

Housing Authority of the City of Yakima

Yakima, Washington

Comprehensive Annual Financial Report

Year Ended

December 31, 2014

and Nine-Months Ended

December 31, 2013





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Year Ended

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December 31, 2013

Issued by

Finance Department of

the Housing Authority of the City of Yakima

Corina Posekany, Controller

Housing Authority of the City of Yakima

Table of Contents

December 31, 2014 and 2013

Page

Introductory Section

Letter of Transmittal	i
Government Finance Officers Association of the United States and Canada (GFOA) December 31, 2013 Certificate	v
Organizational Chart	vi
List of Principal Officials	vii

Financial Section

Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statements of Net Position	14
Statements of Revenues, Expenses and Changes in Net Position	16
Statements of Cash Flows	18
Notes to Basic Financial Statements	20
Combining Statements of Net Position	36
Combining Statements of Revenues, Expenses and Changes in Net Position	40
Notes to Combining Financial Schedules	44

Statistical Section

Net Position (Table 1)	46
Change in Net Position (Table 2)	47
Operating Revenues by Source (Table 3)	48
Nonoperating Revenues by Source (Table 4)	49
Debt Service Coverage (Table 5)	50
Ratio of Debt to Capital Assets (Table 6)	51
Service Area Demographics / Statistics (Table 7)	52
Principal Employers for the County of Yakima (Table 8)	53
Resident Demographics / Population Statistics (Table 9)	54
Resident Demographics / Ethnicity Statistics (Table 10)	55
Number of YHA Dwelling Units (Table 11)	56
Property Characteristics and Unit Composition (Table 12)	57
Number of YHA Staff (Table 13)	59

Single Audit Section

Independent Auditors' Reports	60
Schedule of Expenditures of Federal Awards	65
Notes to Schedule of Expenditures of Federal Awards	66
Schedule of Findings and Questioned Costs	67
Status of Prior Year Findings	70

HUD Required Schedule

Financial Data Schedule	71
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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"

June 12, 2015

Mr. Bob Ponti, Chairperson of the Board of Commissioners
Members of the Board of Commissioners of the Housing Authority
of the City of Yakima:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the Housing Authority of the City of Yakima (YHA) for the year ended December 31, 2014. 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 year and nine-months ended December 31, 2014 and 2013, respectively. 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 of Yakima (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 and was redeemed in May 2014, leaving no outstanding balance at December 31, 2014.

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YHA was created in 1977 to provide safe, decent, and sanitary housing for low-income families of Yakima in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other federal agencies. YHA's goals are accomplished through a variety of housing programs and activities. These activities include several programs developed by the U.S. Department of Housing and Urban Development such as the Low Rent Housing Program (Public Housing) and the Housing Choice Voucher program, also known as Section 8. In addition, YHA receives funding from the United States Department of Agriculture's Rural Development (USDA RD) to provide farm labor housing in 142 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 2014, HUD and other federal agencies provided approximately 33% 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 2014, YHA completed the conversion of its public housing units through HUD's Rental Assistance Demonstration (RAD) program to Project-Based Vouchers (PBV). Beginning in January 2014, HUD transferred funding from public housing to Section 8 for YHA's units converted under RAD, eliminating YHA's reliance on public housing funding. Funding for the Section 8 program was prorated at 99.70% and 79.77% of eligibility for HAP and administration fees, respectively. The decrease in proration from calendar year 2013 was due to Congress increasing the federal debt ceiling in January 2014, which prevented a second round of sequestration cuts.

The federal fiscal year 2015 began on October 1, 2014; but, the federal government operated under "continuing resolutions" until the budget was approved in December 2014. Congress approved the budget by passing an omnibus bill funding the federal government through October 2015, except for the Department of Homeland Security, dubbing the bill "Cromnibus." Funding for the Section 8 program is prorated at 100.25% and 74.00% of eligibility for HAP and administration fees, respectively.

Long-Term Planning and Major Commitments and Initiatives

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

YHA 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 was the first applicant in the State of Washington to receive approval to issue a notice to proceed in March 2015. YHA anticipates that the MPR deal will close in July 2015.

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 \$700,000. In addition, YHA has requested 15 additional rental assistance units from USDA RD for the operation of Harmony Park. YHA anticipates that the acquisition of Harmony Park to close in July 2015.

YHA is developing Toppenish Family Housing, a 30 unit multifamily project in Toppenish, Washington. The project will be primarily for farmworkers and will cost approximately \$7.0 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 \$4.9 million). YHA began construction in May 2015 and anticipates being able to lease units in the spring of 2016.

YHA is currently in the predevelopment phase for the rehabilitation of two elderly/disabled complexes in Yakima, Washington. Glenn Acres is a 38 unit complex and Naches House is a 51 unit complex serving individuals over the age of 62 or who are disabled. The project will cost approximately \$6.2 million and be funded through the restructuring of debt (approximately \$3.2 million) and Low Income Housing Tax Credit equity (approximately \$3.0 million). YHA anticipates beginning construction in the fall 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, 2014 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 nine-months ended December 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

Letter Transmittal
Comprehensive Annual Financial Report
December 31, 2014

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, YHA's Controller. 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 Posekany".

Corina Posekany
Controller



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 Nine Months Ended

December 31, 2013

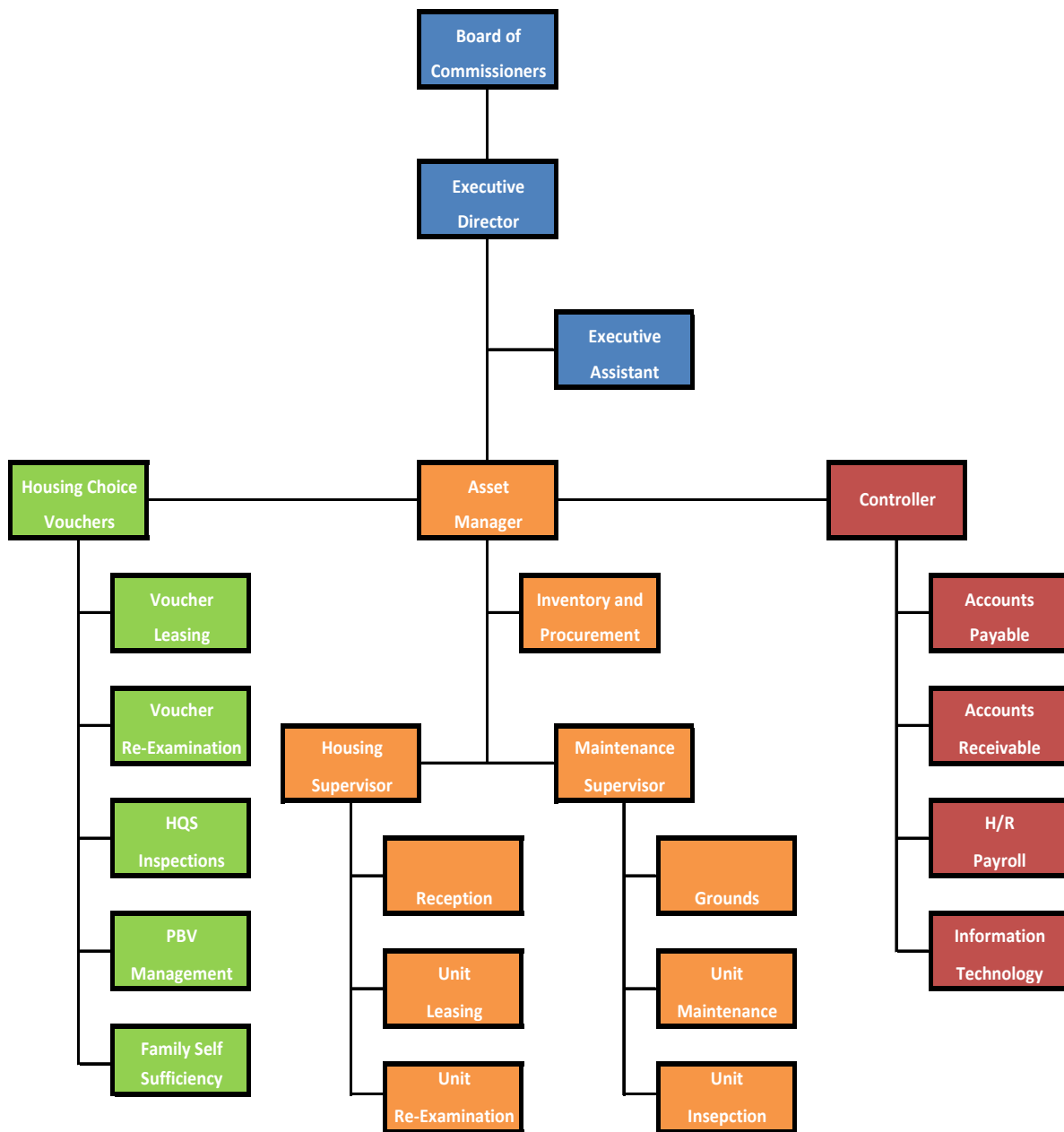
A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is fluid and cursive.

Executive Director/CEO

Housing Authority of the City of Yakima

Organizational Chart

December 31, 2014



Housing Authority of the City of Yakima

List of Principal Officials

December 31, 2014

Board of Commissioners:

Bob Ponti
Chairperson

Christine Goodwin
Vice-Chairperson

Linda Orozco
Commissioner

Richard Fagundes
Commissioner

Robert Wardell
Commissioner

Management:

Lowel Krueger, CPA, MBA
Executive Director

Corina Posekany
Controller

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 the year ended December 31, 2014 and the nine month period ended December 31, 2014, 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. The financial statements of YHA Family, LLC and Mariposa Park, LP were not audited in accordance with *Government Auditing Standards*. 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 year ended December 31, 2014 and the nine month period ended December 31, 2013, and results of their operations and their cash flows for the year and nine month period 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, the schedule of expenditures of federal awards, and HUD financial data schedule 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 June 12, 2015, 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

June 12, 2015

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2014 and 2013

This narrative overview and analysis of the Housing Authority of the City of Yakima's (YHA) performance for the year ended December 31, 2014 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 \$10.0 million (58%) from December 31, 2013 to December 31, 2014 and by approximately \$2.2 million (15%) from March 31, 2013 to December 31, 2013. This is a result of revenues exceeding expenses of approximately \$900 thousand and \$1.1 million and equity contributions of approximately \$9.1 and \$1.1 million for the rehabilitation of YHA Family Housing, LLC during the year and nine-months ended December 31, 2014 and 2013, respectively.
- As of December 31, 2014, the assets of YHA exceeded liabilities by approximately \$27.2 million (net position). Of this amount approximately \$1.5 million (unrestricted net position) may be used to meet ongoing obligations, \$23.6 million is invested in capital assets, net of related debt and \$2.1 million is restricted as to its allowable usage. As of December 31, 2013 the assets of YHA exceeded liabilities by approximately \$17.2 million (net position). Of this amount approximately \$1.0 million (unrestricted net position) may be used to meet ongoing obligations, \$14.8 million is invested in capital assets, net of related debt and \$1.3 million is restricted as to its allowable usage.
- Current and noncurrent liabilities increased by approximately \$3.7 million (55%) from December 31, 2013 to December 31, 2014 and decreased by approximately \$190 thousand (2.7%) from March 31, 2013 to December 31, 2013. The increase in 2014 is due to the Naches House acquisition and related debt of approximately \$1.8 million, the developer fee payable and the retainage payable of approximately \$1.2 million for YHA Family Housing LLC, as well as approximately \$390 thousand of long-term financing on the Administration office at December 31, 2014. The decrease in 2013 is related to debt repayment.
- December 31, 2014 operating revenues increased by approximately \$3.3 million (84%) in comparison to the prior period. Excluding the impact of approximately \$1.3 million attributed to the short year, the additional increase of approximately \$1.9 million (46%) is primarily due to an increase in federal funding (intergovernmental revenue) of approximately \$366 thousand (9%) and an increase in tenant and other revenue of approximately \$1.5 million (37%), associated with the acquisition of Naches House and YHA Family Housing LLC. 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.

Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2014 and 2013

- Nonoperating revenues, net of nonoperating expenses, and income before other revenues, expenses, gains, losses, and transfers decreased by approximately \$346 thousand (13%) from December 31, 2013 to December 31, 2014, and decreased by approximately \$1.1 million (31%) from March 31, 2013 to December 31, 2013. The year ended December 31, 2014 include the approximate \$310 thousand gain recognized on the sale of four single family dwelling units and various equipment auctioned during the year. The nine months ended December 31, 2013 include the \$1.0 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, 2014 and 2013

FINANCIAL ANALYSIS

Net Position

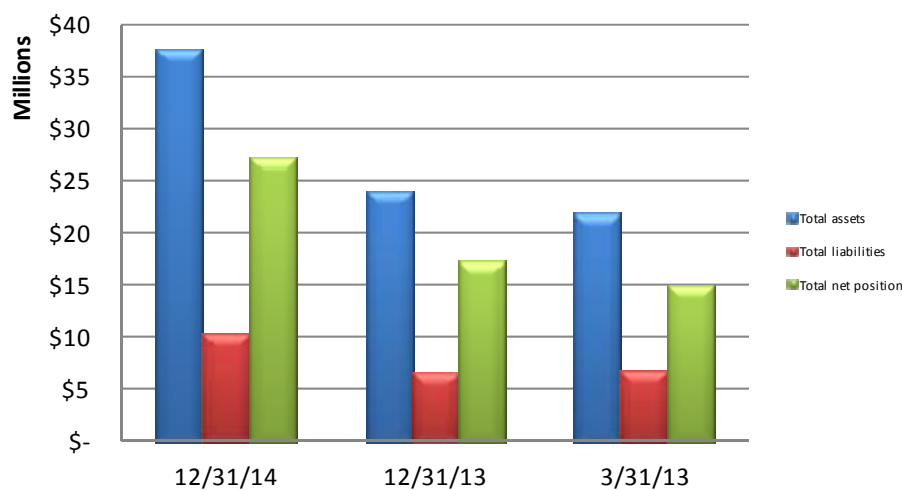
The following table represents the condensed Statements of Net Position compared to prior periods:

	December 31, 2014	December 31, 2013	March 31, 2013
Current assets, unrestricted	\$ 2,076,499	\$ 842,321	\$ 755,388
Other current assets, restricted	2,158,009	2,178,257	1,568,055
Capital assets, net	33,302,962	20,843,469	19,526,845
Total assets	<u>\$ 37,537,470</u>	<u>\$ 23,864,047</u>	<u>\$ 21,850,288</u>
Current and other liabilities	\$ 2,140,297	\$ 674,580	\$ 777,966
Current liabilities payable from restricted assets	171,766	91,782	84,430
Long-term liabilities	8,051,490	5,901,344	6,010,389
Total liabilities	<u>10,363,553</u>	<u>6,667,706</u>	<u>6,872,785</u>
Net Position			
Invested in capital assets, net of related debt	23,642,245	14,778,559	13,331,020
Restricted net position	1,985,860	1,424,515	1,462,202
Unrestricted net position	1,545,812	993,267	184,281
Total net position	<u>27,173,917</u>	<u>17,196,341</u>	<u>14,977,503</u>
Total liabilities and net position	<u>\$ 37,537,470</u>	<u>\$ 23,864,047</u>	<u>\$ 21,850,288</u>

Total assets of YHA at December 31, 2014 and 2013 amounted to \$37,537,470 and \$23,864,047, 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, 2014 and 2013

Unrestricted current assets are comprised of cash, receivables, investments, prepaid items and inventories. Unrestricted current assets are approximately 147% higher at December 31, 2014 than December 31, 2013, which represents an increase of approximately \$1.2 million. The increase in current assets corresponds with an increase in cash and investments of approximately \$1.2 million. At December 31, 2013 unrestricted current assets were approximately 18% higher than March 31, 2013, which represented an increase of approximately \$136 thousand.

Restricted current assets are comprised of cash and investments that are restricted for repayment of security deposits and other contractual obligations related to reserves and federal funding that was unspent at the end of the year. December 31, 2014 restricted current assets decreased by approximately \$20 thousand in comparison to December 31, 2013. December 31, 2013 restricted current assets increased by approximately \$576 thousand (37%) in comparison to March 31, 2013, 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.

Capital assets include land, buildings, building improvements, furniture, equipment and machinery, and construction in progress and are shown net of accumulated depreciation. Capital assets increased by approximately \$12.5 million (60%) from December 31, 2013 to December 31, 2014. The most significant additions are the approximate \$12.0 million of building improvements for YHA Family Housing, LLC and \$2.3 million purchase of Naches House. Capital assets increased by approximately \$1.3 million (7%) from March 31, 2013 to December 31, 2013. The most significant addition is the approximate \$1.0 million of construction in process on YHA Family Housing, LLC.

