



**Washington State Auditor's Office**

**Troy Kelley**

**Integrity • Respect • Independence**

## **Financial Statements and Federal Single Audit Report**

# **Sunnyside Housing Authority**

**Yakima County**

**For the period January 1, 2013 through December 31, 2013**

**Published September 29, 2014**

**Report No. 1012664**





# Washington State Auditor Troy Kelley

September 29, 2014

Board of Commissioners  
Sunnyside Housing Authority  
Sunnyside, Washington

## **Report on Financial Statements and Federal Single Audit**

Please find attached our report on the Sunnyside Housing Authority's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the Housing Authority's financial condition.

Sincerely,

TROY KELLEY  
STATE AUDITOR

# Table of Contents

**Sunnyside Housing Authority  
Yakima County  
January 1, 2013 through December 31, 2013**

Federal Summary .....	4
Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards .....	6
Independent Auditor's Report On Compliance For Each Major Federal Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133.....	8
Independent Auditor's Report On Financial Statements .....	11
Financial Section.....	14
About The State Auditor's Office.....	42

# Federal Summary

## Sunnyside Housing Authority Yakima County January 1, 2013 through December 31, 2013

The results of our audit of the Sunnyside Housing Authority are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

### ***FINANCIAL STATEMENTS***

A unmodified opinion was issued on the basic financial statements.

#### ***Internal Control Over Financial Reporting:***

- ***Significant Deficiencies:*** We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- ***Material Weaknesses:*** We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Housing Authority.

### ***FEDERAL AWARDS***

#### ***Internal Control Over Major Programs:***

- ***Significant Deficiencies:*** We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- ***Material Weaknesses:*** We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Housing Authority's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

***Identification of Major Programs:***

The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
10.405	Farm Labor Housing Loans and Grants

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The Housing Authority qualified as a low-risk auditee under OMB Circular A-133.

# **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

## **Sunnyside Housing Authority Yakima County January 1, 2013 through December 31, 2013**

Board of Commissioners  
Sunnyside Housing Authority  
Sunnyside, Washington

We have audited, 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 the Sunnyside Housing Authority, Yakima County, Washington, as of and for the year ended December 31, 2013, 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 September 17, 2014.

### ***INTERNAL CONTROL OVER FINANCIAL REPORTING***

In planning and performing our audit of the financial statements, we considered the Housing Authority'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Housing Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did

not identify any deficiencies that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In addition, we noted certain matters that we have reported to the management of the Housing Authority in a separate letter dated September 17, 2014.

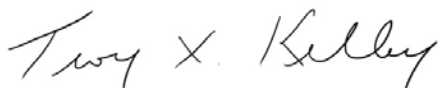
### ***COMPLIANCE AND OTHER MATTERS***

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of the Housing Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***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 Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



**TROY KELLEY**  
STATE AUDITOR

September 17, 2014

# **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

**Sunnyside Housing Authority  
Yakima County  
January 1, 2013 through December 31, 2013**

Board of Commissioners  
Sunnyside Housing Authority  
Sunnyside, Washington

## ***REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM***

We have audited the compliance of the Sunnyside Housing Authority, Yakima County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The Housing Authority's major federal programs are identified in the accompanying Federal Summary.

### ***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'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'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. Our audit does not provide a legal determination on the Housing Authority's compliance.



### ***Opinion on Each Major Federal Program***

In our opinion, the Housing Authority 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, 2013.

### ***REPORT ON INTERNAL CONTROL OVER COMPLIANCE***

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order 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'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 that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***PURPOSE OF THIS REPORT***

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. However, this report is a matter of public record and its distribution is not limited. It

also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in cursive script that reads "Troy X. Kelley".

**TROY KELLEY**  
STATE AUDITOR

September 17, 2014

# **Independent Auditor's Report on Financial Statements**

**Sunnyside Housing Authority  
Yakima County  
January 1, 2013 through December 31, 2013**

Board of Commissioners  
Sunnyside Housing Authority  
Sunnyside, Washington

## ***REPORT ON THE FINANCIAL STATEMENTS***

We have audited the accompanying financial statements of the Sunnyside Housing Authority, Yakima County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 14.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sunnyside Housing Authority, as of December 31, 2013, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

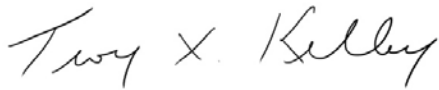
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule and HUD form is supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

## ***OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2014 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 the Housing Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Troy X. Kelley".

**TROY KELLEY**  
STATE AUDITOR

September 17, 2014

## **Financial Section**

**Sunnyside Housing Authority  
Yakima County  
January 1, 2013 through December 31, 2013**

### ***REQUIRED SUPPLEMENTARY INFORMATION***

Management's Discussion and Analysis – 2013

### ***BASIC FINANCIAL STATEMENTS***

Statement of Net Position – 2013

Statement of Revenues, Expenses and Changes in Net Position – 2013

Statement of Cash Flows – 2013

Notes to Financial Statements – 2013

### ***SUPPLEMENTARY AND OTHER INFORMATION***

Schedule of Expenditures of Federal Awards – 2013

Notes to the Schedule of Expenditures of Federal Awards – 2013

Financial Data Schedule – 2013

Actual Modernization Cost Certificate – WA 19PO35501-10

The Housing Authority of Sunnyside, Washington's (the Housing Authority) Management's Discussion and Analysis (MD&A) is designed to:

- Assist the reader in focusing on significant financial issues;
- Provide an overview of the Housing Authority's financial activity;
- Identify changes in the Housing Authority's financial position;
- Provide information on challenges in the next and subsequent years; and
- Identify individual fund or program issues and concerns.

The MD&A is designed to focus on the current year's activities. Please read it in conjunction with the Housing Authority's financial statements.

### **Financial Statements**

These financial statements are designed so that all activities for the Housing Authority are reported as a stand-alone business activity. They are designed to display the financial position and activity of the Housing Authority as a whole. The Housing Authority consists exclusively of enterprise funds. Enterprise funds utilize the accrual basis of accounting, and are reported in the same method as that used in private sector accounting. These statements include:

1. Statement of Net Position (Balance Sheet). This reports all financial and capital resources of the Housing Authority. They are classified as "Current" and "Non-Current." Liabilities whose maturities are greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The net position is one way to measure the Housing Authority's financial health. Over time, increases or decreases in the Housing Authority's net position are one indicator of its financial health. The focus of the Statement of Net Position is designed to represent the available liquid assets, net of liabilities, for the Housing Authority. Total net position is reported in three broad categories:

Net Investment in Capital Assets – This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other related borrowings that are attributable to the acquisition, construction or improvement of those capital assets.

Restricted Net Position – This component of net position consists of restricted assets, on which creditors, grantors, laws or regulations have placed the constraints.

