

Washington State Auditor's Office
Financial Statements and Federal Single Audit Report

Housing Authority of the City of Yakima
(Yakima Housing Authority)
Yakima County

Audit Period
April 1, 2009 through March 31, 2010

Report No. 1004628

Issue Date
December 6, 2010



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

December 6, 2010

Board of Commissioners
Yakima Housing Authority
Yakima, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Yakima 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,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Yakima County
April 1, 2009 through March 31, 2010**

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Federal Summary

Yakima Housing Authority Yakima County April 1, 2009 through March 31, 2010

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

FINANCIAL STATEMENTS

An unqualified 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 unqualified opinion on the Housing Authority's compliance with requirements applicable to its major federal programs.

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 were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
10.427	Rural Rental Housing Cluster – Rural Rental Assistance Payments
14.871	Housing Choice Vouchers
14.872	Public Housing Capital Fund
14.885	ARRA – Public Housing Capital Fund Stimulus Formula Cluster (Recovery Act)

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 did not qualify as a low-risk auditee under OMB Circular A-133.

Schedule of Prior Federal Audit Findings

Yakima Housing Authority Yakima County April 1, 2009 through March 31, 2010

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of the Yakima Housing Authority. The State Auditor's Office has reviewed the status as presented by the Housing Authority.

Audit Period: 2008-2009	Report Reference No: 1002685	Finding Reference No: 1	CFDA Number(s): 14.872
Federal Program Name and Granting Agency: Public Housing Capital Fund, U.S. Department of Housing and Urban Development		Pass-Through Agency Name: NA	
Finding Caption: The Housing Authority did not meet compliance requirements with federal suspension and debarment.			
Background: <p>We noted three instances in which the Housing Authority did not comply with federal requirements by ensuring vendors were not suspended or debarred from receiving federal grant funds. One vendor was paid \$30,421, the second vendor was paid \$46,255 and the third vendor was paid \$35,194.</p> <p>The Housing Authority was aware of the requirement to verify suspension and debarment for vendors; however, it did not retain documentation to confirm its verification of the three vendors.</p>			
Status of Corrective Action: (check one) <div style="display: flex; justify-content: space-between;"> <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> No Corrective Action Taken <input type="checkbox"/> Finding is considered no longer valid </div>			
Corrective Action Taken: <p><i>The Yakima Housing Authority's (YHA) procurement policy states that "Contracts shall not be awarded to debarred, suspended, or ineligible contractors." It has been the practice of YHA to verify with Washington State Labors & Industries regarding any outstanding issues with the contractor; to verify that the contractor is licensed, has a bond, and is insured; and to verify the contractor is not listed in the Excluded Party's List System for suspension and debarment in determining if the contractor is considered to be "responsible" and therefore eligible to be awarded the bid. In addition, for all bids that meet the sealed bid threshold, YHA requires a bid and performance bond to be considered a "responsible" contractor.</i></p> <p><i>As a result of the recommendation, YHA has instituted a procedure to include adequate documentation on items verified in the file of the lowest most "responsible" contractor and is including the following language in all contracts:</i></p>			

Debarment Certification: *The Contractor certifies that it is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in this contract by any Federal department or agency (debarred). The Contractor also agrees to include a debarment certification in any and all subcontracts into which it enters. The Contractor shall immediately notify YHA if, during the term of this contract it becomes debarred. In the event of such debarment, YHA may immediately terminate this contract by giving written notice to the Contractor.*

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with *Government Auditing Standards*

**Yakima Housing Authority
Yakima County
April 1, 2009 through March 31, 2010**

Board of Commissioners
Yakima Housing Authority
Yakima, Washington

We have audited the basic financial statements of the Yakima Housing Authority, Yakima County, Washington, as of and for the years ended March 31, 2010 and 2009, and have issued our report thereon dated October 19, 2010. Our report was modified to include a reference to other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Mariposa Park Limited Partnership, as described in our report on the Housing Authority's financial statements. Those financial statements were not audited in accordance with *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits, we considered the Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses.

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of 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*.

This report is intended for the information and use of management, the Board of Commissioners, federal awarding agencies and pass-through entities. 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 black ink, appearing to read "Brian Sonntag", is positioned above the printed name and title.

BRIAN SONNTAG, CGFM
STATE AUDITOR

October 19, 2010

Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

**Yakima Housing Authority
Yakima County
April 1, 2009 through March 31, 2010**

Board of Commissioners
Yakima Housing Authority
Yakima, Washington

COMPLIANCE

We have audited the compliance of the Yakima 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 are applicable to its major federal programs for the year ended March 31, 2010. The Housing Authority's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the 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. Our audit does not provide a legal determination on the Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended March 31, 2010.

INTERNAL CONTROL OVER COMPLIANCE

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

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

This report is intended for the information of management, the Board of Commissioners, federal awarding agencies and pass-through entities. 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.



BRIAN SONNTAG, CGFM
STATE AUDITOR

October 19, 2010

Independent Auditor's Report on Financial Statements

Yakima Housing Authority Yakima County April 1, 2009 through March 31, 2010

Board of Commissioners
Yakima Housing Authority
Yakima, Washington

We have audited the accompanying basic financial statements of the Yakima Housing Authority, Yakima County, Washington, as of and for the years ended March 31, 2010 and 2009, as listed on page 11. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the Mariposa Park Limited Partnership, which represents 10 percent, 15 percent and two percent, respectively, of the assets, net assets and revenues of the Housing Authority for the year ended March 31, 2010. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mariposa Park Limited Partnership, is based on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Mariposa Park Limited Partnership were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Yakima Housing Authority, as of March 31, 2010 and 2009, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report 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 the internal control over financial reporting or on compliance. That report is an

integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis on pages 12 through 17 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed 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 are supplemental information required by HUD. These schedules are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a stylized, flowing script.

BRIAN SONNTAG, CGFM
STATE AUDITOR

October 19, 2010

Financial Section

Yakima Housing Authority Yakima County April 1, 2009 through March 31, 2010

REQUIRED SUPPLEMENTAL INFORMATION

Management's Discussion and Analysis – 2010 and 2009

BASIC FINANCIAL STATEMENTS

Combined Balance Sheets – 2010 and 2009

Combined Statements of Revenue, Expenses and Changes in Net Assets – 2010 and 2009

Combined Statements of Cash Flows – 2010 and 2009

Notes to Basic Financial Statements – 2010 and 2009

SUPPLEMENTAL INFORMATION

Schedule of Expenditures of Federal Awards – 2010

Notes to the Schedule of Expenditures of Federal Awards – 2010

Financial Data Schedule – 2010

Actual Modernization Cost Certificate – WA19P042501-06

Yakima Housing Authority

Management's Discussion and Analysis

March 31, 2010 and 2009

This narrative overview and analysis of the Housing Authority of the City of Yakima's (YHA) performance through March 31, 2010 is provided as a supplement to YHA's year-end financial statements. Please read it in conjunction with the transmittal letter at the beginning of this report, the basic financial statements following this section, and the notes to the basic financial statements. The management's discussion and analysis is presented in conformance with the Government Accounting Standards Board (GASB) financial reporting model as set forth in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*.

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

FINANCIAL HIGHLIGHTS

- Total net assets decreased by approximately \$50 thousand (less than 1%) from the prior year. This is a result of expenses exceeding revenues by this amount.
- The assets of YHA exceeded liabilities at March 31, 2010 by approximately \$14 million (net assets). Of this amount, approximately \$585 thousand (unrestricted net assets) may be used to meet ongoing obligations, \$11.9 million is invested in capital assets, net of related debt, and \$1.5 million is restricted as to its allowable usage.
- Current and noncurrent liabilities increased by approximately \$85 thousand (1.2%) from the prior year due to fluctuations in the timing of due dates and subsequent payments of liabilities.
- Operating revenues increased by approximately \$245 thousand (17.5%) in comparison to prior year primarily due to increases in occupancy rates.
- Nonoperating revenues, net of nonoperating expenses, increased approximately \$1.1 million (35.7%). This increase is primarily due to USDA rental assistance increases, as a result of increased occupancy of this program, as well as increases in Housing Assistance Payments (HAP) from the Department of Housing and Urban Development (HUD)

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

Yakima Housing Authority

Management's Discussion and Analysis

March 31, 2010 and 2009

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

The **Statements of Cash Flows** report how YHA's cash and cash equivalents were used in and provided by its operating, noncapital financing, capital and related financing, and investing activities during the periods reported. The net of these activities is added to the beginning year cash balance to reconcile to the cash and cash equivalents balances at March 31, 2010 and 2009. YHA uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income. These statements provide answers to such questions as where did cash come from, how was cash used, and what was the change in the cash balance during the year.

