 amounted to \$23,879,388 and \$21,850,288, respectively.

The following presents the Statements of Net Position in graphical form:

Assets, Liabilities, and Net Position



Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2013 and March 31, 2013

Unrestricted current assets are comprised of cash and cash equivalents, receivables, investments, prepaid items and inventories. Unrestricted current assets are approximately 18% higher at December 31, 2013 than March 31, 2013, which represents an increase of approximately \$137 thousand. The increase in current assets corresponds with an increase in cash of approximately \$321 thousand. The increase is offset by a decrease in accounts receivable of \$175 thousand, which is a result of outstanding receivables at March 31, 2013 related to balances due from USDA RD related to the Cosecha Court construction being paid. At March 31, 2013 unrestricted current assets were approximately 15% higher at March 31, 2013 than March 31, 2012, which represented an increase of approximately \$96 thousand.

Restricted current assets are comprised of cash and investments that are restricted for repayment of security deposits and other contractual obligations related to federal funding that was unspent at the end of the year. December 31, 2013 restricted current assets increased by approximately \$576 thousand (37%), primarily related to an increase in USDA RD reserves, the majority of which is attributed to the proceeds of the sale of a single-family dwelling unit, reserves added as a result of the addition of Cosecha Court, and accounts restricted for the construction of YHA Family Housing, LLC. March 31, 2013 restricted current assets increased by approximately \$205 thousand (15%) over the prior year, primarily related to an increase in HAP reserves.

Capital assets include land, buildings, furniture, equipment and machinery, and construction in progress and are shown net of accumulated depreciation. Capital assets increased by approximately \$1.3 million (7%) from March 31, 2013 to December 31, 2013. The most significant addition is the \$1 million of construction in process on YHA Family Housing, LLC. From March 31, 2012 to March 31, 2013 capital assets increased by approximately \$2 million (12%), primarily related to the Cosecha Court construction.

Total liabilities of YHA, which are segregated between current and noncurrent portions, amounted to \$6,683,048 and \$6,872,785 at December 31, 2013 and March 31, 2013, respectively.

Current liabilities consist of accounts payable, accrued wages and payroll taxes, compensated absences, accrued interest, deferred revenue, accrued liabilities, short-term note payable and current portion of notes payable. Current liabilities decreased by approximately \$88 thousand, an 11% decrease, and was primarily due to outstanding payables related to the Cosecha Court construction of \$348 thousand being repaid subsequent to March 31, 2013. This was offset by an increase in accounts payable of \$289 thousand related to the YHA Family Housing, LLC construction, as well as a variety of timing differences. Current liabilities increased from March 31, 2012 to March 31, 2013 by approximately \$183 thousand, a 31% increase, primarily due to outstanding payables related to the Cosecha Court Construction, which is offset by the repayment of the revolving loan fund related to the Cosecha Court construction, as well as adoption of a new paid time off (PTO) policy that combined sick and vacation time into one category.

Current liabilities payable from restricted assets primarily consist of tenant security deposits and restricted, unspent funds from the federal government. These liabilities have been consistent for the three presented reporting periods, with minor fluctuations related to the timing of the receipt and subsequent disbursement of federal funds.

Long-term liabilities consist of notes payable and the long-term portion of compensated absences. The decrease in long-term liabilities from March 31, 2013 to December 31, 2013 was approximately \$109 thousand, and is attributed to repayments of long-term debt. Long-term liabilities increased from March 31, 2012 to March 31, 2013 by approximately \$7 thousand, attributed to financing obtained for Cosecha Court, which was offset by repayments of long-term debt.

Net position represents the equity of YHA after liabilities are subtracted from assets. Net position is divided into three major categories. The first category, invested in capital assets, net of related debt, shows YHA's equity in

Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2013 and March 31, 2013

land, buildings, 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 \$2.2 million from March 31, 2013 to December 31, 2013 and from March 31, 2012 to March 31, 2013.

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, 2013 and March 31, 2013, YHA's current ratios were 3.9:1 and 2.7:1, respectively.

Revenues, Expenses and Changes in Net Position

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

	(9 months) Dec. 31, 2013	(annualized *) Dec. 31, 2013	(12 months) March 31, 2013	(12 months) March 31, 2012
Revenue:				
Intergovernmental revenue - Operating	\$ 2,584,579	\$ 3,446,105	\$ 3,815,409	\$ 3,185,813
Tenant and other	1,328,248	1,770,997	1,665,889	1,644,198
Intergovernmental revenue - Nonoperating	695,674	927,565	815,325	1,059,030
Investment revenue	8,651	11,535	10,838	11,985
Gain (loss) on sale of capital assets	1,029,116	1,029,116	(2,461)	-
Capital grants and contributions	909,481	909,481	2,938,180	104,017
Total revenue	<u>6,555,749</u>	<u>8,094,799</u>	<u>9,243,180</u>	<u>6,005,043</u>
Expenses:				
Administration	793,781	1,058,375	1,125,627	1,146,621
Utilities	362,938	483,917	489,594	422,142
Ordinary maintenance and operation	758,374	1,011,165	996,766	1,257,626
General expenses	128,202	170,936	146,602	110,632
Payments in lieu of taxes	9,176	12,235	5,349	9,120
Housing assistance payments	2,301,902	3,069,203	3,173,252	3,141,614
Depreciation	732,592	976,789	965,006	952,333
Interest expense	128,620	171,493	143,456	103,057
Pass through funds	171,327	171,327	-	-
Total expenses	<u>5,386,912</u>	<u>7,125,440</u>	<u>7,045,652</u>	<u>7,143,145</u>
Increase (decrease) in net position	1,168,837	<u>\$ 969,359</u>	2,197,528	(1,138,102)
Net position, beginning of year	14,977,503		12,779,975	13,918,077
Capital contribution	1,050,000		-	-
Net position, end of year	<u>\$ 17,196,340</u>		<u>\$ 14,977,503</u>	<u>\$ 12,779,975</u>

* This column does not provide actual results, and is only provided for comparative purposes due to the nine-months ended December 31, 2013 being a nine-month period. The numbers in this column were calculated by dividing the nine-months ended December 31, 2013 by 75%, with the exception of gain on sale of capital assets and pass through funds, which are one time events, and the capital grants and contributions, which were fully drawn down by December 31, 2013.

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Housing Authority of the City of Yakima

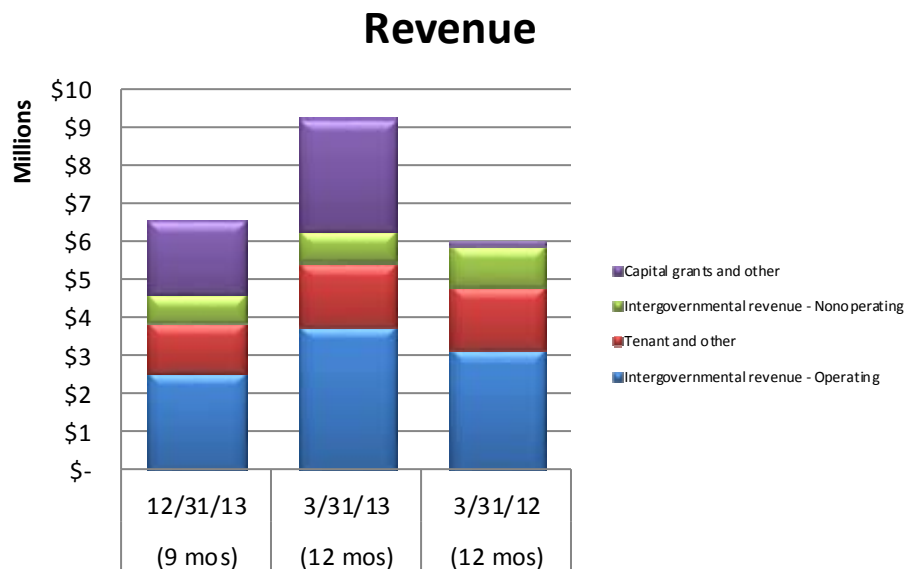
Management's Discussion and Analysis

December 31, 2013 and March 31, 2013

Revenues decreased by approximately \$2.7 million when comparing the year-ended March 31, 2013 to the nine months ended December 31, 2013. As noted above, the decrease is reduced to \$1.1 million if the year ended March 31, 2013 is compared to the annualized December 31, 2013 column. The most significant change between the two periods is a one-time \$3.0 million USDA grant received for Cosecha Court, \$2.6 million of which was recognized during the year-ended March 31, 2013, and the remaining \$400,000 was recognized during the nine months ended December 31, 2013. The decrease in this grant is offset by the \$1 million increase in the gain on sale of capital assets from the sale of the 150-units to YHA Family Housing, LLC. Tenant revenues were consistent between these two time-periods.

Revenues increased by 54% from March 31, 2012 to March 31, 2013, primarily due to the \$2.7 million of the USDA grant received during the year ended March 31, 2013 for the Cosecha Court construction.

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



Total expenses decreased by 24% from March 31, 2013 to December 31, 2013 (increased by 1% in comparison to the annualized column), and decreased by 1% from March 31, 2012 to March 31, 2013, respectively.

During the year ended March 31, 2013 YHA took steps to reduce overall operating costs due to the economic conditions impacting housing authorities, and as a result, administrative expenses decreased by approximately 6% (approximately \$67 thousand) in comparison to the previous year. During the nine months ended December 31, 2013 the economic conditions improved slightly and YHA was able to eliminate some of their cost cutting measures implemented during the prior period, including furloughs. YHA estimates that on an annualized basis their overall expenses increased by 1% (approximately \$58 thousand).

Utilities on an annualized basis were consistent between the nine months ended December 31, 2013 and the year ended March 31, 2013. Utilities increased by 16% (approximately \$67 thousand) from March 31, 2012 to March 31, 2013, which was primarily due to a number of broken pipes and water leaks during the year ended March 31, 2013.

Ordinary maintenance and operation expenses on an annualized basis were consistent between the nine months ended December 31, 2013 and the year ended March 31, 2013. YHA had a decrease of 21% (approximately \$261) from March 31, 2013 in comparison to March 31, 2012. These changes were attributed to some substantial repairs and maintenance performed in 2012.

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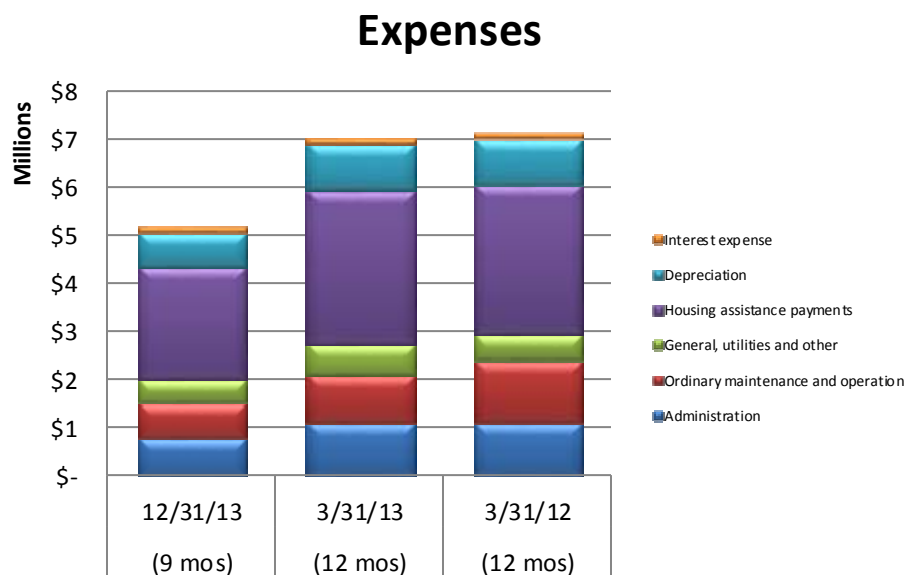
Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2013 and March 31, 2013

Housing Assistance Payments decreased by an estimated \$104 thousand dollars (3%) on an annualized basis between the nine months ended December 31, 2013 and the year ended March 31, 2013. Housing Assistance Payments increased by approximately 1% (approximately \$32 thousand) from March 31, 2012 to March 31, 2013. The estimated decrease in the Housing Assistance Payments through December 31, 2013 is primarily due to the impact of sequestration.

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



Capital Assets and Debt Administration

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

	December 31, 2013	March 31, 2013	March 31, 2012
Land	\$ 3,200,213	\$ 2,434,912	\$ 2,306,887
Buildings	24,197,906	29,579,051	29,383,066
Furniture, equipment & machinery - dwellings	594,328	558,472	558,472
Furniture, equipment & machinery - administration	375,183	388,405	419,545
Construction in progress	1,042,149	3,272,419	567,684
Total capital assets	29,409,779	36,233,259	33,235,654
Less accumulated depreciation	(8,566,310)	(16,706,414)	(15,779,909)
Net capital assets	\$ 20,843,469	\$ 19,526,845	\$ 17,455,745

Net capital assets increased by approximately \$1.3 million (7%) and \$2 million (12%) from March 31, 2013 to December 31, 2013 and March 31, 2012 to March 31, 2013, respectively. The most significant capital asset transaction during the nine months ended December 31, 2013 was the sale of the 150-units from YHA to YHA Family Housing, LLC, resulting in a net increase of \$1.2 million (\$7.8 million purchase by YHA Family Housing, LLC as opposed to the YHA's book basis of \$5.6 million). The \$3.3 million construction of Cosecha Court predominantly took place during the year ended March 31, 2013, with additions of \$3.1 million during the year ended March 31, 2013 and \$150 thousand during the nine months ended December 31, 2013. During the nine months ended December 31, 2013 and the year ended March 31, 2013 YHA recognized depreciation expense of approximately \$730 and \$960 thousand, respectively, which offset the above noted additions.

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

Continued

Housing Authority of the City of Yakima

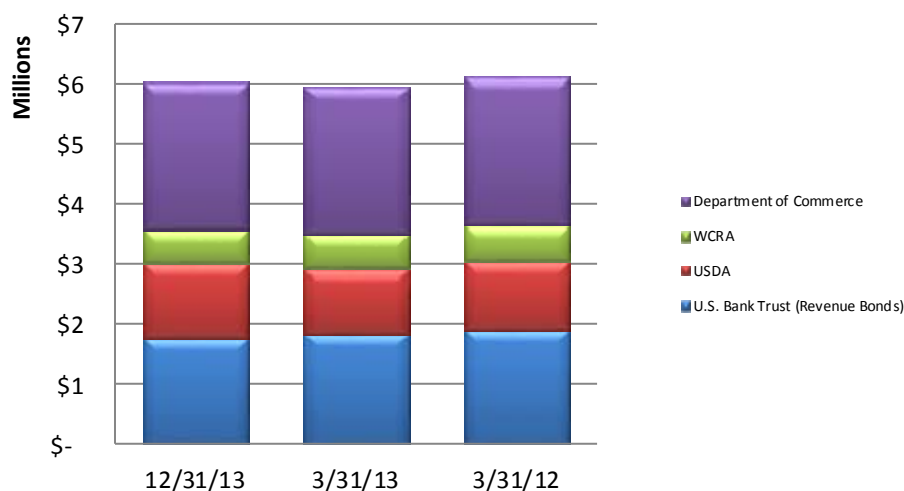
Management's Discussion and Analysis

December 31, 2013 and March 31, 2013

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

	December 31, 2013	March 31, 2013	March 31, 2012
Revenue Bonds:			
U.S. Bank Trust - Nueva Primavera	\$ 1,795,000	\$ 1,875,000	\$ 1,950,000
Real Estate Mortgages:			
U.S. Department of Agriculture - Valley Seven	1,033,930	1,077,857	1,135,932
U.S. Department of Agriculture - Cosecha Court	200,000	199,990	
Washington Community Reinvestment Associates - Glenn Acres	562,058	576,872	595,480
Department of Commerce - Glenn Acres	537,100	539,100	541,100
Department of Commerce - Nueva Primavera	1,000,000	1,000,000	1,000,000
Department of Commerce - Mariposa Park	903,856	907,856	911,856
	<u>\$ 6,031,944</u>	<u>\$ 6,176,675</u>	<u>\$ 6,134,368</u>

Long-term Debt



All debt service payments were made in 2013 and 2012 as scheduled. 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 operating subsidies, capital fund grants, housing choice vouchers, and other various grants. While housing authorities have been underfunded for most of the past decade, HUD funded 2013 public housing operating subsidies at 81.90% of eligibility. The operating subsidy for 2014 was budgeted at 82.00% of 2013 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 750 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 2013, YHA earned \$4.2 million in federal dollars for its operating and capital programs. In addition, a majority of YHA's \$17.2 million of net capital assets as of

Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2013 and March 31, 2013

December 31, 2013 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.