Total liabilities of YHA, which are segregated between current and noncurrent portions, amounted to \$10,363,553 and \$6,667,706 at December 31, 2014 and December 31, 2013, respectively.

Current liabilities consist of accounts payable, developer fee payable, retainage payable, accrued wages and payroll taxes, compensated absences, accrued interest, unearned revenue, accrued liabilities, short-term note payable and current portion of notes payable. Current liabilities increased from December 31, 2013 to December 31, 2014 by approximately \$1.5 million (210%), and was primarily due to outstanding developer fee and retainage payable for YHA Family Housing of approximately \$1.2 million (178%) and short term notes for new projects of approximately \$300 thousand (44%), as well as a variety of timing differences. Current liabilities decreased from March 31, 2013 to December 31, 2013 by approximately \$90 thousand (11%), and was primarily due to outstanding payables related to the Cosecha Court construction of approximately \$348 thousand being repaid subsequent to March 31, 2013. The decrease in payables relates to Cosecha Court construction and was offset by an increase in accounts payable of approximately \$289 thousand (34%), related to the YHA Family Housing, LLC construction.

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 increase in long-term liabilities from December 31, 2013 to December 31, 2014 was approximately \$2.2 million (38%), and is attributed to the acquisition of Naches House of approximately \$1.8 million (31%) and the Nueva Primavera refinance of approximately \$435 thousand (7%). The decrease in long-term liabilities from March 31, 2013 to December 31, 2013 was approximately \$109 thousand (2%), and is attributed to repayments of long-term debt.

Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2014 and 2013

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 land, buildings, building improvements, furniture, equipment and machinery, and construction in progress, net of related outstanding debt. The second category, restricted net position, has external limitations on the way in which these assets can be used. The last category, unrestricted net position, is available to be used for any lawful and prudent YHA purpose. Total net position of YHA increased by approximately \$10.0 million (58%) from December 31, 2013 to December 31, 2014 and increased by approximately \$2.2 million (15%) from March 31, 2013 to December 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, 2014 and December 31, 2013, YHA's current ratios were 1.8:1 and 3.9:1, respectively.

Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2014 and 2013

Revenues, Expenses and Changes in Net Position

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

	(12 months) Dec. 31, 2014	(9 months) Dec. 31, 2013	(annualized *) Dec. 31, 2013	(12 months) March 31, 2013
Revenue:				
Intergovernmental revenue - Operating	\$ 3,812,160	\$ 2,584,579	\$ 3,446,105	\$ 3,815,409
Tenant and other	3,376,096	1,414,601	1,886,135	1,665,889
Intergovernmental revenue - Nonoperating	920,683	695,678	927,571	815,325
Investment revenue	1,120	8,651	11,535	10,838
Gain (loss) on sale of capital assets	310,480	1,029,116	1,029,116	(2,461)
Capital grants and contributions	1,065,000	909,481	909,481	2,938,180
Total revenue	<u>9,485,539</u>	<u>6,642,106</u>	<u>8,209,943</u>	<u>9,243,180</u>
Expenses:				
Administration	1,289,605	962,910	1,283,880	1,125,624
Utilities	547,921	362,941	483,921	489,594
Ordinary maintenance and operation	1,104,086	651,002	868,003	996,766
General expenses	261,263	152,801	203,735	146,602
Payments in lieu of taxes	9,182	9,176	12,235	5,349
Housing assistance payments	3,631,338	2,301,902	3,069,203	3,173,252
Depreciation	1,320,971	732,592	976,789	965,006
Interest expense	212,936	128,620	171,493	143,456
Debt issuance costs	252,146	-	-	-
Pass through funds	-	171,327	171,327	-
Total expenses	<u>8,629,448</u>	<u>5,473,271</u>	<u>7,240,586</u>	<u>7,045,649</u>
Increase in net position	856,091	1,168,835	<u>\$ 969,357</u>	2,197,531
Net position, beginning of year	17,196,341	14,977,506		12,779,975
Capital contribution	<u>9,121,485</u>	<u>1,050,000</u>		-
Net position, end of year	<u>\$ 27,173,917</u>	<u>\$ 17,196,341</u>		<u>\$ 14,977,506</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

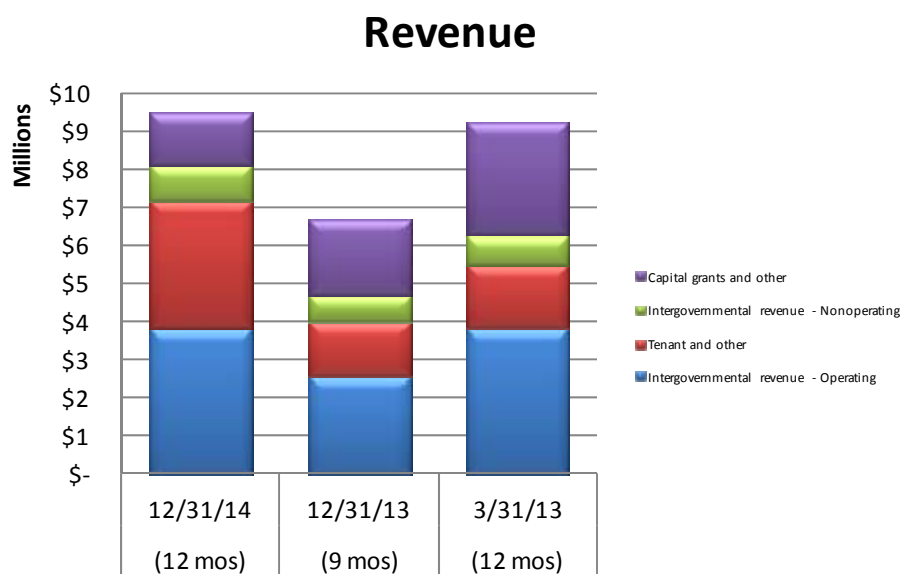
Management's Discussion and Analysis

December 31, 2014 and 2013

Revenues increased by approximately \$2.8 million (43%) from December 31, 2013 to December 31, 2014. As noted above, the increase is reduced to approximately \$1.3 million (19%), if the year ended December 31, 2014 is compared to the annualized December 31, 2013 column. The most significant changes during the year are primarily due to the increase in tenant rents from the acquisition of Naches House and YHA Family Housing LLC, as well as YHA's developer fee of approximately \$300 thousand for the YHA Family Housing, LLC development.

Revenues decreased by approximately \$2.6 million (28%) when comparing the year-ended March 31, 2013 to the nine months ended December 31, 2013. As noted above, the decrease is reduced to approximately \$1.0 million (11%) if the year ended March 31, 2013 is compared to the annualized December 31, 2013 column. The most significant change during the nine month period is a one-time \$3.0 million (32%) USDA grant received for Cosecha Court, approximately \$2.6 million of which was recognized during the year ended March 31, 2013, and the remaining approximately \$400 thousand was recognized during the nine months ended December 31, 2013. The decrease in this grant is offset by the approximately \$1.0 million (11%) 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.

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



Expenses increased by approximately \$3.2 million (58%) from December 31, 2013 to December 31, 2014. As noted above, the increase is reduced to approximately \$1.4 million (25%), if the year ended December 31, 2014 is compared to the annualized December 31, 2013 column. The most significant changes during the year are primarily due to increased utilities, ordinary maintenance and operations and interest due to the acquisition of Naches House; increased housing assistance payments due to the addition of 150 vouchers from the conversion of public housing to PBV's; and increase in depreciation expense due to the renovation of YHA Family Housing, LLC development.

Expenses decreased by approximately \$1.6 million (22%) when comparing the year-ended March 31, 2013 to the nine months ended December 31, 2013. As noted above, the decrease changes to an increase of approximately \$200 thousand (3%) if the year ended March 31, 2013 is compared to the annualized December 31, 2013 column. The most significant change during the nine-month period is the pass through funds of approximately \$200 thousand for the construction of Cosecha Court. The remaining expenses were consistent between the two periods.

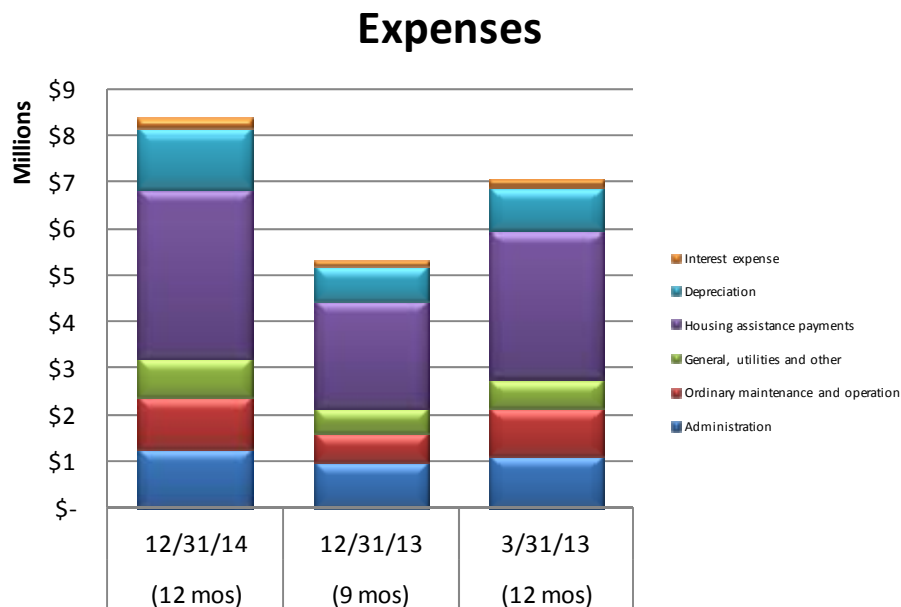
Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2014 and 2013

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, 2014	December 31, 2013	March 31, 2013
Land	\$ 3,379,230	\$ 3,200,213	\$ 2,434,912
Buildings	26,342,911	24,197,906	29,579,051
Building Improvements	12,023,211	-	-
Furniture, equipment & machinery - dwellings	741,748	594,328	558,472
Furniture, equipment & machinery - administration	352,018	375,183	388,405
Construction in progress	168,424	1,042,149	3,272,419
Total capital assets	43,007,542	29,409,779	36,233,259
Less accumulated depreciation	(9,704,580)	(8,566,310)	(16,706,414)
Net capital assets	\$ 33,302,962	\$ 20,843,469	\$ 19,526,845

Net capital assets increased by approximately \$12.5 million (60%) and \$1.3 million (7%) from December 31, 2013 to December 31, 2014 and March 31, 2013 to December 31, 2013, respectively. The most significant capital asset transactions during the year-ended December 31, 2014 were the YHA Family LLC construction of approximately \$12.0 million and Naches House acquisition for approximately \$2.3 million. 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). During the year-ended December 31, 2014 and

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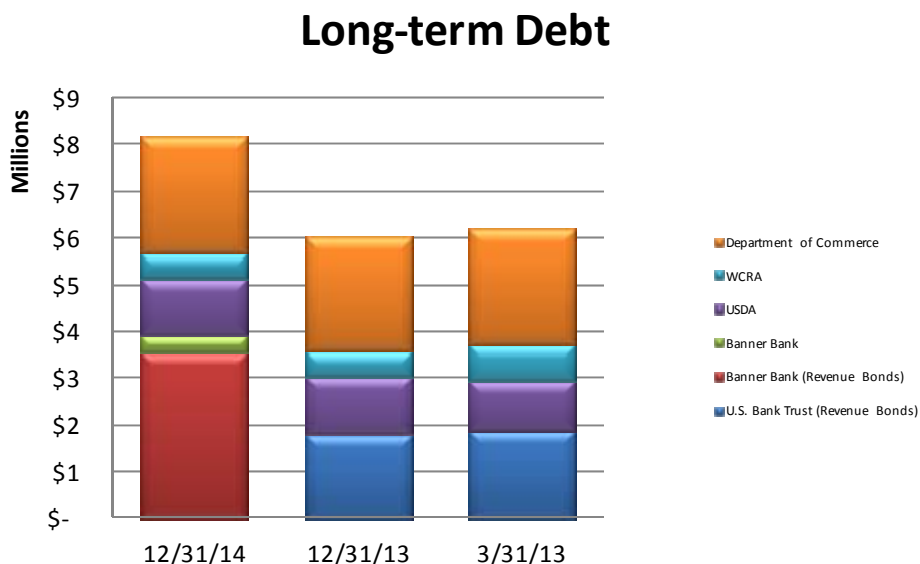
Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2014 and 2013

the nine months ended December 31, 2013 YHA recognized depreciation expense of approximately \$1.3 million and \$730 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.

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



All debt service payments were made in 2014 and 2013 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. Due to the conversion of its public housing units (utilizing the HUD RAD program) to Section 8 project-based vouchers, 2014 is the first year YHA has not received public housing subsidy, and received Section 8 funding only. In 2014 section 8 HAP was prorated at 99.70% of eligibility. Based on HUD's funding letters and contracts with HUD, it is anticipated that most HUD programs will continue to receive renewal funding including the housing choice voucher program, which is YHA's largest housing program, serving over 890 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 2014, YHA earned \$5.8 million in federal assistance.

In addition, a majority of YHA's \$17.2 million of net capital assets as of 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.

Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2014 and 2013

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 Posekany
Controller

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,	
	2014	2013
Assets		
<i>Current Assets:</i>		
Cash and cash equivalents - unrestricted	\$ 1,641,933	\$ 531,305
Accounts receivable, net of allowance	167,686	169,610
Investments - unrestricted	163,657	29,991
Prepaid expenses and other assets	39,761	43,309
Inventories	63,462	68,106
	<u>2,076,499</u>	<u>842,321</u>
<i>Restricted Assets:</i>		
Cash and cash equivalents - other restricted	275,985	708,831
Cash - tenant security deposits	89,940	77,342
Investments - restricted	1,792,084	1,392,084
	<u>2,158,009</u>	<u>2,178,257</u>
Total current assets	<u>4,234,508</u>	<u>3,020,578</u>
<i>Noncurrent Assets:</i>		
<i>Capital assets:</i>		
Land	3,379,230	3,200,213
Buildings	26,342,911	24,197,906
Building improvements	12,023,211	-
Furniture, equipment and machinery - dwellings	741,748	594,328
Furniture, equipment and machinery - administration	352,018	375,183
Accumulated depreciation	(9,704,580)	(8,566,310)
Construction in progress	168,424	1,042,149
Total noncurrent assets	<u>33,302,962</u>	<u>20,843,469</u>
Total assets	<u>\$ 37,537,470</u>	<u>\$ 23,864,047</u>

See accompanying notes to financial statements

Housing Authority of the City of Yakima

Statements of Net Position

	December 31,	
	2014	2013
Liabilities and Net Position		
<i>Current Liabilities:</i>		
Accounts payable less than 90 days	\$ 318,795	\$ 316,590
Developer fee payable	362,237	-
Retainage payable	845,914	-
Accrued wages and payroll taxes payable	73,081	25,602
Accrued compensated absences - current portion	35,939	46,890
Accrued interest payable	16,457	37,796
Accrued liabilities - other	5,377	5,377
Unearned revenue	36,174	29,329
Short-term notes payable	301,075	32,966
Current portion of long term debt - capital projects mortgage revenue bonds	145,248	180,030
	<u>2,140,297</u>	<u>674,580</u>
<i>Payables from Restricted Assets</i>		
Accounts payable - other government	-	14,440
FSS escrow deposits	82,195	-
Tenant security deposits	89,571	77,342
	<u>171,766</u>	<u>91,782</u>
Total current liabilities	<u>2,312,063</u>	<u>766,362</u>
<i>Noncurrent Liabilities:</i>		
Long-term debt, net of current - capital projects mortgage revenue bonds	8,006,243	5,851,914
Accrued compensated absences, net of current	45,247	49,430
Total noncurrent liabilities	<u>8,051,490</u>	<u>5,901,344</u>
Total liabilities	<u>10,363,553</u>	<u>6,667,706</u>
<i>Net Position:</i>		
Invested in capital assets, net of related debt	23,642,245	14,778,559
Restricted for:		
Housing Assistance Payments	86,811	525,065
Future capital improvements	767,473	358,079
Required reserves	1,131,576	541,371
Unrestricted net position	<u>1,545,812</u>	<u>993,267</u>
Total net position	<u>27,173,917</u>	<u>17,196,341</u>
Total liabilities and net position	<u>\$ 37,537,470</u>	<u>\$ 23,864,047</u>