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

FINANCIAL ANALYSIS

Net Assets

Net assets are summarized in the table below:

	March 31, 2010	March 31, 2009	March 31, 2008
Current assets, unrestricted	\$ 1,252,209	\$ 939,403	\$ 1,141,862
Other current assets, restricted	1,375,958	1,355,687	2,111,607
Capital assets, net	18,327,660	18,626,690	19,244,797
Total assets	<u>\$ 20,955,827</u>	<u>\$ 20,921,780</u>	<u>\$ 22,498,266</u>
Current and other liabilities	\$ 368,916	\$ 324,733	\$ 353,183
Current liabilities payable from restricted assets	274,368	91,902	70,010
Long-term liabilities	6,309,875	6,451,961	6,611,006
Total liabilities	<u>6,953,159</u>	<u>6,868,596</u>	<u>7,034,199</u>
Net assets			
Invested in capital assets, net of related debt	11,898,084	12,054,435	12,536,386
Restricted	1,519,605	1,286,617	2,038,030
Unrestricted	584,979	712,132	889,651
Total net assets	<u>14,002,668</u>	<u>14,053,184</u>	<u>15,464,067</u>
Total liabilities and net assets	<u>\$ 20,955,827</u>	<u>\$ 20,921,780</u>	<u>\$ 22,498,266</u>

Total assets of YHA at March 31, 2010 and 2009 amounted to \$20,955,827 and \$20,921,780, respectively.

Unrestricted current assets are comprised of cash and cash equivalents, receivables, investments, prepaid items and inventories. Unrestricted current assets are approximately 35% higher at March 31, 2010 than March 31, 2009, which represents an increase of approximately \$326 thousand. This increase in current assets corresponds with the increase in cash of approximately \$360 thousand.

Yakima Housing Authority

Management's Discussion and Analysis

March 31, 2010 and 2009

In 2009 unrestricted current assets decreased by approximately \$200 thousand, an 18% decrease, which was substantially attributed to utilization of current assets to fund the approximate \$1.4 million decrease in net assets.

Restricted current assets are comprised of cash and investments that are restricted for repayment of security deposits and other contractual obligations related to federal funding that was unspent at the end of the year. In 2010, restricted current assets increased by approximately \$7 thousand. The decrease from 2008 to 2009 was approximately 36% or \$756 thousand. This decrease related to HUD recovery of unspent HAP payments from prior years.

Capital assets include land, buildings, furniture, equipment and machinery, and construction in progress and are shown net of accumulated depreciation. Capital assets decreased by 2% and 3% (approximately \$300 and \$600 thousand), in 2010 and 2009, respectively. The decreases are attributed to various additions and improvements, offset by approximately \$900 thousand of depreciation in each year.

Total liabilities of YHA, which are segregated between current and noncurrent portions, amounted to \$6,953,159 and \$6,868,596 at March 31, 2010 and 2009, respectively.

Current liabilities consist of accounts payable, accrued wages and payroll taxes, compensated absences, accrued interest, deferred revenue and current portion of notes payable. Current liabilities increased by 14% from 2009 to 2010, a change of approximately \$44 thousand. Current liabilities decreased approximately \$28 thousand from 2008 to 2009, an 8% decrease. The fluctuations are primarily a result of the timing of payments to vendors.

Current liabilities payable from restricted assets primarily consist of tenant security deposits and restricted, unspent funds from the federal government. These liabilities reflected an increase from 2009 to 2010 of approximately \$182 thousand and \$22 thousand from 2008 to 2009. The increase in both years is attributed to the timing of the receipt and subsequent disbursement of federal funds. In 2010 there was a significant increase in unspent funds for HAP payments.

Long-term liabilities consist of notes payable and the long-term portion of compensated absences. Decreases in long-term liabilities were approximately \$142 thousand and \$159 thousand from 2009 to 2010, and 2008 to 2009, respectively, and are attributed to repayments of long-term debt.

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

Total net assets of YHA decreased by approximately \$50 thousand from 2009 to 2010 and by approximately \$1.4 million from 2008 to 2009. The decrease noted in 2010 was minor, and represented a substantial improvement in operations over prior years, which can be attributed to improved occupancy rates, and increases in funding sources. The decrease in net assets in 2009 was mainly due to reduced occupancy rates during the year and an under recovery of HAP funds in 2009.

YHA's current ratio reflects the relationship between current assets and current liabilities and is a measure of YHA's ability to pay short-term obligations. At March 31, 2010 and 2009, YHA's current ratios were 4.1:1 and 5.5:1, respectively.

Yakima Housing Authority
Management's Discussion and Analysis
March 31, 2010 and 2009

Revenue, Expenses, and Changes in Net Assets

Changes in net assets are summarized in the table below:

	<u>March 31, 2010</u>	<u>March 31, 2009</u>	<u>March 31, 2008</u>
Revenue:			
Intergovernmental revenue	\$ 3,268,206	\$ 2,374,716	\$ 2,822,660
Tenant and other	1,595,844	1,350,415	1,398,932
Intergovernmental revenue	1,096,923	872,089	874,823
Investment revenue	8,641	17,431	92,903
Gain (loss) on sale of capital assets	(1,387)	9,292	(551)
Capital grants and contributions	363,484	198,282	99,613
Total revenue	<u>6,331,711</u>	<u>4,822,225</u>	<u>5,288,380</u>
Expenses:			
Administration	1,102,432	982,928	915,724
Utilities	391,885	390,490	392,369
Ordinary maintenance and operation	956,747	815,891	964,442
General expenses	152,463	168,637	107,293
Payments in lieu of taxes	9,054	9,054	18,047
Housing assistance payments	2,691,392	2,785,701	2,360,319
Depreciation	905,727	902,067	896,353
Interest expense	172,527	178,340	187,727
Total expenses	<u>6,382,227</u>	<u>6,233,108</u>	<u>5,842,274</u>
Decrease in net assets	(50,516)	(1,410,883)	(553,894)
Net assets, beginning of year	<u>14,053,184</u>	<u>15,464,067</u>	<u>16,017,961</u>
Net assets end of year	<u>\$ 14,002,668</u>	<u>\$ 14,053,184</u>	<u>\$ 15,464,067</u>

Revenues increased by 31% in 2010, mainly due to improved occupancy rates, with a decrease in revenues of 12% from 2008 to 2009.

Total expenses increased by 2% and 7% from 2009 to 2010, and from 2008 to 2009, respectively. Administrative expenses increased by approximately 12 % and 7% (approximately \$119 and \$67 thousand) in 2010 and 2009, respectively. There was no significant change in utilities in 2010 compared to 2009, and 2009 compared to 2008. Ordinary maintenance and operation expenses increased by approximately 17% and decreased by 15% (approximately \$141 thousand increase and \$149 thousand decrease) in 2010 compared to 2009, and 2009 compared to 2008, respectively. These changes were attributed to YHA taking over the management responsibilities from a property manager on two of their properties (Nueva Primavera and Mariposa Park), and facing a significant back log of maintenance issues in April of 2009. Housing assistance payments decreased by approximately 3% (approximately \$94 thousand) and increased by 18% (approximately \$425 thousand) in 2010 compared to 2009, and 2009 compared to 2008, respectively.

Capital grants and contributions increased by approximately 83% and 99% (approximately \$165 and \$99 thousand) in 2010 compared to 2009, and 2009 compared to 2008, respectively. The changes are attributed to the Recovery Act grants restricted for capital improvements.