REQUESTS FOR INFORMATION

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

Lowel Krueger, CPA, MBA
Executive Director

Corina Posekony
Senior Accountant

Phone:
509.453.3106

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

Website:
www.yakimahousing.org

Continued

Housing Authority of the City of Yakima

Statements of Net Position

	December 31, 2013	March 31, 2013
Assets		
<i>Current Assets:</i>		
Cash - unrestricted	\$ 531,305	\$ 210,572
Accounts receivable, net of allowance	184,951	360,229
Investments - unrestricted	64,495	64,259
Prepaid expenses and other assets	43,309	48,154
Inventories	68,106	72,174
	<u>892,166</u>	<u>755,388</u>
<i>Restricted Assets:</i>		
Cash - other restricted	708,831	360,314
Cash - tenant security deposits	77,342	75,720
Investments - restricted	1,357,580	1,132,021
	<u>2,143,753</u>	<u>1,568,055</u>
Total current assets	<u>3,035,919</u>	<u>2,323,443</u>
<i>Noncurrent Assets:</i>		
Capital assets:		
Land	3,200,213	2,434,912
Buildings	24,197,906	29,579,051
Furniture, equipment and machinery - dwellings	594,328	558,472
Furniture, equipment and machinery - administration	375,183	388,405
Accumulated depreciation	(8,566,310)	(16,706,414)
Construction in progress	1,042,149	3,272,419
Total noncurrent assets	<u>20,843,469</u>	<u>19,526,845</u>
Total assets	<u>\$ 23,879,388</u>	<u>\$ 21,850,288</u>

See accompanying notes to financial statements

Housing Authority of the City of Yakima

Statements of Net Position

Liabilities and Net Position

Current Liabilities:

Accounts payable less than 90 days	\$ 331,933	\$ 388,143
Accrued wages and payroll taxes payable	25,602	72,496
Accrued compensated absences - current portion	46,890	85,302
Accrued interest payable	37,796	9,590
Unearned revenue	29,329	23,331
Accrued liabilities - other	5,377	5,377
Short-term note payable	32,966	19,150
Current portion of long term debt - capital projects mortgage revenue bonds	180,030	174,577
	<u>689,923</u>	<u>777,966</u>

Payables from Restricted Assets

Accounts payable - other government	14,440	8,710
Tenant security deposits	77,342	75,720
	<u>91,782</u>	<u>84,430</u>
Total current liabilities	<u>781,705</u>	<u>862,396</u>

Noncurrent Liabilities:

Long-term debt, net of current - capital projects mortgage revenue bonds	5,851,914	6,002,098
Accrued compensated absences, net of current	49,429	8,291
Total noncurrent liabilities	<u>5,901,343</u>	<u>6,010,389</u>
Total liabilities	<u>6,683,048</u>	<u>6,872,785</u>

Net Position:

Invested in capital assets, net of related debt	14,778,559	13,331,020
Restricted for:		
Housing Assistance Payments	525,065	687,432
Future capital improvements	358,079	254,603
Required reserves	502,771	520,167
Unrestricted net position	<u>1,031,866</u>	<u>184,281</u>
Total net position	<u>17,196,340</u>	<u>14,977,503</u>
Total liabilities and net position	<u>\$ 23,879,388</u>	<u>\$ 21,850,288</u>

Continued

Housing Authority of the City of Yakima
Statements of Revenues, Expenses and Changes in Net Position
Nine Months and Year Ended

	December 31, 2013	March 31, 2013
<i>Operating Revenue:</i>		
Intergovernmental revenue	\$ 2,584,579	\$ 3,815,409
Net tenant rental revenue	1,078,699	1,438,835
Other revenue	193,905	138,231
Other tenant revenue	55,644	88,823
Total operating revenue	<u>3,912,827</u>	<u>5,481,298</u>
<i>Operating Expenses:</i>		
Administrative:		
Administrative wages	409,856	565,636
Auditing fees	37,562	55,730
Employee benefit contributions	132,787	224,856
Other operating - administrative	86,496	127,132
Tenant services	<u>127,080</u>	<u>152,273</u>
	<u>793,781</u>	<u>1,125,627</u>
Utilities:		
Electricity	51,136	65,639
Other utilities expense	6,719	11,380
Sewer	167,969	226,551
Water	<u>137,114</u>	<u>186,024</u>
	<u>362,938</u>	<u>489,594</u>
Ordinary maintenance and operations:		
Contract costs	294,526	362,267
Employee benefit contributions	95,514	144,510
Maintenance and operations wages	235,218	358,577
Materials and other	<u>133,116</u>	<u>131,412</u>
	<u>758,374</u>	<u>996,766</u>
General expenses:		
Depreciation expense	732,592	965,006
Housing assistance payments	2,301,902	3,173,252
Insurance premiums	54,374	62,898
Other general expenses	71,206	60,843
Protective services contract costs	2,622	22,861
Payments in lieu of taxes	<u>9,176</u>	<u>5,349</u>
	<u>3,171,872</u>	<u>4,290,209</u>
Total operating expenses	<u>5,086,965</u>	<u>6,902,196</u>
<i>Operating Loss</i>	\$ (1,174,138)	\$ (1,420,898)

See accompanying notes to financial statements

Housing Authority of the City of Yakima
Statements of Revenues, Expenses and Changes in Net Position
Nine Months and Year Ended

	December 31, 2013	March 31, 2013
<i>Operating Loss</i>	<u>\$ (1,174,138)</u>	<u>\$ (1,420,898)</u>
<i>Nonoperating Revenue (Expenses):</i>		
Gain (loss) on sale of capital assets	1,029,116	(2,461)
Interest expense	(128,620)	(143,456)
Intergovernmental revenue	695,674	815,325
Investment revenue - restricted	161	851
Investment revenue - unrestricted	8,490	9,987
Total nonoperating revenue	<u>1,604,821</u>	<u>680,246</u>
<i>Income (Loss) Before Other Revenue, Expenses, Gains, Losses, and Transfers</i>	430,683	(740,652)
Pass through funds	(171,327)	-
Capital grants	<u>909,481</u>	<u>2,938,180</u>
<i>Increase in Net Position</i>	1,168,837	2,197,528
<i>Net Position, Beginning of Period</i>	14,977,503	12,779,975
<i>Capital Contribution</i>	<u>1,050,000</u>	<u>-</u>
<i>Net Position, End of Period</i>	<u>\$ 17,196,340</u>	<u>\$ 14,977,503</u>

Continued

Housing Authority of the City of Yakima

Statements of Cash Flows

Nine Months and Year Ended

	December 31, 2013	March 31, 2013
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash Flows from Operating Activities:</i>		
Receipts from tenants and others	\$ 1,503,526	\$ 1,486,690
Payments to employees	(645,074)	(1,017,206)
Housing assistance payments	2,584,579	3,809,324
Payments to vendors and suppliers	(4,077,184)	(4,957,630)
Net cash used in operating activities	(634,153)	(678,822)
<i>Cash Flows from Noncapital Financing Activities:</i>		
Intergovernmental grants and contracts	695,674	803,046
Pass through to the City of Granger	(171,327)	-
Net cash provided by noncapital financing activities	524,347	803,046
<i>Cash Flows from Capital and Related Financing Activities:</i>		
Purchase of capital assets	(1,643,665)	(2,748,174)
Proceeds (payments) on short-term borrowings	13,816	(133,590)
Principal payments on long-term debt	(144,741)	(157,683)
Proceeds from long-term debt	10	199,990
Interest paid	(100,414)	(142,759)
Proceeds from sale of capital assets	913,335	57,740
Capital contribution	1,050,000	-
Capital grants received	909,481	2,938,180
Net cash provided by capital and related financing activities	997,822	13,704
<i>Cash Flows from Investing Activities:</i>		
Interest received	8,651	10,838
Net cash provided by investing activities	8,651	10,838
<i>Net Increase in Cash and Cash Equivalents</i>	896,667	148,766
<i>Cash and Cash Equivalents, Beginning of Period</i>	1,842,886	1,694,120
<i>Cash and Cash Equivalents, End of Period</i>	\$ 2,739,553	\$ 1,842,886
<i>Cash and Cash Equivalents consist of:</i>		
Cash - unrestricted	\$ 531,305	\$ 210,572
Cash - restricted	708,831	360,314
Tenant security deposits	77,342	75,720
Investments - unrestricted	64,495	64,259
Investments - restricted	1,357,580	1,132,021
	\$ 2,739,553	\$ 1,842,886

See accompanying notes to financial statements

Housing Authority of the City of Yakima

Statements of Cash Flows

Nine Months and Year Ended

	December 31, 2013	March 31, 2013
<i>Reconciliation of Operating Loss to Net Cash used in Operating Activities:</i>		
Operating loss	<u>\$ (1,174,138)</u>	<u>\$ (1,420,898)</u>
<i>Adjustments to Reconcile Operating Loss to Net Cash used in Operating Activities:</i>		
Depreciation	732,592	965,006
Increase (decrease) in cash due to changes in assets and liabilities:		
Receivables	175,278	(185,285)
Prepaid expenses and other assets	4,845	3,267
Inventories	4,068	29,480
Accounts payable	(345,980)	(86,566)
Accrued wages and taxes payable	(46,894)	(17,473)
Accrued liabilities - other	11,728	(38)
Compensated absences	2,726	34,470
Tenant security deposits	1,622	(785)
Total adjustments	<u>539,985</u>	<u>742,076</u>
<i>Net Cash used in Operating Activities</i>	<u><u>\$ (634,153)</u></u>	<u><u>\$ (678,822)</u></u>

Schedule of Noncash Investing and Financing Activities:

During the nine months ended December 31, 2013, fully depreciated assets in the amount of \$12,698 were scrapped.

During the nine months ended December 31, 2013 and the year ended March 31, 2013 \$289,770 and \$348,133, respectively, of construction in progress costs were included in accounts payable.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2013 and March 31, 2013

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), the funding from which consists of approximately 64% 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 of Yakima does not have the ability to affect the operations of YHA, nor does YHA provide a financial benefit to, or impose a financial burden on the City of Yakima.

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.

YHA is the 0.01% owner and the general partner/managing member in two real estate partnerships as of December 31, 2013. The limited partnership interests are held by third parties unrelated to YHA. As the general partner, YHA has certain rights and responsibilities, which enable it to impose its will on the partnerships. YHA is financially accountable for the partnerships as they are fiscally dependent on YHA according to the terms of the partnership agreements. Additionally, in some cases, YHA is legally obligated to fund operating deficits.

Mariposa Park Limited Partnership and YHA Family Housing, LLC are the two component units.

Mariposa Park Limited Partnership (Mariposa) was formed in 1997 as a separate legal entity to take advantage of low-income housing tax credits needed to finance the construction of the 26-unit residential rental housing project. Mariposa has entered into an operating lease with YHA for the land. The lease commenced on April 20, 1998, and expires December 31, 2097.

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 \$6.3 million at December 31, 2013.

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 Partnership. The partnerships are on a calendar year end, as a result, the March 31, 2013 statements include the December 31, 2012 statements of Mariposa Park Limited Partnership, which results in a variety of timing differences. Due to the Partnerships being legally separate from the Housing Authority, eliminations in the accompanying statements are limited to the balance of related-party receivables and payables, and the management fee income and related expense.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2013 and March 31, 2013

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

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 when incurred.

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

Summary of Significant Accounting Policies:

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

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

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

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

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 market value on the date donated.

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its future service utility has declined significantly and unexpectedly. YHA is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. No such events or circumstances were encountered as of December 31, 2013 or March 31, 2013.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2013 and March 31, 2013

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

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

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

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

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

Accrued Compensated Absences — The Housing Authority recognizes an expense for all earned but unused vacation leave. Employees earn between 96 and 176 hours of vacation pay a year, depending on the individual employee's years of employment. Unused vacation pay may be "banked" up to a maximum of 160 hours, any unused vacation in excess of this amount is forfeited. Accrued but unused vacation is payable upon resignation, retirement or death. Sick leave may be carried over from year to year, however accrued but unused sick leave will not be cashed out under any circumstances. Effective January 1, 2013 the organization adopted a personal time off (PTO) policy that combines sick and vacation time into personal time off. Unused PTO may be "banked" up to a maximum of 240 hours, any unused PTO in excess of this amount is forfeited.

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. 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 25, 2014, 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. Mariposa Park Limited Partnership and YHA Family Housing, LLC 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 has evaluated the Partnerships' tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements. With few exceptions, the Partnerships are no longer subject to income tax examinations by tax authorities for years before 2009.

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

Reclassifications — Certain reclassifications of March 31, 2013 amounts have been made in the accompanying financial statements in order to conform with the December 31, 2013 presentation with no effect on previously reported change in net position.

Change in year-end — YHA changed their year-end from March 31 to December 31. The March 31, 2013 information presented represents the 12 months ended March 31, 2013. The December 31, 2013 information presented represents the nine months ended December 31, 2013.

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2013 and March 31, 2013

NOTE 2 — DEPOSITS:

Deposits, including those in restricted assets, are defined as cash or cash equivalents on deposit with financial institutions. At December 31, 2013, the carrying amount of YHA's cash accounts deposited with financial institutions was \$604,963 and the bank balance was \$584,501. At March 31, 2013, the carrying amount of YHA's cash accounts deposited with financial institutions was \$419,208 and the bank balance was \$438,475. The bank deposits are held with financial institutions and are entirely insured or collateralized.

Cash and cash equivalents consist of the following:

	December 31, 2013	March 31, 2013
Cash and cash equivalents - unrestricted	\$ 531,305	\$ 210,572
Cash and cash equivalents - current restricted	786,173	436,034
Total cash and cash equivalents	1,317,478	646,606
Less: cash on hand	(150)	(150)
Total deposits	\$ 1,317,328	\$ 646,456

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. All investments are reported at fair market value, which is obtained from quoted market prices of the exact same investments trading in public markets.

Investments held by YHA are as follows:

	December 31, 2013	March 31, 2013
Money market account	\$ 1,422,075	\$ 1,196,280

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, 2013 and March 31, 2013, none of YHA's deposits and investments were exposed to custodial credit risk.

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

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

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2013 and March 31, 2013

NOTE 3 — INVESTMENTS (continued):

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

		December 31, 2013	March 31, 2013
Money market account	Aaa	100%	100%

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

NOTE 4 — RECEIVABLES:

Receivables consist of the following:

	December 31, 2013	March 31, 2013
Tenants	\$ 124,275	\$ 104,230
Intergovernmental	72,072	262,403
Other	5,173	10,165
Total receivables	201,520	376,798
Less: Allowance for doubtful accounts	(16,569)	(16,569)
	<u>\$ 184,951</u>	<u>\$ 360,229</u>

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Housing Authority of the City of Yakima
Notes to Basic Financial Statements
December 31, 2013 and March 31, 2013

NOTE 5 — CAPITAL ASSETS:

Changes in capital assets during the nine months ended December 31, 2013 and the year ended March 31, 2013 are shown below:

	April 1, 2013	Additions	Transfer/ retirements	December 31, 2013
Capital assets not depreciated:				
Land	\$ 2,434,912	\$ 1,584,000	\$ (818,699)	\$ 3,200,213
Construction in progress	3,272,419	1,092,149	(3,322,419)	1,042,149
Total capital assets not depreciated	5,707,331	2,676,149	(4,141,118)	4,242,362
Capital assets being depreciated:				
Buildings	29,579,051	8,656,903	(14,038,048)	24,197,906
Furniture and Equipment	946,877	255,094	(232,460)	969,511
Total capital assets being depreciated	30,525,928	8,911,997	(14,270,508)	25,167,417
Accumulated depreciation:				
Buildings	15,735,498	688,570	(8,453,078)	7,970,990
Furniture and Equipment	970,916	44,022	(419,618)	595,320
Total accumulated depreciation	16,706,414	732,592	(8,872,696)	8,566,310
Total capital assets	\$ 19,526,845	\$ 10,855,554	\$ (9,538,930)	\$ 20,843,469

	April 1, 2012	Additions	Transfer/ retirements	March 31, 2013
Capital assets not depreciated:				
Land	\$ 2,306,887	\$ 128,025	\$ -	\$ 2,434,912
Construction in progress	567,684	2,832,726	(127,991)	3,272,419
Total capital assets not depreciated	2,874,571	2,960,751	(127,991)	5,707,331
Capital assets being depreciated:				
Buildings	29,383,066	230,527	(34,542)	29,579,051
Furniture and Equipment	978,017	33,020	(64,160)	946,877
Total capital assets being depreciated	30,361,083	263,547	(98,702)	30,525,928
Accumulated depreciation				
Buildings	14,928,003	845,996	(38,501)	15,735,498
Furniture and Equipment	851,906	119,010	-	970,916
Total accumulated depreciation	15,779,909	965,006	(38,501)	16,706,414
Total capital assets	\$ 17,455,745	\$ 2,259,292	\$ (188,192)	\$ 19,526,845

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2013 and March 31, 2013

NOTE 6 — SHORT-TERM NOTE PAYABLE:

During the year ended March 31, 2013 YHA obtained short-term financing to assist with development costs for the refinance and rehabilitation of Nueva Primavera, with a balance outstanding of \$29,966 and \$19,150 at December 31, 2013 and March 31, 2013, respectively. The loan is due the earlier of the close of any financing related to this development, or August 1, 2014. During the nine months ended December 31, 2013 YHA was advanced funds on a revolving loan fund to assist with initial development costs of Toppenish Family Housing, with a balance outstanding at December 31, 2013 of \$3,000.