Continued

Housing Authority of the City of Yakima

Statements of Revenues, Expenses and Changes in Net Position

Year and Nine Months Ended

	December 31,	
	2014	2013
<i>Operating Revenue:</i>		
Intergovernmental revenue	\$ 3,812,160	\$ 2,584,579
Net tenant rental revenue	2,351,505	1,092,641
Other revenue	1,017,124	297,440
Other tenant revenue	7,467	24,520
Total operating revenue	<u>7,188,256</u>	<u>3,999,180</u>
<i>Operating Expenses:</i>		
Administrative:		
Administrative wages	497,420	428,034
Auditing and legal fees	80,877	37,561
Employee benefit contributions	216,456	132,787
Other operating - administrative	411,851	275,844
Tenant services	83,001	88,684
	<u>1,289,605</u>	<u>962,910</u>
Utilities:		
Electricity	102,861	51,138
Other utilities expense	12,514	6,719
Sewer	241,588	167,969
Water	190,958	137,115
	<u>547,921</u>	<u>362,941</u>
Ordinary maintenance and operations:		
Contract costs	438,939	222,399
Employee benefit contributions	165,071	95,514
Maintenance and operations wages	420,865	246,951
Materials and other	79,211	86,138
	<u>1,104,086</u>	<u>651,002</u>
General expenses:		
Depreciation expense	1,320,971	732,592
Housing assistance payments	3,631,338	2,301,902
Insurance premiums	89,479	54,412
Bad debt - tenant rents	121,481	16,112
Other general expenses	45,100	79,654
Protective services contract costs	5,203	2,623
Payments in lieu of taxes	9,182	9,176
	<u>5,222,754</u>	<u>3,196,471</u>
Total operating expenses	<u>8,164,366</u>	<u>5,173,324</u>
<i>Operating Loss</i>	\$ (976,110)	\$ (1,174,144)

See accompanying notes to financial statements

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

	2014	2013
<i>Operating Loss</i>	<u>\$ (976,110)</u>	<u>\$ (1,174,144)</u>
<i>Nonoperating Revenue (Expenses):</i>		
Gain on sale of capital assets	310,480	1,029,116
Interest expense	(212,936)	(128,620)
Debt issuance costs	(252,146)	-
Intergovernmental revenue	920,683	695,678
Investment revenue - restricted	769	161
Investment revenue - unrestricted	351	8,490
Total nonoperating revenue	<u>767,201</u>	<u>1,604,825</u>
<i>(Loss) Income Before Other Revenues, Expenses,</i>		
<i>Gains, Losses, and Transfers</i>	<u>(208,909)</u>	<u>430,681</u>
Pass through funds	-	(171,327)
Capital grants	<u>1,065,000</u>	<u>909,481</u>
<i>Increase in Net Position</i>	856,091	1,168,835
<i>Net Position, Beginning of Period</i>	17,196,341	14,977,506
<i>Capital Contribution</i>	<u>9,121,485</u>	<u>1,050,000</u>
<i>Net Position, End of Period</i>	<u><u>\$ 27,173,917</u></u>	<u><u>\$ 17,196,341</u></u>

Continued

Housing Authority of the City of Yakima

Statements of Cash Flows

Year and Nine Months Ended

	December 31,	
	2014	2013
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash Flows from Operating Activities:</i>		
Receipts from tenants and others	\$ 3,378,020	\$ 1,503,526
Payments to employees	(918,285)	(645,074)
Housing assistance payments	3,812,160	2,584,579
Payments to vendors and suppliers	(5,795,539)	(4,077,184)
Net cash provided by (used in) operating activities	476,356	(634,153)
<i>Cash Flows from Noncapital Financing Activities:</i>		
Intergovernmental grants and contracts	920,683	695,674
Pass through to the City of Granger	-	(171,327)
Net cash provided by noncapital financing activities	920,683	524,347
<i>Cash Flows from Capital and Related Financing Activities:</i>		
Purchase of capital assets	(12,636,527)	(1,643,665)
Proceeds from short-term borrowings	268,109	13,816
Principal payments on long-term debt	(1,897,668)	(144,741)
Proceeds from long-term debt	3,966,205	10
Interest paid	(183,265)	(100,414)
Debt issuance costs	(252,146)	-
Proceeds from sale of capital assets	374,694	913,335
Capital contribution	9,121,485	1,050,000
Capital grants received	1,065,000	909,481
Net cash (used in) provided by capital and related financing activities	(174,113)	997,822
<i>Cash Flows from Investing Activities:</i>		
Interest received	1,120	8,651
Net cash provided by investing activities	1,120	8,651
<i>Net Increase in Cash and Cash Equivalents</i>	1,224,046	896,667
<i>Cash and Cash Equivalents, Beginning of Period</i>	2,739,553	1,842,886
<i>Cash and Cash Equivalents, End of Period</i>	\$ 3,963,599	\$ 2,739,553
<i>Cash and Cash Equivalents consist of:</i>		
Cash - unrestricted	\$ 1,641,933	\$ 531,305
Cash - restricted	275,985	708,831
Tenant security deposits	89,940	77,342
Investments - unrestricted	163,657	29,991
Investments - restricted	1,792,084	1,392,084
	\$ 3,963,599	\$ 2,739,553

See accompanying notes to financial statements

Housing Authority of the City of Yakima
Statements of Cash Flows (continued)
Year and Nine Months Ended

	December 31,	
	2014	2013
<i>Reconciliation of Operating Loss to Net Cash provided by (used in) Operating Activities:</i>		
Operating loss	\$ (976,110)	\$ (1,174,144)
<i>Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities:</i>		
Depreciation	1,320,971	732,592
(Increase) decrease in cash due to changes in assets:		
Receivables	1,924	175,278
Prepaid expenses and other assets	3,548	4,845
Inventories	4,644	4,068
Increase (decrease) in cash due to changes in liabilities:		
Accounts payable	2,205	(345,974)
Accrued wages and taxes payable	47,479	(46,894)
Accrued liabilities - other	(7,595)	11,728
Compensated absences	(15,134)	2,726
Tenant security deposits	12,229	1,622
FSS escrow deposits	82,195	-
Total adjustments	1,452,466	539,991
<i>Net Cash Provided by (Used in) Operating Activities</i>	\$ 476,356	\$ (634,153)

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 year ended December 31, 2014 and the nine months ended December 31, 2013, \$1,208,151 and \$289,770 respectively, of construction in progress costs were included in current payables.

During the year ended December 31, 2014, \$51,010 of interest was added to the principal balance of long-term debt.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2014 and 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) programs, the funding from which consists of approximately 33% 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, 2014 and 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 a 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, 2014.

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.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2014 and 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 at the time liabilities are incurred. All assets and liabilities associated with the operations of YHA are included on the statements of net position.

Summary of Significant Accounting Policies:

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

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

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

Inventories— Inventories consist of expendable supplies held for consumption. All inventories are valued at cost.

Capital Assets — Capital assets are stated at historical cost. Outlays for capital assets and improvements in excess of \$5,000 are capitalized. Maintenance and repairs are charged to operations as incurred. Replacements that improve or extend the lives of property are capitalized. Donated assets are valued at their fair 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, 2014 or 2013.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2014 and 2013

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

Capital assets (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 - 7 years
Vehicles	5 years

Debt issuance costs — During the year-ended December 31, 2014 Yakima Housing incurred \$252,146 of costs related to long-term borrowings, which have been expensed in the current period.

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

Accrued Compensated Absences — The Housing Authority recognizes an expense for all earned but unused leave. Employees earn between 96 and 176 hours of paid time off, depending on the individual employee's years of employment. Unused paid time off pay may be "banked" up to a maximum of 240 hours, any unused paid time off in excess of this amount is forfeited. Accrued but unused paid time off, up to 120 hours, is payable upon resignation, retirement or death.

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

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 June 12, 2015, 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 have 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 2011.

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.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2014 and 2013

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

Reclassifications — Certain reclassifications of December 31, 2013 amounts have been made in the accompanying financial statements in order to conform with the December 31, 2014 presentation with no effect on previously reported change in net position.

NOTE 2 — DEPOSITS:

Deposits, including those in restricted assets, are defined as cash or cash equivalents on deposit with financial institutions. At December 31, 2014, the carrying amount of YHA's cash accounts deposited with financial institutions was \$2,007,708 and the bank balance was \$1,850,914. At December 31, 2013, the carrying amount of YHA's cash accounts deposited with financial institutions was \$1,317,328 and the bank balance was \$1,562,193. The bank deposits are held with financial institutions and are entirely insured or collateralized.

Cash and cash equivalents consist of the following:

	2014	2013
Cash and cash equivalents - unrestricted	\$ 1,641,933	\$ 531,305
Cash and cash equivalents - current restricted	365,925	786,173
Total cash and cash equivalents	2,007,858	1,317,478
Less: cash on hand	(150)	(150)
Total deposits	<u>\$ 2,007,708</u>	<u>\$ 1,317,328</u>

NOTE 3 — INVESTMENTS:

YHA's investment practice is to follow all HUD guidelines with regard to depository accounts. As a result, YHA restricts its investments to direct obligations of the U.S. Government, fully insured or collateralized investments at commercial banks and savings and loan associations, collateralized repurchase agreements, state-approved investment pools, or money market funds consisting entirely of U.S. Government securities. 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:

	2014	2013
Money market account	<u>\$ 1,955,741</u>	<u>\$ 1,422,075</u>

Custodial Credit Risk — Custodial credit risk is the risk that in the event of bank failure, YHA's deposits may not be returned. YHA follows HUD policies, which requires collateral for all deposits not covered by federal depository insurance. At December 31, 2014 and 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— 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.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2014 and 2013

NOTE 3 — INVESTMENTS:

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

	2014	2013
Money market account	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:

	2014	2013
Tenants	\$ 210,636	\$ 124,275
Intergovernmental	42,199	56,731
Other	3,982	5,173
Total receivables	256,817	186,179
Less: Allowance for doubtful accounts	(89,131)	(16,569)
	<u>\$ 167,686</u>	<u>\$ 169,610</u>

NOTE 5 — CAPITAL ASSETS:

Changes in capital assets during the year ended December 31, 2014 and nine months ended December 31, 2013, are shown below:

	January 1, 2014	Additions	Transfer/ retirements	December 31, 2014
Capital assets not depreciated:				
Land	\$ 3,200,213	\$ 195,550	\$ (16,533)	\$ 3,379,230
Construction in progress	1,042,149	168,424	(1,042,149)	168,424
Total capital assets not depreciated	4,242,362	363,974	(1,058,682)	3,547,654
Capital assets being depreciated:				
Buildings and improvements	24,197,906	14,336,230	\$ (168,014)	38,366,122
Furniture and Equipment	969,511	186,623	(62,368)	1,093,766
Total capital assets being depreciated	25,167,417	14,522,853	(230,382)	39,459,888
Accumulated depreciation:				
Buildings and improvements	7,970,990	1,320,971	(120,451)	9,171,510
Furniture and Equipment	595,320	-	(62,250)	533,070
Total accumulated depreciation	8,566,310	-	(182,701)	9,704,580
Total capital assets	<u>\$ 20,843,469</u>	<u>\$ 14,886,827</u>	<u>\$ (1,106,363)</u>	<u>\$ 33,302,962</u>

Continued

Housing Authority of the City of Yakima
Notes to Basic Financial Statements
December 31, 2014 and 2013

NOTE 5 — CAPITAL ASSETS (continued):

	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 and improvements	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 and improvements	15,922,656	688,570	(8,640,236)	7,970,990
Furniture and Equipment	783,758	44,022	(232,460)	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

NOTE 6 — SHORT-TERM NOTES PAYABLE:

During the year ended December 31, 2014, 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, 2014 of \$298,075. 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.

During the year ended December 31, 2014, YHA was advanced funds on a revolving loan fund to assist with the initial development costs of Harmony Park, with a balance outstanding at December 31, 2014 of \$3,000.

YHA was advanced funds on a revolving loan fund to assist with development costs of YHA Family Housing, LLC, the balance outstanding was \$-0- and \$29,966 at December 31, 2014 and 2013, respectively.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2014 and 2013

NOTE 7 — LONG-TERM DEBT:

A summary of changes in YHA's long-term debt for the year ended December 31, 2014 and the nine months ended December 31, 2013 is as follows:

	Balance at January 1, 2014	Additions	Reductions	Balance at December 31, 2014	Due Within One Year
Revenue Bonds:					
U.S. Bank Trust	\$ 1,795,000	\$ -	\$ (1,795,000)	\$ -	\$ -
Banner Bank - Naches House	-	1,800,000	(22,143)	1,777,857	30,675
Banner Bank - Nueva	-	1,776,205	-	1,776,205	3,634
Real Estate Mortgages:					
Banner Bank - Administrative Office	-	390,000	(6,253)	383,747	12,922
United States Dept. of Agriculture	1,033,930	-	(44,769)	989,161	59,694
United States Dept. of Agriculture Washington Community	200,000	-	(2,704)	197,296	10,064
Reinvestment Associates	562,058	-	(20,799)	541,259	22,259
Department of Community Trade and Economic Development:					
Glenn Acres	537,100	-	(2,000)	535,100	2,000
Nueva Primavera	1,000,000	51,010	-	1,051,010	-
Mariposa Park	903,856	-	(4,000)	899,856	4,000
Total long-term debt	<u>\$ 6,031,944</u>	<u>\$ 4,017,215</u>	<u>\$ (1,897,668)</u>	<u>\$ 8,151,491</u>	<u>\$ 145,248</u>

	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 Washington Community	199,990	10	-	200,000	10,064
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>

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2014 and 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. YHA refinanced this revenue bond with a private placement revenue bond in May 2014 with Banner Bank.

Banner Bank – A private placement revenue bond for \$1,800,000, for the purchase of a 51-unit project based rental assistance property for housing elderly and disabled residents. Installments are deposited monthly into a revenue bond fund and subsequently paid on an annual basis to service the debt. Principal payments of \$22,143 plus interest of 4.375% were paid during the year ended December 31, 2014. The interest rate is fixed for 10 years, and the final payment is due March 1, 2029. The bond is subject to Federal arbitrage, and various bond covenants. The mortgage is collateralized by the property

Banner Bank – A private placement revenue bond for \$2,025,000, which refinanced Nueva Primavera's existing revenue bond, \$1,776,205 of which was drawn down at December 31, 2014. 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%, which is fixed for 10 years, and is due April 30, 2029. The mortgage is collateralized by the property

Banner Bank – Long-term note payable for \$390,000, for the refinancing of YHA's administrative offices. The loan requires 60 monthly payments of \$2,415, including interest at 4.25%. The mortgage is collateralized by the property

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 as of December 31, 2014 and 2013. The loan is payable in monthly installments over a period of 33 years, bearing an interest rate not to exceed 1%. The mortgage is collateralized by the property.

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.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2014 and 2013

NOTE 7 — LONG-TERM DEBT (continued):

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

Revenue Bonds:

	Principal	Interest	Total
2015	34,309	154,880	189,189
2016	76,709	152,463	229,172
2017	80,133	149,039	229,172
2018	83,710	145,462	229,172
2019	87,447	141,725	229,172
2020-2024	499,388	646,475	1,145,863
2025-2029	2,692,366	458,385	3,150,751
	<u>\$ 3,554,062</u>	<u>\$ 1,848,429</u>	<u>\$ 5,402,491</u>

Real Estate Mortgages:

	Principal	Interest	Total
2015	110,939	57,456	168,395
2016	113,915	53,064	166,979
2017	116,806	50,173	166,979
2018	119,837	47,142	166,979
2019	123,015	43,964	166,979
2020-2024	719,924	165,883	885,807
2025-2029	577,120	47,151	624,271
2030-2034	667,344	18,615	685,959
2035-2039	624,861	5,576	630,437
2040-2044	336,969	-	336,969
2045-2049	346,943	-	346,943
2050-2054	739,756	-	739,756
	<u>\$ 4,597,429</u>	<u>\$ 489,024</u>	<u>\$ 5,086,453</u>

Compensated Absences:

The compensated absence balances as of December 31, 2014 and 2013 are as follows:

Compensated absence balances as of March 31, 2013	\$ 93,593
Compensated absences earned by employees	50,221
Compensated absences utilized by employees	(47,494)
Compensated absence balances as of December 31, 2013	96,320
Compensated absences earned by employees	80,408
Compensated absences utilized by employees	(95,542)
Compensated absence balances as of December 31, 2014	<u>\$ 81,186</u>

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2014 and 2013

NOTE 8 — LINE OF CREDIT:

YHA has a \$250,000 line of credit agreement with Banner Bank expiring June 30, 2015. The line of credit is secured against funds in the Board Designated Reserve and subject to an interest rate adjusting at the Wall Street journal prime rate with a floor of 3.25% (effective rate of 3.25% percent at December 31, 2014). As of December 31, 2014, there was no outstanding balance on the line of credit.

NOTE 9 — 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 10 — 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.

NOTE 11 — 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 12 — DEFINED CONTRIBUTION PLAN:

All YHA full-time employees participate in the Housing Authority of the City of Yakima Retirement Plan, which provides funds at retirement for employees of YHA and in the event of death, provides funds for their beneficiaries, through contributions by YHA of 8% of employee payroll after an employee reaches 1,000 hours of employment.