Yakima Housing Authority

Management's Discussion and Analysis

March 31, 2010 and 2009

Capital Assets and Debt Administration

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

	March 31, 2010	March 31, 2009	March 31, 2008
Land	\$ 2,306,887	\$ 2,306,887	\$ 2,306,887
Buildings	28,617,662	28,541,722	28,448,590
Furniture, equipment & machinery - dwellings	544,547	504,232	494,041
Furniture, equipment & machinery - administration	588,280	638,522	628,650
Construction in progress	529,854	166,804	290,439
Total capital assets	32,587,230	32,158,167	32,168,607
Less accumulated depreciation	(14,259,570)	(13,531,477)	(12,923,810)
Net capital assets	\$ 18,327,660	\$ 18,626,690	\$ 19,244,797

Capital assets increased by approximately \$429 thousand from 2009 to 2010, and had no significant changes from 2008 to 2009. Capital assets purchased in 2010 included cabinetry, flooring, patios, fences, appliances, vehicles and playground equipment. In both 2010 and 2009 approximately \$900 thousand of depreciation expense was recognized, resulting in a decrease in net capital assets of approximately 2% and 3%, or approximately \$300 thousand and \$618 thousand, respectively.

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 below:

	March 31, 2010	March 31, 2009	March 31, 2008
Revenue Bonds:			
U.S. Bank Trust - Nueva Primavera	\$ 2,085,000	\$ 2,150,000	\$ 2,210,000
Real Estate Mortgages:			
U.S. Department of Agriculture - Valley Seven	1,250,355	1,306,714	1,362,514
Washington Community Reinvestment Associates - Glenn Acres	629,265	644,584	658,942
Department of Community Trade and Economic Development - Glenn Acres	545,100	547,100	549,100
Department of Community Trade and Economic Development - Nueva Primavera	1,000,000	1,000,000	1,000,000
Department of Community Trade and Economic Development - Mariposa Park	919,856	923,856	927,856
	\$ 6,429,576	\$ 6,572,254	\$ 6,708,412

All debt service payments were made in 2010 and 2009 as scheduled. Additional information on YHA's long-term debt can be found in note 6 to the basic financial statements.

Yakima Housing Authority

Management's Discussion and Analysis

March 31, 2010 and 2009

ECONOMIC FACTORS AFFECTING YHA'S FUTURE

The majority of YHA's funding is from federal agencies in the form of operating subsidies, capital fund grants, Housing Choice Vouchers, and other various grants. Housing authorities across the country continue to be impacted by continued decline in federal support for housing. HUD funded 2009 Low Rent operating subsidies at 94% of eligibility. HUD has not yet established the percentage of eligibility for the 2010 Low Rent operating subsidies. Based on HUD's funding letters and contracts, it is anticipated that most HUD programs will continue to receive renewal funding including the Housing Choice Voucher program, which is YHA's largest housing program, serving over 650 families.

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

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



Sharon Wandler
Finance Director

Yakima Housing Authority

Combined Balance Sheets

	March 31,	
	2010	2009
Assets		
<i>Current Assets:</i>		
Cash - unrestricted	\$ 678,651	\$ 286,788
Total receivables, net of allowance for doubtful accounts	131,771	168,101
Investments - unrestricted	312,728	364,320
Prepaid expenses and other assets	44,166	42,651
Inventories	84,893	77,543
	<u>1,252,209</u>	<u>939,403</u>
<i>Restricted Assets:</i>		
Cash - other restricted	156,065	-
Cash - tenant security deposits	73,070	69,071
Investments - restricted	1,146,823	1,286,616
	<u>1,375,958</u>	<u>1,355,687</u>
Total current assets	<u>2,628,167</u>	<u>2,295,090</u>
<i>Noncurrent Assets:</i>		
<i>Capital assets:</i>		
Land	2,306,887	2,306,887
Buildings	28,617,662	28,541,722
Furniture, equipment & machinery - dwellings	544,547	504,232
Furniture, equipment & machinery - administration	588,280	638,522
Accumulated depreciation	(14,259,570)	(13,531,477)
Construction in progress	529,854	166,804
Total noncurrent assets	<u>18,327,660</u>	<u>18,626,690</u>
Total assets	<u>\$ 20,955,827</u>	<u>\$ 20,921,780</u>

See accompanying notes to financial statements

Yakima Housing Authority

Combined Balance Sheets

	March 31,	
	2010	2009
Liabilities and Net Assets		
<i>Current Liabilities:</i>		
Accounts payable less than 90 days	\$ 53,054	\$ 66,159
Accrued wages and payroll taxes payable	77,389	41,710
Accrued compensated absences - current portion	14,463	11,650
Accrued interest payable	54,159	45,251
Deferred revenue	25,580	17,285
Current portion of long term debt - capital projects mortgage revenue bonds	144,271	142,678
	<u>368,916</u>	<u>324,733</u>
<i>Payables from Restricted Assets</i>		
Accounts payable - other government	201,298	22,831
Tenant security deposits	73,070	69,071
	<u>274,368</u>	<u>91,902</u>
Total current liabilities	<u>643,284</u>	<u>416,635</u>
<i>Noncurrent Liabilities:</i>		
Long-term debt, net of current - capital projects mortgage revenue bonds	6,285,306	6,429,576
Accrued compensated absences, net of current	24,569	22,385
Total noncurrent liabilities	<u>6,309,875</u>	<u>6,451,961</u>
Total liabilities	<u>6,953,159</u>	<u>6,868,596</u>
<i>Net Assets:</i>		
Invested in capital assets, net of related debt	11,898,084	12,054,435
Restricted net assets	1,519,605	1,286,617
Unrestricted net assets	584,979	712,132
Total net assets	<u>14,002,668</u>	<u>14,053,184</u>
Total liabilities and fund balances	<u>\$ 20,955,827</u>	<u>\$ 20,921,780</u>

See accompanying notes to financial statements

Yakima Housing Authority

Combined Statements of Revenue, Expenses and Changes in Net Assets

	Fiscal year ended March 31,	
	2010	2009
<i>Operating Revenue:</i>		
Intergovernmental revenue	\$ 3,268,206	\$ 2,374,716
Net tenant rental revenue	1,462,349	1,260,215
Other revenue	40,336	39,864
Other tenant revenue	93,159	50,336
Total operating revenue	<u>4,864,050</u>	<u>3,725,131</u>
<i>Operating Expenses:</i>		
Administrative:		
Administrative wages	647,929	608,083
Auditing fees	36,724	24,704
Employee benefit contributions	237,678	222,977
Other operating - administrative	165,035	101,936
Outside management fees	-	21,828
Tenant services	15,066	3,400
	<u>1,102,432</u>	<u>982,928</u>
Utilities:		
Electricity	52,560	67,004
Other utilities expense	15,685	18,170
Sewer	174,273	172,765
Water	149,367	132,551
	<u>391,885</u>	<u>390,490</u>
Ordinary maintenance and operations:		
Contract costs	268,508	242,743
Employee benefit contributions	151,445	120,721
Maintenance and operations wages	408,277	352,484
Materials and other	128,517	99,943
	<u>956,747</u>	<u>815,891</u>
General expenses:		
Bad debt - tenant rents	71,400	54,157
Depreciation expense	905,727	902,067
Housing assistance payments	2,691,392	2,785,701
Insurance premiums	55,725	59,279
Other general expenses	22,339	14,062
Payments in lieu of taxes	9,054	9,054
Protective services contract costs	2,999	41,139
	<u>3,758,636</u>	<u>3,865,459</u>
Total operating expenses	<u>6,209,700</u>	<u>6,054,768</u>
<i>Operating Loss</i>	\$ (1,345,650)	\$ (2,329,637)

See accompanying notes to financial statements

Yakima Housing Authority

Combined Statements of Revenue, Expenses and Changes in Net Assets

	Fiscal year ended March 31,	
	2010	2009
<i>Operating Loss</i>	<u>\$ (1,345,650)</u>	<u>\$ (2,329,637)</u>
<i>Nonoperating Revenue (Expenses):</i>		
Gain (loss) on the sale of capital assets	(1,387)	9,292
Intergovernmental revenue	1,096,923	872,089
Interest expense	(172,527)	(178,340)
Investment revenue - restricted	7,481	15,187
Investment revenue - unrestricted	1,160	2,244
Total nonoperating revenue (expenses)	<u>931,650</u>	<u>720,472</u>
<i>Income (Loss) before Capital Contributions</i>	(414,000)	(1,609,165)
<i>Capital Contributions:</i>		
Capital grants	<u>363,484</u>	<u>198,282</u>
<i>Total Change in Net Assets</i>	<u>(50,516)</u>	<u>(1,410,883)</u>
<i>Net Assets, Beginning of Year</i>	<u>14,053,184</u>	<u>15,464,067</u>
<i>Net Assets, End of Year</i>	<u><u>\$ 14,002,668</u></u>	<u><u>\$ 14,053,184</u></u>