NOTE 7 — LONG-TERM DEBT:

A summary of changes in YHA's long-term debt for the nine months ended December 31, 2013 and year-ended December 31, 2013 is as follows:

	Balance at April 1, 2013	Additions	Reductions	Balance at December 31, 2013	Due Within One Year
Revenue Bonds:					
U.S. Bank Trust	\$ 1,875,000	\$ -	\$ (80,000)	\$ 1,795,000	\$ 85,000
Real Estate Mortgages:					
United States Dept. of Agriculture	1,077,857	-	(43,927)	1,033,930	59,112
United States Dept. of Agriculture	199,990	10	-	200,000	10,064
Washington Community					
Reinvestment Associates	576,872	-	(14,814)	562,058	19,854
Department of Community Trade					
and Economic Development:					
Glenn Acres	539,100	-	(2,000)	537,100	2,000
Nueva Primavera	1,000,000	-	-	1,000,000	-
Mariposa Park	907,856	-	(4,000)	903,856	4,000
Total long-term debt	<u>\$ 6,176,675</u>	<u>\$ 10</u>	<u>\$ (144,741)</u>	<u>\$ 6,031,944</u>	<u>\$ 180,030</u>

	Balance at April 1, 2012	Additions	Reductions	Balance at March 31, 2013	Due Within One Year
Revenue Bonds:					
U.S. Bank Trust	\$ 1,950,000	\$ -	\$ (75,000)	\$ 1,875,000	\$ 80,000
Real Estate Mortgages:					
United States Dept. of Agriculture	1,135,932	-	(58,075)	1,077,857	58,659
United States Dept. of Agriculture	-	199,990	-	199,990	10,064
Washington Community					
Reinvestment Associates	595,480	-	(18,608)	576,872	19,854
Department of Community Trade					
and Economic Development:					
Glenn Acres	541,100	-	(2,000)	539,100	2,000
Nueva Primavera	1,000,000	-	-	1,000,000	-
Mariposa Park	911,856	-	(4,000)	907,856	4,000
Total long-term debt	<u>\$ 6,134,368</u>	<u>\$ 199,990</u>	<u>\$ (157,683)</u>	<u>\$ 6,176,675</u>	<u>\$ 174,577</u>

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2013 and March 31, 2013

NOTE 7 — LONG-TERM DEBT (continued):

U.S. Bank Trust – A housing revenue bond originally issued in 1998 for \$2,600,000, for the purchase of Nueva Primavera, a 39 unit housing development. Installments are deposited monthly to escrow and subsequently paid on an annual basis to service the debt. Principal payments of \$80,000 and \$75,000 plus interest of 5.2% were paid during the nine months ended December 31, 2013 and the year ended March 31, 2013. Subsequent year principal payments are on an escalating basis, reaching a maximum of \$165,000 in September 2028, the due date of the final payment. The bond is collateralized by property, guaranteed by the City of Yakima, and subject to Federal arbitrage. YHA did not meet the bond covenant requiring debt service coverage of 1.15 at December 31, 2013 or March 31, 2013. Subsequent to year-end the bond was refinanced.

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

United States Department of Agriculture Rural Development – In 2012 YHA was awarded a USDA loan for the construction costs of Cosecha Court. The loan balance was \$200,000 and \$199,990 as of December 31, 2013 and March 31, 2013, respectively. Upon the final draw of \$10, which occurred in November of 2013 the loan is payable in monthly installments over a period of 33 years, bearing an interest rate not to exceed 1%. Debt service began subsequent to year-end. The mortgage is collateralized by the property.

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

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

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

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

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

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

Revenue Bonds:

	Principal	Interest	Total
2014	\$ 85,000	\$ 95,420	\$ 180,420
2015	85,000	91,130	176,130
2016	85,000	86,710	171,710
2017	90,000	82,160	172,160
2018	95,000	77,350	172,350
2019-2023	555,000	305,370	860,370
2024-2028	720,000	140,400	860,400
2029	80,000	4,290	84,290
	<u>\$ 1,795,000</u>	<u>\$ 882,830</u>	<u>\$ 2,677,830</u>

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2013 and March 31, 2013

NOTE 7 — LONG-TERM DEBT (continued):

Real Estate Mortgages:

	Principal	Interest	Total
2014	\$ 95,030	\$ 51,480	\$ 146,510
2015	96,596	49,562	146,158
2016	98,712	57,548	156,260
2017	100,931	55,433	156,364
2018	103,257	53,210	156,467
2019-2023	478,835	197,580	676,415
2024-2028	472,600	111,302	583,902
2029-2033	683,651	61,574	745,225
2034-2038	668,747	39,695	708,442
2039-2043	426,915	19,467	446,382
2044-2048	249,544	7,563	257,107
2049-2052	762,126	74	762,200
	<u>\$ 4,236,944</u>	<u>\$ 704,488</u>	<u>\$ 4,941,432</u>

Compensated Absences:

The compensated absence balances as of December 31, 2013 and March 31, 2013 are as follows:

Compensated absence balances as of March 31, 2012	\$ 59,123
Compensated absences earned by employees	75,339
Compensated absences utilized by employees	(40,869)
Compensated absence balances as of March 31, 2013	93,593
Compensated absences earned by employees	50,221
Compensated absences utilized by employees	(47,495)
Compensated absence balances as of December 31, 2013	<u>\$ 96,319</u>

NOTE 8 — RESTRICTED NET POSITION:

Restricted net position consist 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 the Housing Authority in compliance with legal, regulatory or lending requirements.

NOTE 9 — OPERATING LEASES:

In August of 2012 the Housing Authority entered into an operating lease for a postage machine. The lease calls for monthly payments of \$140 through August of 2017.

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2013 and March 31, 2013

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% (prior to January 1, 2013 it was 12%) of employee payroll after an employee reaches 1,000 hours of employment.

As of December 31, 2013 and March 31, 2013 there were 30 and 31 participants, respectively in the Defined Contribution Plan. The covered payroll for employees in the plan was \$719,118 and \$869,010 at December 31, 2013 and March 31, 2013, respectively.

Employer contributions were \$51,206 for the nine months ended December 31, 2013, which was generated by 8% contributions and \$96,085 for the year ended March 31, 2013, which was generated by 12% contributions through December 31, 2012 and 8% contributions through March 31, 2013. Employees are vested in their account by years of service, 43% (year 1), 54% (year 2), 66% (year 3), 77% (year 4), 89% (year 5), and 100% (year 6).

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

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

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

NOTE 12 — PARTICIPATION IN HOUSING AUTHORITY RISK RETENTION POOL:

YHA has no current, expected or past settlements that would exceed the insurance coverage traditionally insured with property and casualty insurance. YHA is 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 48.62 RCW (self-insurance regulation) 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-six member/owner housing authorities in the states of Washington, Oregon, California and Nevada. Thirty-six of the eighty-six 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.

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2013 and March 31, 2013

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

General and Automobile Liability Coverages are 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. The Property coverage offered by HARRP is on a replacement cost basis, with deductibles ranging from \$1,000 to \$25,000. (Due to special underwriting circumstances, some members may be subject to greater deductibles and E & O co-payments). Fidelity coverage is also offered, with limits of \$100,000 (with options up to \$500,000) for employee dishonesty, forgery or alteration and \$10,000 for theft with deductibles similar to the retention of Property

Coverage limits for General Liability, as well as Errors and Omissions are \$2,000,000 per occurrence with no annual aggregate. Property limits are offered on an agreed amount, based on each structure's value. Limits for Automobile Liability are covered at \$2,000,000, with no aggregate. HARRP self-insures the first \$1.5 million of coverage for liability lines and purchases an additional \$500,000 in reinsurance for a total of \$2 million. For property, HARRP retains the first \$1.5 million and purchases an additional \$500,000 reinsurance policy and 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.

YHA has had no insurance settlement within the last three years that exceeded insurance coverage. YHA is not aware of any loss exposures that may need specialized coverage traditionally excluded in property and casualty insurance.

YHA Family Housing, LLC and Mariposa Park Limited Partnership are members of the Affordable Housing Risk Pool (AHRP). Legislation sponsored by HARRP has been enacted in Washington, Oregon, Nevada, and California to provide statutory authorization for the formation and operation of an insurance pool that offers coverage to private affordable housing entities, specifically tax credit partnerships, affiliated nonprofits, and nonprofit affordable housing owners. AHRP is a wholly owned subsidiary of HARRP, and is governed by a Board of Directors.

The pool allows members to establish a plan of self-insurance, jointly purchase insurance coverage and to provide such related services as risk management and loss control. Coverage for public official liability is on a "claims made basis." All other coverage is on an "occurrence" basis. YHA Family Housing, LLC and Mariposa Park Limited Partnership have elected the similar levels to YHA, as described previously.

NOTE 13— CONTINGENCIES:

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

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

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2013 and March 31, 2013

NOTE 14— RELATED PARTY TRANSACTIONS:

Mariposa Park Limited Partnership:

YHA owns a 0.01% interest in Mariposa Park Limited Partnership (the Partnership), and is the General Partner. YHA manages the Partnership under an amended property management agreement, which provides for a management fee of 5.6% of gross rental collections.

Incentive management fee – Beginning in 1999, the Partnership was required to pay to YHA as the General Partner a noncumulative annual incentive management fee only to the extent funds are available from net cash flows, as defined in the Partnership agreement, in the amount of 6% of effective gross income from the project. As of December 31, 2013 and 2012, incentive management fees of \$-0- and \$6,227, respectively, were expensed and accrued.

Investor services fee – The Partnership agreement also provides for the payment of an investor services fee to the Investment Limited partner. The annual fee is equal to \$1,875, to be increased by 3% per annum, commencing in 2000. The fee is to be paid from the special reserve account or from net cash flows, as defined in the Partnership agreement. Investor service fees of \$2,836 and \$2,754 were expensed for the years ended December 31, 2013 and 2012, respectively. Amounts accrued and owing at December 31, 2013 and 2012, were \$-0-.

Partnership management fee – Beginning in 1999 the Partnership was required to pay to YHA as the General Partner a noncumulative partnership management fee in the annual amount of \$3,000, increased at 3% per annum commencing in 2000. The partnership management fee is payable first from the special reserve account and then, only to the extent funds are available for the payment thereof, from net cash flows, as defined in the Partnership agreement. Such fee is paid for monitoring operations, performing periodic physical inspections, reviewing financial and tax accounting systems, reviewing operating budgets and statements, reviewing management procedures, supervising the preparation of financial statements and tax returns, and monitoring all other matters relating to the legal and tax status of the Partnership. Although the fee is noncumulative, there were sufficient funds to pay the fee, therefore the Partnership management fee was accrued for the year ended December 31, 2013 and 2012 in the amounts of \$4,538 and \$4,406, respectively, and is included in related-party payables.

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

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

Lease expense for the years ended December 31, 2013 and 2012, was \$9,058 and \$8,710, respectively. Outstanding payables for lease expense as of December 31, 2013 and 2012, were \$9,058 and \$8,710, respectively, and were included in related-party payables.

YHA Family Housing, LLC:

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.

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.

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2013 and March 31, 2013

NOTE 14— RELATED PARTY TRANSACTIONS (continued):

YHA Family Housing, LLC (continued):

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), and as of December 31, 2013 improvements of \$1,054,028 had been made. The purchase price was financed on a long-term lease with an initial principal balance of \$6,333,120, all of which was outstanding at December 31, 2013. 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.

At December 31, 2013 YHA contributed \$932,900 of equity to the LLC, which has been eliminated in the accompanying financial statements.

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. This award is expected to provide approximately \$13.4 million dollars of equity contributions from the LLC's limited partner.

The acquisition and rehabilitation of the 150 units is expected to incur a total cost of \$20.9 million dollars. As of December 31, 2013 YHA has \$7.5 million of contracts outstanding on the rehabilitation of the 150 units, and anticipate completion by December 31, 2014.

Under the Amended and Restated Operating Agreement the LLC will be required to make payments to both the managing and limited liability members, including an asset management fee, development fee, and a property management fee.

NOTE 15— RESERVES:

Operating reserve:

The Partnership agreement of Mariposa Park Limited Partnership required a minimum deposit of \$54,332 into an operating reserve account. The reserve is to be used to pay any operating deficits of the Partnership. At December 31, 2013 and 2012 the reserve was over funded by \$7,910 and \$7,755, respectively.

Replacement reserves:

The Partnership agreement of Mariposa Park Limited Partnership requires an annual deposit into a replacement reserve account in an amount not less than \$5,000 for future capital expenditures. At December 31, 2013 and 2012, the replacement reserve balance was \$115,029 and \$114,285, and was fully funded in both years.

Special reserves:

The Partnership agreement of Mariposa Park Limited Partnership requires the Partnership to deposit \$127,937 into a special reserve account upon receipt of the final installment from the Investment Limited Partner. This requirement was met in prior years when the final installment was received. The reserve account was restricted for the first 14 years for payments of the investor services fee, the partnership management fee, and any operating deficits that the operating reserve could not pay. Subsequently, the reserve is now available to be utilized for capital expenditures.

Mortgage reserves:

YHA is required to maintain a reserve for the Nueva Primavera long-term debt borrowing. At December 31, 2013 and March 31, 2013 \$222,925 and \$233,132, respectively was deposited with U.S. Bank and held in reserves in compliance with Nueva Primavera debt covenants.

Capital improvements reserve:

YHA has received funding from USDA RD that is restricted for capital improvements. At December 31, 2013 and March 31, 2013 \$358,079 and \$254,603, respectively were held in reserves, which requires USDA RD approval for disbursements.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2013 and March 31, 2013

NOTE 16— COMMITMENTS:

As of December 31, 2013 YHA had entered into approximately \$8.2 million of contracts related to the YHA Family Housing, LLC construction. At December 31, 2013 YHA had made payments related to services provided under these contracts of approximately \$685,000. The financial statements include an additional \$289,770 of accounts payable related to services provided under these contracts, but were unpaid as of December 31, 2013.

NOTE 17— SUBSEQUENT EVENTS:

Naches House – YHA closed on the purchase of a 51-unit project based rental assistance property for housing elderly and disabled residents. The property was purchased for \$2.25 million, and was financed with a private placement revenue bond and an award from the Washington State Housing Trust Fund.

Nueva Primavera – YHA refinanced Nueva Primavera's existing revenue bond with a private placement revenue bond of \$2,025,000. The initial loan requires 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%, and is due April 30, 2029. As part of this transaction YHA also mortgaged their current office location with a loan of \$390 thousand with an interest rate of 4.25%. The loan will be due in 10 years, and has a 20-year amortization. The debt payments will be serviced by Nueva Primavera cash flows.

Valley Seven – The Valley Seven project had previously included five single family homes. During the nine months ended December 31, 2013 YHA sold one of the homes, and subsequent to year-end sold the remaining four for a total sales price of approximately \$450 thousand. The proceeds from the sale will be restricted to future rehabilitation or developments, subject to approval from USDA.

NOTE 18— ADOPTION OF NEW ACCOUNTING STANDARDS:

New pronouncements – During the nine months ended December 31, 2013 and beyond, YHA has and will implement several new pronouncements of the Governmental Accounting Standards Board (GASB). These pronouncements are as follows:

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, addresses reporting entity issues that have arisen since the issuance of those statements. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. GASB Statement No. 66, *Technical Corrections 2012 – an amendment of GASB Statements No. 10 and No. 62*, resolves conflicting guidance that resulted from previously published GASB statements. The provisions of this Statement are effective for financial statements beginning after December 15, 2012. YHA adopted this provision as of April 1, 2013, which only impacted the presentation of the financial statements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, provides guidance and establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2012. YHA adopted this provision as of April 1, 2013, with no impact on the financial statements.

GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB 25*, improves financial reporting by state and local governmental pension plans. GASB 67 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information supporting assessments of accountability and inter-period equity and creating additional transparency. GASB 67 replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and No. 50, Pension Disclosures. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2013. YHA does not expect that this statement will have a material effect on YHA's financial position or results of operations.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2013 and March 31, 2013

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2014. GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, addresses an issue regarding application of the transition provisions of Statement No. 68. The provisions of this Statement are effective for periods beginning after June 15, 2014. YHA does not expect that this statement will have a material effect on YHA's financial position or results of operations.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The provisions of this Statement are effective for financial periods beginning after December 15, 2013. YHA does not expect that this statement will have a material effect on YHA's financial position or results of operations.

GASB No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, will improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. A government that extends a nonexchange financial guarantee will need to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.