As of December 31, 2014 and 2013 there were 25 and 30 participants, respectively in the Defined Contribution Plan. The covered payroll for employees in the plan was \$904,594 and \$719,118 at December 31, 2014 and 2013, respectively.

Employer contributions were \$68,563 for the year ended December 31, 2014, and \$51,206 for the nine months ended December 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.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2014 and 2013

NOTE 12 — DEFINED CONTRIBUTION PLAN (continued):

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 13 — 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 60-day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

General and Automobile Liability 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.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2014 and 2013

NOTE 13 — PARTICIPATION IN HOUSING AUTHORITY RISK RETENTION POOL (continued):

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 14— 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.

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

The Housing Authority has a \$1,065,000 recoverable grant from Washington Housing Trust Fund for the rehabilitation of fifty-one unit apartment complex, which currently provides low-income housing. This grant is conditional on the Housing Authority provided low-income individual with housing for a commitment period of forty (40) years. If the project is sold, refinanced, transferred, the use changes during the 40-year term of the commitment, or is out of compliance with the conditions of the contract, the award amount plus a proportional share of the appreciated value of the property will be due and payable to the Housing Trust Fund within 30 days of such event. The term of the commitment expires January 31, 2054.

NOTE 15— RELATED PARTY TRANSACTIONS:

All related party transactions have been eliminated in the accompanying financial statements, with the exception of items that result in a capital asset.

Mariposa Park Limited Partnership:

Property management fee – 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. As of December 31, 2014 and 2013, partnership management fees of \$5,770 and \$7,467 were recognized.

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, 2014 and 2013, incentive management fees of \$4,936- and \$-0-, respectively, were expensed and accrued.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2014 and 2013

NOTE 15— RELATED PARTY TRANSACTIONS (continued):

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 \$2,921 and \$2,836 were expensed for the years ended December 31, 2014 and 2013, respectively. Amounts accrued and owing at December 31, 2014 and 2013, were \$-0-.

General partner 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, 2014 and 2013 in the amounts of \$4,674 and \$4,538, respectively.

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, 2014 and 2013, was \$9,421 and \$9,058, respectively. Outstanding payables for lease expense as of December 31, 2014 and 2013, were \$9,421 and \$9,058, respectively.

YHA Family Housing, LLC:

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

The units, which prior to the sale had a net book value of \$5,618,924 (cost of \$15,022,084 net of accumulated depreciation of \$8,826,555), were sold to the LLC for \$7,036,800, and capitalized on the LLC's books at \$5,536,800 (building) and \$1,500,000 (land) during the year-ended December 31, 2013. During the periods ended December 31, 2014 and 2013 improvements of \$12,055,125 and \$1,054,028, respectively 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, 2014 and 2013. As of December 31, 2014 accrued interest of \$370,008 was outstanding. Principal and interest payments at 5.2% are payable out of distributions of cash flow in accordance with the Amended and Restated Operating Agreement, and is due in full on December 31, 2068.

For the periods ending December 31, 2014 and 2013 YHA contributed \$58,897 and \$932,900, respectively, of equity to the LLC, which has been eliminated in the accompanying financial statements.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2014 and 2013

NOTE 15— RELATED PARTY TRANSACTIONS (continued):

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, of which \$10,171,485 had been received as of December 31, 2014.

Property management fee – YHA owns a 0.01% interest in YHA Family Housing, LLC (the LLC), which was formed in December of 2012. YHA is the Managing Member, and manages the Partnership under a property management agreement, which provides for a maximum management fee of 8% of the annual gross effective income, payment of which will be limited to 4% if adequate cash flows are not available. For the period ended December 31, 2014, \$78,617 was recorded as a management fee expense, \$2,216 of which was outstanding at December 31, 2014.

Asset management fee – YHA Family Housing, LLC pays an annual asset management fee to the Limited Partner in the amount of \$7,500 per annum. The payment is due on December 1 of the year that the first building in the Project is placed in service, and on June 1st of each year thereafter, increased by 3% per annum. For the period ended December 31, 2014, \$7,500 was recorded as management fee expense, all of which was outstanding at December 31, 2014.

Development agreement – YHA Family Housing, LLC entered into a Development Agreement with YHA for services in connection with the development and construction of the project. In consideration for such services, \$1,387,034 is payable to YHA, of which \$1,055,754 was outstanding at December 31, 2014. To the extent funds are available \$562,034 may be paid at the time of the Stabilization Capital Contribution of the Limited Partner. Any unpaid balance of the development fee may be paid from the 8609 Capital Contribution after all other costs of construction are paid in full. If cash flow is not sufficient, up to \$400,000 of the development fee may be deferred and paid in accordance with the partnership agreement.

NOTE 16— 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, 2014 and 2013 the reserve was over funded by \$7,941 and \$7,910, respectively.

The YHA Family Housing, LLC operating agreement requires an initial funding of \$825,000, to be deposited upon the LLC attaining stabilization. Subsequent monthly deposits to the reserve are required at the greater of the amount required by the lender or \$27,750 (on an annualized basis), increased annually by 3%. At December 31, 2014 the balance in the reserve was \$100, as the LLC had not yet attained stabilization.

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, 2014 and 2013, the replacement reserve balance was \$119,132 and \$115,029 and was fully funded in both years.

The YHA Family Housing, LLC operating agreement requires an initial funding of \$431,245, to be deposited upon the LLC attaining stabilization. The use of these funds is limited to funding operating deficits, and is to be maintained throughout the duration of the compliance period. At December 31, 2014 the balance in the reserve was \$100, as the LLC had not yet attained stabilization.

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

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2014 and 2013

NOTE 16— RESERVES (continued):

Special reserves (continued):

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 was required to maintain a reserve for the Nueva Primavera original bond issuance. At December 31, 2014 and 2013, \$-0- and \$222,925, 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, 2014 and 2013 \$767,473 and \$358,079, respectively were held in reserves, which requires USDA RD approval for disbursements.

Working capital reserve:

YHA Family Housing, LLC has a working capital reserve that was funded upon the closing of their project. The use of these funds is limited to funding operating deficits, and is to be maintained throughout the duration of the compliance period.

NOTE 17— COMMITMENTS:

As of December 31, 2014 YHA had entered into approximately \$2.6 million of contracts related to the rehabilitation of their Valley 7 USDA properties. YHA also entered into a firm commitment to purchase Harmony Park, a 24-unit complex for \$210,000.

NOTE 18— SUBSEQUENT EVENTS:

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 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.

YHA is developing Toppenish Family Housing, a 30 unit multifamily project in Toppenish, Washington. The project will be primarily for farmworkers and will cost approximately \$7.0 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 \$4.9 million).

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), as well as the assumption of outstanding debt with the USDA RD of approximately \$700,000.

YHA is currently in the predevelopment phase for the rehabilitation of two YHA owned elderly/disabled complexes in Yakima, Washington. Glenn Acres is a 38-unit complex and Naches House is a 51 unit complex serving individuals over the age of 62 or who are disabled. The project will cost approximately \$6.2 million and be funded through the restructuring of debt (approximately \$3.2 million) and Low Income Housing Tax Credit equity (approximately \$3.0 million).

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2014 and 2013

NOTE 19— ADOPTION OF NEW ACCOUNTING STANDARDS:

New pronouncements – During the year ended December 31, 2014 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. 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 adopted this provision as of January 1, 2014, with no impact on the financial statements.

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 adopted this provision as of January 1, 2014, with no impact on the financial statements.

GASB No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, improves 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. YHA adopted this provision as of January 1, 2014, with no impact on the financial statements.

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Housing Authority of the City of Yakima

Combining Statements of Net Position

	YHA Unrestricted	Housing Choice Vouchers	Component Unit (YHAFH)	Component Unit (Mariposa)
Assets				
<i>Current Assets:</i>				
Cash and cash equivalents - unrestricted	\$ 584,790	\$ 115,226	\$ 209,877	\$ 31,964
Accounts receivables, net of allowance	41,345	16,035	63,702	6,072
Investments - unrestricted	38,749	124,908	-	-
Prepaid expenses and other assets	-	3,116	33,726	2,919
Inventories	54,316	-	-	9,146
Due from other funds	1,380,469	-	23,529	-
	<u>2,099,669</u>	<u>259,285</u>	<u>330,834</u>	<u>50,101</u>
<i>Restricted Assets:</i>				
Cash and cash equivalents - other restricted	4,097	86,811	81,750	-
Cash - tenant security deposits	725	-	29,521	5,924
Investments - restricted	5,478	82,209	200	284,031
	<u>10,300</u>	<u>169,020</u>	<u>111,471</u>	<u>289,955</u>
Total current assets	<u>2,109,969</u>	<u>428,305</u>	<u>442,305</u>	<u>340,056</u>
<i>Noncurrent Assets:</i>				
Investment in Component Units	1,681,431	-	-	-
Loan Receivable YHA Family Housing, LLC	6,333,120	-	-	-
<i>Capital assets:</i>				
Land	442,010	-	1,500,000	-
Buildings	144,492	-	5,536,800	2,603,602
Building improvements	-	-	11,903,862	-
Furniture, equipment and machinery - dwellings	-	-	163,142	77,885
Furniture, equipment and machinery - admin	229,494	34,830	-	78,465
Accumulated depreciation	(262,273)	(7,960)	(388,150)	(1,342,361)
Construction in progress	155,424	-	-	-
Total noncurrent assets	<u>8,723,698</u>	<u>26,870</u>	<u>18,715,654</u>	<u>1,417,591</u>
Total assets	<u>\$ 10,833,667</u>	<u>\$ 455,175</u>	<u>\$ 19,157,959</u>	<u>\$ 1,757,647</u>

See accompanying independent auditor's report.

December 31, 2014

<u>Family Housing</u>	<u>Elderly Disabled Housing</u>	<u>Rural Assistance Programs</u>	<u>Central Office Cost Center</u>	<u>Subtotal</u>	<u>Eliminating Entries</u>	<u>Total</u>
\$ 177,418	\$ 190,881	\$ 261,171	\$ 70,606	\$ 1,641,933	\$ -	\$ 1,641,933
12,720	37	54,306	-	194,217	(26,531)	167,686
-	-	-	-	163,657	-	163,657
-	-	-	-	39,761	-	39,761
-	-	-	-	63,462	-	63,462
-	315,431	-	-	1,719,429	(1,719,429)	-
<u>190,138</u>	<u>506,349</u>	<u>315,477</u>	<u>70,606</u>	<u>3,822,459</u>	<u>(1,745,960)</u>	<u>2,076,499</u>
-	1	103,326	-	275,985	-	275,985
9,175	20,195	24,400	-	89,940	-	89,940
<u>215,374</u>	<u>437,319</u>	<u>767,473</u>	<u>-</u>	<u>1,792,084</u>	<u>-</u>	<u>1,792,084</u>
<u>224,549</u>	<u>457,515</u>	<u>895,199</u>	<u>-</u>	<u>2,158,009</u>	<u>-</u>	<u>2,158,009</u>
<u>414,687</u>	<u>963,864</u>	<u>1,210,676</u>	<u>70,606</u>	<u>5,980,468</u>	<u>(1,745,960)</u>	<u>4,234,508</u>
-	-	-	-	1,681,431	(1,681,431)	-
-	-	-	-	6,333,120	(6,333,120)	-
503,678	109,650	823,892	-	3,379,230	-	3,379,230
3,434,807	3,509,573	11,113,637	-	26,342,911	-	26,342,911
-	119,349	-	-	12,023,211	-	12,023,211
93,732	35,147	371,842	-	741,748	-	741,748
-	-	9,229	-	352,018	-	352,018
(1,429,098)	(534,808)	(5,739,930)	-	(9,704,580)	-	(9,704,580)
-	13,000	-	-	168,424	-	168,424
<u>2,603,119</u>	<u>3,251,911</u>	<u>6,578,670</u>	<u>-</u>	<u>41,317,513</u>	<u>(8,014,551)</u>	<u>33,302,962</u>
<u>\$ 3,017,806</u>	<u>\$ 4,215,775</u>	<u>\$ 7,789,346</u>	<u>\$ 70,606</u>	<u>\$ 47,297,981</u>	<u>\$ (9,760,511)</u>	<u>\$ 37,537,470</u>

Continued

Housing Authority of the City of Yakima

Combining Statements of Net Position

	YHA Unrestricted	Housing Choice Vouchers	Component Unit (YHAFH)	Component Unit (Mariposa)
Liabilities and Net Position				
<i>Current Liabilities:</i>				
Accounts payable less than 90 days	\$ 240,151	\$ -	\$ 48,746	\$ 22,736
Developer fee payable	-	-	362,237	-
Retainage payable	-	-	845,914	-
Accrued wages and payroll taxes	73,081	-	-	-
Accrued compensated absences				
current portion	1,608	5,999	4,927	-
Accrued interest payable	-	-	-	-
Accrued liabilities - other	-	-	-	-
Unearned income	-	-	11,101	2,901
Short-term note payable	301,075	-	-	-
Current portion of long term debt	4,000	-	-	-
Due to other funds	123,740	100,350	1,063,525	-
	<u>743,655</u>	<u>106,349</u>	<u>2,336,450</u>	<u>25,637</u>
<i>Payables from Restricted Assets:</i>				
Accounts payable - other government	-	-	-	-
FSS Escrow deposit	-	82,195	-	-
Tenant security deposits	-	-	29,521	5,924
	<u>-</u>	<u>82,195</u>	<u>29,521</u>	<u>5,924</u>
Total current liabilities	<u>743,655</u>	<u>188,544</u>	<u>2,365,971</u>	<u>31,561</u>
<i>Noncurrent Liabilities:</i>				
Long-term debt, net of current	895,856	-	6,333,120	-
Accrued compensated absences, net of current	-	7,332	6,022	-
Other noncurrent liabilities	-	-	-	-
Total noncurrent liabilities	<u>895,856</u>	<u>7,332</u>	<u>6,339,142</u>	<u>-</u>
Total liabilities	<u>1,639,511</u>	<u>195,876</u>	<u>8,705,113</u>	<u>31,561</u>
<i>Net Position:</i>				
Invested in capital assets, net of related debt	(491,784)	26,870	11,174,383	1,417,591
Restricted for:				
Housing Assistance Payments - Section 8	-	86,811	-	-
Future capital improvements	-	-	-	-
Required reserves	9,575	-	81,950	284,031
Unrestricted net position	<u>9,676,365</u>	<u>145,618</u>	<u>(803,487)</u>	<u>24,464</u>
Total net position	<u>9,194,156</u>	<u>259,299</u>	<u>10,452,846</u>	<u>1,726,086</u>
Total liabilities and net position	<u>\$ 10,833,667</u>	<u>\$ 455,175</u>	<u>\$ 19,157,959</u>	<u>\$ 1,757,647</u>

December 31, 2014

<u>Family Housing</u>	<u>Elderly Disabled Housing</u>	<u>Rural Assistance Programs</u>	<u>Central Office Cost Center</u>	<u>Subtotal</u>	<u>Eliminating Entries</u>	<u>Total</u>
\$ -	\$ 7,162	\$ -	\$ -	\$ 318,795	\$ -	\$ 318,795
-	-	-	-	362,237	-	362,237
-	-	-	-	845,914	-	845,914
-	-	-	-	73,081	-	73,081
668	1,165	7,795	13,777	35,939	-	35,939
7,723	8,417	317	-	16,457	-	16,457
-	-	5,377	-	5,377	-	5,377
2,515	2,398	17,259	-	36,174	-	36,174
-	-	-	-	301,075	-	301,075
16,556	54,934	69,758	-	145,248	-	145,248
328,208	36,913	84,650	(17,957)	1,719,429	(1,719,429)	-
355,670	110,989	185,156	(4,180)	3,859,726	(1,719,429)	2,140,297
-	-	-	-	-	-	-
-	-	-	-	82,195	-	82,195
9,175	20,589	24,362	-	89,571	-	89,571
9,175	20,589	24,362	-	171,766	-	171,766
364,845	131,578	209,518	(4,180)	4,031,492	(1,719,429)	2,312,063
3,194,405	2,799,283	1,116,699	-	14,339,363	(6,333,120)	8,006,243
2,781	1,747	10,526	16,839	45,247	-	45,247
-	-	-	-	-	-	-
3,197,186	2,801,030	1,127,225	16,839	14,384,610	(6,333,120)	8,051,490
3,562,031	2,932,608	1,336,743	12,659	18,416,102	(8,052,549)	10,363,553
(607,842)	397,694	5,392,213	-	17,309,125	6,333,120	23,642,245
-	-	-	-	86,811	-	86,811
-	-	767,473	-	767,473	-	767,473
215,374	437,320	103,326	-	1,131,576	-	1,131,576
(151,757)	448,153	189,591	57,947	9,586,894	(8,041,082)	1,545,812
(544,225)	1,283,167	6,452,603	57,947	28,881,879	(1,707,962)	27,173,917
\$ 3,017,806	\$ 4,215,775	\$ 7,789,346	\$ 70,606	\$ 47,297,981	\$ (9,760,511)	\$ 37,537,470