See accompanying notes to financial statements

Yakima Housing Authority

Combined Statements of Cash Flows

	Fiscal year ended March 31,	
	2010	2009
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash Flows from Operating Activities:</i>		
Receipts from tenants and others	\$ 1,610,308	\$ 1,347,875
Payments to employees	(1,056,206)	(960,567)
Housing assistance payments	3,268,206	2,374,716
Payments to vendors and suppliers	(4,225,062)	(4,223,595)
Net cash used in operating activities	(402,754)	(1,461,571)
<i>Cash Flows from Noncapital Financing Activities:</i>		
Intergovernmental grants and contracts	1,283,685	856,684
Net cash provided by noncapital financing activities	1,283,685	856,684
<i>Cash Flows from Capital and Related Financing Activities:</i>		
Purchase of capital assets	(586,220)	(290,733)
Principal payments on long-term debt	(142,677)	(136,158)
Interest paid	(163,619)	(168,042)
Proceeds from sale of capital assets	2	16,066
Capital grants received	363,484	198,282
Net cash used in investing activities	(529,030)	(380,585)
<i>Cash Flows from Investing Activities:</i>		
Interest received	8,641	17,431
Net cash provided by investing activities	8,641	17,431
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	360,542	(968,041)
<i>Cash and Cash Equivalents, Beginning of year</i>	2,006,795	2,974,836
<i>Cash and Cash Equivalents, End of Year</i>	<u>\$ 2,367,337</u>	<u>\$ 2,006,795</u>
<i>Cash and Cash Equivalents consist of:</i>		
Cash - unrestricted	678,651	286,788
Cash - restricted	156,065	-
Tenant security deposits	73,070	69,071
Investments - unrestricted	312,728	364,320
Investments - restricted	1,146,823	1,286,616
	<u>\$ 2,367,337</u>	<u>\$ 2,006,795</u>

Yakima Housing Authority

Combined Statements of Cash Flows

	Fiscal year ended March 31,	
	2010	2009
<i>Reconciliation of Net Loss to Net Cash from Operating Activities:</i>		
Net operating loss	\$ (1,345,650)	\$ (2,329,637)
<i>Adjustments to Reconcile Net Loss to Net Cash used in Operating Activities:</i>		
Depreciation	905,727	902,067
Contributed capital assets	(21,866)	-
Increase (decrease) in cash due to changes in assets and liabilities:		
Receivables	36,330	(1,601)
Prepaid expenses	(1,515)	(908)
Inventories	(7,350)	(7,155)
Accounts payable	(13,105)	(14,983)
Accrued wages and taxes payable	35,679	6,109
Compensated absences	4,997	1,447
Accrued liabilities - other	-	(15,971)
Tenant security deposits	3,999	(939)
Net adjustments	942,896	868,066
<i>Net Cash from Operating Activities</i>	<u>\$ (402,754)</u>	<u>\$ (1,461,571)</u>

Schedule of Noncash Investing and Financing Activities:

During the year ended March 31, 2010, \$21,866 of appliances were donated to YHA and recorded in capital assets.

See accompanying notes to financial statements

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2010 and 2009

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization:

Yakima Housing Authority of the City of Yakima (YHA) is a corporate body created by Resolution No. D-1575 in 1977 by the City of Yakima. The City of Yakima created YHA per Washington State Revised Code Chapter 35.82. YHA was created to provide safe, decent, and sanitary housing for low- and moderate-income residents of the City of Yakima, Washington. YHA administers multiple U.S. Department of Housing and Urban Development (HUD) programs, the funding from which consists of 39% of total revenue, and funds many of the key services provided by YHA.

Reporting entity:

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

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

There are a variety of transactions that occur between the General Partner (YHA) and the Partnership, including the payment of a management fee by the Partnership to the General Partner. In addition, there are a variety of receivables and payables between the General Partner and the Partnership. The partnership is on a calendar year end, as a result, their December 31, 2009 and 2008 statements are included in these statements, which results in a variety of timing differences between the Partnership and YHA. Due to the Partnership being legally separate from the Housing Authority, eliminations in the accompanying statements are limited to the balance of related-party receivables and payables, and the management fee income and related expense.

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

Basis of Accounting:

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

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

Summary of Significant Accounting Policies:

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

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

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2010 and 2009

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

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

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

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

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

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its future service utility has declined significantly and unexpectedly. YHA is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. No such events or circumstances were encountered as of March 31, 2010 or 2009.

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

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

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

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

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

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2010 and 2009

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

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

Subsequent events — Subsequent events have been evaluated through October 13, 2010, which is the date the financial statements were available to be issued. No events occurred that required further disclosure.

Tax status — YHA, as a governmental entity, is not subject to federal or state income taxes. Mariposa Park Limited Partnership, as partnership, does not report taxable income or losses; rather it is allocated to the respective partners in accordance with their respective percentage ownership. Management of the partnership has evaluated the Partnership's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of FASB ASC 740-10, regarding the reporting of uncertainty in income taxes, which was adopted by the Partnership in the current year. With few exceptions, the Partnership is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2006.

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

Reclassifications — Certain reclassifications of 2009 amounts have been made in the accompanying financial statements in order to conform with the 2010 presentation with no effect on previously reported change in net assets.

NOTE 2 — DEPOSITS:

Deposits, including those in restricted assets, are defined as cash or cash equivalents on deposit with financial institutions. At March 31, 2010, the carrying amount of YHA's deposits was \$907,636 and the bank balance was \$882,756. The bank deposits are held with financial institutions and are entirely insured or uninsured and collateralized. At March 31, 2009, the carrying amount of YHA's deposits was \$335,709 and the bank balance was \$388,895. The bank deposits are held with financial institutions and are entirely insured or uninsured and collateralized.

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

	2010	2009
Cash and cash equivalents - unrestricted	\$ 678,651	\$ 286,788
Cash and cash equivalents - current restricted	229,135	69,071
Total cash and cash equivalents	907,786	355,859
Less: cash on hand	(150)	(150)
Total deposits	<u>\$ 907,636</u>	<u>\$ 355,709</u>

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2010 and 2009

NOTE 3 — INVESTMENTS:

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

Investments held by YHA are as follows at March 31:

	2010	2009
Money market account	\$ 1,459,551	\$ 1,650,936

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, YHA's deposits may not be returned. YHA follows HUD policies, which requires collateral for all deposits not covered by federal depository insurance. At March 31, 2010, none of YHA's bank balance was exposed to custodial credit risk.

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

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

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

		2010	2009
Money market account	Aaa	100%	100%

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

NOTE 4 — RECEIVABLES:

Receivables at March 31 consist of the following:

	2010	2009
Tenants	\$ 36,648	\$ 36,737
Intergovernmental	84,215	87,308
Other	14,118	46,939
Total receivables	134,981	170,984
Less: Allowance for doubtful accounts	(3,210)	(2,883)
	<u>\$ 131,771</u>	<u>\$ 168,101</u>

Yakima Housing Authority
Notes to Basic Financial Statements
March 31, 2010 and 2009

NOTE 5 — CAPITAL ASSETS:

Changes in capital assets during the years ended March 31, 2010 and 2009 are shown below:

	April 1, 2009	Additions	Transfer/ retirements	March 31, 2010
Capital assets not depreciated:				
Land	\$ 2,306,887	\$ -	\$ -	\$ 2,306,887
Construction in progress	166,804	363,050	-	529,854
Total capital assets not depreciated	2,473,691	363,050	-	2,836,741
Capital assets being depreciated:				
Buildings	28,541,722	197,667	(121,727)	28,617,662
Furniture and Equipment	1,142,754	47,369	(57,296)	1,132,827
	29,684,476	245,036	(179,023)	29,750,489
Accumulated depreciation	(13,531,477)	(905,727)	177,634	(14,259,570)
Total capital assets being depreciated	16,152,999	(660,691)	(1,389)	15,490,919
Total capital assets	\$ 18,626,690	\$ (297,641)	\$ (1,389)	\$ 18,327,660