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Housing Authority of the City of Yakima

Combining Financial Schedules

	HUD Low Rent	YHA Unrestricted	Housing Choice Vouchers	Component Unit (YHAFH)
<i>Assets</i>				
<i>Current Assets:</i>				
Cash - unrestricted	\$ -	\$ 368,841	\$ -	\$ 113,920
Accounts receivables, net of allowance	-	24,114	17,667	33,899
Investments - unrestricted	-	29,782	-	200
Prepaid expenses and other assets	-	-	-	40,648
Inventories	-	57,411	-	-
Due from other funds	-	270,444	8,752	-
	-	750,592	26,419	188,667
<i>Restricted Assets:</i>				
Cash - other restricted	-	-	192,911	417,971
Cash - tenant security deposits	-	-	-	29,350
Investments - restricted	-	5,474	420,672	-
	-	5,474	613,583	447,321
Total current assets	-	756,066	640,002	635,988
<i>Noncurrent Assets:</i>				
Investment in Component Units	-	932,900	-	-
Loan Receivable YHA Family Housing, LLC	-	6,333,120	-	-
<i>Capital assets:</i>				
Land	-	113,654	-	1,500,000
Buildings	-	144,492	-	5,536,800
Furniture, equipment and machinery - dwellings	-	118	-	11,879
Furniture, equipment and machinery - admin	-	291,744	4,974	-
Accumulated depreciation	-	(264,876)	(4,974)	(11,972)
Construction in progress	-	-	-	1,042,149
Total noncurrent assets	-	7,551,152	-	8,078,856
Total assets	\$ -	\$ 8,307,218	\$ 640,002	\$ 8,714,844

See accompanying independent auditors' report.

December 31, 2013

Component Unit (Mariposa)	State / Local	Glenn Acres	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ 52,629	\$ (4,085)	\$ 531,305	\$ -	\$ 531,305
4,426	11,673	4,064	89,108	184,951	-	184,951
-	34,504	5	4	64,495	-	64,495
2,671	(10)	-	-	43,309	-	43,309
10,695	-	-	-	68,106	-	68,106
-	-	315,431	-	594,627	(594,627)	-
17,792	46,167	372,129	85,027	1,486,793	(594,627)	892,166
31,325	66,624	-	-	708,831	-	708,831
5,313	9,675	8,717	24,287	77,342	-	77,342
279,846	222,925	70,584	358,079	1,357,580	-	1,357,580
316,484	299,224	79,301	382,366	2,143,753	-	2,143,753
334,276	345,391	451,430	467,393	3,630,546	(594,627)	3,035,919
-	-	-	-	932,900	(932,900)	-
-	-	-	-	6,333,120	(6,333,120)	-
-	874,059	84,100	628,400	3,200,213	-	3,200,213
2,603,602	6,254,154	1,196,554	8,462,304	24,197,906	-	24,197,906
77,885	343,101	29,643	131,702	594,328	-	594,328
78,465	-	-	-	375,183	-	375,183
(1,272,577)	(1,366,343)	(450,557)	(5,195,011)	(8,566,310)	-	(8,566,310)
-	-	-	-	1,042,149	-	1,042,149
1,487,375	6,104,971	859,740	4,027,395	28,109,489	(7,266,020)	20,843,469
\$ 1,821,651	\$ 6,450,362	\$ 1,311,170	\$ 4,494,788	\$ 31,740,035	\$ (7,860,647)	\$ 23,879,388

Continued

Housing Authority of the City of Yakima

Combining Financial Schedules

	HUD Low Rent	YHA Unrestricted	Housing Choice Vouchers	Component Unit (YHAFH)
<i>Liabilities and Net Position</i>				
<i>Current Liabilities:</i>				
Accounts payable less than 90 days	\$ -	\$ 39,932	\$ -	\$ 289,770
Accrued wages and payroll taxes	-	25,602	-	-
Accrued compensated absences				
current portion	-	14,726	14,085	-
Accrued interest payable	-	-	-	-
Unearned revenue	-	-	-	-
Short-term note payable	-	3,000	-	-
Current portion of long term debt	-	-	-	-
Accrued liabilities - other	-	-	-	-
Due to other funds	-	103,922	-	155,283
	-	187,182	14,085	445,053
<i>Payables from Restricted Assets:</i>				
Accounts payable - other government	-	-	844	-
Tenant security deposits	-	-	-	29,350
	-	-	844	29,350
Total current liabilities	-	187,182	14,929	474,403
<i>Noncurrent Liabilities:</i>				
Long-term debt, net of current	-	-	-	6,333,120
Accrued compensated absences, net of current	-	27,220	6,196	-
Total noncurrent liabilities	-	27,220	6,196	6,333,120
Total liabilities	-	214,402	21,125	6,807,523
<i>Net Position:</i>				
Invested in capital assets, net of related debt	-	282,132	-	1,745,736
Restricted for:				
Housing Assistance Payments - Section 8	-	-	454,481	-
Future capital improvements	-	-	-	-
Required reserves	-	-	-	-
Unrestricted net position	-	7,810,684	164,396	161,585
Total net position	-	8,092,816	618,877	1,907,321
Total liabilities and net position	\$ -	\$ 8,307,218	\$ 640,002	\$ 8,714,844

See accompanying independent auditors' report.

December 31, 2013

Component Unit (Mariposa)	State / Local	Glenn Acres	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ 2,231	\$ -	\$ -	\$ -	\$ 331,933	\$ -	\$ 331,933
-	-	-	-	25,602	-	25,602
-	3,773	2,133	12,173	46,890	-	46,890
-	31,199	6,006	591	37,796	-	37,796
1,696	2,750	2,504	22,379	29,329	-	29,329
-	29,966	-	-	32,966	-	32,966
-	99,064	21,854	59,112	180,030	-	180,030
-	-	-	5,377	5,377	-	5,377
-	328,582	1,061	5,779	594,627	(594,627)	-
3,927	495,334	33,558	105,411	1,284,550	(594,627)	689,923
13,596	-	-	-	14,440	-	14,440
5,313	9,675	8,717	24,287	77,342	-	77,342
18,909	9,675	8,717	24,287	91,782	-	91,782
22,836	505,009	42,275	129,698	1,376,332	(594,627)	781,705
-	3,799,792	1,077,304	974,818	12,185,034	(6,333,120)	5,851,914
-	5,687	1,639	8,687	49,429	-	49,429
-	3,805,479	1,078,943	983,505	12,234,463	(6,333,120)	5,901,343
22,836	4,310,488	1,121,218	1,113,203	13,610,795	(6,927,747)	6,683,048
1,487,375	2,176,149	(239,418)	2,993,465	8,445,439	6,333,120	14,778,559
-	-	70,584	-	525,065	-	525,065
-	-	-	358,079	358,079	-	358,079
165,289	337,482	-	-	502,771	-	502,771
146,151	(373,757)	358,786	30,041	8,297,886	(7,266,020)	1,031,866
1,798,815	2,139,874	189,952	3,381,585	18,129,240	(932,900)	17,196,340
\$ 1,821,651	\$ 6,450,362	\$ 1,311,170	\$ 4,494,788	\$ 31,740,035	\$ (7,860,647)	\$ 23,879,388

Continued

Housing Authority of the City of Yakima

Combining Financial Schedules

	HUD Low Rent	Housing Choice Vouchers	Component Unit (Mariposa)	State / Local
<i>Assets</i>				
<i>Current Assets:</i>				
Cash - unrestricted	\$ 296,015	\$ -	\$ -	\$ (15,963)
Accounts receivables, net of allowance	41,252	20,810	5,736	253,791
Investments - unrestricted	27,144	-	-	37,106
Prepaid expenses and other assets	113,068	6,358	2,651	4,717
Inventories	58,960	-	13,214	-
Due from other funds	272,234	-	-	60,633
	<u>808,673</u>	<u>27,168</u>	<u>21,601</u>	<u>340,284</u>
<i>Restricted Assets:</i>				
Cash - other restricted	-	330,181	30,133	-
Cash - tenant security deposits	28,384	-	5,305	9,950
Investments - restricted	-	289,523	281,565	238,602
	<u>28,384</u>	<u>619,704</u>	<u>317,003</u>	<u>248,552</u>
Total current assets	<u>837,057</u>	<u>646,872</u>	<u>338,604</u>	<u>588,836</u>
<i>Noncurrent Assets:</i>				
<i>Capital assets:</i>				
Land	908,069	-	-	809,599
Buildings	13,837,427	-	2,603,602	3,434,807
Furniture, equipment and machinery - dwellings	226,112	-	77,885	97,178
Furniture, equipment and machinery - admin	119,144	4,974	78,465	176,593
Accumulated depreciation	(8,681,382)	(4,974)	(1,192,568)	(1,372,250)
Construction in progress	301,752	-	-	2,970,667
Total noncurrent assets	<u>6,711,122</u>	<u>-</u>	<u>1,567,384</u>	<u>6,116,594</u>
Total assets	<u>\$ 7,548,179</u>	<u>\$ 646,872</u>	<u>\$ 1,905,988</u>	<u>\$ 6,705,430</u>

See accompanying independent auditors' report.

Glenn Acres	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ 47,728	\$ (117,208)	\$ 210,572	\$ -	\$ 210,572
433	38,207	360,229	-	360,229
5	4	64,259	-	64,259
2,795	13,735	143,324	(95,170)	48,154
-	-	72,174	-	72,174
315,000	-	647,867	(647,867)	-
<u>365,961</u>	<u>(65,262)</u>	<u>1,498,425</u>	<u>(743,037)</u>	<u>755,388</u>
-	-	360,314	-	360,314
8,322	23,759	75,720	-	75,720
<u>67,728</u>	<u>254,603</u>	<u>1,132,021</u>	<u>-</u>	<u>1,132,021</u>
<u>76,050</u>	<u>278,362</u>	<u>1,568,055</u>	<u>-</u>	<u>1,568,055</u>
<u>442,011</u>	<u>213,100</u>	<u>3,066,480</u>	<u>(743,037)</u>	<u>2,323,443</u>
84,100	633,144	2,434,912	-	2,434,912
1,196,554	8,506,661	29,579,051	-	29,579,051
29,643	127,654	558,472	-	558,472
-	9,229	388,405	-	388,405
(425,617)	(5,029,623)	(16,706,414)	-	(16,706,414)
-	-	3,272,419	-	3,272,419
<u>884,680</u>	<u>4,247,065</u>	<u>19,526,845</u>	<u>-</u>	<u>19,526,845</u>
<u>\$ 1,326,691</u>	<u>\$ 4,460,165</u>	<u>\$ 22,593,325</u>	<u>\$ (743,037)</u>	<u>\$ 21,850,288</u>

Continued

Housing Authority of the City of Yakima

Combining Financial Schedules

	HUD Low Rent	Housing Choice Vouchers	Component Unit (Mariposa)	State / Local
<i>Liabilities and Net Position</i>				
<i>Current Liabilities:</i>				
Accounts payable less than 90 days	\$ 33,649	\$ -	\$ 6,198	\$ 348,296
Accrued wages and payroll taxes	72,496	-	-	-
Accrued compensated absences				
current portion	31,227	10,821	-	11,070
Accrued interest payable	-	-	-	8,999
Unearned revenue	6,295	-	70	993
Short-term note payable	-	-	-	19,150
Current portion of long term debt	-	-	-	94,064
Accrued liabilities - other	-	-	-	-
Due to other funds	10,280	51,932	10,633	506,146
	<u>153,947</u>	<u>62,753</u>	<u>16,901</u>	<u>988,718</u>
<i>Payables from Restricted Assets:</i>				
Accounts payable - other government	-	-	8,710	-
Tenant security deposits	28,384	-	5,305	9,950
	<u>28,384</u>	<u>-</u>	<u>14,015</u>	<u>9,950</u>
Total current liabilities	<u>182,331</u>	<u>62,753</u>	<u>30,916</u>	<u>998,668</u>
<i>Noncurrent Liabilities:</i>				
Long-term debt, net of current	-	-	-	3,888,782
Accrued compensated absences, net of current	3,035	1,052	-	1,076
Total noncurrent liabilities	<u>3,035</u>	<u>1,052</u>	<u>-</u>	<u>3,889,858</u>
Total liabilities	<u>185,366</u>	<u>63,805</u>	<u>30,916</u>	<u>4,888,526</u>
<i>Net Position:</i>				
Invested in capital assets, net of related debt	6,711,122	-	1,567,384	2,114,598
Restricted for:				
Housing Assistance Payments - Section 8	-	619,704	-	-
Future capital improvements	-	-	-	-
Required reserves	-	-	281,565	238,602
Unrestricted net position	651,691	(36,637)	26,123	(536,296)
Total net position	<u>7,362,813</u>	<u>583,067</u>	<u>1,875,072</u>	<u>1,816,904</u>
Total liabilities and net position	<u>\$ 7,548,179</u>	<u>\$ 646,872</u>	<u>\$ 1,905,988</u>	<u>\$ 6,705,430</u>

See accompanying independent auditors' report.

March 31, 2013

Glenn Acres	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ 388,143	\$ -	\$ 388,143
-	-	72,496	-	72,496
5,886	26,298	85,302	-	85,302
-	591	9,590	-	9,590
1,552	14,421	23,331	-	23,331
-	-	19,150	-	19,150
21,854	58,659	174,577	-	174,577
-	5,377	5,377	-	5,377
21,540	142,506	743,037	(743,037)	-
50,832	247,852	1,521,003	(743,037)	777,966
-	-	8,710	-	8,710
8,322	23,759	75,720	-	75,720
8,322	23,759	84,430	-	84,430
59,154	271,611	1,605,433	(743,037)	862,396
1,094,118	1,019,198	6,002,098	-	6,002,098
572	2,556	8,291	-	8,291
1,094,690	1,021,754	6,010,389	-	6,010,389
1,153,844	1,293,365	7,615,822	(743,037)	6,872,785
(231,292)	3,169,208	13,331,020	-	13,331,020
67,728	-	687,432	-	687,432
-	254,603	254,603	-	254,603
-	-	520,167	-	520,167
336,411	(257,011)	184,281	-	184,281
172,847	3,166,800	14,977,503	-	14,977,503
\$ 1,326,691	\$ 4,460,165	\$ 22,593,325	\$ (743,037)	\$ 21,850,288

Continued

Housing Authority of the City of Yakima

Combining Financial Schedules

	HUD Low Rent	YHA Unrestricted	Housing Choice Vouchers	Component Unit (YHAFH)
<i>Operating Revenue:</i>				
Intergovernmental revenue	\$ -	\$ 9,954	\$ 2,574,625	\$ -
Net tenant rental revenue	246,852	-	(462)	35,853
Other revenue	25,049	105,491	5,583	15,258
Other tenant revenue	24,986	-	-	(1,534)
Total operating revenue	296,887	115,445	2,579,746	49,577
<i>Operating Expenses:</i>				
Administrative:				
Administrative wages	178,033	11,512	64,344	17,722
Professional fees	3,434	19	18,460	185
Employee benefit contributions	33,394	618	40,566	5,247
Other operating - administrative	15,310	724	31,818	2,688
Tenant services	46,094	(870)	43,460	2,822
	276,265	12,003	198,648	28,664
Utilities:				
Electricity	8,404	-	-	1,989
Other utilities expense	169	-	-	71
Sewer	45,606	-	-	719
Water	29,597	-	-	917
	83,776	-	-	3,696
Ordinary maintenance and operations:				
Contract costs	38,758	62,567	23,668	7,414
Employee benefit contributions	33,490	28	287	5,166
Maintenance and operations wages	87,477	(8,576)	628	16,630
Materials and other	17,924	54	2,390	48,418
	177,649	54,073	26,973	77,628
General expenses:				
Depreciation expense	295,552	15,279	-	11,972
Housing assistance payments	-	-	2,301,902	-
Insurance premiums	13,755	-	9,629	2,975
Other general expenses	(10,543)	43,604	6,785	221
Protective services contract costs	425	35	-	-
Payments in lieu of taxes	51	3,647	-	-
	299,240	62,565	2,318,316	15,168
Total operating expenses	836,930	128,641	2,543,937	125,156
<i>Operating Loss</i>	\$ (540,043)	\$ (13,196)	\$ 35,809	\$ (75,579)

See accompanying independent auditors' report.