Unrestricted Net Position – This component of net position consists of all other net assets that don't meet the criteria for "Net Investment in Capital Assets" or "Restricted Net Position".

2. Statement of Revenues, Expenses and Changes in Fund Net Position – This statement is similar to an income statement and includes operating revenues, such as rental income and other tenant revenue, operating expenses, such as administrative expenses, utilities, maintenance and depreciation, and non-operating revenues and expenses, which includes grant revenue, investment income and interest expense. All changes in fund net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Position is the "Change in Net Position". This is similar to Net Income or Loss.

3. Statement of Cash Flows – This statement shows net cash provided by, or used for, operating activities, non-capital financial activities and related financing activities and investing activities. The statement of cash flows presents the "change" in the Housing Authority's cash and cash equivalents during the most recent fiscal year.

## **Financial Analysis of the Housing Authority**

The overall financial position of the Housing Authority has decreased slightly over the previous year. The primary reason for this is decreased government subsidy and increased costs of maintenance and operations.

The Housing Authority's net position was \$6,482,062 on December 31, 2013; this is a decrease of \$4,206 under the previous year. Of this amount, \$2,606,012 was unrestricted. The largest portion of the Housing Authority's net position (\$3,180,640 - 49%) reflects its investment in capital assets (e.g., land, buildings, improvements, machinery, and equipment.) The Housing Authority uses these capital assets to provide services to program participants; consequently, these assets are not available for future spending.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position report information about the Housing Authority's activities to help determine the overall financial health of the organization. Economic conditions and new or changed government legislation would also need to be considered when analyzing the Housing Authority's activities.



### **An Overview of the Housing Authority-Wide Financial Position and Operations**

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information included in the current and prior financial statements.

**Table 1**  
**Sunnyside Housing Authority, Net Position**

	December 31, 2013	December 31, 2012
Current and other assets	\$ 3,508,334	\$ 3,527,326
Capital assets, net	\$ 4,420,020	4,566,926
Total assets	<u>\$ 7,928,354</u>	<u>\$ 8,094,252</u>
Current and other liabilities	\$ 274,235	\$ 339,676
Long-term liabilities	1,172,057	1,268,308
Total liabilities	<u>1,446,292</u>	<u>1,607,984</u>
Net Position		
Net investment in Capital Assets	3,180,640	3,244,086
Restricted net position	695,410	631,250
Unrestricted net position	2,606,012	2,610,932
Total net position	<u>6,482,062</u>	<u>6,486,268</u>
Total liabilities and net position	<u>\$ 7,928,354</u>	<u>\$ 8,094,252</u>

#### **Total Assets**

The Housing Authority's total assets at December 31, 2013, were \$7.9 million, a decrease of \$165,898 from December 31, 2012. This is primarily due to the depreciation of capital assets.

#### **Total Liabilities**

Total liabilities decreased by \$161,692. This decrease is due to the annual payments on existing loans and fewer new construction projects in 2013.

#### **Total Net Position**

The Housing Authority's Net Position decreased in total by \$4,206 in 2013.

**Table 2**  
**Sunnyside Housing Authority, Changes in Fund Net Position**

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Operating revenues		
Rental and other	<u>\$ 1,267,376</u>	<u>\$ 1,076,545</u>
Operating expenses		
Administration	609,912	623,664
Tenant services	1,276	5,480
Utilities	223,887	209,342
Ordinary maintenance and operations	556,773	538,160
Protective services	94,495	96,568
Insurance	48,953	46,715
General expenses	38,804	23,579
Payments in lieu of taxes	4,212	6,980
Extraordinary maintenance	41,793	12,157
Depreciation	<u>426,067</u>	<u>476,214</u>
Total operating expenses	<u>2,046,171</u>	<u>2,038,859</u>
Non-operating Revenues (Expenses)		
HUD PHA Operating Grants	375,943	350,329
Other Government Grants	332,403	403,784
Investment Income	2,203	4,640
Gain (loss) on disposal of capital assets	(155)	-
Casualty Losses	(105,281)	
Interest expense	<u>(23,075)</u>	<u>(25,083)</u>
Total Non-operating Revenues (Expenses)	<u>582,038</u>	<u>733,670</u>
Income before contributions	(196,757)	(228,644)
Capital Contributions		
HUD Capital Grant	<u>73,790</u>	<u>69,607</u>
Change in net position	(122,967)	(159,037)
Net position, beginning of year	6,486,268	6,632,947
Prior Period Adjustment	118,761	12,358
Net position, end of year	<u><u>\$ 6,482,062</u></u>	<u><u>\$ 6,486,268</u></u>

## Capital Assets and Long-Term Debt

### CAPITAL ASSETS

The Housing Authority's investment in capital assets as of December 31, 2013 amounts to \$4,420,020 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements and equipment.

Major capital asset events during the current fiscal year were modest.

#### Capital Assets at Year-end

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Land	\$ 669,948	\$ 669,948
Construction in Progress	267,183	226,297
Total non-depreciable capital assets	<u>937,131</u>	<u>896,245</u>
Buildings	14,817,389	14,633,634
Furniture and Equipment	643,333	731,880
Site Improvements	<u>1,381,820</u>	<u>1,315,670</u>
	16,842,542	16,681,184
Accumulated Depreciation	<u>(13,359,653)</u>	<u>(13,010,503)</u>
Total depreciable capital assets, net	<u>3,482,889</u>	<u>3,670,681</u>
Net investment in Capital Assets	<u>\$ 4,420,020</u>	<u>\$ 4,566,926</u>

### OUTSTANDING DEBT

At the end of 2013, Sunnyside Housing Authority had \$1,239,380 in notes outstanding to the United States Department of Agriculture. Of that amount, \$82,636 is due within one year. See Note 3 for more detailed debt information.

## Economic Factors and Next Year's Budgets and Rates

The Housing Authority is primarily dependent upon HUD and USDA for the funding of operations; therefore, the Housing Authority is affected more by the federal budget than by local economic conditions.