Housing Authority of the City of Yakima

Combining Statements of Net Position

	YHA Unrestricted	Housing Choice Vouchers	Component Unit (YHAFH)	Component Unit (Mariposa)
Assets				
<i>Current Assets:</i>				
Cash and cash equivalents - unrestricted	\$ 368,841	\$ -	\$ 113,920	\$ -
Accounts receivables, net of allowance	20,287	17,667	33,899	4,426
Investments - unrestricted	29,782	-	200	-
Prepaid expenses and other assets	(10)	-	40,648	2,671
Inventories	57,411	-	-	10,695
Due from other funds	277,033	8,752	-	-
	<u>753,344</u>	<u>26,419</u>	<u>188,667</u>	<u>17,792</u>
<i>Restricted Assets:</i>				
Cash and cash equivalents - other restricted	4,096	192,911	417,971	31,325
Cash - tenant security deposits	-	-	29,350	5,313
Investments - restricted	5,474	420,672	-	279,846
	<u>9,570</u>	<u>613,583</u>	<u>447,321</u>	<u>316,484</u>
Total current assets	<u>762,914</u>	<u>640,002</u>	<u>635,988</u>	<u>334,276</u>
<i>Noncurrent Assets:</i>				
Investment in Component Units	1,729,909	-	-	-
Loan Receivable YHA Family Housing, LLC	6,333,120	-	-	-
<i>Capital assets:</i>				
Land	272,010	-	1,500,000	-
Buildings	144,492	-	5,536,800	2,603,602
Building improvements	-	-	-	-
Furniture, equipment and machinery - dwellings	118	-	11,879	77,885
Furniture, equipment and machinery - admin	291,744	4,974	-	78,465
Accumulated depreciation	(264,876)	(4,974)	(11,972)	(1,272,577)
Construction in progress	-	-	1,042,149	-
Total noncurrent assets	<u>8,506,517</u>	<u>-</u>	<u>8,078,856</u>	<u>1,487,375</u>
Total assets	<u>\$ 9,269,431</u>	<u>\$ 640,002</u>	<u>\$ 8,714,844</u>	<u>\$ 1,821,651</u>

December 31, 2013

Family Housing	Elderly Disabled Housing	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ -	\$ 52,629	\$ (4,085)	\$ 531,305	\$ -	\$ 531,305
159	4,064	89,108	169,610	-	169,610
-	5	4	29,991	-	29,991
-	-	-	43,309	-	43,309
-	-	-	68,106	-	68,106
-	315,431	-	601,216	(601,216)	-
159	372,129	85,027	1,443,537	(601,216)	842,321
-	-	62,528	708,831	-	708,831
9,675	8,717	24,287	77,342	-	77,342
257,429	70,584	358,079	1,392,084	-	1,392,084
267,104	79,301	444,894	2,178,257	-	2,178,257
267,263	451,430	529,921	3,621,794	(601,216)	3,020,578
-	-	-	1,729,909	(1,729,909)	-
-	-	-	6,333,120	(6,333,120)	-
503,678	84,100	840,425	3,200,213	-	3,200,213
3,434,807	1,196,554	11,281,651	24,197,906	-	24,197,906
-	-	-	-	-	-
93,732	29,643	381,071	594,328	-	594,328
-	-	-	375,183	-	375,183
(1,332,185)	(450,557)	(5,229,169)	(8,566,310)	-	(8,566,310)
-	-	-	1,042,149	-	1,042,149
2,700,032	859,740	7,273,978	28,906,498	(8,063,029)	20,843,469
\$ 2,967,295	\$ 1,311,170	\$ 7,803,899	\$ 32,528,292	\$ (8,664,245)	\$ 23,864,047

Continued

Housing Authority of the City of Yakima

Combining Statements of Net Position

	YHA Unrestricted	Housing Choice Vouchers	Component Unit (YHAFH)	Component Unit (Mariposa)
Liabilities and Net Position				
<i>Current Liabilities:</i>				
Accounts payable less than 90 days	\$ 24,590	\$ -	\$ 289,769	\$ 2,231
Developer fee payable	-	-	-	-
Retainage payable	-	-	-	-
Accrued wages and payroll taxes	25,602	-	-	-
Accrued compensated absences				
current portion	16,088	14,085	-	-
Accrued interest payable	-	-	-	-
Accrued liabilities - other	-	-	-	-
Unearned income	-	-	-	1,696
Short-term notes payable	3,000	-	-	-
Current portion of long term debt	4,000	-	-	-
Due to other funds	111,111	-	155,283	-
	<u>184,391</u>	<u>14,085</u>	<u>445,052</u>	<u>3,927</u>
<i>Payables from Restricted Assets:</i>				
Accounts payable - other government	-	844	-	13,596
Tenant security deposits	-	-	29,350	5,313
	<u>-</u>	<u>844</u>	<u>29,350</u>	<u>18,909</u>
Total current liabilities	<u>184,391</u>	<u>14,929</u>	<u>474,402</u>	<u>22,836</u>
<i>Noncurrent Liabilities:</i>				
Long-term debt, net of current	899,856	-	6,333,120	-
Accrued compensated absences, net of current	30,650	6,196	-	-
Total noncurrent liabilities	<u>930,506</u>	<u>6,196</u>	<u>6,333,120</u>	<u>-</u>
Total liabilities	<u>1,114,897</u>	<u>21,125</u>	<u>6,807,522</u>	<u>22,836</u>
<i>Net Position:</i>				
Invested in capital assets, net of related debt	(463,368)	-	1,745,736	1,487,375
Restricted for:				
Housing Assistance Payments - Section 8	-	454,481	-	-
Future capital improvements	-	-	-	-
Required reserves	4,096	-	-	279,846
Unrestricted net position	<u>8,613,806</u>	<u>164,396</u>	<u>161,586</u>	<u>31,594</u>
Total net position	<u>8,154,534</u>	<u>618,877</u>	<u>1,907,322</u>	<u>1,798,815</u>
Total liabilities and net position	<u>\$ 9,269,431</u>	<u>\$ 640,002</u>	<u>\$ 8,714,844</u>	<u>\$ 1,821,651</u>

Family Housing	Elderly Disabled Housing	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ -	\$ 316,590	\$ -	\$ 316,590
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	25,602	-	25,602
2,411	2,133	12,173	46,890	-	46,890
31,199	6,006	591	37,796	-	37,796
-	-	5,377	5,377	-	5,377
2,750	2,504	22,379	29,329	-	29,329
29,966	-	-	32,966	-	32,966
85,000	21,854	69,176	180,030	-	180,030
326,682	1,061	7,079	601,216	(601,216)	-
478,008	33,558	116,775	1,275,796	(601,216)	674,580
-	-	-	14,440	-	14,440
9,675	8,717	24,287	77,342	-	77,342
9,675	8,717	24,287	91,782	-	91,782
487,683	42,275	141,062	1,367,578	(601,216)	766,362
2,710,000	1,077,304	1,164,754	12,185,034	(6,333,120)	5,851,914
2,822	1,639	8,123	49,430	-	49,430
2,712,822	1,078,943	1,172,877	12,234,464	(6,333,120)	5,901,344
3,200,505	1,121,218	1,313,939	13,602,042	(6,934,336)	6,667,706
(124,934)	(239,418)	6,040,048	8,445,439	6,333,120	14,778,559
-	70,584	-	525,065	-	525,065
-	-	358,079	358,079	-	358,079
257,429	-	-	541,371	-	541,371
(365,705)	358,786	91,833	9,056,296	(8,063,029)	993,267
(233,210)	189,952	6,489,960	18,926,250	(1,729,909)	17,196,341
\$ 2,967,295	\$ 1,311,170	\$ 7,803,899	\$ 32,528,292	\$ (8,664,245)	\$ 23,864,047

Housing Authority of the City of Yakima

Combining Statements of Revenues, Expenses and Changes in Net Position

	YHA Unrestricted	Housing Choice Vouchers	Component Unit (YHAFH)	Component Unit (Mariposa)
<i>Operating Revenue:</i>				
Intergovernmental revenue	\$ -	\$ 3,812,160	\$ -	\$ -
Net tenant rental revenue	-	-	1,007,950	133,165
Other revenue	924,423	31,700	16,051	9,334
Other tenant revenue	-	-	-	-
Total operating revenue	<u>924,423</u>	<u>3,843,860</u>	<u>1,024,001</u>	<u>142,499</u>
<i>Operating Expenses:</i>				
Administrative:				
Administrative wages	4,061	122,752	46,609	4,058
Professional fees	15,877	7,887	13,943	7,000
Employee benefit contributions	1,705	74,718	18,689	1,588
Other operating - administrative	18,082	273,443	291,817	52,920
Tenant services	2,871	80,130	-	-
	<u>42,596</u>	<u>558,930</u>	<u>371,058</u>	<u>65,566</u>
Utilities:				
Electricity	1,066	-	17,638	4,996
Other utilities expense	702	-	118	-
Sewer	51	-	68,495	13,330
Water	424	-	45,089	14,663
	<u>2,243</u>	<u>-</u>	<u>131,340</u>	<u>32,989</u>
Ordinary maintenance and operations:				
Contract costs	1,395	808	46,232	13,971
Employee benefit contributions	6,308	-	49,302	5,488
Maintenance and operations wages	18,558	-	98,592	12,019
Materials and other	1,538	2,594	4,304	5,973
	<u>27,799</u>	<u>3,402</u>	<u>198,430</u>	<u>37,451</u>
General expenses:				
Depreciation expense	59,647	2,986	376,178	69,784
Housing assistance payments	-	3,631,338	-	-
Insurance premiums	852	870	37,626	6,932
Bad debt - tenant rents	50,965	(150)	15,167	1,507
Bad debt - other	-	-	-	-
Other general expenses	2,389	6,312	12,039	497
Protective services contract costs	210	-	316	634
Payments in lieu of taxes	-	-	3,690	-
	<u>114,063</u>	<u>3,641,356</u>	<u>445,016</u>	<u>79,354</u>
Total operating expenses	<u>186,701</u>	<u>4,203,688</u>	<u>1,145,844</u>	<u>215,360</u>
<i>Operating Income (Loss)</i>	\$ 737,722	\$ (359,828)	\$ (121,843)	\$ (72,861)

See accompanying independent auditors' report

Year Ended December 31, 2014

Family Housing	Elderly Disabled Housing	Rural Assistance Programs	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ -	\$ -	\$ 3,812,160	\$ -	\$ 3,812,160
339,154	237,746	633,490	-	2,351,505	-	2,351,505
82,676	9,391	94,804	565,275	1,733,654	(716,530)	1,017,124
1,987	-	5,480	-	7,467	-	7,467
423,817	247,137	733,774	565,275	7,904,786	(716,530)	7,188,256
11,759	27,726	44,981	235,474	497,420	-	497,420
15,752	2,259	18,159	-	80,877	-	80,877
4,836	4,700	28,295	81,925	216,456	-	216,456
72,991	90,563	301,565	469	1,101,850	(689,999)	411,851
-	-	-	-	83,001	-	83,001
105,338	125,248	393,000	317,868	1,979,604	(689,999)	1,289,605
6,108	39,383	30,746	2,924	102,861	-	102,861
683	9,966	277	768	12,514	-	12,514
18,064	20,317	121,090	241	241,588	-	241,588
13,898	12,888	101,528	2,468	190,958	-	190,958
38,753	82,554	253,641	6,401	547,921	-	547,921
219,079	49,386	105,199	2,869	438,939	-	438,939
14,824	11,012	40,607	37,530	165,071	-	165,071
31,953	32,242	101,266	126,235	420,865	-	420,865
10,488	18,756	35,398	160	79,211	-	79,211
276,344	111,396	282,470	166,794	1,104,086	-	1,104,086
				53,222		
96,913	84,251	631,212	-	1,320,971	-	1,320,971
-	-	-	-	3,631,338	-	3,631,338
9,252	8,523	25,424	-	89,479	-	89,479
6,835	4,049	43,108	-	121,481	-	121,481
-	-	-	-	-	-	-
21,905	465	1,493	-	45,100	-	45,100
401	1,510	1,207	925	5,203	-	5,203
-	52	5,440	-	9,182	-	9,182
135,306	98,850	707,884	925	5,222,754	-	5,222,754
555,741	418,048	1,636,995	491,988	8,854,365	(689,999)	8,164,366
\$ (131,924)	\$ (170,911)	\$ (903,221)	\$ 73,287	\$ (949,579)	\$ (26,531)	\$ (976,110)

Continued

Housing Authority of the City of Yakima

Combining Statements of Revenues, Expenses and Changes in Net Position

	YHA Unrestricted	Choice Vouchers	Unit (YHAFH)	Unit (Mariposa)
<i>Operating Income (Loss)</i>	<u>\$ 737,722</u>	<u>\$ (359,828)</u>	<u>\$ (121,843)</u>	<u>\$ (72,861)</u>
<i>Nonoperating Revenue (Expenses):</i>				
Gain on the sale of capital assets	17,414	-	-	-
Interest expense	-	-	(370,008)	-
Debt issuance costs	-	-	(143,020)	-
Intergovernmental revenue	-	-	-	-
Investment revenue - restricted	-	175	-	-
Investment revenue - unrestricted	370,043	75	13	132
Total nonoperating revenue (expenses)	<u>387,457</u>	<u>250</u>	<u>(513,015)</u>	<u>132</u>
<i>Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers</i>	1,125,179	(359,578)	(634,858)	(72,729)
Operating transfer	6,478	-	-	-
Partnership net income	(107,375)	-	-	-
Capital grants	-	-	-	-
<i>Increase (Decrease) in Net Position</i>	<u>1,024,282</u>	<u>(359,578)</u>	<u>(634,858)</u>	<u>(72,729)</u>
<i>Net Position, Beginning of Year</i>	8,154,534	618,877	1,907,322	1,798,815
<i>Capital contribution</i>	<u>15,340</u>	<u>-</u>	<u>9,180,382</u>	<u>-</u>
<i>Net Position, End of Year</i>	<u><u>\$ 9,194,156</u></u>	<u><u>\$ 259,299</u></u>	<u><u>\$ 10,452,846</u></u>	<u><u>\$ 1,726,086</u></u>

Year Ended December 31, 2014

Family Housing	Disabled Housing	Assistance Programs	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ (131,924)	\$ (170,911)	\$ (903,221)	\$ 73,287	\$ (949,579)	\$ (26,531)	\$ (976,110)
-	-	293,066	-	310,480	-	310,480
(100,336)	(97,120)	(15,480)	-	(582,944)	370,008	(212,936)
(78,826)	(30,300)	-	-	(252,146)	-	(252,146)
-	332,841	587,842	-	920,683	-	920,683
-	166	428	-	769	-	769
71	17	8	-	370,359	(370,008)	351
(179,091)	205,604	865,864	-	767,201	-	767,201
(311,015)	34,693	(37,357)	73,287	(182,378)	(26,531)	(208,909)
-	(6,478)	-	-	-	-	-
-	-	-	-	(107,375)	107,375	-
-	1,065,000	-	-	1,065,000	-	1,065,000
(311,015)	1,093,215	(37,357)	73,287	775,247	80,844	856,091
(233,210)	189,952	6,489,960	-	18,926,250	(1,729,909)	17,196,341
-	-	-	(15,340)	9,180,382	(58,897)	9,121,485
\$ (544,225)	\$ 1,283,167	\$ 6,452,603	\$ 57,947	\$ 28,881,879	\$ (1,707,962)	\$ 27,173,917