Nine Months Ended December 31, 2013

Component Unit (Mariposa)	State / Local	Glenn Acres	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,584,579	\$ -	\$ 2,584,579
127,439	196,322	82,525	390,170	1,078,699	-	1,078,699
(18,431)	57,156	2,052	1,747	193,905	-	193,905
163	10,843	2,707	18,479	55,644	-	55,644
109,171	264,321	87,284	410,396	3,912,827	-	3,912,827
-	33,135	24,315	80,795	409,856	-	409,856
6,890	2,274	668	5,632	37,562	-	37,562
2,226	10,748	8,913	31,075	132,787	-	132,787
4,413	6,299	5,402	19,842	86,496	-	86,496
6,042	5,347	5,195	18,990	127,080	-	127,080
19,571	57,803	44,493	156,334	793,781	-	793,781
5,038	11,084	10,704	13,917	51,136	-	51,136
-	608	5,615	256	6,719	-	6,719
11,754	15,794	8,816	85,280	167,969	-	167,969
12,010	13,344	4,711	76,535	137,114	-	137,114
28,802	40,830	29,846	175,988	362,938	-	362,938
19,092	32,901	10,752	99,374	294,526	-	294,526
6,495	11,040	5,401	33,607	95,514	-	95,514
15,026	28,781	13,929	81,323	235,218	-	235,218
9,297	6,751	4,220	44,062	133,116	-	133,116
49,910	79,473	34,302	258,366	758,374	-	758,374
				(683)		
80,009	106,279	24,940	198,561	732,592	-	732,592
-	-	-	-	2,301,902	-	2,301,902
6,567	5,256	2,596	13,596	54,374	-	54,374
280	29,949	9	901	71,206	-	71,206
595	914	358	295	2,622	-	2,622
-	-	53	5,425	9,176	-	9,176
87,451	142,398	27,956	218,778	3,171,872	-	3,171,872
185,734	320,504	136,597	809,466	5,086,965	-	5,086,965
\$ (76,563)	\$ (56,183)	\$ (49,313)	\$ (399,070)	\$ (1,174,138)	\$ -	\$ (1,174,138)

Continued

Housing Authority of the City of Yakima

Combining Financial Schedules

	Low Rent	YHA Unrestricted	Choice Vouchers	Unit (YHAFH)
<i>Operating Loss</i>	<u>\$ (540,043)</u>	<u>\$ (13,196)</u>	<u>\$ 35,809</u>	<u>\$ (75,579)</u>
<i>Nonoperating Revenue (Expenses):</i>				
Gain (loss) on the sale of capital assets	-	970,034	-	-
Interest expense	-	-	-	-
Intergovernmental revenue	227,081	-	-	-
Investment revenue - restricted	-	-	1	-
Investment revenue - unrestricted	24	8	-	-
Total nonoperating revenue (expenses)	<u>227,105</u>	<u>970,042</u>	<u>1</u>	<u>-</u>
<i>Income (Loss) Before Other Revenue, Expenses, Gains, Losses, and Transfers</i>	(312,938)	956,846	35,810	(75,579)
Operating transfer	(7,521,988)	6,943,521	-	-
Pass through funds	-	-	-	-
Capital grants	472,113	-	-	-
<i>Increase (Decrease) in Net Position</i>	<u>(7,362,813)</u>	<u>7,900,367</u>	<u>35,810</u>	<u>(75,579)</u>
<i>Net Position, Beginning of Year</i>	7,362,813	-	583,067	-
<i>Capital contribution</i>	-	-	-	1,982,900
<i>Equity transfer</i>	-	192,449	-	-
<i>Net Position, End of Year</i>	<u>\$ -</u>	<u>\$ 8,092,816</u>	<u>\$ 618,877</u>	<u>\$ 1,907,321</u>

See accompanying independent auditors' report.

Nine Months Ended December 31, 2013

Unit (Mariposa)	State / Local	Glenn Acres	Assistance Programs	Subtotal	Eliminating Entries	Total
<u>\$ (76,563)</u>	<u>\$ (56,183)</u>	<u>\$ (49,313)</u>	<u>\$ (399,070)</u>	<u>\$ (1,174,138)</u>	<u>\$ -</u>	<u>\$ (1,174,138)</u>
-	-	-	59,082	1,029,116	-	1,029,116
-	(91,360)	(33,767)	(3,493)	(128,620)	-	(128,620)
-	-	100,183	368,410	695,674	-	695,674
-	-	2	158	161	-	161
<u>306</u>	<u>8,149</u>	<u>-</u>	<u>3</u>	<u>8,490</u>	<u>-</u>	<u>8,490</u>
<u>306</u>	<u>(83,211)</u>	<u>66,418</u>	<u>424,160</u>	<u>1,604,821</u>	<u>-</u>	<u>1,604,821</u>
(76,257)	(139,394)	17,105	25,090	430,683	-	430,683
-	388,772	-	189,695	-	-	-
-	(171,327)	-	-	(171,327)	-	(171,327)
-	437,368	-	-	909,481	-	909,481
<u>(76,257)</u>	<u>515,419</u>	<u>17,105</u>	<u>214,785</u>	<u>1,168,837</u>	<u>-</u>	<u>1,168,837</u>
1,875,072	1,816,904	172,847	3,166,800	14,977,503	-	14,977,503
-	-	-	-	1,982,900	(932,900)	1,050,000
-	(192,449)	-	-	-	-	-
<u>\$ 1,798,815</u>	<u>\$ 2,139,874</u>	<u>\$ 189,952</u>	<u>\$ 3,381,585</u>	<u>\$ 18,129,240</u>	<u>\$ (932,900)</u>	<u>\$ 17,196,340</u>

Continued

Housing Authority of the City of Yakima

Combining Financial Schedules

	HUD Low Rent	Housing Choice Vouchers	Component Unit (Mariposa)	State / Local
<i>Operating Revenue:</i>				
Intergovernmental revenue	\$ -	\$ 3,815,409	\$ -	\$ -
Net tenant rental revenue	413,293	(6,085)	127,502	245,260
Other revenue	12,965	12,697	(20,262)	128,967
Other tenant revenue	34,019	-	(1,124)	27,585
Total operating revenue	460,277	3,822,021	106,116	401,812
<i>Operating Expenses:</i>				
Administrative:				
Administrative wages	167,758	165,143	-	51,044
Professional fees	21,826	5,758	6,890	5,487
Employee benefit contributions	79,185	47,844	3,730	18,575
Other operating - administrative	31,975	43,787	4,371	9,508
Tenant services	69,034	13	8,255	12,519
	369,778	262,545	23,246	97,133
Utilities:				
Electricity	18,099	-	3,563	9,138
Other utilities expense	1,430	-	-	895
Sewer	69,281	-	10,581	15,858
Water	46,522	-	11,972	14,633
	135,332	-	26,116	40,524
Ordinary maintenance and operations:				
Contract costs	98,789	33,892	17,663	46,381
Employee benefit contributions	43,126	2,870	7,307	22,092
Maintenance and operations wages	113,292	8,562	16,827	48,642
Materials and other	54,836	2,954	9,288	13,381
	310,043	48,278	51,085	130,496
General expenses:				
Depreciation expense	486,961	-	80,038	111,283
Housing assistance payments	-	3,173,252	-	-
Insurance premiums	20,390	8,126	6,462	7,087
Other general expenses	14,480	9,790	565	34,930
Protective services contract costs	20,985	-	561	795
Payments in lieu of taxes	-	-	-	-
	542,816	3,191,168	87,626	154,095
Total operating expenses	1,357,969	3,501,991	188,073	422,248
<i>Operating Loss</i>	\$ (897,692)	\$ 320,030	\$ (81,957)	\$ (20,436)

See accompanying independent auditors' report.

Year Ended March 31, 2013

Glenn Acres	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ 3,815,409	\$ -	\$ 3,815,409
101,174	557,691	1,438,835	-	1,438,835
2,685	1,179	138,231	-	138,231
2,190	26,153	88,823	-	88,823
106,049	585,023	5,481,298	-	5,481,298
24,628	157,063	565,636	-	565,636
1,819	13,950	55,730	-	55,730
11,756	63,766	224,856	-	224,856
7,338	30,153	127,132	-	127,132
12,084	50,368	152,273	-	152,273
57,625	315,300	1,125,627	-	1,125,627
13,688	21,151	65,639	-	65,639
8,402	653	11,380	-	11,380
11,095	119,736	226,551	-	226,551
6,213	106,684	186,024	-	186,024
39,398	248,224	489,594	-	489,594
17,564	147,978	362,267	-	362,267
8,566	60,549	144,510	-	144,510
21,819	149,435	358,577	-	358,577
5,659	45,294	131,412	-	131,412
53,608	403,256	996,766	-	996,766
33,429	253,295	965,006	-	965,006
-	-	3,173,252	-	3,173,252
3,356	17,477	62,898	-	62,898
-	1,078	60,843	-	60,843
488	32	22,861	-	22,861
-	5,349	5,349	-	5,349
37,273	277,231	4,290,209	-	4,290,209
187,904	1,244,011	6,902,196	-	6,902,196
\$ (81,855)	\$ (658,988)	\$ (1,420,898)	\$ -	\$ (1,420,898)

Continued

Housing Authority of the City of Yakima

Combining Financial Schedules

	Low Rent	Choice Vouchers	Unit (Mariposa)	State / Local
<i>Operating Loss</i>	<u>\$ (897,692)</u>	<u>\$ 320,030</u>	<u>\$ (81,957)</u>	<u>\$ (20,436)</u>
<i>Nonoperating Revenue (Expenses):</i>				
Gain (loss) on the sale of capital assets	-	-	-	(2,461)
Interest expense	-	-	-	(100,055)
Intergovernmental revenue	372,830	-	-	-
Investment revenue - restricted	-	423	-	-
Investment revenue - unrestricted	80	-	662	9,179
Total nonoperating revenue (expenses)	<u>372,910</u>	<u>423</u>	<u>662</u>	<u>(93,337)</u>
<i>Income (Loss) Before Other Revenue, Expenses, Gains, Losses, and Transfers</i>	(524,782)	320,453	(81,295)	(113,773)
Capital grants	26,818	-	-	2,911,362
<i>Increase (Decrease) in Net Position</i>	<u>(497,964)</u>	<u>320,453</u>	<u>(81,295)</u>	<u>2,797,589</u>
<i>Net Position, Beginning of Year</i>	<u>7,860,777</u>	<u>262,614</u>	<u>1,956,367</u>	<u>(980,685)</u>
<i>Net Position, End of Year</i>	<u><u>\$ 7,362,813</u></u>	<u><u>\$ 583,067</u></u>	<u><u>\$ 1,875,072</u></u>	<u><u>\$ 1,816,904</u></u>

See accompanying independent auditors' report.

Year Ended March 31, 2013

Glenn Acres	Assistance Programs	Subtotal	Eliminating Entries	Total
<u>\$ (81,855)</u>	<u>\$ (658,988)</u>	<u>\$ (1,420,898)</u>	<u>\$ -</u>	<u>\$ (1,420,898)</u>
-	-	(2,461)	-	(2,461)
(38,158)	(5,243)	(143,456)	-	(143,456)
134,997	307,498	815,325	-	815,325
(13)	441	851	-	851
-	66	9,987	-	9,987
<u>96,826</u>	<u>302,762</u>	<u>680,246</u>	<u>-</u>	<u>680,246</u>
14,971	(356,226)	(740,652)	-	(740,652)
-	-	2,938,180	-	2,938,180
<u>14,971</u>	<u>(356,226)</u>	<u>2,197,528</u>	<u>-</u>	<u>2,197,528</u>
157,876	3,523,026	12,779,975	-	12,779,975
<u>\$ 172,847</u>	<u>\$ 3,166,800</u>	<u>\$ 14,977,503</u>	<u>\$ -</u>	<u>\$ 14,977,503</u>

Continued

Housing Authority of the City of Yakima

Notes to Combining Financial Schedules

December 31, 2013 and March 31, 2013

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

YHA Unrestricted – 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.

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.

Component Unit (YHAFH) – Used to account for the administration, operating, maintenance, improvement and construction of YHA’s independently owned low- income housing units, YHA Family Housing, LLC.

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

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

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

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

Housing Authority of the City of Yakima

Statistical Section:

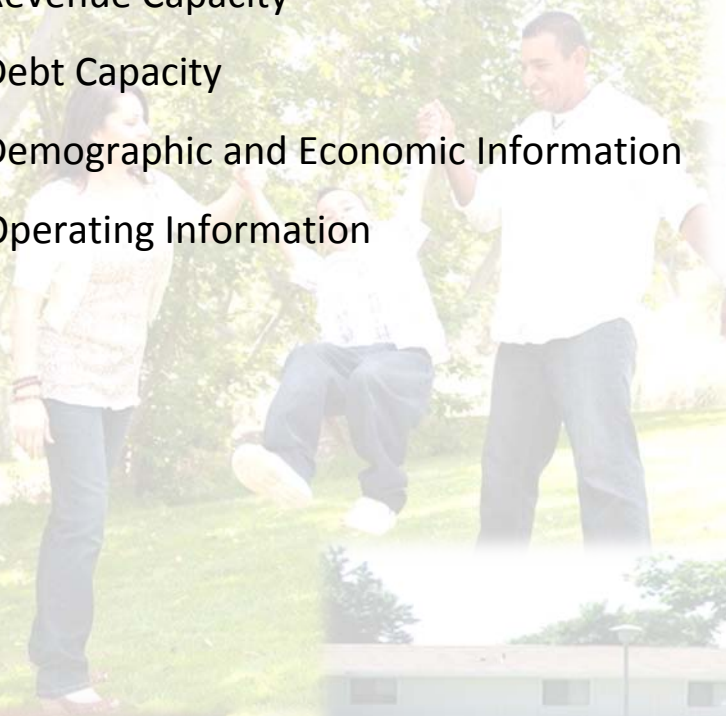
Financial Trends

Revenue Capacity

Debt Capacity

Demographic and Economic Information

Operating Information



Housing Authority of the City of Yakima

Statistical Section

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

Contents	Tables
Financial Trends <i>These schedules contain trend information to help the reader understand how YHA’s Financial performance and well-being have changed over the past 10 years.</i>	1 - 2
Revenue Capacity <i>These schedules contain trend information to help the reader assess YHA’s most significant revenue sources.</i>	3 - 4
Debt Capacity <i>These schedules contain trend information to help the reader assess the affordability of YHA’s current levels of outstanding debt and ability to issue additional debt in the future.</i>	5 - 6
Demographic and Economic Information <i>These schedules contain trend information of the demographic and economic indicators to help the reader understand the environment within which YHA’s financial activities take place.</i>	7 - 10
Operating Information <i>These schedules contain data to help the reader understand how the information in YHA’s financial report relates to the services YHA provides and the activities it performs.</i>	11 - 13

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

Table 1

Fiscal Year	Invested in capital assets, net of related debt	Restricted Net Position	Unrestricted Net Position	Total
3/31/2005	\$ 14,296,987	\$ 1,298,440	\$ 1,017,621	\$ 16,613,048
3/31/2006	13,663,496	1,318,495	1,133,058	16,115,049
3/31/2007	13,071,385	1,380,176	1,566,400	16,017,961
3/31/2008	12,536,386	2,038,030	889,649	15,464,065
3/31/2009	12,054,435	1,286,617	712,132	14,053,184
3/31/2010	11,898,084	1,519,605	584,979	14,002,668
3/31/2011	11,594,426	1,903,860	419,791	13,918,077
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	1,385,915	1,031,866	17,196,340

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, 2005	March 31, 2006	March 31, 2007	March 31, 2008
<i>Operating Revenue:</i>				
Intergovernmental revenue	\$ 2,847,262	\$ 2,923,874	\$ 2,973,170	\$ 2,822,660
Net tenant revenue	1,352,543	1,356,523	1,311,336	1,330,080
Other revenue	89,068	96,270	81,685	68,852
	<u>4,288,873</u>	<u>4,376,667</u>	<u>4,366,191</u>	<u>4,221,592</u>
<i>Operating Expenses:</i>				
Administrative	898,834	915,152	928,853	933,771
Utilities	332,725	356,201	349,731	392,369
Ordinary maintenance and operating	786,460	801,946	840,911	964,442
General expenses	109,488	85,810	95,794	107,293
Depreciation	930,670	916,331	914,010	896,353
Housing assistance payments	2,495,773	2,417,440	2,453,317	2,360,319
	<u>5,553,950</u>	<u>5,492,880</u>	<u>5,582,616</u>	<u>5,654,547</u>
<i>Operating Loss</i>	<u>(1,265,077)</u>	<u>(1,116,213)</u>	<u>(1,216,425)</u>	<u>(1,432,955)</u>
<i>Nonoperating Revenue (Expenses):</i>				
Intergovernmental	682,098	684,271	877,169	874,823
Investment revenue	31,475	69,528	107,283	92,903
Interest expense	(180,058)	(186,494)	(172,372)	(187,727)
Gain (loss) on disposition of assets	723	(2,970)	637	(551)
	<u>534,238</u>	<u>564,335</u>	<u>812,717</u>	<u>779,448</u>
<i>Income (Loss) before Capital Contributions</i>	<u>(730,839)</u>	<u>(551,878)</u>	<u>(403,708)</u>	<u>(653,507)</u>
Pass-through funds	-	-	-	-
Capital grants	56,547	49,912	138,803	99,613
Change in net assets	(674,292)	(501,966)	(264,905)	(553,894)
<i>Net Position, Beginning of Year</i>	17,289,720	16,613,048	16,115,049	16,017,961
Prior Period Adjustments	(2,380)	3,967	167,817	-
Capital contributions				
<i>Net Position, End of Year</i>	<u>\$ 16,613,048</u>	<u>\$ 16,115,049</u>	<u>\$ 16,017,961</u>	<u>\$ 15,464,067</u>