Housing Authority of Sunnyside, Washington  
Statement of Net Position  
December 31, 2013

MCAG 1523

ASSETS

CURRENT ASSETS	
Cash - Unrestricted	\$ 2,674,735
Accounts Receivable - Miscellaneous	182
Accounts Receivable - Other Government	23,675
Accounts Receivable - Tenants - Dwelling Rents	12,871
Prepaid Expenses	9,746
Inventories	42,193
RESTRICTED ASSETS	
Replacement Reserves	5,371
USDA Project Reserves	690,039
Tenant Security Deposits	49,522
TOTAL CURRENT ASSETS	3,508,334
NONCURRENT ASSETS	
Capital Assets	
Buildings	14,817,389
Furniture and Equipment	643,333
Site Improvements	1,381,820
	16,842,542
Less: Accumulated Depreciation	(13,359,653)
	3,482,889
Land	669,948
Construction in Progress	267,183
Total Capital Assets	4,420,020
TOTAL NONCURRENT ASSETS	4,420,020
TOTAL ASSETS	\$ 7,928,354

LIABILITIES

CURRENT LIABILITIES	
Accounts Payable	\$ 82,091
Accrued Payroll Expenses	23,823
Accrued Compensated Absences	18,339
Accrued Interest	1,084
Accounts Payable to Other Government	4,212
Accrued Liabilities - Other	3,121
Current Portion, Long-Term Debt	82,636
Unearned Tenant Income	10,359
PAYABLES FROM RESTRICTED ASSETS	
Tenant Security Deposits	48,570
TOTAL CURRENT LIABILITIES	274,235
NONCURRENT LIABILITIES	
Accrued Compensated Absences	15,313
Long-Term Debt, net of current portion	1,156,744
Total NonCurrent Liabilities	1,172,057
TOTAL LIABILITIES	\$ 1,446,292
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 3,180,640
Restricted Net Position	695,410
Unrestricted Net Position	2,606,012
TOTAL NET POSITION	\$ 6,482,062

**See Accompanying Notes to the Financial Statements**

Housing Authority of Sunnyside, Washington

Statement of Revenues, Expenses and Changes in Fund Net Position

MCAG 1523 For the fiscal year ended December 31, 2013

OPERATING REVENUES	
Net Rental Revenue	\$ 1,111,430
Tenant Revenue - Other	25,708
Other Income	<u>130,238</u>
Total Operating Revenues	1,267,376
OPERATING EXPENSES	
Administrative Salaries	401,722
Auditing and Accounting Fees	12,330
Employee Benefits - Administration	132,259
Other Operating - Administration	63,601
Tenant Services	1,276
Water	79,350
Electricity	25,464
Gas	7,468
Sewer	111,604
Maintenance Labor	242,210
Materials & Other Maintenance Costs	116,730
Maintenance/Repair - Contract Costs	110,141
Employee Benefits Ordinary Maintenance	87,692
Protective Services	94,495
Insurance Premiums	48,953
Other General Expenses	24,602
Payments in Lieu of Taxes (PILOT)	4,212
Bad Debt - Tenant Rents	14,202
Extraordinary Maintenance	41,793
Depreciation Expense	<u>426,067</u>
Total Operating Expenses	2,046,171
OPERATING INCOME (LOSS)	<u>(778,795)</u>
NON OPERATING REVENUES (EXPENSES)	
HUD PHA Operating Grants	375,943
Other Government Grants	332,403
Investment Income - Unrestricted	1,764
Investment Income - Restricted	439
Gain (Loss) on Disposal of Assets	(155)
Interest Expense	(23,075)
Casualty Losses	<u>(105,281)</u>
Total Nonoperating Revenues (Expenses)	582,038
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	(196,757)
CAPITAL CONTRIBUTIONS	
HUD Capital Grant	<u>73,790</u>
CHANGE IN NET POSITION	(122,967)
BEGINNING TOTAL NET POSITION, 01-01-2013	6,486,268
PRIOR PERIOD ADJUSTMENTS	118,761
ENDING TOTAL NET POSITION, 12-31-2013	<u><u>\$ 6,482,062</u></u>

**See accompanying Notes to the Financial Statements**

Housing Authority of Sunnyside, Washington  
Statement of Cash Flows  
For the fiscal year ended December 31, 2013

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Tenants	\$ 1,143,394
Cash Paid to Suppliers and Employees	(1,676,956)
Cash Received from Other Operating Activities	130,238
Net cash from operating activities	<u>(403,324)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING</b>	
Operating Grants Received	<u>339,330</u>
Net cash from non-capital financing activities	<u>339,330</u>
<b>CASH FLOWS FROM CAPITAL FINANCING</b>	
Purchase of Capital Assets	(294,312)
Principal Payments of Long-Term Debt	(83,460)
Interest Paid	(23,075)
Capital Grants Received	449,733
Net cash from capital financing activities	<u>48,886</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	<u>2,203</u>
Net cash from investing activities	<u>2,203</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(12,905)</u>
<b>CASH AND CASH EQUIVALENTS, 01-01-2013</b>	<u>3,432,573</u>
<b>CASH AND CASH EQUIVALENTS, 12-31-2013</b>	<u><u>\$ 3,419,667</u></u>
<b>CASH AND CASH EQUIVALENTS, consist of:</b>	
Cash and cash equivalents - Unrestricted	2,674,735
Cash and cash equivalents - Restricted	695,410
Tenant security deposits	49,522
	<u><u>\$ 3,419,667</u></u>

**See accompanying Notes to the Financial Statements**

Housing Authority of Sunnyside, Washington  
Statement of Cash Flows  
For the fiscal year ended December 31, 2013

RECONCILIATION OF NET INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Net income (loss)	<u>\$ (778,795)</u>
Adjustments to reconcile net income (loss) to net cash from operating activities	
Depreciation and amortization	426,067
Bad Debts - Tenant Rents	14,202
Increase (decrease) in cash due to changes in assets and liabilities	
Receivables, net	6,416
Prepaid Expenses	(920)
Inventories	6,549
Accounts Payable	(3,539)
Accrued Payroll Taxes	2,926
Compensated Absences	(1,163)
Accrued Liabilities - Other	(75,167)
Tenant Security Deposits	98
Net adjustments	<u>375,469</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (403,324)</u>

**See accompanying Notes to the Financial Statements**

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Housing Authority of Sunnyside, Washington (the Housing Authority) conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the most significant policies:

### **A. Reporting entity**

The Housing Authority, incorporated in 1943, is a municipal corporation governed by an appointed five member board. The Housing Authority's financial statements include the financial position and results of operations of all funds that are controlled by, or departments of, the Housing Authority. The Housing Authority has no component units.

### **B. Basis of accounting and presentation**

The accounting records of the Housing Authority are maintained and reported in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW and the Federal Department of Housing and Urban Development. The Authority must report using generally accepted accounting principles (GAAP), however, it has the option to use either the single enterprise proprietary fund or special purpose governmental fund model.

The Authority has elected to report as a single-enterprise proprietary fund and uses the accrual basis of accounting. The measurement focus is on the flow of economic resources. The proprietary fund is composed of a number of programs. These programs are designed to provide low income housing and rental assistance to elderly, disabled and low-income families and individuals.

The Housing Authority operates 140 units with funding from United States Department of Housing and Urban Development (HUD). This funding, along with rents and other fees collected from tenants, consists of an operating subsidy along with Capital Funds awarded to the Authority from HUD.

The Housing Authority constructed and operates 121 units on scattered sites using low interest mortgage loans from the United States Department of Agriculture (USDA).