Housing Authority of the City of Yakima

Combining Statements of Revenues, Expenses and Changes in Net Position

	YHA Unrestricted	Housing Choice Vouchers	Component Unit (YHAFH)	Component Unit (Mariposa)
<i>Operating Revenue:</i>				
Intergovernmental revenue	\$ 9,954	\$ 2,574,625	\$ -	\$ -
Net tenant rental revenue	-	(462)	34,319	127,359
Other revenue	117,128	5,583	15,258	3,432
Other tenant revenue	27	-	-	-
Total operating revenue	<u>127,109</u>	<u>2,579,746</u>	<u>49,577</u>	<u>130,791</u>
<i>Operating Expenses:</i>				
Administrative:				
Administrative wages	10,315	64,344	13,642	6,042
Professional fees	40	18,460	185	6,890
Employee benefit contributions	1,531	40,566	5,247	2,226
Other operating - administrative	38,973	31,818	52,911	26,570
Tenant services	(870)	43,460	-	-
	<u>49,989</u>	<u>198,648</u>	<u>71,985</u>	<u>41,728</u>
Utilities:				
Electricity	-	-	1,990	5,038
Other utilities expense	-	-	71	-
Sewer	-	-	719	11,754
Water	-	-	917	12,010
	<u>-</u>	<u>-</u>	<u>3,697</u>	<u>28,802</u>
Ordinary maintenance and operations:				
Contract costs	21,873	23,668	4,171	17,998
Employee benefit contributions	1,661	287	5,166	6,495
Maintenance and operations wages	998	628	16,630	15,026
Materials and other	718	2,390	1,438	9,297
	<u>25,250</u>	<u>26,973</u>	<u>27,405</u>	<u>48,816</u>
General expenses:				
Depreciation expense	15,279	-	11,972	80,009
Housing assistance payments	-	2,301,902	-	-
Insurance premiums	307	9,629	2,989	6,567
Bad debt - tenant rents	-	-	-	557
Bad debt - other	-	-	-	-
Other general expenses	43,761	6,787	7,107	280
Protective services contract costs	35	-	-	595
Payments in lieu of taxes	3,647	-	-	-
	<u>63,029</u>	<u>2,318,318</u>	<u>22,068</u>	<u>88,008</u>
Total operating expenses	<u>138,268</u>	<u>2,543,939</u>	<u>125,155</u>	<u>207,354</u>
<i>Operating Income (Loss)</i>	\$ (11,159)	\$ 35,807	\$ (75,578)	\$ (76,563)

See accompanying independent auditors' report

Nine Months Ended December 31, 2013

Family Housing	Elderly Disabled Housing	Rural Assistance Programs	HUD Low Rent	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,584,579	\$ -	\$ 2,584,579
204,894	82,588	397,091	246,852	1,092,641	-	1,092,641
49,913	4,759	89,914	25,049	311,036	(13,596)	297,440
(868)	-	375	24,986	24,520	-	24,520
253,939	87,347	487,380	296,887	4,012,776	(13,596)	3,999,180
25,839	28,964	100,855	178,033	428,034	-	428,034
1,028	668	6,856	3,434	37,561	-	37,561
8,026	8,913	32,884	33,394	132,787	-	132,787
7,289	8,629	107,940	15,310	289,440	(13,596)	275,844
-	-	-	46,094	88,684	-	88,684
42,182	47,174	248,535	276,265	976,506	(13,596)	962,910
6,782	10,704	18,220	8,404	51,138	-	51,138
608	5,615	256	169	6,719	-	6,719
15,083	8,816	85,991	45,606	167,969	-	167,969
12,633	4,711	77,247	29,597	137,115	-	137,115
35,106	29,846	181,714	83,776	362,941	-	362,941
23,340	7,525	85,066	38,758	222,399	-	222,399
8,704	5,401	34,310	33,490	95,514	-	95,514
21,018	13,929	91,245	87,477	246,951	-	246,951
5,224	4,220	44,927	17,924	86,138	-	86,138
58,286	31,075	255,548	177,649	651,002	-	651,002
				46,295		
72,121	24,940	232,719	295,552	732,592	-	732,592
-	-	-	-	2,301,902	-	2,301,902
4,964	2,605	13,596	13,755	54,412	-	54,412
11,779	63	3,713	-	16,112	-	16,112
-	-	-	-	-	-	-
20,633	545	11,084	(10,543)	79,654	-	79,654
579	360	629	425	2,623	-	2,623
-	53	5,425	51	9,176	-	9,176
110,076	28,566	267,166	299,240	3,196,471	-	3,196,471
245,650	136,661	952,963	836,930	5,186,920	(13,596)	5,173,324
\$ 8,289	\$ (49,314)	\$ (465,583)	\$ (540,043)	\$ (1,174,144)	\$ -	\$ (1,174,144)

Continued

Housing Authority of the City of Yakima

Combining Statements of Revenues, Expenses and Changes in Net Position

	YHA Unrestricted	Housing Choice Vouchers	Component Unit (YHAFH)	Component Unit (Mariposa)
<i>Operating Income (Loss)</i>	<u>\$ (11,159)</u>	<u>\$ 35,807</u>	<u>\$ (75,578)</u>	<u>\$ (76,563)</u>
<i>Nonoperating Revenue (Expenses):</i>				
Gain on the sale of capital assets	970,034	-	-	-
Interest expense	-	-	-	-
Debt issuance costs	-	-	-	-
Intergovernmental revenue	-	-	-	-
Investment revenue - restricted	-	1	-	-
Investment revenue - unrestricted	9	-	-	306
Total nonoperating revenue (expenses)	<u>970,043</u>	<u>1</u>	<u>-</u>	<u>306</u>
<i>Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers</i>	958,884	35,808	(75,578)	(76,257)
Operating transfer	7,108,526	-	-	-
Partnership net income	(75,579)	-	-	-
Pass through funds	-	-	-	-
Capital grants	-	-	-	-
<i>Increase (Decrease) in Net Position</i>	<u>7,991,831</u>	<u>35,808</u>	<u>(75,578)</u>	<u>(76,257)</u>
<i>Net Position, Beginning of Year</i>	162,703	583,069	-	1,875,072
<i>Capital contribution</i>	-	-	1,982,900	-
<i>Net Position, End of Year</i>	<u>\$ 8,154,534</u>	<u>\$ 618,877</u>	<u>\$ 1,907,322</u>	<u>\$ 1,798,815</u>

Nine Months Ended December 31, 2013

Family Housing	Elderly Disabled Housing	Rural Assistance Programs	HUD Low Rent	Subtotal	Eliminating Entries	Total
\$ 8,289	\$ (49,314)	\$ (465,583)	\$ (540,043)	\$ (1,174,144)	\$ -	\$ (1,174,144)
-	-	59,082	-	1,029,116	-	1,029,116
(89,392)	(33,767)	(5,461)	-	(128,620)	-	(128,620)
-	-	-	-	-	-	-
-	100,183	368,414	227,081	695,678	-	695,678
-	2	158	-	161	-	161
8,148	-	3	24	8,490	-	8,490
(81,244)	66,418	422,196	227,105	1,604,825	-	1,604,825
(72,955)	17,104	(43,387)	(312,938)	430,681	-	430,681
223,767	-	189,695	(7,521,988)	-	-	-
-	-	-	-	(75,579)	75,579	-
-	-	(171,327)	-	(171,327)	-	(171,327)
-	-	437,368	472,113	909,481	-	909,481
150,812	17,104	412,349	(7,362,813)	1,093,256	75,579	1,168,835
(384,022)	172,848	6,077,611	7,362,813	15,850,094	(872,588)	14,977,506
-	-	-	-	1,982,900	(932,900)	1,050,000
\$ (233,210)	\$ 189,952	\$ 6,489,960	\$ -	\$ 18,926,250	\$ (1,729,909)	\$ 17,196,341

Continued

Housing Authority of the City of Yakima

Notes to Combining Financial Schedules

December 31, 2014 and 2013

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.

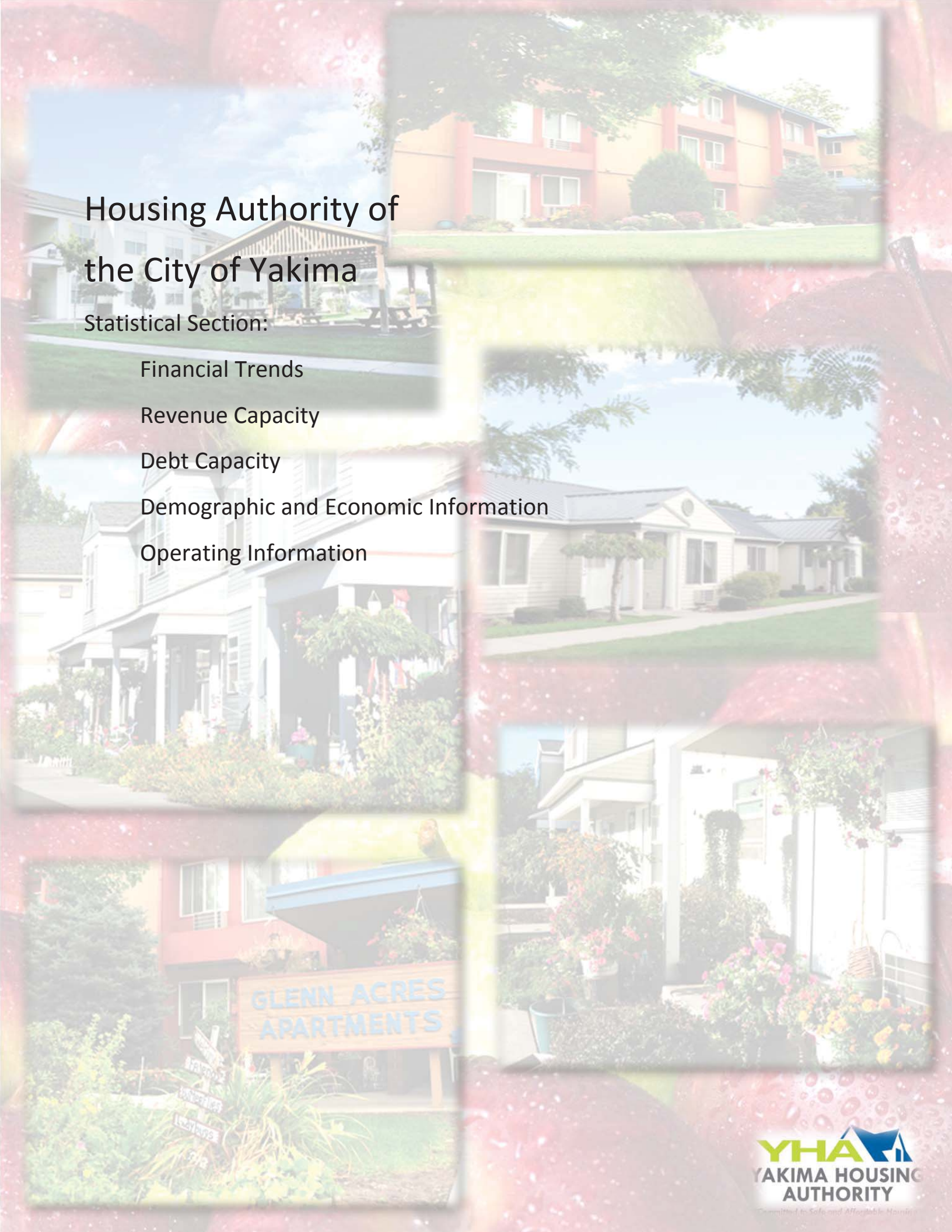
Component Unit (Mariposa) – Used to account for the administration, operating, maintenance, improvement and construction of YHA's independently owned low-income housing unit, Mariposa Park, LLP.

Family Housing – Used to account for the administration, operating, maintenance, improvement and construction of an apartment complex for YHA's multi-family housing.

Elderly Disabled Housing – Used to account for the administration, operating, maintenance, improvement and construction of an apartment complex for the elderly and disabled.

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

Central Office Cost Center - Used to account for administrative costs that are charged to the programs of YHA.



Housing Authority of the City of Yakima

Statistical Section:

Financial Trends

Revenue Capacity

Debt Capacity

Demographic and Economic Information

Operating Information



GLENN ACRES
APARTMENTS

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
3/31/2006	\$ 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	1,424,515	993,267	17,196,341
12/31/2014	23,642,245	1,985,860	1,545,812	27,173,917

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, 2006	March 31, 2007	March 31, 2008	March 31, 2009
<i>Operating Revenue:</i>				
Intergovernmental revenues	\$ 2,923,874	\$ 2,973,170	\$ 2,822,660	\$ 2,374,716
Net tenant revenue	1,356,523	1,311,336	1,330,080	1,260,215
Other revenues	96,270	81,685	68,852	90,200
	<u>4,376,667</u>	<u>4,366,191</u>	<u>4,221,592</u>	<u>3,725,131</u>
<i>Operating Expenses:</i>				
Administrative	915,152	928,853	933,771	982,928
Utilities	356,201	349,731	392,369	390,490
Ordinary maintenance and operating	801,946	840,911	964,442	815,891
General expenses	85,810	95,794	107,293	177,691
Depreciation	916,331	914,010	896,353	902,067
Housing assistance payments	2,417,440	2,453,317	2,360,319	2,785,701
	<u>5,492,880</u>	<u>5,582,616</u>	<u>5,654,547</u>	<u>6,054,768</u>
<i>Operating Loss</i>	<u>(1,116,213)</u>	<u>(1,216,425)</u>	<u>(1,432,955)</u>	<u>(2,329,637)</u>
<i>Nonoperating Revenue (Expenses):</i>				
Intergovernmental	684,271	877,169	874,823	872,089
Investment revenue	69,528	107,283	92,903	17,431
Interest expense	(186,494)	(172,372)	(187,727)	(178,340)
Debt issuance costs	-	-	-	-
Gain (loss) on disposition of assets	(2,970)	637	(551)	9,292
	<u>564,335</u>	<u>812,717</u>	<u>779,448</u>	<u>720,472</u>
<i>Income (Loss) before Capital Contributions</i>	<u>(551,878)</u>	<u>(403,708)</u>	<u>(653,507)</u>	<u>(1,609,165)</u>
Pass-through funds	-	-	-	-
Capital grants	49,912	138,803	99,613	198,282
Change in net assets	(501,966)	(264,905)	(553,894)	(1,410,883)
<i>Net Position, Beginning of Year</i>	16,613,048	16,115,049	16,017,961	15,464,067
Capital contributions				
Prior Period Adjustments	3,967	167,817	-	-
	<u>3,967</u>	<u>167,817</u>	<u>-</u>	<u>-</u>
<i>Net Position, End of Year</i>	<u>\$ 16,115,049</u>	<u>\$ 16,017,961</u>	<u>\$ 15,464,067</u>	<u>\$ 14,053,184</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, 2010	March 31, 2011	March 31, 2012	March 31, 2013	December 31, 2013	December 31, 2014
\$ 3,268,206	\$ 3,497,573	\$ 3,185,813	\$ 3,815,409	\$ 2,584,579	\$ 3,812,160
1,397,600	1,538,154	1,565,334	1,438,835	1,092,641	2,351,505
128,759	131,106	87,956	227,057	321,960	1,024,591
4,794,565	5,166,833	4,839,103	5,481,301	3,999,180	7,188,256
1,102,357	1,249,031	1,146,621	1,125,627	962,910	1,289,605
391,885	401,144	422,142	489,594	362,941	547,921
958,737	1,155,248	1,257,626	996,766	651,002	1,104,086
90,117	136,560	119,752	151,951	161,977	270,445
905,727	920,762	952,333	965,006	732,592	1,320,971
2,691,392	2,592,785	3,141,614	3,173,252	2,301,902	3,631,338
6,140,215	6,455,530	7,040,088	6,902,196	5,173,324	8,164,366
(1,345,650)	(1,288,697)	(2,200,985)	(1,420,895)	(1,174,144)	(976,110)
1,096,923	1,035,714	1,059,030	815,325	695,678	920,683
8,641	3,322	2,893	10,838	8,651	1,120
(172,527)	(163,405)	(103,057)	(143,456)	(128,620)	(212,936)
-	-	-	-	-	(252,146)
(1,387)	81,375	-	(2,461.0)	1,029,116	310,480
931,650	957,006	958,866	680,246	1,604,825	767,201
(414,000)	(331,691)	(1,242,119)	(740,649)	430,681	(208,909)
-	-	-	-	(171,327)	-
363,484	247,100	104,017	2,938,180	909,481	1,065,000
(50,516)	(84,591)	(1,138,102)	2,197,531	1,168,835	856,091
14,053,184	14,002,668	13,918,077	12,779,975	14,977,506	17,196,341
-	-	-	-	1,050,000	9,121,485
-	-	-	-	-	-
\$ 14,002,668	\$ 13,918,077	\$ 12,779,975	\$ 14,977,506	\$ 17,196,341	\$ 27,173,917

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
3/31/06	\$ 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	1,092,641	27.32%	2,584,579	64.63%	321,960	8.05%	3,999,180	100.00%
12/31/14	2,351,505	32.71%	3,812,160	53.03%	1,024,591	14.26%	7,188,256	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
3/31/06	\$ 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	695,678	40.13%	8,651	0.50%	1,029,116	59.37%	1,733,445	100.00%
12/31/14	920,683	74.71%	1,120	0.09%	310,480	25.20%	1,232,283	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, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010
Revenue (excluding HAP subsidy)	\$ 2,650,541	\$ 2,903,774	\$ 2,869,364	\$ 2,866,009	\$ 3,518,500
Expenses (excluding depreciation, HAP)	2,407,867	2,447,865	2,655,371	2,629,917	2,866,419
Revenue available for debt service	<u>\$ 242,674</u>	<u>\$ 455,909</u>	<u>\$ 213,993</u>	<u>\$ 236,092</u>	<u>\$ 652,081</u>
Debt Service Requirements:					
Principal	\$ 128,306	\$ 134,701	\$ 136,157	\$ 142,678	\$ 144,271
Interest	186,494	172,372	187,727	178,340	172,527
Total	<u>\$ 314,800</u>	<u>\$ 307,073</u>	<u>\$ 323,884</u>	<u>\$ 321,018</u>	<u>\$ 316,798</u>
Debt service coverage	0.77	1.48	0.66	0.74	2.06

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, 2011	March 31, 2012	March 31, 2013	December 31, 2013	December 31, 2014
<u>\$ 3,565,321</u>	<u>\$ 3,342,310</u>	<u>\$ 2,949,559</u>	<u>\$ 3,981,124</u>	<u>\$ 5,694,917</u>
<u>3,215,258</u>	<u>3,195,606</u>	<u>2,763,939</u>	<u>2,052,471</u>	<u>3,212,057</u>
<u><u>\$ 350,063</u></u>	<u><u>\$ 146,704</u></u>	<u><u>\$ 185,620</u></u>	<u><u>\$ 1,928,653</u></u>	<u><u>\$ 2,482,860</u></u>
<u>\$ 147,938</u>	<u>\$ 157,683</u>	<u>\$ 174,577</u>	<u>\$ 180,030</u>	<u>\$ 145,248</u>
<u>154,506</u>	<u>152,760</u>	<u>146,900</u>	<u>146,900</u>	<u>212,336</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>	<u><u>\$ 357,584</u></u>
1.16	0.47	0.58	5.90	6.94

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
3/31/06	\$ 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%
12/31/14	4,597,429	3,554,062	8,151,491	43,007,542	18.95%

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

Year	Yakima & Kittitas County Population	Residents of YHA	Yakima & Kittitas County Unemployment Rate
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%
12/31/14	289,452	2,681	10.4%

Note: This table includes all YHA housing programs.