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

Table 2

March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2011	March 31, 2013	December 31, 2013
\$ 2,374,716	\$ 3,268,206	\$ 3,497,573	\$ 3,185,813	\$ 3,815,409	\$ 2,584,579
1,260,215	1,397,600	1,538,154	1,565,334	1,438,835	1,078,699
90,200	128,759	131,106	87,956	227,054	249,549
<u>3,725,131</u>	<u>4,794,565</u>	<u>5,166,833</u>	<u>4,839,103</u>	<u>5,481,298</u>	<u>3,912,827</u>
982,928	1,102,357	1,249,031	1,146,621	1,125,627	793,781
390,490	391,885	401,144	422,142	489,594	362,938
815,891	958,737	1,155,248	1,257,626	996,766	758,374
177,691	90,117	136,560	119,752	151,951	137,378
902,067	905,727	920,762	952,333	965,006	732,592
2,785,701	2,691,392	2,592,785	3,141,614	3,173,252	2,301,902
<u>6,054,768</u>	<u>6,140,215</u>	<u>6,455,530</u>	<u>7,040,088</u>	<u>6,902,196</u>	<u>5,086,965</u>
(2,329,637)	(1,345,650)	(1,288,697)	(2,200,985)	(1,420,898)	(1,174,138)
872,089	1,096,923	1,035,714	1,059,030	815,325	695,674
17,431	8,641	3,322	2,893	10,838	8,651
(178,340)	(172,527)	(163,405)	(103,057)	(143,456)	(128,620)
9,292	(1,387)	81,375	-	(2,461)	1,029,116
<u>720,472</u>	<u>931,650</u>	<u>957,006</u>	<u>958,866</u>	<u>680,246</u>	<u>1,604,821</u>
(1,609,165)	(414,000)	(331,691)	(1,242,119)	(740,652)	430,683
-	-	-	-	-	(171,327)
198,282	363,484	247,100	104,017	2,938,180	909,481
(1,410,883)	(50,516)	(84,591)	(1,138,102)	2,197,528	1,168,837
15,464,067	14,053,184	14,002,668	13,918,077	12,779,975	14,977,503
-	-	-	-	-	1,050,000
<u>\$ 14,053,184</u>	<u>\$ 14,002,668</u>	<u>\$ 13,918,077</u>	<u>\$ 12,779,975</u>	<u>\$ 14,977,503</u>	<u>\$ 17,196,340</u>

Continued

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
3/31/05	\$ 1,352,543	31.54%	\$ 2,847,262	66.39%	\$ 89,068	2.08%	\$ 4,288,873	100.00%
3/31/06	1,356,523	30.99%	2,923,874	66.81%	96,270	2.20%	4,376,667	100.00%
3/31/07	1,311,336	30.03%	2,973,170	68.10%	81,685	1.87%	4,366,191	100.00%
3/31/08	1,330,080	31.51%	2,822,660	66.86%	68,852	1.63%	4,221,592	100.00%
3/31/09	1,260,215	33.83%	2,374,716	63.75%	90,200	2.42%	3,725,131	100.00%
3/31/10	1,397,600	29.15%	3,268,206	68.16%	128,759	2.69%	4,794,565	100.00%
3/31/11	1,397,600	29.15%	3,268,206	68.16%	128,759	2.69%	4,794,565	100.00%
3/31/12	1,538,154	29.77%	3,497,573	67.69%	131,106	2.54%	5,166,833	100.00%
3/31/13	1,438,835	26.25%	3,815,409	69.61%	227,054	4.14%	5,481,298	100.00%
12/31/13	1,078,699	27.57%	2,584,579	66.05%	249,549	6.38%	3,912,827	100.00%

Note: The December 31, 2013 data is for a nine-month period, the remaining 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
3/31/05	\$ 682,098	95.49%	\$ 31,475	4.41%	\$ 723	0.10%	\$ 714,296	100.00%
3/31/06	684,271	91.14%	69,528	9.26%	(2,970)	-0.40%	750,829	100.00%
3/31/07	877,169	89.04%	107,283	10.89%	637	0.07%	985,089	100.00%
3/31/08	874,823	90.45%	92,903	9.61%	(551)	-0.06%	967,175	100.00%
3/31/09	872,089	97.03%	17,431	1.94%	9,292	1.03%	898,812	100.00%
3/31/10	1,096,923	99.34%	8,641	0.78%	(1,387)	-0.12%	1,104,177	100.00%
3/31/11	1,035,714	92.44%	3,322	0.30%	81,375	7.26%	1,120,411	100.00%
3/31/12	1,059,030	99.73%	2,893	0.27%	-	0.00%	1,061,923	100.00%
3/31/13	815,325	98.98%	10,838	1.32%	(2,461)	-0.30%	823,702	100.00%
12/31/13	695,674	40.13%	8,651	0.50%	1,029,116	59.37%	1,733,441	100.00%

Note: The December 31, 2013 data is for a nine-month period, the remaining 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)

	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
Revenue (excluding HAP subsidy)	\$ 2,279,099	\$ 2,650,541	\$ 2,903,774	\$ 2,869,364	\$ 2,866,009
Expenses (excluding depreciation, HAP)	2,373,197	2,407,867	2,447,865	2,655,371	2,629,917
Revenue available for debt service	<u>\$ (94,098)</u>	<u>\$ 242,674</u>	<u>\$ 455,909</u>	<u>\$ 213,993</u>	<u>\$ 236,092</u>
Debt Service Requirements:					
Principal	\$ 121,970	\$ 128,306	\$ 134,701	\$ 136,157	\$ 142,678
Interest	180,058	186,494	172,372	187,727	178,340
Total	<u>\$ 302,028</u>	<u>\$ 314,800</u>	<u>\$ 307,073</u>	<u>\$ 323,884</u>	<u>\$ 321,018</u>
Debt service coverage	(0.31)	0.77	1.48	0.66	0.74

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

Table 5

March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013	December 31, 2013
<u>\$ 3,518,500</u>	<u>\$ 3,565,321</u>	<u>\$ 3,342,310</u>	<u>\$ 2,949,559</u>	<u>\$ 2,493,948</u>
<u>2,866,419</u>	<u>3,215,258</u>	<u>3,195,606</u>	<u>2,763,939</u>	<u>2,052,471</u>
<u><u>\$ 652,081</u></u>	<u><u>\$ 350,063</u></u>	<u><u>\$ 146,704</u></u>	<u><u>\$ 185,620</u></u>	<u><u>\$ 441,477</u></u>
<u>\$ 144,271</u>	<u>\$ 147,938</u>	<u>\$ 157,683</u>	<u>\$ 174,577</u>	<u>\$ 180,030</u>
<u>172,527</u>	<u>154,506</u>	<u>152,760</u>	<u>146,900</u>	<u>146,900</u>
<u><u>\$ 316,798</u></u>	<u><u>\$ 302,444</u></u>	<u><u>\$ 310,443</u></u>	<u><u>\$ 321,477</u></u>	<u><u>\$ 326,930</u></u>
2.06	1.16	0.47	0.58	1.35

Continued

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
3/31/05	\$ 4,718,389	\$ 2,375,000	\$ 7,093,389	\$ 31,813,568	22.79%
3/31/06	4,646,419	2,325,000	6,971,419	31,829,643	22.30%
3/31/07	4,573,113	2,270,000	6,843,113	31,997,319	21.90%
3/31/08	4,498,412	2,210,000	6,708,412	32,168,607	21.39%
3/31/09	4,422,254	2,150,000	6,572,254	32,158,166	20.85%
3/31/10	4,344,577	2,085,000	6,429,577	32,587,230	20.44%
3/31/11	4,265,306	2,020,000	6,285,306	32,709,767	19.73%
3/31/12	4,184,368	1,950,000	6,134,368	33,235,654	18.46%
3/31/13	4,301,675	1,875,000	6,176,675	36,233,259	17.05%
12/31/13	4,236,944	1,795,000	6,031,944	29,409,779	20.51%

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 / Statistics – Last Ten Fiscal Years
(Unaudited)

Table 7

<u>Year</u>	<u>Yakima & Kittitas County Population</u>	<u>Residents of YHA</u>	<u>Yakima & Kittitas County Unemployment Rate</u>
3/31/05	265,900	2,946	7.3%
3/31/06	269,200	2,873	6.4%
3/31/07	272,500	2,536	5.9%
3/31/08	275,300	2,483	5.6%
3/31/09	278,300	2,924	7.0%
3/31/10	279,600	2,472	8.8%
3/31/11	286,000	2,266	10.6%
3/31/12	287,500	2,833	11.0%
3/31/13	289,150	2,725	10.3%
12/31/13	288,944	2,581	8.7%

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
(Unaudited)

Table 8

	2013		
	Employees	Rank	Percentage of Total County Employment
Yakima Valley Memorial Hospital	2,200	1	1.85%
Walmart	1,700	2	1.43%
Yakima School District, No. 7	1,756	3	1.48%
Zirkle Fruit	1,500	4	1.26%
Washington Fruit and Produce	1,500	5	1.26%
Borton Fruit	1,212	6	1.02%
Yakima County	1,027	7	0.86%
Monson Fruit	1,023	8	0.86%
Yakima Valley Farmworkers Clinic	1,006	9	0.85%
Yakima Regional Medical Center	985	10	0.83%

	2004		
	Employees	Rank	Percentage of Total County Employment
Yakima School District, No. 7	1,739	1	2.33%
Tree Top, Inc.	1,298	2	1.74%
Yakima Regional Medical Center	1,135	3	1.52%
Yakima County	1,265	4	1.70%
Yakima Valley Memorial Hospital	949	5	1.27%
Snokist Growers	877	6	1.18%
City of Yakima	625	7	0.84%
Western Recreational Vehicles, Inc.	581	8	0.78%
Shields Bag & Printing, Co.	522	9	0.70%
Yakima Valley Community College	433	10	0.58%

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
3/31/05	691	529	69	1,289
3/31/06	595	512	83	1,190
3/31/07	586	495	73	1,154
3/31/08	559	444	79	1,082
3/31/09	708	565	94	1,367
3/31/10	555	471	92	1,118
3/31/11	592	398	57	1,047
3/31/12	705	510	80	1,295
3/31/13	674	509	84	1,267
12/31/13	588	455	88	1,131
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
3/31/05	760	722	175	1,657
3/31/06	780	723	180	1,683
3/31/07	661	577	144	1,382
3/31/08	651	606	144	1,401
3/31/09	712	690	155	1,557
3/31/10	603	599	152	1,354
3/31/11	598	498	123	1,219
3/31/12	705	670	163	1,538
3/31/13	663	624	171	1,458
12/31/13	655	616	179	1,450

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
3/31/05	298	937	21	9	24	1,289
3/31/06	206	925	22	16	21	1,190
3/31/07	189	926	7	13	19	1,154
3/31/08	154	889	8	15	16	1,082
3/31/09	177	1,144	0	25	21	1,367
3/31/10	160	931	-	14	13	1,118
3/31/11	137	864	11	28	7	1,047
3/31/12	246	971	13	39	26	1,295
3/31/13	193	1,005	21	33	15	1,267
12/31/13	135	926	18	35	17	1,131

Housing Choice Voucher Program

Fiscal Year	Caucasian	Latino	African American	Native American	Other	Total
3/31/05	913	593	73	62	16	1,657
3/31/06	902	621	85	59	16	1,683
3/31/07	720	495	102	54	11	1,382
3/31/08	715	532	80	61	13	1,401
3/31/09	811	549	98	76	23	1,557
3/31/10	678	492	88	71	25	1,354
3/31/11	553	512	101	44	9	1,219
3/31/12	969	338	139	77	15	1,538
3/31/13	778	477	109	62	32	1,458
12/31/13	739	488	132	77	14	1,450

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	YHA Family Housing	Cosecha Court *	Nueva Primavera	Mariposa Park LP	Glenn Acres	Total
3/31/05	150	147	603	-	-	-	-	39	26	38	1,003
3/31/06	150	147	603	-	-	-	-	39	26	38	1,003
3/31/07	150	147	603	-	-	-	-	39	26	38	1,003
3/31/08	150	147	605	-	-	-	-	39	26	38	1,005
3/31/09	150	147	618	-	-	-	-	39	26	38	1,018
3/31/10	150	147	618	35	-	-	-	39	26	38	1,053
3/31/11	150	147	618	60	15	-	-	39	26	38	1,093
3/31/12	150	147	635	60	15	-	-	39	26	38	1,110
3/31/13	150	147	635	70	15	-	-	39	26	38	1,120
12/31/13	-	146	660	70	15	150	10	39	26	38	1,154

* Seasonal Farmworker Housing - 10 units, 76 beds.

Source: YHA development and deed files

Housing Authority of the City of Yakima

Property Characteristics and Unit Composition – Last Ten Fiscal Years

(Unaudited)

Table 12

Name of Development	Address	Number of Units	Year built or acquired
Valley Seven (Farm Labor Units):			
Harvest Plaza	301-309 S 1st St	10	1980
	208-212 S 2nd St	6	1980
Horizon Apartments	712 Washington Ave	9	1982
	501 & 502 E 1st Ave	12	1982
	115 & 117 S 'G' St	2	1982
	517 N Elm St	1	1982
Linda Vista	1106 Washington Ave	4	1993
	810 Monroe Ave	2	1993
	822 Rentschler Ave	3	1993
	701-709 Guyette	12	1993
	708 Rentschler Ave	4	1993
	712 Rentschler Ave	3	1993
	308 W 3rd	2	1993
Valley West	16901-16907 Summitview	4	1992
	16941-16947 Summitview	4	1992
	1002-1006 Naches Ave	3	1992
	400/402 Newland Pl	2	1992
	815/817 Franklin	2	1992
	1215/1217 Tieton Ave	2	1992
	261/263 S Tieton Rd	2	1992
	19861-19867 Summitview	4	1992
Pioneer Plaza	408-412 E Spruce St	3	1983
	902-906 E Beech St	3	1983
	115-1121 Pleasant Ave	4	1983
	1314-1316 S 12th Ave	2	1983
	1408-1414 Willow St	4	1983
	507/509 N 6th Ave	2	1983
	510/512 Cherry Ave	2	1983
Sage Court	614 Washington	7	1986
	110 S Beech St	3	1986
Sunset Terrace	417/419/503/505 N 6th Ave	4	1986
	1004-1010 Buwalda	4	1986
	202 N 9th St	2	1986
	1707 Pleasant Ave	2	1986
	509 S 10th St	1	1986
	332 S 9th St	1	1986
	311 S 7th St	1	1986
	1611-1617 S 1st St	4	1986
	603/605 S 4th St	2	1986
	1112/1114 S 18th Ave	2	1986
Total Valley Seven (Farm Labor Units)		146	

Housing Authority of the City of Yakima
Property Characteristics and Unit Composition – Last Ten Fiscal Years
(Unaudited)

Table 12

Total Valley Seven (Farm Labor Units) (brought forward)			<u>146</u>	
YHA Family Housing, LLC:				
Fair Avenue Apartments - 42-1	110 S Fair Ave		14	1979
Pacific Apartments - 42-1	504/508 Pacific		15	1979
Evergreen Apartments - 42-1	1322 S 18th Ave		6	1979
Cascade Apartments - 42-1	615 N 15th Ave		15	1979
Eastwood Apartments - 42-1	610 E Arlington St		10	1979
Spruce Lane Apartments - 42-2	914 E Spruce St		20	1980
Edgewood Apartments - 42-2	621 N 16th Ave		10	1980
Willow Lane Apartments - 42-2	1214 Willow St		10	1980
Sierra Apartments - 42-2	603 Central Ave		14	1980
Parkview Apartments - 42-2	801 Central Ave		10	1980
9th Street Apartments - 42-3	1212 S 9th St		4	1982
Yakima Terrace- 42-6	1307/1309/1311 A & B S 18th Ave		6	1987
Nueva Primavera -42-7	810 N 6th Ave		<u>16</u>	1999
Total Public Housing Units			<u>150</u>	
Other housing developments:				
Nueva Primavera	1118 Fruitvale Ave & 810 N 6th Ave		39	1999
Mariposa Apartments	314 Cherry Ave/918 & 919 Fenton		26	1999
Glenn Acres	15 N 37th Ave		38	1999
Cosecha Court (76 beds)	416 5th Street		<u>10</u>	2013
Total other housing developments:			<u>113</u>	
Total Units			<u><u>409</u></u>	

Source: YHA development and deed files

Continued

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

Table 13

Fiscal Year	Administration	Finance	Housing	Maintenance	Total
3/31/05	2	5	11	11	29
3/31/06	2	5	10	11	28
3/31/07	2	5	10	10	27
3/31/08	2	5	10	10	27
3/31/09	2	5	10	11	28
3/31/10	2	5	10	12	29
3/31/11	2	5	12	11	30
3/31/12	2	5	10	10	27
3/31/13	2	4	10	8	24
12/31/13	2	4	10	8	24

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

Housing Authority of the City of Yakima

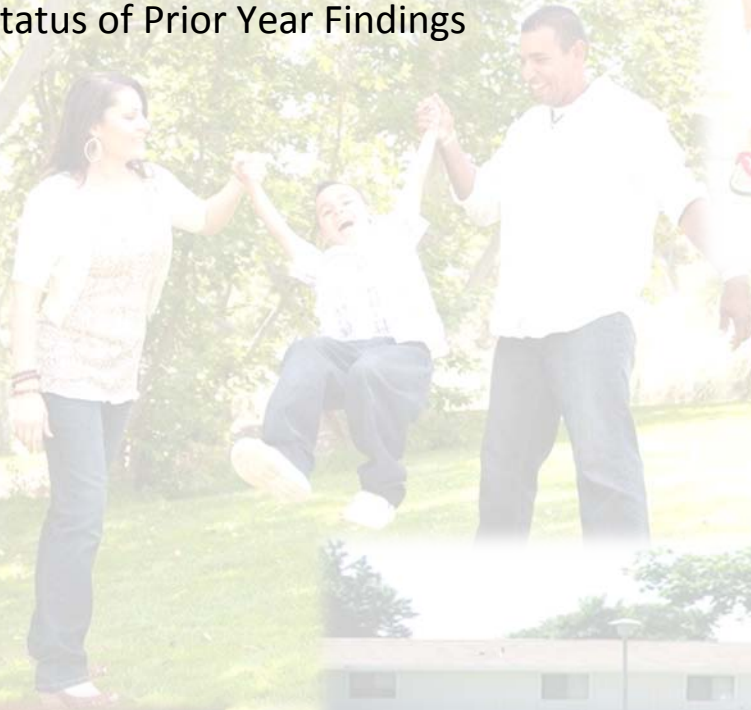
Single Audit Section:

Independent Auditors' Reports

Schedule of Expenditures of Federal Awards

Schedule of Findings and Questioned Costs

Status of Prior Year Findings



*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*

To the 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 Housing Authority of the City of Yakima, as of and for the nine month period ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Yakima's basic financial statements, and have issued our report thereon dated July 25, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Yakima's internal control over financial reporting (internal control) to determine the 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 Housing Authority of the City of Yakima's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Yakima'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 misstatement of the entity'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 the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2013-001 that we consider a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Yakima's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2013-002.