The USDA Farm Labor Housing Loans consist of the following:

<u>Sunshine Plaza</u>	- 24 units constructed in August, 1982
<u>Roza Park</u>	- 20 units constructed in April, 1984
<u>The Foothills</u>	- 10 units constructed in March, 1984, located in the neighboring City of Mabton
<u>Harvest Homes</u>	- 16 units constructed in March, 1984, located in the neighboring City of Grandview
<u>Plaza Del Sol</u>	- 46 units constructed in April, 1996



The USDA Rural Rental Housing Loan consists of the following:

Mabton Single Family Homes - 5 homes purchased and rehabilitated in August, 1989, located in the neighboring City of Mabton

The Housing Authority owns and operates a total of 24 units that are non-subsidized housing units.

Non-subsidized housing units consist of:

Rainier Court - 9 units  
Rainier Development - 15 units

Proprietary funds are used to account for activities that are operated in a manner similar to private enterprise business. Under this method, revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized and long-term liabilities are accounted for in the fund. For reporting purposes, the activities for all the Housing Authority's programs are combined, with all interfund balances and transactions eliminated.

C. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Housing Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

D. Capital Assets

See Note 2

E. Restricted Assets

In accordance with bond resolutions (and certain related agreements) separate restricted accounts are required to be established. The assets held in these accounts are restricted for specific uses, including HUD Replacement Reserves for capital expenditures, USDA Project Reserves to meet major capital expenses of a project and other special reserve requirements. Restricted assets currently include the following:

HUD Replacement Reserves	\$ 5,371
USDA Project Reserves	<u>\$690,039</u>
	<u>\$695,410</u>

#### F. Receivables

Accounts receivable include amounts due from tenants and other government entities. Tenant accounts receivable consist of amounts owed for rent, utilities, miscellaneous work orders and fees. Tenant accounts receivable of \$12,871 has been accrued as of December 31, 2013. Accounts receivable from other governments and miscellaneous sources has been accrued at \$23,857 on December 31, 2013.

#### G. Inventories

Inventories consist of expendable supplies held for consumption and are valued by the first-in, first-out method which approximates the market value. As of December 31, 2013, inventories were valued at \$42,193.

#### H. Investments

The Housing Authority had no investments on hand as of December 31, 2013.

#### I. Operating Revenues/Expenses

The Housing Authority reports operating revenues as defined in GASB Statement 9. Operating revenues result from fees and charges from providing services in connection with the ongoing operations of providing low income housing. Operating subsidies and grants are reported as non-operating revenues and are presented as cash flows from non-capital financing activities in the statement of cash flows. Operating expenses are those expenses that are directly incurred in the operation of providing low income housing.

#### J. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation (and sick) leave. The authority records unpaid leave for compensated absences as an expense and liability when incurred.

Vacation pay, which may be accumulated up to twenty days, is payable upon resignation, retirement or death. Sick leave may accumulate up to 120 days. Upon retirement or separation any unused sick leave is lost.

### **NOTE 2 - CAPITAL ASSETS**

Capital asset purchases greater than \$1,000 are capitalized and recorded at cost. Capitalized purchases may also include capital leases and major repairs that increase useful lives. Maintenance, repair and minor renewals are accounted for as expenditures when incurred.

## **NOTE 2 - CAPITAL ASSETS continued**

The Housing Authority has acquired certain assets with funding provided by federal assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the Housing Authority has sufficient legal interest to accomplish the purposes for which the assets were acquired and has included such assets within the applicable accounting group or fund. The Housing Authority has no donated capital assets.

Capital assets are depreciated using the straight-line method over the useful lives of the assets as follows:

Computers	3 years
Vehicles	5 years
Equipment	7 years
Site Improvements	15 years
Buildings	30 years

Capital asset summary for the year ended December 31, 2013 is as follows:

	1/1/2013	Additions	Disposals	12/31/2013
Land	\$ 669,948	\$ -	\$ -	\$ 669,948
Construction in Progress	226,297	51,388	(10,502)	267,183
Total non-depreciable capital assets	896,245	51,388	(10,502)	937,131
Buildings	14,633,634	1,015,021	(831,266)	14,817,389
Furniture and Equipment	731,880	111,137	(199,683)	643,333
Site Improvements	1,315,670	81,253	(15,104)	1,381,820
	16,681,184	1,207,411	(1,046,053)	16,842,542
Accumulated Depreciation	(13,010,503)	(428,962)	79,812	(13,359,653)
Total depreciable capital assets, net	3,670,681	778,449	(966,241)	3,482,889
Total Capital Assets, net	\$ 4,566,926	\$ 829,837	\$ (976,743)	\$ 4,420,020

## **NOTE 3 – LONG-TERM DEBT AND LIABILITIES**

Note payable to US Department of Agriculture for \$333,660 due in monthly installments, including interest at 1%. This note was re-amortized in May 2013. The final payment is due in August, 2015. The note is collateralized by property known as Sunshine Plaza.

\$ 12,214

Note payable to US Department of Agriculture for \$86,670 due in monthly installments, including interest at 1%. The final payment is due in July, 2016. The note is collateralized by property known as Roza Park .

8,070

**NOTE 3 – LONG-TERM DEBT ....., continued**

Note payable to US Department of Agriculture for \$43,960 due in monthly installments, including interest at 1%. The final payment is due in May, 2015. The note is collateralized by property known as The Foothills. 2,255

Note payable to US Department of Agriculture for \$70,340 due in monthly installments, including interest at 1%. The final payment is due in July, 2015. The note is collateralized by property known as Harvest Homes. 3,976

Note payable to US Department of Agriculture for \$2,060,681 due in monthly installments, including interest at 1%. The final payment is due in May, 2029. The note is collateralized by property known as Plaza Del Sol. 1,074,419

Note payable to US Department of Agriculture for \$51,248 due in monthly installments, including interest at 1%. The final payment is due in August, 2039. The note is collateralized by property known as Mabton Single Family Homes. 26,854

Five notes payable to US Department of Agriculture for \$24,520 due in monthly installments, including interest at 9%. The final payment is due in August, 2039. The note is collateralized by property known as Mabton Single Family Homes. 111,592  
\$1,239,380

Long term debt payable within one year 82,636  
Long term debt payable after one year \$1,156,744

**Service Requirements to maturity for mortgages:**

	<u>Principal</u>
2014 \$	82,636
2015	77,731
2016	70,091
2017	69,307
2018	70,184
2019-2023	365,048
2024-2028	391,772
2029-2033	63,346
2034-2038	43,057
2039	<u>6,209</u>
Total Debt	1,239,380
Short Term	<u>82,636</u>
Long Term	<u>\$ 1,156,744</u>

**NOTE 3 – LONG-TERM DEBT ....., continued**

During the year ended 12-31-2013, the following changes occurred in Long Term Debt