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

Housing Authority of the City of Yakima

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

(Unaudited)

Table 8

	2014		
	Employees	Rank	Percentage of Total County Employment
Yakima Valley Memorial Hospital	2,200	1	1.85%
Yakima School District, No. 7	1,736	2	1.46%
Walmart	1,587	3	1.33%
Washington State Social & Health Services	1,400	4	1.18%
Yakima County	1,213	5	1.02%
Del Monte	1,200	6	1.01%
Yakima Valley Farmworkers Clinic	1,181	7	0.99%
Yakima Regional Medical Center	942	8	0.79%
Yakima Training Center	850	9	0.71%
Washington Beef	850	10	0.71%

	2005		
	Employees	Rank	Percentage of Total County Employment
Yakima Valley Memorial Hospital	1,500	1	2.01%
Yakima School District, No. 7	1,001	2	1.34%
Yakima County	1,000	3	1.34%
Yakima Regional Medical Center	941	4	1.26%
Snokist Growers	851	5	1.14%
Walmart	825	6	1.11%
Washington Beef	725	7	0.97%
City of Yakima	623	8	0.84%
Western Recreational Vehicles, Inc.	600	9	0.81%
Yakima Valley Community College	590	10	0.79%

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
3/31/06	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
12/31/14	618	545	144	1,307
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
3/31/06	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
12/31/14	597	604	173	1,374

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
3/31/06	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
12/31/14	216	1,033	26	29	3	1,307

Housing Choice Voucher Program

Fiscal Year	Caucasian	Latino	African American	Native American	Other	Total
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
12/31/14	628	577	97	56	16	1,374

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	Naches House	Total
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
12/31/14	-	142	810	70	15	150	10	38	26	38	51	1,350

* Seasonal Farmworker Housing - 10 units, 76 beds.

** Including HCV's that are project based.

Source: YHA financial statements and audits

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
Linda Vista	1106 Washington Ave	4	1993
	810 Monroe Ave	2	1993
	822 Rentschler Ave	3	1993
	701-709 Guyette	12	1993
	708 Rentschler Ave	4	1993
	712 Rentschler Ave	3	1993
	308 W 3rd	2	1993
Valley West	16901-16907 Summitview	4	1992
	16941-16947 Summitview	4	1992
	1002-1006 Naches Ave	3	1992
	400/402 Newland Pl	2	1992
	815/817 Franklin	2	1992
	1215/1217 Tieton Ave	2	1992
	261/263 S Tieton Rd	2	1992
	19861-19867 Summitview	4	1992
Pioneer Plaza	408-412 E Spruce St	3	1983
	902-906 E Beech St	3	1983
	115-1121 Pleasant Ave	4	1983
	1314-1316 S 12th Ave	2	1983
	1408-1414 Willow St	4	1983
	507/509 N 6th Ave	2	1983
	510/512 Cherry Ave	2	1983
Sage Court	614 Washington	7	1986
	110 S Beech St	3	1986
Sunset Terrace	417/419/503/505 N 6th Ave	4	1986
	1004-1010 Buwalda	4	1986
	202 N 9th St	2	1986
	1707 Pleasant Ave	2	1986
	1611-1617 S 1st St	4	1986
	603/605 S 4th St	2	1986
	1112/1114 S 18th Ave	2	1986
	Total Valley Seven (Farm Labor Units)	<u>142</u>	

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>142</u>	
YHA Family Housing, LLC:			
Fair Avenue Apartments	110 S Fair Ave	14	1979
Pacific Apartments	504/508 Pacific	15	1979
Evergreen Apartments	1322 S 18th Ave	6	1979
Cascade Apartments	615 N 15th Ave	15	1979
Eastwood Apartments	610 E Arlington St	10	1979
Spruce Lane Apartments	914 E Spruce St	20	1980
Edgewood Apartments	621 N 16th Ave	10	1980
Willow Lane Apartments	1214 Willow St	10	1980
Sierra Apartments	603 Central Ave	14	1980
Parkview Apartments	801 Central Ave	10	1980
9th Street Apartments	1212 S 9th St	4	1982
Yakima Terrace	1307/1309/1311 A & B S 18th Ave	6	1987
Nueva Primavera	810 N 6th Ave	<u>16</u>	1999
Total YHA Family Housing Units		<u>150</u>	
Other housing developments:			
Nueva Primavera	1118 Fruitvale Ave & 810 N 6th Ave	38	1999
Mariposa Apartments	314 Cherry Ave/918 & 919 Fenton	26	1999
Glenn Acres	15 N 37th Ave	38	1999
Naches House	314 N Naches Ave	51	2014
Cosecha Court (76 beds)	416 5th Street	<u>10</u>	2013
Total other housing developments:		<u>163</u>	
Total Units		<u><u>455</u></u>	

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

Table 13

Fiscal Year	Administration	Finance	Housing Choice Vouchers	Asset Management	Total
3/31/06	2	5	4	17	28
3/31/07	2	5	4	16	27
3/31/08	2	5	4	16	27
3/31/09	2	5	4	17	28
3/31/10	2	5	4	18	29
3/31/11	2	5	5	18	30
3/31/12	2	5	4	16	27
3/31/13	2	4	5	13	24
12/31/13	2	4	6	12	24
12/31/14	2	4	6	14	26

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

Housing Authority of the City of Yakima

Single Audit Section:

Independent Auditors' Reports

Schedule of Expenditures of Federal Awards

Schedule of Findings and Questioned Costs

Status of Prior Year Findings





3702 KERN ROAD

YAKIMA, WA 98902

509 575 1040 P

509 457 2145 F

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 the financial statements of the Housing Authority of the City of Yakima, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated June 12, 2015. We conducted our audit 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 YHA Family Housing, LLC, and Mariposa Park, LP were not audited in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with YHA Family Housing, LLC, and Mariposa Park, LP.

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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2014-002 and 2014-003.

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

June 12, 2015



3702 KERN ROAD

YAKIMA, WA 98902

509 575 1040 P

509 457 2145 F

*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 direct and material effect on each of the Housing Authority of the City of Yakima's major federal programs for the year ended December 31, 2014. The Housing Authority of the City of Yakima's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's 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.

Opinion on Each Major Federal Program

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 major federal programs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-002 and 2014-003. Our opinion on each major federal program is not modified with respect to these matters.

The Housing Authority of the City of Yakima's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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.

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.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-002 and 2014-003, that we consider to be significant deficiencies.

The Housing Authority of the City of Yakima's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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

June 12, 2015

Housing Authority of the City of Yakima
Schedule of Expenditures of Federal Awards
December 31, 2014

	CFDA Number	Contract Number	Other Identification Number	Federal Expenditures
<i>U.S. Department of Housing and Urban Development:</i>				
Section 8 Housing Assistance				
Payments Program	14.195	WA19M000052	WA19M000052	\$ 332,841
Resident Opportunity & Self Sufficiency	14.870	WA042RFS229A012	WA042RFS229A012	57,178
Section 8 Housing Choice Vouchers	14.871	S0083V	WA042VO	3,754,982
<i>Total U.S. Department of Housing and Urban Development</i>				<u>4,145,001</u>
<i>USDA Farmers Home Administration Direct Programs:</i>				
Farm Labor Housing Grant	10.405	Cosecha Court		78,716
Rural Rental Assistance Program	10.427	Valley Seven		509,126
<i>Total USDA Farmers Home Administration Direct Programs</i>				<u>587,842</u>
Total Federal Expenditures				<u><u>\$ 4,732,843</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			\$ 989,161
Farm Labor Housing Loan	10.405			197,296

Housing Authority of the City of Yakima

Notes to Schedule of Expenditures of Federal Awards

December 31, 2014

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, 2014 was \$197,296.

Housing Authority of the City of Yakima

Schedule of Findings and Questioned Costs

December 31, 2014

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:

No

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

Yes

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

Unmodified 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

14.195 – Section 8 Housing Assistance Payment Program

14.871 – Section 8 Housing Choice Vouchers

- 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:

No

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

2014-001

Account Reconciliations

Condition: During our audit procedures, we identified several account transactions and balances related to new construction, that were not timely recorded in the general ledger.

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 adjustments during the audit process.

Cause: The Organization has encountered several complex transactions that do not occur / are not performed on a regular basis.

Housing Authority of the City of Yakima

Schedule of Findings and Questioned Costs

December 31, 2014

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

2014-001 (continued)

Account Reconciliations

Recommendation: We recommend increased communication related to unusual or nonrecurring transactions be made with the accounting department so they are timely reporting the financial ramifications of any new developments of YHA.

Views of Responsible Officials of the Auditee: YHA has updated the mode for communicating financial information to the accounting department for new projects being undertaken. In addition, we continue to utilize an external consultant to assist with complex financial activities.

2014-002

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 re-certification packets that had missing signatures on forms required to be signed by the head of household and all other adult members of the household.

Criteria: The missing signatures on forms in the re-certification packets identified during our testing of tenant files were in violation of requirements outlined in the Auditee's policies and requirements outlined in OMB Circular A-133.

Effect: Re-certifications in the tenant files tested are considered incomplete.

Questioned Costs: N/A

Cause: The review process was not sufficient in this area to detect missing documents and/or missing signatures in tenant files. This was primarily due to the increased workload resulting from the required tenant file documentation required for the new tax credit project.

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, and create a checklist of what is required for each tenant file that staff sign off on, to ensure that files are complete. The checklist should be maintained in each of the tenant files and can be reviewed during the periodic internal audits.

Views of Responsible Officials of the Auditee: We have provided additional training to our staff, and are working on implementation of a standardized checklist to identify all information required in a tenant file.

2014-003

CFDA 14.871 – Section 8 Housing Choice Vouchers

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 re-certification packets that had missing signatures on forms required to be signed by the head of household and all other adult members of the household.

Criteria: The missing signatures on forms in the re-certification packets identified during our testing of tenant files were in violation of requirements outlined in the Auditee's policies and requirements outlined in OMB Circular A-133 and the HUD compliance supplement.

Effect: Re-certifications in the tenant files tested are considered incomplete.

Questioned Costs: N/A

Housing Authority of the City of Yakima

Schedule of Findings and Questioned Costs

December 31, 2014

2014-003

CFDA 14.871 – Section 8 Housing Choice Vouchers

Eligibility

Cause: The review process was not sufficient in this area to detect missing documents and/or missing signatures in tenant files. This was primarily due to the increased workload resulting from the required tenant file documentation required for the new tax credit project.

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, and create a checklist of what is required for each tenant file that staff sign off on, to ensure that files are complete. The checklist should be maintained in each of the tenant files and can be reviewed during the periodic internal audits.

Views of Responsible Officials of the Auditee: We have provided additional training to our staff, and are working on implementation of a standardized checklist to identify all information required in a tenant file.

Section III – Findings and Questioned Costs Relating to Federal Awards

See findings 2014-002 and 2014-003 above.

Housing Authority of the City of Yakima

Status of Prior Year Findings

December 31, 2014

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.

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.

Status: Repeated as Finding 2014-001

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. We have not noted any instances of ineligible households receiving benefits.

Status: Repeated as finding 2014-002.

Section III – Findings and Questioned Costs Relating to Federal Awards

See Finding 2013-002

Housing Authority of the City of Yakima

HUD Required Schedules:

Financial Data Schedules



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	\$ 115,226	\$ 209,877	\$ 259,834	\$ 210,839
112	Cash- restricted - modernization and development	-	-	-	-
113	Cash - other restricted	86,811	81,750	-	4,097
114	Cash - tenant security deposits	-	29,521	24,400	15,099
115	Cash - restricted for payment of current liabilities	-	-	-	-
100	Total cash	<u>202,037</u>	<u>321,148</u>	<u>284,234</u>	<u>230,035</u>
121	Accounts receivable - PHA projects	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	-	-
124	Accounts receivable - other government	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	30,467	11,731
126	Accounts receivable - tenant	-	78,870	66,777	42,586
126.1	Allowance for doubtful accounts - tenants	-	(15,168)	(42,939)	(23,794)
126.2	Allowance for doubtful accounts - other	-	-	-	-
127	Notes, loans and mortgages receivable - current	-	-	-	-
128	Fraud recovery	18,622	-	-	-
128.1	Allowance for doubtful accounts - fraud	(2,587)	-	-	-
129	Accrued interest receivable	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	<u>16,035</u>	<u>63,702</u>	<u>54,305</u>	<u>30,523</u>
131	Investments - unrestricted	124,908	-	-	872,578
132	Investments - restricted	82,209	200	767,473	499,405
135	Investments - restricted for payment of current liability	-	-	-	-
142	Prepaid expenses and other assets	3,117	33,726	-	2,918
143	Inventories	-	-	-	9,146
143.1	Allowance for obsolete inventories	-	-	-	-
144	Inter program due from	-	23,529	-	-
145	Assets held for sale	-	-	-	-
150	Total current assets	<u>428,306</u>	<u>442,305</u>	<u>1,106,012</u>	<u>1,644,605</u>
161	Land	-	1,500,000	611,867	832,034
162	Buildings	-	17,440,662	8,294,290	6,038,409
163	Furniture, equipment & machinery - dwellings	-	163,142	122,473	171,617
164	Furniture, equipment & machinery - administration	34,830	-	9,230	78,465
165	Leasehold improvements	-	-	-	-
166	Accumulated depreciation	(7,960)	(388,150)	(5,603,299)	(2,771,459)
167	Construction in progress	-	-	-	128,075
168	Infrastructure	-	-	-	-
160	Total capital assets, net of accumulated depreciation	<u>26,870</u>	<u>18,715,654</u>	<u>3,434,561</u>	<u>4,477,141</u>
171	Notes, loans and mortgages receivable - non-current	-	-	-	-
172	Notes, loans, mortgages receivable, non-current, past due	-	-	-	-
173	Grants receivable - non-current	-	-	-	-
174	Other assets	-	-	-	-
176	Investments in joint ventures	-	-	-	-
180	Total non-current assets	<u>26,870</u>	<u>18,715,654</u>	<u>3,434,561</u>	<u>4,477,141</u>
190	Total assets	<u>455,176</u>	<u>19,157,959</u>	<u>4,540,573</u>	<u>6,121,746</u>
200	Deferred outflows of resources	-	-	-	-
190	Total assets and deferred outflows of resources	<u>\$ 455,176</u>	<u>\$ 19,157,959</u>	<u>\$ 4,540,573</u>	<u>\$ 6,121,746</u>