	April 1, 2008	Additions	Transfer/ retirements	March 31, 2009
Capital assets not depreciated:				
Land	\$ 2,306,887	\$ -	\$ -	\$ 2,306,887
Construction in progress	290,439	160,149	(283,784)	166,804
Total capital assets not depreciated	2,597,326	160,149	(283,784)	2,473,691
Capital assets being depreciated:				
Buildings	28,448,590	321,336	(228,204)	28,541,722
Furniture and Equipment	1,122,691	93,033	(72,970)	1,142,754
	29,571,281	414,369	(301,174)	29,684,476
Accumulated depreciation	(12,923,810)	(902,067)	294,400	(13,531,477)
Total capital assets being depreciated	16,647,471	(487,698)	(6,774)	16,152,999
Total capital assets	\$ 19,244,797	\$ (327,549)	\$ (290,558)	\$ 18,626,690

Yakima Housing Authority
Notes to Basic Financial Statements
March 31, 2010 and 2009

NOTE 6 — LONG-TERM DEBT:

A summary of changes in YHA's long-term debt for the years ended March 31, 2010 and 2009 is as follows:

	Balance at April 1, 2009	Additions	Reductions	Balance at March 31, 2010	Due Within One Year
Revenue Bonds:					
U.S. Bank Trust	\$ 2,150,000	\$ -	\$ (65,000)	\$ 2,085,000	\$ 65,000
Real Estate Mortgages:					
United States Dept. of Agriculture	1,306,714	-	(56,359)	1,250,355	56,926
Washington Community					
Reinvestment Associates	644,584	-	(15,319)	629,265	16,345
Department of Community Trade and Economic Development:					
Glenn Acres	547,100	-	(2,000)	545,100	2,000
Nueva Primavera	1,000,000	-	-	1,000,000	-
Mariposa Park	923,856	-	(4,000)	919,856	4,000
Total long-term debt	<u>\$ 6,572,254</u>	<u>\$ -</u>	<u>\$ (142,678)</u>	<u>\$ 6,429,576</u>	<u>\$ 144,271</u>

	Balance at April 1, 2008	Additions	Reductions	Balance at March 31, 2009	Due Within One Year
Revenue Bonds:					
U.S. Bank Trust	\$ 2,210,000	\$ -	\$ (60,000)	\$ 2,150,000	\$ 65,000
Real Estate Mortgages:					
United States Dept. of Agriculture	1,362,514	-	(55,800)	1,306,714	56,359
Washington Community					
Reinvestment Associates	658,942	-	(14,358)	644,584	15,319
Department of Community Trade and Economic Development:					
Glenn Acres	549,100	-	(2,000)	547,100	2,000
Nueva Primavera	1,000,000	-	-	1,000,000	-
Mariposa Park	927,856	-	(4,000)	923,856	4,000
Total long-term debt	<u>\$ 6,708,412</u>	<u>\$ -</u>	<u>\$ (136,158)</u>	<u>\$ 6,572,254</u>	<u>\$ 142,678</u>

U.S. Bank Trust – A housing revenue bond originally issued in 1998 for \$2,600,000, for the purchase of Nueva Primavera, a 39 unit housing development. Installments of \$5,000 plus interest of 5.2% are due monthly. The final payment is due September, 2028. The bond is collateralized by property, guaranteed by the City of Yakima, and subject to Federal arbitrage.

United States Department of Agriculture – 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.

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.

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2010 and 2009

NOTE 6 — LONG-TERM DEBT (continued):

Department of Community Trade and Economic Development – 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 Community Trade and Economic Development – 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 Community Trade and Economic Development – In 1999 YHA borrowed \$943,856 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.

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

Revenue Bonds:

	Principal	Interest	Total
2011	\$ 65,000	\$ 106,730	\$ 171,730
2012	70,000	103,220	173,220
2013	75,000	99,450	174,450
2014	80,000	95,420	175,420
2015	85,000	91,130	176,130
2016-2020	475,000	385,450	860,450
2021-2025	615,000	244,530	859,530
2026-2030	620,000	66,300	686,300
	<u>\$ 2,085,000</u>	<u>\$ 1,192,230</u>	<u>\$ 3,277,230</u>

Real Estate Mortgages:

	Principal	Interest	Total
2011	\$ 79,271	\$ 56,722	\$ 135,993
2012	80,937	55,056	135,993
2013	82,683	53,310	135,993
2014	84,513	51,480	135,993
2015	86,432	49,562	135,994
2016-2020	471,611	264,716	736,327
2021-2025	347,242	152,387	499,629
2026-2030	548,982	84,868	633,850
2031-2035	655,128	53,313	708,441
2036-2040	626,951	30,627	657,578
2041-2045	302,028	14,285	316,313
2046-2050	978,798	3,250	982,048
	<u>\$ 4,344,576</u>	<u>\$ 869,576</u>	<u>\$ 5,214,152</u>

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2010 and 2009

NOTE 6 — LONG-TERM DEBT (continued):

Compensated Absences:

The compensated absence balances as of March 31, 2010 and 2009 are as follows:

Compensated absence balances as of March 31, 2008	\$ 22,423
Decrease during 2008	(38)
Compensated absence balances as of March 31, 2009	22,385
Increase during 2009	2,184
Compensated absence balances as of March 31, 2010	<u>\$ 24,569</u>

NOTE 7 — RESTRICTED NET ASSETS:

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

	2010	2009
Future capital improvements	\$ 563,748	\$ 710,165
Housing assistance	955,857	576,452
Total restricted net assets	<u>\$ 1,519,605</u>	<u>\$ 1,286,617</u>

NOTE 8 — OPERATING LEASES:

The Housing Authority entered into an operating lease for a copier in January of 2006. The lease calls for monthly payments of \$238 through January of 2011. In October of 2007 the Housing Authority entered into an operating lease for a postage machine. The lease calls for quarterly payments of \$600 through October of 2012. Total future lease commitments are \$4,780 in 2011 and \$1,800 in 2012.

NOTE 9 — PENSION PLANS:

All Housing Authority full-time employees participate in the Yakima Housing Authority Retirement Plan administered by Diversified Investment Advisors Company, under a defined contribution employee retirement plan established in 1982.

The Housing Authority pays the full contribution for the benefit of the employees after 1,000 hours of employment at a rate of 12 percent of gross wages.

The Housing Authority 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.

Employees are entitled to 100 percent of value of their account after five years employment upon separation. The net assets available for benefits at July 31, 2010 were \$948,396 and \$761,875 at July 31, 2009.

Employer contributions were \$108,438 and \$103,912 in 2010 and 2009, respectively.

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2010 and 2009

NOTE 10 — PARTICIPATION IN HOUSING AUTHORITY RISK RETENTION POOL:

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

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

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

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

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

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

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

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

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

Yakima Housing Authority has had no insurance settlement within the last three years that exceeded insurance coverage.

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2010 and 2009

NOTE 11— CONTINGENCIES AND LITIGATION:

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

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

NOTE 12— RELATED PARTY TRANSACTIONS:

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

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

Incentive management fee:

Beginning in 1999, the Partnership was required to pay to YHA as the General Partner a noncumulative annual incentive management fee only to the extent funds are available from net cash flows, as defined in the Partnership agreement, in the amount of 6% of effective gross income from the project. As of December 31, 2009 and 2008, incentive management fees were not expensed or accrued since the Project did not meet the net cash flow requirements in order to pay the incentive management fee.

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 \$2,520 and \$2,446 were expensed for the years ended December 31, 2009 and 2008, respectively. Amounts accrued and owing at December 31, 2009 and 2008, were \$2,520 and \$2,446, respectively.

Partnership management fee:

Beginning in 1999 the Partnership was required to pay to YHA as the General Partner a noncumulative partnership management fee in the annual amount of \$3,000, increased at 3% per annum commencing in 2000. The partnership management fee is payable first from the special reserve account and then, only to the extent funds are available for the payment thereof, from net cash flows, as defined in the Partnership agreement. Such fee is paid for monitoring operations, performing periodic physical inspections, reviewing financial and tax accounting systems, reviewing operating budgets and statements, reviewing management procedures, supervising the preparation of financial statements and tax returns, and monitoring all other matters relating to the legal and tax status of the Partnership. Although the fee is noncumulative, there were sufficient funds to pay the fee, therefore the Partnership management fee was accrued for the year ended December 31, 2009 in the amount of \$4,032, and included in related-party payable. For the year ended December 31, 2008, the fee of \$3,914 was paid.