	Balance 1/01/2013	Additions	Reductions	Balance 12/31/2013	Due Within One Year
Sunshine Plaza	\$ 20,558		8,344	\$ 12,214	7,304
Roza Park	11,239		3,169	8,070	3,200
The Foothills	3,881		1,626	2,255	1,642
Harvest Home	6,574		2,598	3,976	2,623
Plaza Del Sol	1,138,934		64,515	1,074,419	65,494
Mabton Single Family Homes	<u>141,654</u>		<u>3,208</u>	<u>138,446</u>	<u>2,372</u>
<i>Total Real Estate Mortgages</i>	<i>1,322,840</i>		<i>83,460</i>	<i>1,239,380</i>	<i>82,636</i>
Compensated Absences	<u>34,815</u>		<u>1,163</u>	<u>33,652</u>	<u>1,500</u>
Totals	<u>\$ 1,357,655</u>		<u>\$ 84,623</u>	<u>\$ 1,273,032</u>	<u>\$ 84,136</u>

**NOTE 4 – RISK MANAGEMENT**

The Housing Authority of Sunnyside, Washington is a member of the Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Inter-local 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 purposes 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 currently has a total of eighty six member/owner housing authorities in the states of Washington, Oregon, Nevada and California. Thirty-six of the eighty six members are Washington State public housing entities.

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

#### **NOTE 4 – RISK MANAGEMENT continued**

General and Automobile Liability coverage is written on an occurrence basis, without member deductibles. Errors & Omissions coverage (which includes Employment Practices Liability) is written on a claims made basis, and the members are responsible for 10% of the incurred costs of the claims. 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 are with deductibles similar to the retention of Property.

Coverage limits for General Liability, as well as Errors & 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 million of coverage for liability lines and purchases an additional \$1 million in reinsurance for a total of \$2 million. For property, HARRP retains the first \$1,000,000 and purchases an additional \$1 million 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 annually 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.

The Housing Authority has opted to have the \$1,000,000 excess auto liability insurance and has chosen the \$1,000 per occurrence deductible in the property insurance option. In the past three years, the Housing Authority has not had any insurance settlements which exceed this coverage.

#### **NOTE 5 – CONTINGENCIES AND LITIGATION**

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

The Housing Authority participates in federally assisted programs. These programs are subject to audit by the grantors or their representatives. Such audits could result in disallowed requests for expenditure reimbursement to grantor agencies, under the terms of the grants. Management believes that such disallowances, if any, are immaterial.

#### **NOTE 6 – PENSION PLANS**

All Housing Authority full-time employees participate in the Housing Authority's Defined Contribution Retirement Plan administered by Principal Mutual Life Insurance Company. The plan is a noncontributory employee retirement plan established by authority of the Employee Retirement Income Security Act of 1974, established January 1, 1982 and last amended March 24, 2010.

The Housing Authority pays the full contribution for the benefit of the employees after three months of employment at a rate of 6.5% of gross wages. The Housing Authority contributed \$38,438 to this pension plan in 2013. Withdrawals from former employees totaled \$50,262 and earnings on investments totaled \$ 24,927.

Employees are entitled to 100% of the value of their account after five years employment upon separation. Including earnings, the Net Position available for benefits at December 31, 2013, were \$ 692,445.

#### **NOTE 7 – PRIOR PERIOD ADJUSTMENTS**

A series of prior period adjustments were made during the process of doing an update to the Fixed Asset system. The update included moving assets to the appropriate asset categories, extending or reducing the service lives of many assets in the system, adding many assets that were not in the current system and deleting assets that were no longer in existence.

The amount of the prior period adjustments total \$118,761 in the following categories: (\$20,850) in HUD, \$139,902 in Farm Labor Housing Projects and (\$291) in State/Local projects.

#### **NOTE 8 - DEPOSITS AND INVESTMENTS**

The Sunnyside Housing Authority's deposits are entirely covered by federal depository Insurance (FDIC).

Housing Authority of Sunnyside, Washington  
Schedule of Expenditures of Federal Awards  
For the fiscal year ended December 31, 2013

<b>Federal Agency Name/Federal Program Name</b>	<b>CFDA Number</b>	<b>Other Award Number</b>	<b>Expenditures</b>	<b>Footnote Reference</b>
<b>U.S. Department of Agriculture, Rural Housing Service - Direct Awards</b>				
Farm Labor Housing Loans/Grants - Sunshine Plaza	10.405	56-39-59845033201-0	\$12,214	1,2,4
Farm Labor Housing Loans/Grants - Roza Park	10.405	56-39-59845033202-1	\$8,070	1,2,4
Farm Labor Housing Loan and Grants - Foothills	10.405	56-39-59845033203-2	\$2,255	1,2,4
Farm Labor Housing Loans/Grants - Harvest Homes	10.405	56-39-59845033204-9	\$3,976	1,2,4
Farm Labor Housing Loans/Grants- Plaza Del Sol	10.405	56-39-59845033206-8	\$1,074,419	1,2,4
		<i>Total CFDA 10.405</i>	<i>\$1,100,934</i>	
Rural Rental Housing Loans - Subsidy Credit	10.415	56-39-59845033205-6	\$10,561	1,2
Mabton Single Family Homes				
Rural Rental Housing Loans - Mabton Single Family Homes	10.415	56-39-59845033205-6	\$138,446	1,2,4
		<i>Total CFDA 10.415</i>	<i>\$149,007</i>	
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>\$1,249,941</b>	
<b>U.S. Department of Housing and Urban Development - Direct Awards</b>				
Public and Indian Housing	14.850	WA035-000101	\$250,208	1,2
		<i>Total CFDA 14.850</i>	<i>\$250,208</i>	
Public Housing Capital Fund	14.872	WA19P035501-10	\$35,113	1,2
Public Housing Capital Fund	14.872	WA19P035501-11	\$154,563	1,2
Public Housing Capital Fund	14.872	WA19P035501-12	\$9,849	1,2
		<i>Total CFDA 14.872</i>	<i>\$199,526</i>	
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>\$449,734</b>	
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<b>\$1,699,675</b>	

The Accompanying Notes to the Schedule of Expenditure of Federal Awards are an integral part of this schedule.



**NOTE 1 – BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the Housing Authority of Sunnyside, Washington (the Housing Authority) financial statements. The Housing Authority uses the accrual basis of accounting. The Housing Authority's accounting records are maintained in accordance with the methods prescribed by the State Auditor under the authority of Washington State law, Chapter 43.09 RCW. The Housing Authority uses the revenue and expenditure classifications contained in the Financial and Accounting Handbooks prescribed by the Department of Housing and Urban Development (HUD).

**NOTE 2 – PROGRAM COSTS**

The amounts shown as current year expenditures represent only the federal grant portion of the program costs for FY 2013. Entire program costs, including the Housing Authority's portion, may be more than shown.