December 31, 2014

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
\$ 190,881	\$ -	\$ 1,337	\$ 653,939	\$ 1,641,933	\$ -	\$ 1,641,933
-	-	-	-	-	-	-
1	-	103,326	-	275,985	-	275,985
20,195	-	-	725	89,940	-	89,940
-	-	-	-	-	-	-
211,077	-	104,663	654,664	2,007,858	-	2,007,858
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	30,515	72,713	(26,531)	46,182
3,781	-	-	-	192,014	-	192,014
(3,744)	-	-	-	(85,645)	-	(85,645)
-	-	-	(900)	(900)	-	(900)
-	-	-	-	-	-	-
-	-	-	-	18,622	-	18,622
-	-	-	-	(2,587)	-	(2,587)
-	-	-	370,008	370,008	(370,008)	-
37	-	-	399,623	564,225	(396,539)	167,686
-	-	-	847,602	1,845,088	(1,681,431)	163,657
437,319	-	-	5,478	1,792,084	-	1,792,084
-	-	-	-	-	-	-
-	-	-	-	39,761	-	39,761
-	-	-	57,394	66,540	-	66,540
-	-	-	(3,078)	(3,078)	-	(3,078)
315,431	-	-	1,010,461	1,349,421	(1,349,421)	-
-	-	-	-	-	-	-
963,864	-	104,663	2,972,144	7,661,899	(3,427,391)	4,234,508
109,650	-	212,025	113,654	3,379,230	-	3,379,230
3,628,922	-	2,819,347	144,492	38,366,122	-	38,366,122
35,147	-	249,369	-	741,748	-	741,748
-	-	-	229,493	352,018	-	352,018
-	-	-	-	-	-	-
(534,808)	-	(136,631)	(262,273)	(9,704,580)	-	(9,704,580)
13,000	-	-	27,349	168,424	-	168,424
-	-	-	-	-	-	-
3,251,911	-	3,144,110	252,715	33,302,962	-	33,302,962
-	-	-	6,333,120	6,333,120	(6,333,120)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,251,911	-	3,144,110	6,585,835	39,636,082	(6,333,120)	33,302,962
4,215,775	-	3,248,773	9,557,979	47,297,981	(9,760,511)	37,537,470
-	-	-	-	-	-	-
\$ 4,215,775	\$ -	\$ 3,248,773	\$ 9,557,979	\$ 47,297,981	\$ (9,760,511)	\$ 37,537,470

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	\$ -	\$ -	\$ -	\$ -
312	Accounts payable less than 90 days	-	48,746	-	22,736
313	Accounts payable greater than 90 days	-	-	-	-
321	Accrued wages / payroll taxes payable	-	-	-	-
322	Accrued compensated absences - current portion	5,999	4,927	7,894	2,276
324	Accrued contingency liability	-	-	-	-
325	Accrued interest payable	-	370,008	317	7,723
331	Accounts payable - HUD PHA programs	-	-	-	-
332	Accounts payable - PHA projects	-	-	-	-
333	Accounts payable - other government	-	-	-	-
341	Tenant security deposits	-	29,521	24,362	15,099
342	Unearned revenue	-	11,101	17,259	5,416
343	Current portion of long-term debt - capital projects/mortgage revenue	-	-	59,694	20,556
344	Current portion of long-term debt - operating borrowings	-	-	-	-
345	Other current liabilities	-	-	5,377	-
346	Accrued liabilities - other	-	1,208,151	-	-
347	Inter program - due to	100,350	693,517	85,295	333,248
348	Loan liability - current	-	-	-	298,075
310	Total current liabilities	106,349	2,365,971	200,198	705,129
351	Long-term debt, net current, capital projects	-	6,333,120	929,467	4,090,261
352	Long-term debt, net of current - operating borrowings	-	-	-	-
353	Non-current liabilities - other	82,195	-	-	-
354	Accrued compensated absences - non-current	7,332	6,022	9,649	2,781
355	Loan liability - non-current	-	-	-	-
356	FASB 5 liabilities	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-
350	Total non-current liabilities	89,527	6,339,142	939,116	4,093,042
300	Total liabilities	195,876	8,705,113	1,139,314	4,798,171
400	Deferred inflows of resources				
508.4	Invested in capital assets	26,870	11,174,383	2,445,400	68,249
511.4	Restricted net position	86,811	81,950	767,473	503,502
512.4	Unrestricted net position	145,619	(803,487)	188,386	751,824
513	Total equity / net position	259,300	10,452,846	3,401,259	1,323,575
600	Total liab., def'd inflows resources, equity/net position	\$ 455,176	\$ 19,157,959	\$ 4,540,573	\$ 6,121,746

December 31, 2014

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7,162	-	-	240,151	318,795	-	318,795
-	-	-	-	-	-	-
-	-	-	73,081	73,081	-	73,081
1,165	-	(99)	13,777	35,939	-	35,939
-	-	-	-	-	-	-
8,417	-	-	-	386,465	(370,008)	16,457
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
20,589	-	-	-	89,571	-	89,571
2,398	-	-	-	36,174	-	36,174
-	-	-	-	-	-	-
54,934	-	10,064	-	145,248	-	145,248
-	-	-	-	-	-	-
-	-	-	-	5,377	-	5,377
-	-	-	-	1,208,151	-	1,208,151
36,913	-	(644)	100,742	1,349,421	(1,349,421)	-
-	-	-	3,000	301,075	-	301,075
131,578	-	9,321	430,751	3,949,297	(1,719,429)	2,229,868
2,799,283	-	187,232	-	14,339,363	(6,333,120)	8,006,243
-	-	-	-	-	-	-
-	-	-	-	82,195	-	82,195
1,747	-	877	16,839	45,247	-	45,247
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,801,030	-	188,109	16,839	14,466,805	(6,333,120)	8,133,685
2,932,608	-	197,430	447,590	18,416,102	(8,052,549)	10,363,553
397,694	-	2,946,814	249,715	17,309,125	6,333,120	23,642,245
437,320	-	103,326	5,478	1,985,860	-	1,985,860
448,153	-	1,203	8,855,196	9,586,894	(8,041,082)	1,545,812
1,283,167	-	3,051,343	9,110,389	28,881,879	(1,707,962)	27,173,917
\$ 4,215,775	\$ -	\$ 3,248,773	\$ 9,557,979	\$ 47,297,981	\$ (9,760,511)	\$ 37,537,470

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
70300	Net tenant rental revenue	\$ -	\$ 1,007,950	\$ 598,549	\$ 472,319
70400	Tenant revenue - other	-	-	5,480	1,987
70500	Total tenant revenue	-	1,007,950	604,029	474,306
70600	HUD PHA operating grants	3,754,982	-	-	-
70610	Capital grants	-	-	-	-
70710	Management fee	-	-	-	-
70720	Asset management fee	-	-	-	-
70730	Bookkeeping fee	-	-	-	-
70740	Front line service fee	-	-	-	-
70750	Other fees	-	-	-	-
70700	Total fee revenue	3,754,982	-	-	-
70800	Other government grants	-	-	509,126	-
71100	Investment income - unrestricted	250	13	8	205
71200	Mortgage interest income	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-
71310	Cost of sale of assets	-	-	-	-
71400	Fraud recovery	5,965	-	-	-
71500	Other revenue	25,735	16,051	92,621	109,278
71600	Gain or loss on sale of capital assets	-	-	293,066	-
72000	Investment income - restricted	-	-	428	-
70000	Total revenue	\$ 3,786,932	\$ 1,024,014	\$ 1,499,278	\$ 583,789

December 31, 2014

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
\$ 237,747	\$ -	\$ 34,940	\$ -	\$ 2,351,505	\$ -	\$ 2,351,505
-	-	-	-	7,467	-	7,467
237,747	-	34,940	-	2,358,972	-	2,358,972
-	57,178	-	-	3,812,160	-	3,812,160
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	57,178	-	-	3,812,160	-	3,812,160
1,397,841	-	78,716	-	1,985,683	-	1,985,683
17	-	-	370,041	370,534	(370,008)	526
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	5,965	-	5,965
9,391	-	2,185	1,365,054	1,620,315	(609,156)	1,011,159
-	-	-	17,414	310,480	-	310,480
166	-	-	-	594	-	594
<u>\$ 1,645,162</u>	<u>\$ 57,178</u>	<u>\$ 115,841</u>	<u>\$ 1,752,509</u>	<u>\$ 10,464,703</u>	<u>\$ (979,164)</u>	<u>\$ 9,485,539</u>

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
91100	Administrative salaries	\$ 83,637	\$ 46,609	\$ 45,499	\$ 19,879
91200	Auditing fees	5,609	9,800	11,230	9,761
91300	Management fee	106,587	121,217	148,373	67,090
91310	Bookkeeping fee	62,018	28,368	26,512	11,856
91400	Advertising and marketing	803	407	428	266
91500	Employee benefits contributions - administrative	32,253	18,689	19,278	8,035
91600	Office expenses	90,781	45,852	100,404	6,177
91700	Legal expenses	2,278	4,143	5,665	13,464
91800	Travel	-	-	18	-
91810	Allocated overhead	-	-	-	-
91900	Other	13,254	95,973	8,789	44,324
91000	Total operating - administrative	397,220	371,058	366,196	180,852
92000	Asset management fee	-	-	-	-
92100	Tenant services - salaries	80,130	-	-	-
92200	Relocation costs	-	-	-	-
92300	Employee benefits contributions - tenant services	24,402	-	-	-
92400	Tenant services - other	-	-	-	-
92500	Total tenant services	104,532	-	-	-
93100	Water	-	45,091	97,331	28,561
93200	Electricity	-	17,638	21,966	11,103
93300	Gas	-	119	277	683
93400	Fuel	-	-	-	-
93500	Labor	-	-	-	-
93600	Sewer	-	68,495	117,103	31,394
93700	Employee benefit contributions - utilities	-	-	-	-
93800	Other utilities expense	-	-	-	-
93000	Total utilities	-	131,343	236,677	71,741
94100	Ordinary maintenance and operations - labor	-	98,592	82,395	44,302
94200	Ordinary maintenance and operations - materials and other	2,594	4,305	33,240	17,364
94300	Ordinary maintenance and operations contracts	808	46,231	99,428	233,675
94500	Employee benefit contributions - ordinary maintenance	-	49,302	38,977	20,503
94000	Total maintenance	3,402	198,430	254,040	315,844
95100	Protective services - labor	-	-	-	-
95200	Protective services - other contract costs	-	317	304	1,035
95300	Protective services - other	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-
95000	Total protective services	-	317	304	1,035
96110	Property insurance	-	26,183	17,565	15,623
96120	Liability insurance	869	11,443	7,859	1,412
96130	Workmen's compensation	-	-	-	-
96140	All other insurance	-	-	-	-
96100	Total insurance premiums	869	37,626	25,424	17,035

December 31, 2014

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
\$ 27,727	\$ 39,115	\$ (517)	\$ 235,471	\$ 497,420	\$ -	\$ 497,420
1,772	-	-	15,330	53,502	-	53,502
61,331	-	10,241	-	514,839	(514,839)	-
7,104	-	1,280	-	137,138	(137,138)	-
759	-	200	51	2,914	-	2,914
4,700	18,063	9,017	82,019	192,054	-	192,054
8,782	-	4,527	2,493	259,016	(38,023)	220,993
493	-	1,264	68	27,375	-	27,375
-	-	-	-	18	-	18
-	-	-	-	-	-	-
12,587	-	792	12,207	187,926	-	187,926
<u>125,255</u>	<u>57,178</u>	<u>26,804</u>	<u>347,639</u>	<u>1,872,202</u>	<u>(690,000)</u>	<u>1,182,202</u>
-	-	-	-	-	-	-
-	-	-	-	80,130	-	80,130
-	-	-	-	-	-	-
-	-	-	-	24,402	-	24,402
-	-	-	2,871	2,871	-	2,871
-	-	-	2,871	107,403	-	107,403
12,887	-	4,197	2,891	190,958	-	190,958
39,383	-	8,780	3,991	102,861	-	102,861
9,966	-	-	1,469	12,514	-	12,514
-	-	-	-	-	-	-
-	-	-	-	-	-	-
20,317	-	3,987	292	241,588	-	241,588
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>82,553</u>	<u>-</u>	<u>16,964</u>	<u>8,643</u>	<u>547,921</u>	<u>-</u>	<u>547,921</u>
32,242	-	18,871	144,463	420,865	-	420,865
18,755	-	2,158	795	79,211	-	79,211
49,386	-	5,771	3,640	438,939	-	438,939
11,012	-	1,631	43,646	165,071	-	165,071
<u>111,395</u>	<u>-</u>	<u>28,431</u>	<u>192,544</u>	<u>1,104,086</u>	<u>-</u>	<u>1,104,086</u>
-	-	-	-	-	-	-
1,509	-	903	1,135	5,203	-	5,203
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,509</u>	<u>-</u>	<u>903</u>	<u>1,135</u>	<u>5,203</u>	<u>-</u>	<u>5,203</u>
2,933	-	-	-	62,304	-	62,304
5,590	-	-	2	27,175	-	27,175
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>8,523</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>89,479</u>	<u>-</u>	<u>89,479</u>

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
96200	Other general expenses	6,313	155,054	1,492	101,235
96210	Compensated absences	-	-	-	-
96300	Payments in lieu of taxes	-	3,690	5,440	-
96400	Bad debt - tenant rents	(150)	15,167	43,108	8,342
96500	Bad debt - mortgages	-	-	-	-
96600	Bad debt - other	-	-	-	-
96800	Severance expense	-	-	-	-
96000	Total other general expenses	6,163	173,911	50,040	109,577
96710	Interest of mortgage (or bonds) payable	-	370,008	18,184	100,336
96720	Interest on notes payable (short and long term)	-	-	-	-
96730	Amortization of bond issue costs	-	-	-	-
96700	Total interest expense and amortization cost	-	370,008	18,184	100,336
96900	Total operating expense	512,186	1,282,693	950,865	796,420
97000	Excess of revenue over operating expenses	3,274,746	(258,679)	548,413	(212,631)
97100	Extraordinary maintenance	-	-	-	-
97200	Casualty losses - non-capitalized	-	-	-	-
97300	Housing assistance payments	3,602,550	-	-	-
97350	HAP portability-in	28,788	-	-	-
97400	Depreciation expense	2,986	376,178	528,739	166,697
97500	Fraud losses	-	-	-	-
97600	Capital outlays - governmental funds	-	-	-	-
97700	Debt principal payment - governmental funds	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-
90000	Total expenses	4,146,510	1,658,871	1,479,604	963,117
10010	Operating transfer in	-	-	-	-
10020	Operating transfer out	-	-	-	-
10030	Operating transfers from/to primary government	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-
10050	Proceeds from notes, loans and bonds	-	-	-	-
10060	Proceeds from property sales	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-
10080	Special items (net gain/loss)	-	9,180,382	-	-
10091	Inter project excess cash transfer in	-	-	-	-
10092	Inter project excess cash transfer out	-	-	-	-
10093	Transfers between program and project - in	-	-	-	-
10094	Transfers between program and project - out	-	-	-	-
10100	Total other financing sources (uses)	-	9,180,382	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	\$ (359,578)	\$ 8,545,525	\$ 19,674	\$ (379,328)
	Net income	(359,578)	8,545,525	19,674	(379,328)

December 31, 2014

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
30,762	-	-	2,385	297,241	-	297,241
-	-	-	-	-	-	-
52	-	-	-	9,182	-	9,182
4,049	-	-	-	70,516	-	70,516
-	-	-	-	-	-	-
-	-	-	50,965	50,965	-	50,965
-	-	-	-	-	-	-
34,863	-	-	53,350	427,904	-	427,904
97,120	-	(2,704)	-	582,944	(370,008)	212,936
-	-	-	-	-	-	-
-	-	-	-	-	-	-
97,120	-	(2,704)	-	582,944	(370,008)	212,936
461,218	57,178	70,398	606,184	4,737,142	(1,060,008)	3,677,134
1,183,944	-	45,443	1,146,325	5,727,561	80,844	5,808,405
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	3,602,550	-	3,602,550
-	-	-	-	28,788	-	28,788
84,251	-	102,473	59,647	1,320,971	-	1,320,971
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
545,469	57,178	172,871	665,831	9,689,451	(1,060,008)	8,629,443
-	-	-	6,478	6,478	-	6,478
(6,478)	-	-	-	(6,478)	-	(6,478)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	9,180,382	(58,897)	9,121,485
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(6,478)	-	-	6,478	9,180,382	(58,897)	9,121,485
\$ 1,093,215	\$ -	\$ (57,030)	\$ 1,093,156	\$ 9,955,634	\$ 21,947	\$ 9,977,581
1,093,215	-	(57,030)	1,093,156	9,955,634	21,947	9,977,581

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
11020	Required annual debt principal payments	\$ -	\$ -	\$ 59,112	\$ 35,417
11030	Beginning equity	618,878	1,907,321	3,381,585	830,315
	Prior period adjustments, equity transfers				
11040	and corrections	-	-	-	872,588
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	172,489	-	-	-
11180	Housing assistance payments equity	89,397	-	-	-
11190	Unit months available	9,500	1,800	1,704	768
11210	Number of unit months leased	9,220	1,779	1,634	729
11270	Excess cash	-	-	-	-
11610	Land purchases	-	-	-	-
11620	Building purchases	-	-	-	-
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	-	-	-	-

December 31, 2014

[illegible]