Yakima Housing Authority

Notes to Basic Financial Statements

March 31, 2010 and 2009

NOTE 12— RELATED PARTY TRANSACTIONS (continued):

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, 2009 and 2008, was \$7,743 and \$7,446, respectively. Outstanding payables for lease expense as of December 31, 2009 and 2008, were \$7,743 and \$7,446, respectively, and were included in related-party payables.

NOTE 13— 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, 2009 and 2008 the reserve was over funded by \$7,460 and \$5,928, respectively.

Replacement reserves:

The Partnership agreement of Mariposa Park Limited Partnership requires an annual deposit into a replacement reserve account in an amount not less than \$5,000 for future capital expenditures. At December 31, 2009 and 2008 the replacement reserve balance was \$104,031 and \$109,690, and was fully funded in both years.

Special reserves:

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

Mortgage reserves:

YHA is required to maintain a reserve for the Nueva Primavera long-term debt borrowing. At March 31, 2010 and 2009 \$229,813 and \$225,573, respectively were 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 that is restricted for capital improvements. At March 31, 2010 and 2009 \$563,748 and \$710,165, respectively were held in reserves for future capital improvements, which requires USDA approval for disbursements.

Yakima Housing Authority
Schedule of Expenditures of Federal Awards
Year Ended March 31, 2010

	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Other Identification Number</u>	<u>Federal Expenditures</u>
<i>U.S. Department of Housing and Urban Development:</i>				
Public and Indian Housing	14.850	S-75	WA042-001,2,3,6,7	<u>\$ 298,049</u>
Public Housing Capital Fund	14.872	S-75	WA19PO42501-06	663
Public Housing Capital Fund	14.872	S-75	WA19PO42501-07	84,969
Public Housing Capital Fund	14.872	S-75	WA19PO42501-08	76,981
Public Housing Capital Fund	14.872	S-75	WA19PO42501-09	21,263
Total Public Housing Capital Fund				<u>183,876</u>
ARRA	14.885	WA19S042501-09		<u>302,368</u>
Section 8 Housing Assistance Payments Program	14.195	WA19M000052	WA19M000052	<u>127,741</u>
Section 8 Housing Choice Vouchers	14.871	S0083V	WA042VO	<u>3,333,001</u>
Total U.S. Department of Housing and Urban Development				<u>4,245,035</u>
<i>USDA Farmers Home Administration Direct Programs:</i>				
Rural Rental Assistance Program	10.427	Valley Seven		<u>343,772</u>
Total USDA Farmers Home Administration Direct Programs				<u>343,772</u>
Total Federal Expenditures				<u><u>\$ 4,588,807</u></u>

See accompanying notes to schedule of expenditures of federal awards.

Yakima Housing Authority

Notes to Schedule of Expenditures of Federal Awards

Year Ended March 31, 2010

NOTE 1 — BASIS OF ACCOUNTING:

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. Revenue is recognized when program costs have been incurred or when revenue has otherwise been earned.

NOTE 2 — PROGRAM COSTS:

The amounts shown as current year expenditures represent only the federal grant portion of the program costs for fiscal year 2010. Entire program costs, including the Housing Authority's portion, may be more than shown.

NOTE 3 — HOUSING CHOICE VOUCHER PROGRAM EXPENDITURES:

As required by the granting agency, the amounts shown on the schedule for the Housing Choice Voucher Program (CFDA 14.871) represent amounts awarded to the Housing Authority. Actual expenditures of the grant during the period were \$2,659,535.

NOTE 4 — PROGRAM INCOME:

Not applicable

NOTE 5 — FEDERAL LOANS:

United States Department of Agriculture:

Date of Loan	2002
Original Loan Amount	\$2,600,000
Principal Payments (2010)	\$55,800
Balance of Loan at March 31, 2010	\$1,306,714
CFDA	10.427

See Note 6 to the basic financial statements for further information.

NOTE 6 — NONCASH AWARDS:

Not applicable

Yakima Housing Authority

Financial Data Schedules

Line Item #	Account description	Project Total	14.871 Housing Choice Vouchers	State / Local
111	Cash - unrestricted	\$ 192,514	\$ 323,832	\$ 31,906
112	Cash - restricted - modernization and development	-	-	-
113	Cash - other restricted	-	156,065	-
114	Cash - tenant security deposits	28,168	-	12,283
115	Cash - restricted for payment of current liabilities	-	-	-
100	Total cash	<u>220,682</u>	<u>479,897</u>	<u>44,189</u>
121	Accounts receivable - PHA projects	-	-	-
122	Accounts receivable - HUD other projects	9,668	-	-
124	Accounts receivable - other government	-	-	-
125	Accounts receivable - miscellaneous	-	14,118	-
126	Accounts receivable - tenants - dwelling rents	7,099	-	19,431
126.1	Allowance for doubtful accounts - dwelling rents	(1,051)	-	(919)
126.2	Allowance for doubtful accounts - other	-	(82)	-
127	Notes, loans and mortgages receivable - current	-	-	-
128	Fraud recovery	-	-	-
128.1	Allowance for doubtful accounts - fraud recoerey	-	-	-
129	Accrued interest receivable	-	-	-
120	Total receivables, net of allowances for doubtful accounts	<u>15,716</u>	<u>14,036</u>	<u>18,512</u>
131	Investments - unrestricted	276,634	-	36,085
132	Investments - restricted	-	13,489	513,542
135	Investments - restricted for payment of current liability	-	-	-
142	Prepaid expenses and other assets	12,292	6,986	10,861
143	Inventories	78,658	-	6,235
143.1	Allowance for obsolete inventories	(344)	-	-
144	Inter program due from	267,417	-	50,000
145	Assets held for sale	-	-	-
150	Total current assets	<u>871,055</u>	<u>514,408</u>	<u>679,424</u>
161	Land	908,069	-	681,574
163	Buildings	13,319,513	-	6,011,831
163	Furniture, equipment & machinery - dwellings	222,203	-	174,095
164	Furniture, equipment & machinery - administration	354,293	19,714	166,287
165	Leasehold improvements	-	-	-
166	Accumulated depreciation	(7,581,857)	(19,714)	(2,023,016)
167	Construction in progress	529,854	-	-
168	Infrastructure	-	-	-
160	Total capital assets, net of accumulated depreciation	<u>7,752,075</u>	<u>-</u>	<u>5,010,771</u>
171	Notes, loans and mortgages receivable - non-current	-	-	-
	Notes, loans and mortgages receivable -			
172	non-current - past due	-	-	-
173	Grants receivable - non-current	-	-	-
174	Other assets	-	-	-
176	Investments in joint ventures	-	-	-
180	Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>
190	Total assets	<u>\$ 8,623,130</u>	<u>\$ 514,408</u>	<u>\$ 5,690,195</u>

Yakima Housing Authority

Financial Data Schedules

14.195 Section 8 Housing Assist. Payments Program Special	10.427 Rural Assistance Programs	14.VSH HUD Veterans Affairs Support. Housing	14.885 Formula Capital Fund Stimulus Grants	Total
\$ 26,348	\$ 51,481	\$ 52,570	\$ -	\$ 678,651
-	-	-	-	-
-	-	-	-	156,065
7,897	24,722	-	-	73,070
-	-	-	-	-
34,245	76,203	52,570	-	907,786
-	-	-	-	-
-	-	-	52,376	62,044
-	22,171	-	-	22,171
-	-	-	-	14,118
-	10,118	-	-	36,648
(7)	(1,151)	-	-	(3,128)
-	-	-	-	(82)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(7)	31,138	-	52,376	131,771
5	4	-	-	312,728
56,044	563,748	-	-	1,146,823
-	-	-	-	-
1,955	12,416	-	-	44,510
-	-	-	-	84,893
-	-	-	-	(344)
295,000	-	-	-	612,417
-	-	-	-	-
387,242	683,509	52,570	52,376	3,240,584
84,100	633,144	-	-	2,306,887
1,196,554	8,089,764	-	-	28,617,662
26,955	121,294	-	-	544,547
2,137	45,849	-	-	588,280
-	-	-	-	-
(325,953)	(4,309,030)	-	-	(14,259,570)
-	-	-	-	529,854
-	-	-	-	-
983,793	4,581,021	-	-	18,327,660
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ 1,371,035	\$ 5,264,530	\$ 52,570	\$ 52,376	\$ 21,568,244