Housing Authority of the City of Yakima's Response to Findings

Housing Authority of the City of Yakima's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Housing Authority of the City of Yakima'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Petersen CPAs + Advisors, PLLC

July 25, 2014

*INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133*

To the 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 compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Housing Authority of the City of Yakima's major federal programs for the nine month period ended December 31, 2013. The Housing Authority of the City of Yakima's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the City of Yakima's major federal programs 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Yakima's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of the City of Yakima's compliance.

Basis for Qualified Opinion on the Rural Rental Assistance Program (CFDA 10.427)

As described in the accompanying schedule of findings and questioned costs, the Housing Authority of the City of Yakima did not comply with requirements regarding CFDA 10.427 Rural Rental Assistance as described in finding number 2013-002 for Activities Allowed, Allowable Costs, and Eligibility. Compliance with such requirements is necessary, in our opinion, for the Housing Authority of the City of Yakima to comply with the requirements applicable to that program.

Qualified Opinion on the Rural Rental Assistance Program (CFDA 10.427)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Housing Authority of the City of Yakima complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Rural Rental Assistance Program for the nine month period ended December 31, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Housing Authority of the City of Yakima complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the nine month period ended December 31, 2013.

Report on Internal Control over Compliance

Management of the Housing Authority of the City of Yakima is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the City of Yakima'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 an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Yakima's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-002 to be a significant deficiency.

Housing Authority of the City of Yakima's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Housing Authority of the City of Yakima's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Petersen CPAs + Advisors, PLLC

July 25, 2014

Housing Authority of the City of Yakima
Schedule of Expenditures of Federal Awards
December 31, 2013

	CFDA Number	Contract Number	Other Identification Number	Federal Expenditures
<i>U.S. Department of Housing and Urban Development:</i>				
Public and Indian Housing	14.850	S-75	WA042-112D & 113D	\$ 227,081
Public Housing Capital Fund	14.872	S-75	WA19PO42501-10	32,451
Public Housing Capital Fund	14.872	S-75	WA19PO42501-11	49,766
Public Housing Capital Fund	14.872	S-75	WA19PO42501-12	182,842
Public Housing Capital Fund	14.872	S-75	WA19PO42501-13	207,054
Total Public Housing Capital Fund				<u>472,113</u>
Section 8 Housing Assistance				
Payments Program	14.195	WA19M000052	WA19M000052	100,183
Resident Opportunity & Self Sufficiency	14.870	WA042RFS229A012	WA042RFS229A012	40,660
Family Self Sufficiency	14.896			27,501
Section 8 Housing Choice Vouchers	14.871	S0083V	WA042VO	2,517,449
Community Development Block Grant	14.218	11-64100-013		171,327
Total U.S. Department of Housing and Urban Development				<u>3,556,314</u>
<i>USDA Farmers Home Administration Direct Programs:</i>				
Farm Labor Housing Grant	10.405	Cosecha Court		437,368
Farm Labor Housing Loan	10.405	Cosecha Court		10
Rural Rental Assistance Program	10.427	Valley Seven		368,414
Total USDA Farmers Home Administration Direct Programs				<u>805,792</u>
Total Federal Expenditures				<u><u>\$ 4,362,106</u></u>
<i>Federal loans outstanding at December 31, 2013:</i>				
<i>USDA Farmers Home Administration:</i>				
United States Department of Agriculture - Real Estate Mortgage	10.427			\$ 1,033,930
Farm Labor Housing Grant (Current year expenditure included above)	10.405			200,000

Housing Authority of the City of Yakima

Notes to Schedule of Expenditures of Federal Awards

December 31, 2013

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

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

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, 2013 and March 31, 2013 was \$200,000 and \$199,990, respectively.

Housing Authority of the City of Yakima

Schedule of Findings and Questioned Costs

December 31, 2013

Section I – Summary of Auditors’ Results

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

Unmodified Opinion

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

Yes

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

Yes

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

Yes

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

Modified Opinion

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

Yes

- G. Major Programs:

10.427 – Rural Rental Assistance Program

14.871 – Section 8 Housing Assistance

14.872 – Public Housing Capital Fund

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

\$300,000

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

Yes

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

2013-001

Account Reconciliations

Condition: During our audit procedures, we identified several account transactions and balances related to the HUD Rental Assistance Demonstration (HUD RAD) program and the sale that followed, that were not properly recorded, and the related accounts were not timely reconciled.

Criteria: OMB Circular A-133.310(a) requires the auditee to prepare financial statements that reflect its financial position, changes in net position, and cash flows.

Effect: Accounting records were misstated and required audit adjustments.

Cause: The accounting department experienced significant turnover during the reporting period, and the HUD RAD transaction included substantial accounting complexities.

Housing Authority of the City of Yakima

Schedule of Findings and Questioned Costs

December 31, 2013

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

2013-001 (continued)

Account Reconciliations

Recommendation: We recommend reconciliation of account balances be performed and reviewed monthly. In instances of complex transactions, YHA should consider obtaining additional assistance to ensure accurate financial reporting.

Views of Responsible Officials of the Auditee: Subsequent to year-end YHA hired a consulting firm to assist with maintaining accurate financial records, and providing training to our finance department.

2013-002

CFDA 10.427 – Rural Rental Assistance

Eligibility

Condition: We selected tenant files and tested those files for the following: (1) the household eligibility for rental assistance; (2) occupancy rules were met; and (3) a signed complete annual certification was on file. During our testing of the tenant files, we identified several incomplete or missing annual tenant certifications.

Criteria: The incomplete and missing annual tenant certifications identified during our testing of tenant files were in violation of requirements outlined in OMB Circular A-133 and the USDA compliance supplement.

Effect: Tenant files were incomplete, which resulted in tenant ineligibility during the period under audit.

Questioned Costs: N/A

Cause: There was significant turnover of key staff during the period under audit. As a result, tenant files were not adequately reviewed or maintained.

Recommendation: We recommend providing training to staff performing oversight and review of tenant files to ensure completeness and accuracy. We also recommend that management perform a periodic internal audit of tenant files.

Views of Responsible Officials of the Auditee: We have provided our staff with a variety of training, reassigned responsibilities, and have reviewed the subsequent year files to ensure all required documentation is obtained.

Section III – Findings and Questioned Costs Relating to Federal Awards

See finding 2013-002 above.

Housing Authority of the City of Yakima
Status of Prior Year Findings
December 31, 2013

There were no prior year audit findings.

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Housing Authority of the City of Yakima

Financial Data Schedules

Line Item #	Account description	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	10.427 Rural Assistance Programs	2 State/ Local
111	Cash - unrestricted	\$ 158,258	\$ 113,920	\$ -	\$ -
112	Cash- restricted - modernization and development	-	-	-	-
113	Cash - other restricted	33,809	417,971	-	35,421
114	Cash - tenant security deposits	-	29,350	24,287	14,988
115	Cash - restricted for payment of current liabilities	844	-	-	-
100	Total cash	<u>192,911</u>	<u>561,241</u>	<u>24,287</u>	<u>50,409</u>
121	Accounts receivable - PHA projects	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	-	-
124	Accounts receivable - other government	-	-	-	-
125	Accounts receivable - miscellaneous	-	4,500	40,717	11,514
126	Accounts receivable - tenant	-	33,899	49,391	19,072
126.1	Allowance for doubtful accounts - tenants	-	-	(1,000)	(14,487)
126.2	Allowance for doubtful accounts - other	-	-	-	-
127	Notes, loans and mortgages receivable - current	-	-	-	-
128	Fraud recovery	17,750	-	-	-
128.1	Allowance for doubtful accounts - fraud	(82)	-	-	-
129	Accrued interest receivable	-	-	-	-
	Total receivables, net of				
120	allowances for doubtful accounts	17,668	38,399	89,108	16,099
131	Investments - unrestricted	-	200	4	34,504
132	Investments - restricted	420,672	-	358,079	502,771
135	Investments - restricted for payment of current liability	-	-	-	-
142	Prepaid expenses and other assets	-	36,148	-	2,661
143	Inventories	-	-	-	10,695
143.1	Allowance for obsolete inventories	-	-	-	-
144	Inter program due from	8,752	-	-	-
145	Assets held for sale	-	-	-	-
150	Total current assets	<u>640,003</u>	<u>635,988</u>	<u>471,478</u>	<u>617,139</u>
161	Land	-	1,500,000	628,400	662,034
162	Buildings	-	5,536,800	8,462,304	6,038,409
163	Furniture, equipment & machinery - dwellings	-	11,879	131,702	171,617
164	Furniture, equipment & machinery - administration	4,974	-	-	78,465
165	Leasehold improvements	-	-	-	-
166	Accumulated depreciation	(4,974)	(11,972)	(5,195,011)	(2,604,762)
167	Construction in progress	-	1,042,149	-	-
168	Infrastructure	-	-	-	-
160	Total capital assets, net of accumulated depreciation	<u>-</u>	<u>8,078,856</u>	<u>4,027,395</u>	<u>4,345,763</u>
171	Notes, loans and mortgages receivable - non-current	-	-	-	-
	Notes, loans and mortgages receivable -	-	-	-	-
172	non-current - past due	-	-	-	-
173	Grants receivable - non-current	-	-	-	-
174	Other assets	-	-	-	-
176	Investments in joint ventures	-	-	-	-
180	Total non-current assets	<u>-</u>	<u>8,078,856</u>	<u>4,027,395</u>	<u>4,345,763</u>
190	Total assets	<u>\$ 640,003</u>	<u>\$ 8,714,844</u>	<u>\$ 4,498,873</u>	<u>\$ 4,962,902</u>

December 31, 2013

14.195 Sec. 8 Housing Assist. Pmts Prog. Special	14.870 Resid. Opp. And Supportive Services	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	Subtotal	Eliminating Entries	Total
\$ 52,629	\$ -	\$ -	\$ 368,841	\$ 693,648	\$ -	\$ 693,648
-	-	-	-	-	-	-
-	-	62,527	-	549,728	-	549,728
8,717	-	-	-	77,342	-	77,342
-	-	-	-	844	-	844
61,346	-	62,527	368,841	1,321,562	-	1,321,562
-	-	-	-	-	-	-
-	4,499	-	-	4,499	-	4,499
-	-	-	-	-	-	-
-	-	-	20,514	77,245	-	77,245
4,164	-	-	-	106,526	-	106,526
(100)	-	-	-	(15,587)	-	(15,587)
-	-	-	(900)	(900)	-	(900)
-	-	-	-	-	-	-
-	-	-	-	17,750	-	17,750
-	-	-	-	(82)	-	(82)
-	-	-	-	-	-	-
4,064	4,499	-	19,614	189,451	-	189,451
5	-	-	962,682	997,395	(932,900)	64,495
70,584	-	-	5,474	1,357,580	-	1,357,580
-	-	-	-	-	-	-
-	-	563	-	39,372	-	39,372
-	-	-	57,411	68,106	-	68,106
-	-	-	-	-	-	-
315,431	-	-	274,942	599,125	(599,125)	-
-	-	-	-	-	-	-
451,430	4,499	63,090	1,688,964	4,572,591	(1,532,025)	3,040,566
84,100	-	212,025	113,654	3,200,213	-	3,200,213
1,196,554	-	2,819,347	144,492	24,197,906	-	24,197,906
29,643	-	249,369	118	594,328	-	594,328
-	-	-	291,744	375,183	-	375,183
-	-	-	-	-	-	-
(450,557)	-	(34,158)	(264,876)	(8,566,310)	-	(8,566,310)
-	-	-	-	1,042,149	-	1,042,149
-	-	-	-	-	-	-
859,740	-	3,246,583	285,132	20,843,469	-	20,843,469
-	-	-	6,333,120	6,333,120	(6,333,120)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
859,740	-	3,246,583	6,618,252	27,176,589	(6,333,120)	20,843,469
\$ 1,311,170	\$ 4,499	\$ 3,309,673	\$ 8,307,216	\$ 31,749,180	\$ (7,865,145)	\$ 23,884,035

Continued

Housing Authority of the City of Yakima

Financial Data Schedules

Line Item #	Account description	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	10.427 Rural Assistance Programs	2 State/ Local
311	Bank overdraft	\$ -	\$ -	\$ 4,085	\$ -
312	Accounts payable less than 90 days	-	289,770	-	2,231
313	Accounts payable greater than 90 days	-	-	-	-
321	Accrued wages / payroll taxes payable	-	-	-	-
322	Accrued compensated absences - current portion	14,085	-	12,173	3,773
324	Accrued contingency liability	-	-	-	-
325	Accrued interest payable	-	-	591	31,199
331	Accounts payable - HUD PHA programs	844	-	-	-
332	Accounts payable - PHA projects	-	-	-	-
333	Accounts payable - other government	-	-	-	13,596
341	Tenant security deposits	-	29,350	24,287	14,988
342	Unearned revenue	-	-	22,379	4,446
343	Current portion of long-term debt - capital projects/mortgage revenue	-	-	59,112	118,966
344	Current portion of long-term debt - operating borrowings	-	-	-	-
345	Other current liabilities	-	-	5,377	-
346	Accrued liabilities - other	-	-	-	-
347	Inter program - due to	-	155,283	5,779	327,281
348	Loan liability - current	-	-	-	-
310	Total current liabilities	<u>14,929</u>	<u>474,403</u>	<u>133,783</u>	<u>516,480</u>
	Long-term debt, net of current -				
351	capital projects/mortgage revenue	-	6,333,120	974,818	3,609,856
352	Long-term debt, net of current - operating borrowings	-	-	-	-
353	Non-current liabilities - other	-	-	-	-
354	Accrued compensated absences - non-current	6,196	-	8,687	6,251
355	Loan liability - non-current	-	-	-	-
356	FASB 5 liabilities	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-
350	Total non-current liabilities	<u>6,196</u>	<u>6,333,120</u>	<u>983,505</u>	<u>3,616,107</u>
300	Total liabilities	<u>21,125</u>	<u>6,807,523</u>	<u>1,117,288</u>	<u>4,132,587</u>
508.4	Net investment in capital assets	-	1,745,736	2,993,465	616,941
511.4	Restricted net position	454,481	-	358,079	502,771
512.4	Unrestricted net position	<u>164,397</u>	<u>161,585</u>	<u>30,041</u>	<u>(289,397)</u>
513	Total equity - net assets / position	<u>618,878</u>	<u>1,907,321</u>	<u>3,381,585</u>	<u>830,315</u>
600	Total liab., and equity - net assets / position	<u>\$ 640,003</u>	<u>\$ 8,714,844</u>	<u>\$ 4,498,873</u>	<u>\$ 4,962,902</u>

December 31, 2013

14.195 Sec. 8 Housing Assist. Pmts Prog. Special	14.870 Resid. Opp. And Supportive Services	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ -	\$ -	\$ 4,085	\$ -	\$ 4,085
-	-	-	39,932	331,933	-	331,933
-	-	-	-	-	-	-
-	-	-	25,603	25,603	-	25,603
2,133	-	-	14,726	46,890	-	46,890
-	-	-	-	-	-	-
6,006	-	-	-	37,796	-	37,796
-	-	-	-	844	-	844
-	-	-	-	-	-	-
-	-	-	-	13,596	-	13,596
8,717	-	-	-	77,342	-	77,342
2,504	-	-	-	29,329	-	29,329
-	-	-	-	-	-	-
21,854	-	10,064	3,000	212,996	-	212,996
-	-	-	-	-	-	-
-	-	-	-	5,377	-	5,377
-	-	-	-	-	-	-
1,061	4,499	1,300	103,922	599,125	(599,125)	-
-	-	-	-	-	-	-
42,275	4,499	11,364	187,183	1,384,916	(599,125)	785,791
1,077,304	-	189,936	-	12,185,034	(6,333,120)	5,851,914
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,639	-	-	27,220	49,993	-	49,993
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,078,943	-	189,936	27,220	12,235,027	(6,333,120)	5,901,907
1,121,218	4,499	201,300	214,403	13,619,943	(6,932,245)	6,687,698
(239,418)	-	3,046,583	282,132	8,445,439	6,333,120	14,778,559
70,584	-	-	-	1,385,915	-	1,385,915
358,786	-	61,790	7,810,681	8,297,883	(7,266,020)	1,031,863
189,952	-	3,108,373	8,092,813	18,129,237	(932,900)	17,196,337
\$ 1,311,170	\$ 4,499	\$ 3,309,673	\$ 8,307,216	\$ 31,749,180	\$ (7,865,145)	\$ 23,884,035