**NOTE 3 – PROGRAM INCOME**

Not applicable.

**NOTE 4 – FEDERAL LOANS**

The Housing Authority has federal loans totaling \$1,239,380 as of December 31, 2013. The loans are reported on the Housing Authority's Schedule of Long-Term Debt included in Note 3 of the Notes to the Financial Statements.

**NOTE 5 – NONCASH AWARDS**

Not applicable.

**NOTE 6 – OTHER**

Not applicable.

Housing Authority of Sunnyside, Washington (WA035)  
SUNNYSIDE, WA  
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	Project Total	10,415 Rural Rental Housing Loans	10,405 Farm Labor Housing Loans and Grants	2 State/Local	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$401,816	\$16,778	\$219,693	\$2,036,448	\$2,674,735		\$2,674,735
112 Cash - Restricted - Modernization and Development	\$5,371	\$0	\$0		\$5,371		\$5,371
113 Cash - Other Restricted		\$23,610	\$666,429		\$690,039		\$690,039
114 Cash - Tenant Security Deposits	\$25,237	\$600	\$16,152	\$7,533	\$49,522		\$49,522
115 Cash - Restricted for Payment of Current Liabilities		\$0	\$0		\$0		\$0
100 Total Cash	\$432,424	\$40,988	\$902,274	\$2,043,981	\$3,419,667		\$3,419,667
121 Accounts Receivable - PHA Projects		\$0	\$0		\$0		\$0
122 Accounts Receivable - HUD Other Projects	\$0	\$0			\$0		\$0
124 Accounts Receivable - Other Government		\$584	\$23,091		\$23,675		\$23,675
125 Accounts Receivable - Miscellaneous	\$0	\$0		\$656	\$656		\$656
126 Accounts Receivable - Tenants	\$3,767	\$318	\$8,335	\$1,818	\$14,238		\$14,238
126.1 Allowance for Doubtful Accounts - Tenants	-\$394	\$0	-\$1,629	\$0	-\$2,023		-\$2,023
126.2 Allowance for Doubtful Accounts - Other	\$182	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current		\$0	\$0		\$182		\$182
128 Fraud Recovery		\$0	\$0		\$0		\$0
128.1 Allowance for Doubtful Accounts - Fraud		\$0	\$0		\$0		\$0
129 Accrued Interest Receivable		\$0	\$0		\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$3,555	\$902	\$29,797	\$2,474	\$36,728		\$36,728
131 Investments - Unrestricted		\$0	\$0		\$0		\$0
132 Investments - Restricted		\$0	\$0		\$0		\$0
135 Investments - Restricted for Payment of Current Liability		\$0	\$0		\$0		\$0
142 Prepaid Expenses and Other Assets	\$4,932	\$199	\$3,824	\$791	\$9,746		\$9,746
143 Inventories	\$17,806	\$528	\$20,008	\$5,623	\$43,965		\$43,965
143.1 Allowance for Obsolete Inventories	-\$850	-\$26	-\$797	-\$99	-\$1,772		-\$1,772
144 Inter Program Due From		\$0	\$0		\$0		\$0
145 Assets Held for Sale		\$0	\$0		\$0		\$0
150 Total Current Assets	\$457,867	\$42,591	\$955,106	\$2,052,770	\$3,508,334		\$3,508,334
161 Land	\$113,302	\$11,255	\$484,198	\$61,193	\$669,948		\$669,948
162 Buildings	\$7,199,011	\$182,916	\$6,464,839	\$970,623	\$14,817,389		\$14,817,389
163 Furniture, Equipment & Machinery - Dwellings	\$93,302	\$6,306	\$125,134	\$47,295	\$272,037		\$272,037
164 Furniture, Equipment & Machinery - Administration	\$78,381	\$165	\$7,618	\$285,132	\$371,296		\$371,296
165 Leasehold Improvements	\$1,072,961	\$0	\$279,398	\$29,461	\$1,381,820		\$1,381,820

	Project Total	10.415 Rural Rental Housing Loans	10.405 Farm Labor Housing Loans and Grants	2 State/Local	Subtotal	ELIM	Total
166 Accumulated Depreciation	-\$7,035,275	-\$153,132	-\$5,027,808	-\$1,143,438	-\$13,359,653		-\$13,359,653
167 Construction in Progress	\$267,183	\$0	\$0		\$267,183		\$267,183
168 Infrastructure		\$0	\$0		\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,788,865	\$47,510	\$2,333,379	\$250,266	\$4,420,020		\$4,420,020
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0			\$0		\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0			\$0		\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0		\$0		\$0
174 Other Assets	\$0	\$0			\$0		\$0
176 Investments in Joint Ventures	\$0	\$0			\$0		\$0
180 Total Non-Current Assets	\$1,788,865	\$47,510	\$2,333,379	\$250,266	\$4,420,020		\$4,420,020
190 Total Assets	\$2,246,732	\$90,101	\$3,288,485	\$2,303,036	\$7,928,354		\$7,928,354
200 Deferred Outflow of Resources		\$0	\$0		\$0		\$0
290 Total Assets and Deferred Outflow of Resources	\$2,246,732	\$90,101	\$3,288,485	\$2,303,036	\$7,928,354		\$7,928,354
311 Bank Overdraft			\$0		\$0		\$0
312 Accounts Payable <= 90 Days	\$54,053	\$899	\$21,224	\$5,915	\$82,091		\$82,091
313 Accounts Payable >90 Days Past Due			\$0		\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$12,849	\$302	\$10,279	\$393	\$23,823		\$23,823
322 Accrued Compensated Absences - Current Portion	\$8,485	\$295	\$8,683	\$876	\$18,339		\$18,339
324 Accrued Contingency Liability			\$0		\$0		\$0
325 Accrued Interest Payable		\$1,167	\$917		\$1,084		\$1,084
331 Accounts Payable - HUD PHA Programs	\$0	\$0			\$0		\$0
332 Account Payable - PHA Projects		\$490	\$954	\$2,768	\$4,212		\$4,212
333 Accounts Payable - Other Government	\$24,736	\$600	\$15,701	\$7,533	\$48,570		\$48,570
341 Tenant Security Deposits	\$5,297	\$68	\$4,623	\$371	\$10,359		\$10,359
342 Unearned Revenue	\$0	\$2,372	\$80,264		\$82,636		\$82,636
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			\$0		\$0		\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$2,373		\$0	\$748	\$3,121		\$3,121
345 Other Current Liabilities			\$0		\$0		\$0
346 Accrued Liabilities - Other			\$0		\$0		\$0
347 Inter Program - Due To	\$0	\$0			\$0		\$0
348 Loan Liability - Current	\$107,793	\$5,193	\$142,645	\$18,604	\$274,235		\$274,235
310 Total Current Liabilities							
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$136,074	\$1,020,670		\$1,156,744		\$1,156,744
352 Long-term Debt, Net of Current - Operating Borrowings		\$0	\$0		\$0		\$0