Yakima Housing Authority

Financial Data Schedules

Line Item #	Account description	Project Total	14.871 Housing Choice Vouchers	State / Local
311	Bank overdraft	\$ -	\$ -	\$ -
312	Accounts payable less than 90 days	48,455	-	4,599
313	Accounts payable greater than 90 days	-	-	-
321	Accrued wages / payroll taxes payable	77,389	-	-
322	Accrued compensated absences - current portion	4,995	3,871	1,765
324	Accrued contingency liability	-	-	-
325	Accrued interest payable	-	-	53,612
331	Accounts payable - HUD PHA programs	-	177,980	-
332	Accounts payable - PHA projects	-	-	-
333	Accounts payable - other government	3,647	-	14,295
341	Tenant security deposits	28,168	-	12,283
342	Deferred revenues	6,183	-	3,969
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	-	69,000
344	Current portion of long-term debt - operating borrowings	-	-	-
345	Other current liabilities	-	-	-
346	Accrued liabilities - other	-	-	-
347	Inter program - due to	-	67,097	391,110
348	Loan liability - current	-	-	-
310	Total current liabilities	<u>168,837</u>	<u>248,948</u>	<u>550,633</u>
351	Long-term debt, net of current - capital projects/mortgage revenue bonds	-	-	3,935,856
352	Long-term debt, net of current - operating borrowings	-	-	-
353	Non-current liabilities - other	-	-	-
354	Accrued compensated absences - non-current	9,919	4,168	2,903
355	Loan liability - non-current	-	-	-
356	FASB 5 liabilities	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-
350	Total non-current liabilities	<u>9,919</u>	<u>4,168</u>	<u>3,938,759</u>
300	Total liabilities	<u>178,756</u>	<u>253,116</u>	<u>4,489,392</u>
508.1	Invested in capital assets, net of related debt	7,752,075	-	1,005,915
509.2	Fund balance reserved	-	-	-
511.2	Unreserved, designated fund balance	-	-	-
511.1	Restricted net assets	-	169,554	677,689
512.1	Unrestricted net assets	692,299	91,738	(482,801)
512.2	Unreserved, undesignated fund balance	-	-	-
513	Total equity/net assets	<u>8,444,374</u>	<u>261,292</u>	<u>1,200,803</u>
600	Total liabilities and equity/net assets	<u>\$ 8,623,130</u>	<u>\$ 514,408</u>	<u>\$ 5,690,195</u>

14.195 Section 8 Housing Assist. Payments Program Special	10.427 Rural Assistance Programs	14.VSH HUD Veterans Affairs Support. Housing	14.885 Formula Capital Fund Stimulus Grants	Total
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	53,054
-	-	-	-	-
-	-	-	-	77,389
618	3,214	-	-	14,463
-	-	-	-	-
-	547	-	-	54,159
-	-	-	-	177,980
-	-	-	-	-
-	5,376	-	-	23,318
7,897	24,722	-	-	73,070
1,235	14,193	-	-	25,580
18,345	56,926	-	-	144,271
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
16,668	85,166	-	52,376	612,417
-	-	-	-	-
44,763	190,144	-	52,376	1,255,701
1,156,020	1,193,430	-	-	6,285,306
-	-	-	-	-
-	-	-	-	-
1,338	6,241	-	-	24,569
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,157,358	1,199,671	-	-	6,309,875
1,202,121	1,389,815	-	52,376	7,565,576
(190,572)	3,330,666	-	-	11,898,084
-	-	-	-	-
-	-	-	-	-
56,044	563,748	52,570	-	1,519,605
303,442	(19,699)	-	-	584,979
-	-	-	-	-
168,914	3,874,715	52,570.0	-	14,002,668
\$ 1,371,035	\$ 5,264,530	\$ 52,570	\$ 52,376	\$ 21,568,244

Yakima Housing Authority

Financial Data Schedules

Line Item #	Account description	Project Total	14.871 Housing Choice Vouchers	State / Local
70300	Net tenant rental revenue	\$ 427,838	\$ -	\$ 384,114
70400	Tenant revenue - other	29,697	-	29,679
70500	Total tenant revenue	<u>457,535</u>	<u>-</u>	<u>413,793</u>
70600	HUD PHA operating grants	393,475	3,268,206	-
70610	Capital grants	88,450	-	-
70710	Management fee	-	-	-
70720	Asset management fee	-	-	-
70730	Bookkeeping fee	-	-	-
70740	Front line service fee	-	-	-
70750	Other fees	-	-	-
70700	Total fee revenue	<u>481,925</u>	<u>3,268,206</u>	<u>-</u>
70800	Other government grants	-	-	139,806
71100	Investment income - unrestricted	1,053	30	74
71200	Mortgage interest income	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-
71310	Cost of sale of assets	-	-	-
71400	Fraud recovery	-	9,486	-
71500	Other revenue	19,420	-	68,759
71600	Gain or loss on sale of capital assets	(32)	-	(759)
72000	Investment income - restricted	-	17	5,355
70000	Total revenue	<u>\$ 959,901</u>	<u>\$ 3,277,739</u>	<u>\$ 627,028</u>

March 31, 2010

14.195 Section 8 Housing Assist. Payments Program Special	10.427 Rural Assistance Programs	14.VSH HUD Veterans Affairs Support. Housing	14.885 Formula Capital Fund Stimulus Grants	Total
\$ 97,154	\$ 553,243	\$ -	\$ -	\$ 1,462,349
3,295	30,488	-	-	93,159
100,449	583,731	-	-	1,555,508
127,741	-	64,795	27,334	3,881,551
-	-	-	275,034	363,484
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
127,741	-	64,795	302,368	4,245,035
-	343,772	-	-	483,578
-	3	-	-	1,160
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	9,486
-	4,350	-	-	92,529
-	(596)	-	-	(1,387)
109	2,000	-	-	7,481
\$ 228,299	\$ 933,260	\$ 64,795	\$ 302,368	\$ 6,393,390

Yakima Housing Authority

Financial Data Schedules (continued)

Line Item #	Account description	Project Total	14.871 Housing Choice Vouchers	State / Local
91100	Administrative salaries	\$ 211,595	\$ 201,997	\$ 73,840
91200	Auditing fees	7,463	9,471	14,615
91300	Management fee	-	-	-
91310	Bookkeeping fee	-	-	-
91400	Advertising and marketing	-	407	-
91500	Employee benefit contributions - administrative	77,358	71,837	26,691
91600	Office expenses	57,312	34,802	17,803
91700	Legal expense	9,191	8,306	3,311
91800	Travel	9,191	8,872	3,765
91810	Allocated overhead	-	-	-
91900	Other	-	-	2,520
91000	Total operating - administrative	<u>372,110</u>	<u>335,692</u>	<u>142,545</u>
92000	Asset management fee	-	-	-
92100	Tenant services - salaries	-	-	-
92200	Relocation costs	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-
92400	Tenant services - other	2,199	-	-
92500	Total tenant services	<u>2,199</u>	<u>-</u>	<u>-</u>
93100	Water	41,020	-	25,957
93200	Electricity	13,832	-	12,167
93300	Gas	862	-	1,138
93400	Fuel	-	-	-
93500	Labor	-	-	-
93600	Sewer	58,536	-	23,839
93700	Employee benefit contributions - utilities	-	-	-
93800	Other utilities expense	-	-	-
93000	Total utilities	<u>114,250</u>	<u>-</u>	<u>63,101</u>
94100	Ordinary maintenance and operations - labor	149,075	670	70,928
94200	Ordinary maintenance and operations - materials and other	42,341	1,756	30,616
94300	Ordinary maintenance and operations contracts	76,864	22,194	64,612
94500	Employee benefit contributions - ordinary maintenance	56,537	409	24,993
94000	Total maintenance	<u>324,817</u>	<u>25,029</u>	<u>191,149</u>
95100	Protective services - labor	-	-	-
95200	Protective services - other contract costs	1,553	-	1,446
95300	Protective services - other contract costs	-	-	-
95500	Employee benefit contributions - protective services	-	-	-
95000	Total protective services	<u>1,553</u>	<u>-</u>	<u>1,446</u>
96110	Property insurance	10,252	-	9,517
96120	Liability insurance	4,322	6,023	812
96130	Workmen's compensation	-	-	-
96140	All other insurance	3,336	1,465	1,976
96100	Total insurance premiums	<u>\$ 17,910</u>	<u>\$ 7,488</u>	<u>\$ 12,305</u>