Continued

Housing Authority of the City of Yakima

Financial Data Schedules

Line Item #	Account description	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	10.427 Rural Assistance Programs	2 State / Local
70300	Net tenant rental revenue	\$ 684,945	\$ -	\$ 34,319	\$ 951,574	\$ 744,891
70400	Tenant revenue - other	62,375	-	-	45,810	28,374
70500	Total tenant revenue	747,320	-	34,319	997,384	773,265
70600	HUD PHA operating grants	599,911	6,347,689	-	-	-
70610	Capital grants	498,931	-	-	-	-
70710	Management fee	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-
70730	Bookkeeping fee	-	-	-	-	-
70740	Front line service fee	-	-	-	-	-
70750	Other fees	-	-	-	-	-
70700	Total fee revenue	1,098,842	6,347,689	-	-	-
70800	Other government grants	-	-	-	675,912	-
71100	Investment income - unrestricted	104	-	-	69	18,283
71200	Mortgage interest income	-	-	-	-	-
71300	Proceeds from disp. of assets held for sale	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-
71400	Fraud recovery	-	36,506	-	-	-
71500	Other revenue	5,715	24,120	15,258	1,747	95,840
71600	Gain or loss on sale of capital assets	-	-	-	59,082	-
72000	Investment income - restricted	-	-	-	599	-
70000	Total revenue	\$ 1,851,981	\$ 6,408,315	\$ 49,577	\$ 1,734,793	\$ 887,388

December 31, 2013

14.195 Sec. 8 Housing Assist. Pmts Prog. Special	14.870 Resid. Opp. And Supportive Services	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	Subtotal	Eliminating Entries	Total
\$ 183,762	\$ -	\$ 3,208	\$ -	\$ 2,602,699	\$ -	\$ 2,602,699
7,610	-	-	-	144,169	-	144,169
191,372	-	3,208	-	2,746,868	-	2,746,868
-	50,256	-	-	6,997,856	-	6,997,856
-	-	-	-	498,931	-	498,931
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	50,256	-	-	7,496,787	-	7,496,787
235,180	-	3,348,730	-	4,259,822	-	4,259,822
-	-	-	21	18,477	-	18,477
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	36,506	-	36,506
2,052	-	2,789	349,913	497,434	-	497,434
-	-	-	967,573	1,026,655	-	1,026,655
-	-	-	-	599	-	599
<u>\$ 428,604</u>	<u>\$ 50,256</u>	<u>\$ 3,354,727</u>	<u>\$ 1,317,507</u>	<u>\$ 16,083,148</u>	<u>\$ -</u>	<u>\$ 16,083,148</u>

Continued

Housing Authority of the City of Yakima

Financial Data Schedules

Line Item #	Account description	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	10.427 Rural Assistance Programs	2 State / Local
91100	Administrative salaries	\$ 422,243	\$ 211,350	\$ 20,546	\$ 260,106	\$ 81,726
91200	Auditing fees	12,633	21,768	124	15,255	9,679
91300	Management fee	-	-	-	-	-
91310	Bookkeeping fee	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-
91500	Employee benefits contributions - admin.	112,579	67,853	5,247	94,841	29,741
91600	Office expenses	27,100	67,734	2,058	29,422	8,667
91700	Legal expenses	10,327	2,450	61	4,328	827
91800	Travel	-	-	-	-	-
91810	Allocated overhead	-	-	-	-	-
91900	Other	30,291	13,798	25,334	14,513	44,466
91000	Total operating - administrative	615,173	384,953	53,370	418,465	175,106
92000	Asset management fee	-	-	-	-	-
92100	Tenant services - salaries	-	43,460	-	-	32,163
92200	Relocation costs	-	-	-	-	-
92300	Employee benefits contrib. - tenant services	-	13,398	-	-	10,000
92400	Tenant services - other	12,911	13	-	3	-
92500	Total tenant services	12,911	56,871	-	3	42,163
93100	Water	76,119	-	917	183,219	51,247
93200	Electricity	26,503	-	1,990	35,068	24,491
93300	Gas	1,599	-	71	909	1,503
93400	Fuel	-	-	-	-	-
93500	Labor	-	-	-	-	-
93600	Sewer	114,887	-	719	205,016	53,276
93700	Employee benefit contributions - utilities	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-
93000	Total utilities	219,108	-	3,697	424,212	130,517
94100	Ordinary maint. and operations - labor	200,769	8,333	16,630	207,069	105,018
94200	Ordinary maintenance and operations - materials and other	72,760	5,718	23,712	66,484	57,408
94300	Ordinary maint. and operations contracts	113,967	56,660	7,413	270,397	115,297
94500	Employee benefit contributions - ordinary maintenance	76,616	3,157	5,166	94,156	38,898
94000	Total maintenance	464,112	73,868	52,921	638,106	316,621
95100	Protective services - labor	-	-	-	-	-
95200	Protective services - other contract costs	21,408	-	-	327	1,969
95300	Protective services - other	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-
95000	Total protective services	21,408	-	-	327	1,969
96110	Property insurance	22,870	-	2,057	21,590	14,601
96120	Liability insurance	7,198	12,378	931	5,270	1,903
96130	Workmen's compensation	-	-	-	-	-
96140	All other insurance	4,117	2,133	-	4,406	2,626
96100	Total insurance premiums	34,185	14,511	2,988	31,266	19,130

14.195 Sec. 8 Housing Assist. Pmts Prog. Special	14.870 Resid. Opp. And Supportive Services	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	Subtotal	Eliminating Entries	Total
\$ 62,338	\$ 38,115	\$ 1,566	\$ 17,131	\$ 1,115,121	\$ -	\$ 1,115,121
2,023	-	-	362	61,844	-	61,844
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
20,669	12,141	1,809	1,293	346,173	-	346,173
8,073	-	887	-	143,941	-	143,941
463	-	1,645	48	20,149	-	20,149
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,988	-	360	1,489	134,239	-	134,239
97,554	50,256	6,267	20,323	1,821,467	-	1,821,467
-	-	-	-	-	-	-
-	-	-	-	75,623	-	75,623
-	-	-	-	-	-	-
-	-	-	-	23,398	-	23,398
-	-	-	-	12,927	-	12,927
-	-	-	-	111,948	-	111,948
10,924	-	712	-	323,138	-	323,138
24,392	-	4,333	-	116,777	-	116,777
14,017	-	-	-	18,099	-	18,099
-	-	-	-	-	-	-
-	-	-	-	-	-	-
19,911	-	712	-	394,521	-	394,521
-	-	-	-	-	-	-
-	-	-	-	-	-	-
69,244	-	5,757	-	852,535	-	852,535
35,749	-	8,852	-	582,420	-	582,420
9,880	-	867	312	237,141	-	237,141
28,938	-	5,268	52,938	650,878	-	650,878
13,967	-	729	548	233,237	-	233,237
88,534	-	15,716	53,798	1,703,676	-	1,703,676
-	-	-	-	-	-	-
848	-	334	35	24,921	-	24,921
-	-	-	-	-	-	-
-	-	-	-	-	-	-
848	-	334	35	24,921	-	24,921
3,614	-	-	-	64,732	-	64,732
1,293	-	-	-	28,973	-	28,973
-	-	-	-	-	-	-
1,102	-	-	-	14,384	-	14,384
6,009	-	-	-	108,089	-	108,089

Continued

Housing Authority of the City of Yakima

Financial Data Schedules

Line Item #	Account description	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	10.427 Rural Assistance Programs	2 State / Local
96200	Other general expenses	12,198	10,463	208	16,671	148,957
96210	Compensated absences	185	29,423	-	52,979	18,844
96300	Payments in lieu of taxes	51	-	-	10,774	-
96400	Bad debt - tenant rents	28,926	-	-	12,534	51,576
96500	Bad debt - mortgages	-	-	-	-	-
96600	Bad debt - other	-	6,547	-	-	-
96800	Severance expense	-	-	-	-	-
96000	Total other general expenses	41,360	46,433	208	92,958	219,377
96710	Interest of mortgage (or bonds) payable	-	-	-	8,736	189,347
96720	Interest on notes payable (short and long term)	-	-	-	-	-
96730	Amortization of bond issue costs	-	-	-	-	-
96700	Total interest expense and amortization cost	-	-	-	8,736	189,347
96900	Total operating expense	1,408,257	576,636	113,184	1,614,073	1,094,230
97000	Excess of revenue over operating expenses	443,724	5,831,679	(63,607)	120,720	(206,842)
97100	Extraordinary maintenance	-	-	-	-	-
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	5,455,998	-	-	-
97350	HAP portability-in	-	19,156	-	-	-
97400	Depreciation expense	782,513	-	11,972	451,856	327,297
97500	Fraud losses	-	-	-	-	-
97600	Capital outlays - governmental funds	-	-	-	-	-
97700	Debt principal payment - governmental funds	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-
90000	Total expenses	2,190,770	6,051,790	125,156	2,065,929	1,421,527
10010	Operating transfer in	94,277	-	-	-	-
10020	Operating transfer out	(94,277)	-	-	-	-
10030	Operating transfers from/to primary govt.	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-
10050	Proceeds from notes, loans and bonds	-	-	-	-	-
10060	Proceeds from property sales	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-
10080	Special items (net gain/loss)	-	-	1,982,900	-	-
10091	Inter project excess cash transfer in	-	-	-	-	-
10092	Inter project excess cash transfer out	-	-	-	-	-
10093	Transfers between program and project - in	-	-	-	189,695	388,772
10094	Transfers between program and project - out	-	-	-	-	-
10100	Total other financing sources (uses)	-	-	1,982,900	189,695	388,772
10000	Excess (deficiency) of total revenue over (under) total expenses	\$ (338,789)	\$ 356,525	\$ 1,907,321	\$ (141,441)	\$ (145,367)

14.195 Sec. 8 Housing Assist. Pmts Prog. Special	14.870 Resid. Opp. And Supportive Services	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	Subtotal	Eliminating Entries	Total
3,331	-	182,138	62,626	436,592	-	436,592
44	-	17	-	101,492	-	101,492
53	-	-	-	10,878	-	10,878
617	-	-	-	93,653	-	93,653
-	-	-	-	-	-	-
-	-	-	-	6,547	-	6,547
-	-	-	-	-	-	-
4,045	-	182,155	62,626	649,162	-	649,162
71,925	-	1,967	-	271,975	-	271,975
-	-	-	-	-	-	-
-	-	-	-	-	-	-
71,925	-	1,967	-	271,975	-	271,975
338,159	50,256	212,196	136,782	5,543,773	-	5,543,773
90,445	-	3,142,531	1,180,725	10,539,375	-	10,539,375
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	5,455,998	-	5,455,998
-	-	-	-	19,156	-	19,156
58,369	-	34,158	31,433	1,697,598	-	1,697,598
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
396,528	50,256	246,354	168,215	12,716,525	-	12,716,525
-	-	-	-	94,277	(94,277)	-
-	-	-	-	(94,277)	94,277	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,982,900	-	1,982,900
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	578,467	(578,467)	-
-	-	-	(578,467)	(578,467)	578,467	-
-	-	-	(578,467)	1,982,900	-	1,982,900
\$ 32,076	\$ -	\$ 3,108,373	\$ 570,825	\$ 5,349,523	\$ -	\$ 5,349,523

Continued

Housing Authority of the City of Yakima

Financial Data Schedules

Line Item #	Account description	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	10.427 Rural Assistance Programs	2 State / Local
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ 87,113	\$ 120,000
11030	Beginning equity	7,860,777	262,614	-	3,523,026	975,682
	Prior period adjustments, equity transfers					
11040	and corrections	(7,521,988)	(261)	-	-	-
11050	Changes in compensated absence balance	-	-	-	-	-
11060	Changes in contingent liability balance	-	-	-	-	-
	Changes in unrecognized pension transition					
11070	liability	-	-	-	-	-
	Changes in special term/severance benefits					
11080	liability	-	-	-	-	-
	Changes in allowance for doubtful accounts -					
11090	dwelling rents	-	-	-	-	-
	Changes in allowance for doubtful accounts					
11100	- other	-	-	-	-	-
11170	Administrative fee equity	-	164,397	-	-	-
11180	Housing assistance payments equity	-	454,481	-	-	-
11190	Unit months available	3,000	8,940	150	3,087	576
11210	Number of unit months leased	2,920	8,059	148	3,003	567
11270	Excess cash	(118,668)	-	-	-	-
11610	Land purchases	-	-	-	-	-
11620	Building purchases	26,818	-	-	-	-
11630	Furniture and equipment - dwelling purchases	-	-	-	-	-
	Furniture and equipment - administrative					
11640	purchases	-	-	-	-	-
11650	Leasehold improvements purchases	-	-	-	-	-
11660	Infrastructure purchases	-	-	-	-	-
13510	CFFP debt service payments	-	-	-	-	-
13901	Replacement housing factor funds	-	-	-	-	-

14.195 Sec. 8 Housing Assist. Pmts Prog. Special	14.870 Resid. Opp. And Supportive Services	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	Subtotal	Eliminating Entries	Total
\$ 29,762	\$ -	\$ -	\$ -	236,875	\$ -	236,875
157,876	-	-	-	12,779,975	-	12,779,975
-	-	-	7,521,988	(261)	(932,900)	(933,161)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	164,397	-	164,397
-	-	-	-	454,481	-	454,481
798	-	210	-	16,761	-	16,761
777	-	200	-	15,674	-	15,674
-	-	-	-	(118,668)	-	(118,668)
-	-	-	-	-	-	-
-	-	-	-	26,818	-	26,818
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Continued

Actual Modernization
Cost Certificate

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

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

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

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

Do not send this form to the above address.

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

HA Name: Housing Authority of the City of Yakima	Modernization Project Number: WA19PO42501-10
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The HA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Original Funds Approved	\$ 246,427.00
B. Funds Disbursed	\$ 246,427.00
C. Funds Expended (Actual Modernization Cost)	\$ 246,427.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

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

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

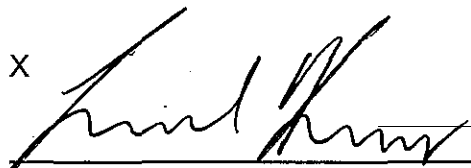
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

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

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

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

Signature of Executive Director & Date:

X  8/3/2014

For HUD Use Only

The Cost Certificate is approved for audit:

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

Date:

X  07-31-2014

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

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

Date:

X

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

Actual Modernization Cost Certificate

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

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

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

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HA Name: Housing Authority of the City of Yakima	Modernization Project Number: WA19PO42501-11
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The HA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Original Funds Approved	\$ 213,569.00
B. Funds Disbursed	\$ 213,569.00
C. Funds Expended (Actual Modernization Cost)	\$ 213,569.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

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

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

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

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

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

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Signature of Executive Director & Date:

X

For HUD Use Only

The Cost Certificate is approved for audit:

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

Date:

X

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

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

Date:

X

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

Actual Modernization Cost Certificate

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

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

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

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HA Name:

Housing Authority of the City of Yakima

Modernization Project Number:

WA19PO42501-12

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

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

A. Original Funds Approved	\$ 192,112.00
B. Funds Disbursed	\$ 192,112.00
C. Funds Expended (Actual Modernization Cost)	\$ 192,112.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

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

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

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

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

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

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Signature of Executive Director & Date:

X

For HUD Use Only

The Cost Certificate is approved for audit:

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

Date:

X

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

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

Date:

X

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

Actual Modernization Cost Certificate

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

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

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

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

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

HA Name: Housing Authority of the City of Yakima	Modernization Project Number: WA19PO42501-13
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The HA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Original Funds Approved	\$ 207,054.00
B. Funds Disbursed	\$ 207,054.00
C. Funds Expended (Actual Modernization Cost)	\$ 207,054.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

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

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

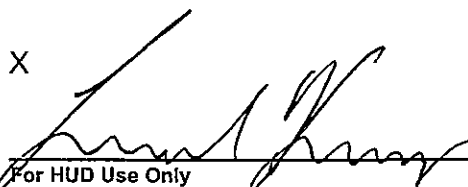
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

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

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

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

Signature of Executive Director & Date:

X  4/3/2014
For HUD Use Only

The Cost Certificate is approved for audit:

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

Date:

X 

07/31/2014

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

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

Date:

X

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