	Project Total	10.415 Rural Rental Housing Loans	10.405 Farm Labor Housing Loans and Grants	2 State/Local	Subtotal	ELIM	Total
353 Non-current Liabilities - Other			\$0		\$0		\$0
354 Accrued Compensated Absences - Non Current	\$7,660	\$246	\$6,745	\$662	\$15,313		\$15,313
355 Loan Liability - Non Current	\$0	\$0			\$0		\$0
356 FASB 5 Liabilities			\$0		\$0		\$0
357 Accrued Pension and OPEB Liabilities	\$0	\$0			\$0		\$0
350 Total Non-Current Liabilities	\$7,660	\$136,320	\$1,027,415	\$662	\$1,172,057		\$1,172,057
300 Total Liabilities	\$115,453	\$141,513	\$1,170,060	\$19,266	\$1,446,292		\$1,446,292
400 Deferred Inflow of Resources	\$0	\$0	\$0		\$0		\$0
508.4 Net Investment in Capital Assets	\$1,788,865	-\$90,936	\$1,232,445	\$250,266	\$3,180,640		\$3,180,640
511.4 Restricted Net Position	\$5,371	\$23,610	\$666,429		\$695,410		\$695,410
512.4 Unrestricted Net Position	\$337,043	\$15,914	\$219,551	\$2,033,504	\$2,606,012		\$2,606,012
513 Total Equity - Net Assets / Position	\$2,131,279	-\$51,412	\$2,118,425	\$2,283,770	\$6,482,062		\$6,482,062
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$2,246,732	\$90,101	\$3,288,485	\$2,303,036	\$7,928,354		\$7,928,354

Housing Authority of Sunnyside, Washington (WA035)  
SUNNYSIDE, WA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	Project Total	10,415 Rural Rental Housing Loans	10,405 Farm Labor Housing Loans and Grants	2 State/Local	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$435,030	\$17,984	\$552,227	\$106,189	\$1,111,430		\$1,111,430
70400 Tenant Revenue - Other	\$13,014	\$294	\$10,602	\$1,798	\$25,708		\$25,708
70500 Total Tenant Revenue	\$448,044	\$18,278	\$562,829	\$107,987	\$1,137,138	\$0	\$1,137,138
70600 HUD PHA Operating Grants	\$375,943				\$375,943		\$375,943
70610 Capital Grants	\$73,790				\$73,790		\$73,790
70710 Management Fee							
70720 Asset Management Fee							
70730 Book Keeping Fee							
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue					\$0	\$0	\$0
70800 Other Government Grants	\$0	\$28,894	\$303,509		\$332,403		\$332,403
71100 Investment Income - Unrestricted	\$390	\$15	\$31	\$1,328	\$1,764		\$1,764
71200 Mortgage Interest Income	\$0				\$0		\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0				\$0		\$0
71310 Cost of Sale of Assets	\$0				\$0		\$0
71400 Fraud Recovery	\$0				\$0		\$0
71500 Other Revenue	\$6,447	\$1,012	\$119,193	\$80,305	\$206,957	-\$76,719	\$130,238
71600 Gain or Loss on Sale of Capital Assets	\$0		-\$155		-\$155		-\$155
72000 Investment Income - Restricted	\$0	\$9	\$430		\$439		\$439
70000 Total Revenue	\$904,614	\$48,208	\$985,837	\$189,620	\$2,128,279	-\$76,719	\$2,051,560
91100 Administrative Salaries	\$225,270	\$6,947	\$158,575	\$10,930	\$401,722		\$401,722
91200 Auditing Fees	\$6,441	\$229	\$5,291	\$369	\$12,330		\$12,330
91300 Management Fee	\$0				\$0		\$0
91310 Book-keeping Fee	\$0				\$0		\$0
91400 Advertising and Marketing	\$302	\$106	\$434	\$17	\$859		\$859
91500 Employee Benefit contributions - Administrative	\$74,495	\$2,276	\$51,887	\$3,601	\$132,259		\$132,259
91600 Office Expenses	\$27,194	\$995	\$22,383	\$1,614	\$52,186	-\$37,403	\$14,783
91700 Legal Expense	\$4,880	\$19	\$732	\$31	\$5,662		\$5,662
91800 Travel	\$1,476	\$202	\$724	\$67	\$2,469		\$2,469
91810 Allocated Overhead	\$0				\$0		\$0
91900 Other	\$13,760	\$640	\$9,157	\$16,271	\$39,828		\$39,828

	Project Total	10.415 Rural Rental Housing Loans	10.405 Farm Labor Housing Loans and Grants	2 State/Local	Subtotal	ELIM	Total
91000 Total Operating - Administrative	\$353,818	\$11,414	\$249,183	\$32,900	\$647,315	-\$37,403	\$609,912
92000 Asset Management Fee	\$0				\$0		\$0
92100 Tenant Services - Salaries	\$0				\$0		\$0
92200 Relocation Costs	\$0				\$0		\$0
92300 Employee Benefit Contributions - Tenant Services	\$0				\$0		\$0
92400 Tenant Services - Other	\$884	\$15	\$352	\$25	\$1,276		\$1,276
92500 Total Tenant Services	\$884	\$15	\$352	\$25	\$1,276	\$0	\$1,276
93100 Water	\$28,764	\$2,864	\$42,426	\$9,701	\$83,755	-\$4,405	\$79,350
93200 Electricity	\$7,609	\$233	\$10,769	\$6,853	\$25,464		\$25,464
93300 Gas	\$2,756		\$2,189	\$2,523	\$7,468		\$7,468
93400 Fuel	\$0				\$0		\$0
93500 Labor	\$0				\$0		\$0
93600 Sewer	\$34,945	\$3,469	\$61,065	\$12,126	\$111,605		\$111,605
93700 Employee Benefit Contributions - Utilities	\$0				\$0		\$0
93800 Other Utilities Expense	\$0				\$0		\$0
93000 Total Utilities	\$74,074	\$6,566	\$116,449	\$31,203	\$228,292	-\$4,405	\$223,887
94100 Ordinary Maintenance and Operations - Labor	\$89,914	\$7,388	\$122,406	\$22,502	\$242,210		\$242,210
94200 Ordinary Maintenance and Operations - Materials and Other	\$40,769	\$7,294	\$59,355	\$9,312	\$116,730		\$116,730
94300 Ordinary Maintenance and Operations Contracts	\$59,307	\$5,683	\$62,335	\$17,727	\$145,052	-\$34,911	\$110,141
94500 Employee Benefit Contributions - Ordinary Maintenance	\$34,962	\$2,653	\$41,524	\$8,553	\$87,692		\$87,692
94000 Total Maintenance	\$224,952	\$23,018	\$285,620	\$58,094	\$591,684	-\$34,911	\$556,773
95100 Protective Services - Labor	\$0				\$0		\$0
95200 Protective Services - Other Contract Costs	\$93,995	\$15	\$404	\$81	\$94,495		\$94,495
95300 Protective Services - Other	\$0				\$0		\$0
95500 Employee Benefit Contributions - Protective Services	\$0				\$0		\$0
95000 Total Protective Services	\$93,995	\$15	\$404	\$81	\$94,495	\$0	\$94,495
96110 Property Insurance	\$9,218	\$533	\$9,203	\$1,960	\$20,914		\$20,914
96120 Liability Insurance	\$4,221	\$152	\$3,550	\$709	\$8,632		\$8,632
96130 Workmen's Compensation	\$5,971	\$218	\$7,672	\$1,347	\$15,208		\$15,208
96140 All Other Insurance	\$1,535	\$55	\$1,272	\$1,337	\$4,199		\$4,199
96100 Total Insurance Premiums	\$20,945	\$958	\$21,697	\$5,353	\$48,953	\$0	\$48,953
96200 Other General Expenses	\$14,068		\$7,860	\$2,674	\$24,602		\$24,602
96210 Compensated Absences	\$0				\$0		\$0
96300 Payments in Lieu of Taxes	\$0	\$490	\$954	\$2,768	\$4,212		\$4,212