14.195 Section 8 Housing Assist. Payments Program Special	10.427 Rural Assistance Programs	14.VSH HUD Veterans Affairs Support. Housing	14.885 Formula Capital Fund Stimulus Grants	Total
\$ 28,855	\$ 131,642	\$ -	\$ -	\$ 647,929
503	4,672	-	-	36,724
-	-	-	-	-
-	-	-	-	-
112	407	-	480	1,406
11,006	50,786	-	-	237,678
4,665	28,205	-	-	142,787
794	5,933	-	1,368	28,903
649	5,965	-	-	28,442
-	-	-	-	-
5,944	-	-	-	8,464
52,528	227,610	-	1,848	1,132,333
-	-	-	-	-
-	-	-	-	-
-	-	-	12,867	12,867
-	-	-	-	-
-	-	-	-	2,199
-	-	-	12,867	15,066
4,239	78,151	-	-	149,367
12,324	14,237	-	-	52,560
13,361	324	-	-	15,685
-	-	-	-	-
-	-	-	-	-
7,978	83,920	-	-	174,273
-	-	-	-	-
-	-	-	-	-
37,902	176,632	-	-	391,885
26,080	152,104	-	9,420	408,277
6,225	47,579	-	-	128,517
11,606	109,944	-	-	285,220
8,047	58,260	-	3,199	151,445
51,958	367,887	-	12,619	973,459
-	-	-	-	-
-	-	-	-	2,999
-	-	-	-	-
-	-	-	-	-
-	-	-	-	2,999
1,713	10,104	-	-	31,586
799	3,210	-	-	15,166
-	-	-	-	-
191	2,005	-	-	8,973
\$ 2,703	\$ 15,319	\$ -	\$ -	\$ 55,725

Yakima Housing Authority

Financial Data Schedules

Line Item #	Account description	Project Total	14.871 Housing Choice Vouchers	State / Local
96200	Other general expenses	\$ -	\$ 11,496	\$ 5,440
96210	Compensated absences	(966)	2,373	3,443
96300	Payments in lieu of taxes	3,647	-	-
96400	Bad debt - tenant rents	22,668	-	13,633
96500	Bad debt - mortgages	-	-	-
96600	Bad debt - other	-	6,651	-
96800	Severance expense	-	-	-
96000	Total other general expenses	<u>25,349</u>	<u>20,520</u>	<u>22,516</u>
96710	Interest of mortgage (or bonds) payable	-	-	124,259
96720	Interest on notes payable (short and long-term)	-	-	-
96730	Amortization of bond issue costs	-	-	-
96700	Total interest expense and amortization cost	<u>-</u>	<u>-</u>	<u>124,259</u>
96900	Total operating expenses	<u>858,188</u>	<u>388,729</u>	<u>557,321</u>
97000	Excess of operating revenue over operating expenses	<u>\$ 101,713</u>	<u>\$ 2,889,010</u>	<u>\$ 69,707</u>
97100	Extraordinary maintenance	-	-	-
97200	Casualty losses - non-capitalized	-	-	-
97300	Housing assistance payments	-	2,659,535	19,632
97350	HAP portability-in	-	-	-
97400	Deprecation expense	455,581	-	172,293
97500	Fraud losses	-	-	-
97600	Capital outlays - governmental funds	-	-	-
97700	Debt principal payment - governmental funds	-	-	-
97800	Dwelling units rent expense	-	-	-
90000	Total expenses	<u>1,313,769</u>	<u>3,048,264</u>	<u>749,246</u>
10010	Operating transfer in	95,426	-	-
10020	Operating transfer out	(95,426)	-	-
10030	Operating transfers from/to primary government	-	-	-
10040	Operating transfers from/to component unit	-	-	-
10050	Proceeds from notes, loans and bonds	-	-	-
10060	Proceeds from property sales	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-
10080	Special items (net gain/loss)	-	-	-
10091	Inter project excess cash transfer in	-	-	-
10092	Inter project excess cash transfer out	-	-	-
10093	Transfers between program and project - in	88,450	-	-
10094	Transfers between program and project - out	(88,450)	-	-
10100	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
10000	Excess(deficiency) of total revenue over(under) total expenses	<u>\$ (353,868)</u>	<u>\$ 229,475</u>	<u>\$ (122,218)</u>

14.195 Section 8 Housing Assist. Payments Program Special	10.427 Rural Assistance Programs	14.VSH HUD Veterans Affairs Support. Housing	14.885 Formula Capital Fund Stimulus Grants	Total
\$ -	\$ 404	\$ -	\$ -	\$ 17,340
392	(243)	-	-	4,999
-	5,407	-	-	9,054
102	28,346	-	-	64,749
-	-	-	-	-
-	-	-	-	6,651
-	-	-	-	-
494	33,914	-	-	102,793
41,447	6,821	-	-	172,527
-	-	-	-	-
-	-	-	-	-
41,447	6,821	-	-	172,527
187,032	828,183	-	27,334	2,846,787
\$ 41,267	\$ 105,077	\$ 64,795	\$ 275,034	\$ 3,546,603
-	-	-	-	-
-	-	-	-	-
-	-	12,225	-	2,691,392
-	-	-	-	-
33,565	244,288	-	-	905,727
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
220,597	1,072,471	12,225	27,334	6,443,906
-	-	-	-	95,426
-	-	-	-	(95,426)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	88,450
-	-	-	-	(88,450)
-	-	-	-	-
\$ 7,702	\$ (139,211)	\$ 52,570	\$ 275,034	\$ (50,516)

Yakima Housing Authority

Financial Data Schedules

Line Item #	Account description	Project Total	14.871 Housing Choice Vouchers	State / Local
11020	Required annual debt principal payments	\$ -	\$ -	\$ 69,000
11030	Beginning equity	8,523,208	31,817	1,323,021
11040	Prior period adjustments, equity transfers and corrections	275,034	-	-
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	-	91,738	-
11180	Housing assistance payments equity	-	169,554	-
11190	Unit months available	1,800	7,416	780
11210	Number of unit months leased	1,666	6,674	634
11270	Excess cash	540,097	-	-
11610	Land purchases	-	-	-
11620	Building purchases	363,050	-	-
11630	Furniture and equipment - dwelling purchases	-	-	-
11640	Furniture and equipment - administrative purchases	-	-	-
11650	Leasehold improvements purchases	-	-	-
11660	Infrastructure purchases	-	-	-
13510	CFFP debt service payments	-	-	-
13901	Replacement housing factor funds	-	-	-

March 31, 2010

14.195 Section 8 Housing Assist. Payments Program Special	10.427 Rural Assistance Programs	14.VSH HUD Veterans Affairs Support. Housing	14.885 Formula Capital Fund Stimulus Grants	Total
\$ 55,766	\$ 56,359	\$ -	\$ -	\$ 181,125
161,212	4,013,926	-	-	14,053,184
-	-	-	(275,034)	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	91,738
-	-	-	-	169,554
456	1,764	210	-	12,426
450	1,567	28	-	11,019
-	-	-	-	540,097
-	-	-	-	-
-	-	-	-	363,050
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

**Actual Modernization
Cost Certificate**U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 3/31/2010)

AUG 31 2009**Comprehensive Improvement Assistance Program (CIAP)
Comprehensive Grant Program (CGP)**

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

HA Name:	Modernization Project Number:
Housing Authority of the City of Yakima	WA19P042501-06

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	\$ 253,466.00
B. Funds Disbursed	\$ 253,466.00
C. Funds Expended (Actual Modernization Costs)	\$ 253,466.00
D. Amount to be Recaptured (A-C)	\$ -0-
E. Excess of Funds Disbursed (B-C)	\$ -0-

2. That all modernization work in connection with the Modernization Grant has been complete;
3. That the entire Actual Modernization cost or liabilities therefor incurred by the HA have been fully paid;
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
5. That the time in which such liens could be filed has expired.

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

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

Signature of Executive Director & Date:

X  7/30/09
Lowel Krueger

For HUD Use Only**The Cost Certificate is approved for audit:**

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

X 

Date:

8/24/09

The audit costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

Date:

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

Date:

X

form HUD-53001 (10/96)
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