	Project Total	10.415 Rural Rental Housing Loans	10.405 Farm Labor Housing Loans and Grants	2 State/Local	Subtotal	ELIM	Total
96400 Bad debt - Tenant Rents	\$3,059	\$1,500	\$9,643		\$14,202		\$14,202
96500 Bad debt - Mortgages	\$0				\$0		\$0
96600 Bad debt - Other	\$0				\$0		\$0
96800 Severance Expense	\$0				\$0		\$0
96000 Total Other General Expenses	\$17,127	\$1,990	\$18,457	\$5,442	\$43,016	\$0	\$43,016
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$12,750	\$10,325		\$23,075		\$23,075
96720 Interest on Notes Payable (Short and Long Term)	\$0				\$0		\$0
96730 Amortization of Bond Issue Costs	\$0				\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$12,750	\$10,325	\$0	\$23,075	\$0	\$23,075
96900 Total Operating Expenses	\$785,795	\$56,726	\$702,487	\$133,098	\$1,678,106	-\$76,719	\$1,601,387
97000 Excess of Operating Revenue over Operating Expenses	\$118,819	-\$8,518	\$283,350	\$56,522	\$450,173	\$0	\$450,173
97100 Extraordinary Maintenance	\$24,958	\$13	\$15,669	\$1,153	\$41,793		\$41,793
97200 Casualty Losses - Non-capitalized	\$0		\$105,281		\$105,281		\$105,281
97300 Housing Assistance Payments	\$0				\$0		\$0
97350 HAP Portability-In	\$0				\$0		\$0
97400 Depreciation Expense	\$170,310	\$5,267	\$213,145	\$37,344	\$426,066		\$426,066
97500 Fraud Losses	\$0				\$0		\$0
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds	\$0				\$0		\$0
97800 Dwelling Units Rent Expense	\$981,063	\$62,006	\$1,036,582	\$171,595	\$2,251,246	-\$76,719	\$2,174,527
90000 Total Expenses	\$125,735		\$0		\$125,735	-\$85,764	\$39,971
10010 Operating Transfer In	-\$125,735		\$0		-\$125,735	\$85,764	-\$39,971
10020 Operating transfer Out	\$0		\$0		\$0		\$0
10030 Operating Transfers from/to Primary Government	\$0		\$0		\$0		\$0
10040 Operating Transfers from/to Component Unit	\$0		\$0		\$0		\$0
10050 Proceeds from Notes, Loans and Bonds							
10060 Proceeds from Property Sales	\$0		\$0		\$0		\$0
10070 Extraordinary Items, Net Gain/Loss	\$0		\$0		\$0		\$0
10080 Special Items (Net Gain/Loss)	\$0				\$0		\$0
10091 Inter Project Excess Cash Transfer In	\$0				\$0		\$0
10092 Inter Project Excess Cash Transfer Out	\$0		\$0		\$0		\$0
10093 Transfers between Program and Project - In	\$0		\$0		\$0		\$0
10094 Transfers between Project and Program - Out	\$0		\$0		\$0		\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

	Project Total	10.415 Rural Rental Housing Loans	10.405 Farm Labor Housing Loans and Grants	2 State/Local	Subtotal	ELIM	Total
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$76,449	-\$13,798	-\$50,745	\$18,025	-\$122,967	\$0	-\$122,967
11020 Required Annual Debt Principal Payments	\$0	\$2,349	\$80,264	\$0	\$82,613		\$82,613
11030 Beginning Equity	\$2,228,578	-\$37,614	\$2,029,268	\$2,266,036	\$6,486,268		\$6,486,268
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$20,850		\$139,902	-\$291	\$118,761		\$118,761
11050 Changes in Compensated Absence Balance							
11060 Changes in Contingent Liability Balance							
11070 Changes in Unrecognized Pension Transition Liability							
11080 Changes in Special Term/Severance Benefits Liability							
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents							
11100 Changes in Allowance for Doubtful Accounts - Other							
11170 Administrative Fee Equity							
11180 Housing Assistance Payments Equity							
11190 Unit Months Available	1665	60	1368	288	3381		3381
11210 Number of Unit Months Leased	1649	57	1264	282	3252		3252
11270 Excess Cash	\$257,333				\$257,333		\$257,333
11610 Land Purchases	\$0				\$0		\$0
11620 Building Purchases	\$0				\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$8,450				\$8,450		\$8,450
11640 Furniture & Equipment - Administrative Purchases	\$22,402				\$22,402		\$22,402
11650 Leasehold Improvements Purchases	\$42,938				\$42,938		\$42,938
11660 Infrastructure Purchases	\$0				\$0		\$0
13510 CFFP Debt Service Payments	\$0				\$0		\$0
13901 Replacement Housing Factor Funds	\$0				\$0		\$0



# Actual Modernization Cost Certificate

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

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

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

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

Do not send this form to the above address.

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

HA Name:

Housing Authority of Sunnyside, Washington

Modernization Project Number:

WA19P035501-10

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

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

A. Original Funds Approved	\$ 199,441.00
B. Funds Disbursed	\$ 199,441.00
C. Funds Expended (Actual Modernization Cost)	\$ 199,441.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

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

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

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

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

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

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

Signature of Executive Director & Date:

X

Ketha Kimbrough

09/05/2013

For HUD Use Only

The Cost Certificate is approved for audit:

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

X 

Date:

09/16/2013

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

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

Date:

Date:

X

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

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

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In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
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