



**Office of the Washington State Auditor
Pat McCarthy**

February 13, 2017

Board of Commissioners
Yakima Housing Authority
Yakima, Washington

**Contracted CPA Firm's Audit Report on Financial Statements and
Federal Single Audit**

We have reviewed the audit report issued by a certified public accounting (CPA) firm on Yakima Housing Authority's financial statements and compliance with federal grant requirements for the fiscal year ended December 31, 2015. The Housing Authority contracted with the CPA firm for this audit.

Based on this review, we have accepted this report in lieu of the audit required by RCW 43.09.260. The State Auditor's Office did not audit the accompanying financial statements or the compliance with federal grant agreements and, accordingly, we do not express an opinion on those financial statements or on compliance.

This report is being published on the State Auditor's Office website as a matter of public record.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

Housing Authority of the City of Yakima

Yakima, Washington

Comprehensive Annual Financial Report

Years Ended

December 31, 2015

and

December 31, 2014



Housing Authority of the City of Yakima

Yakima, Washington

Comprehensive Annual Financial Report

Years Ended

December 31, 2015

and

December 31, 2014



Issued by

Finance Department of

the Housing Authority of the City of Yakima

Corina Posekany, Controller

Housing Authority of the City of Yakima

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December 31, 2015 and 2014

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Housing Authority of the City of Yakima

Yakima, Washington

Introductory Section:

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart

List of Principal Officials



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



August 25, 2016

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the Housing Authority of the City of Yakima (YHA) for the year ended December 31, 2015. This report is prepared in conformance with standards of financial reporting as established by the Governmental Accounting Standards Board and the Government Finance Officers Association. The U.S. Department of Housing and Urban Development (HUD) requires that all public housing authorities publish within nine months after the fiscal year-end, financial statements presented in conformity with U.S. Generally Accepted Accounting Principles (GAAP), YHA's financial statements presented here have been audited by Petersen CPAs & Advisors, PLLC. The auditors issued unqualified opinions on YHA's financial statements for the years ended December 31, 2015 and December 31, 2014. The data presented in this report is the responsibility of the management of YHA. To the best of our knowledge and belief, the data as presented is accurate in all material aspects; is presented in a manner designed to fairly state the financial position and results of operations of YHA; and all disclosures necessary have been included to enable the reader to gain an understanding of YHA's financial affairs. GAAP requires that management provide a narrative introduction, overview and analysis to complement the basic financial statements in the form of Management's Discussion and Analysis (MD&A).

YHA is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including the independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards; the independent auditors' report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with Uniform Guidance; the Schedule of Federal Awards; Schedule of Findings and Questioned Costs; and status of prior year findings are included in the single audit section of this report.

Government Overview

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

The primary source of funding for YHA is the U.S. Department of Housing and Urban Development (HUD). The City is not financially accountable for the operations of YHA, has no responsibility to fund deficits or receive surpluses, and has not guaranteed YHA's debt beyond a housing revenue bond issued in 1998 that had a balance outstanding of \$1,795,000 at December 31, 2013 and was redeemed in May 2014, leaving no outstanding balance at December 31, 2014.

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

Economic Condition and Outlook

Congressional housing legislation and the federal budget affect YHA more than local economic factors. YHA's primary source of funding is HUD. As with most housing authorities, a majority of YHA's operating and capital funding comes from federal dollars in the form of operating subsidies, capital grant funds and Section 8 housing assistance payments. During calendar year 2015, HUD and other federal agencies provided approximately 58.34% of YHA's total revenues. For the Section 8 program, HUD provides housing authorities with a fixed annual budget for Housing Assistance Payments (HAP) and for administration fees. For the Public Housing program, housing authorities receive operating subsidies in accordance with an operating subsidy funding formula. In general, the calculated subsidy amount is the difference between an estimate of operating costs minus an estimate of income from rents. Operating subsidies are subject to annual appropriation by Congress.

In calendar year 2014, YHA completed the conversion of its public housing units through HUD's Rental Assistance Demonstration (RAD) program to Project-Based Vouchers (PBV). Beginning in January 2014, HUD transferred funding from public housing to Section 8 for YHA's units converted under RAD, eliminating YHA's reliance on public housing funding. Funding for the Section 8 program in calendar year 2015 was prorated at 101.00% and 81.57% of eligibility for HAP and administration fees, respectively.

The federal fiscal year 2016 began on October 1, 2015; but, the federal government operated under "continuing resolutions" until the Consolidated Appropriations Act, 2016, was approved on December 15, 2015. The proration levels are approximately 100.00% and 84.00% of eligibility for HAP and administrative fees, respectively.

Long-Term Planning and Major Commitments and Initiatives

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

YHA has been approved for a Multifamily Preservation and Revitalization (MPR) application that will rehabilitate its 147 farm labor housing units located throughout Yakima County. The USDA RD MPR program is designed to make projects sustainable over a 20 year period through a combination of debt deferral, loans and grants. The terms of YHA's MPR application includes the deferral of six of the seven outstanding loans for 20 years, a \$1.5 million loan, a \$500,000 grant and the use of proceeds from the sale of five single-family farm labor units (thereby reducing the total number of farm labor units to 142). YHA was the first applicant in the State of Washington to receive approval to issue a notice to proceed in March 2015. YHA anticipates the rehabilitation to be completed by the fall of 2016.

YHA has purchased Harmony Park (a 24 unit multifamily and elderly housing project) located in Toppenish, Washington. The acquisition and rehabilitation of the units (approximately \$1.3 million) is being funded with housing trust funds through the Washington State Department of Commerce (Department of Commerce). YHA assumed the outstanding debt with the USDA RD of approximately \$702,000. In addition, YHA has requested 15 additional rental assistance units from USDA RD for the operation of Harmony Park.

YHA began the improvements to the property in May of 2016 and anticipates being able to complete the rehabilitation by the fall of 2016.

YHA is developing Toppenish Family Housing, a 30 unit multifamily project in Toppenish, Washington. The project is primarily for farmworkers and will cost approximately \$7.0 million. The project is funded with a combination of housing trust funds (approximately \$2.1 million) from the Department of Commerce and Low Income Housing Tax Credit equity (approximately \$4.9 million). YHA began construction in May 2015 and completed leasing the units in May of 2016.

YHA is rehabilitating two elderly/disabled complexes in Yakima, Washington. Glenn Acres is a 38 unit complex and Naches House is a 51 unit complex serving individuals over the age of 62 or who are disabled. The project will cost approximately \$6.2 million and be funded through the restructuring of debt (approximately \$3.2 million) and Low Income Housing Tax Credit equity (approximately \$3.0 million). YHA began construction in May of 2016 and anticipates being able to complete the rehabilitation by the end of 2016.

YHA began discussions with the Housing Authority of Kittitas County (KCHA) to enter into an interlocal agreement regarding management services. KCHA owns and manages 110 public housing units and 51 multifamily units with a HUD multifamily extended use agreement. YHA already manages the Section 8 program for Kittitas County. In April 2016, YHA and KCHA's boards approved an interlocal agreement for YHA to provide management services to KCHA beginning May 2016 for three years.

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

Financial Information

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

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

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

As part of YHA's single audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal award programs, as well as to learn whether YHA has complied with applicable laws, regulations, contracts and grants. YHA's single audit for the year ended December 31, 2015 found no instances of material weakness in the internal control or significant violations of the applicable laws, regulations, contracts and grants, audit reports regarding this are included in this CAFR in the Single Audit Section.

Other Information – Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to YHA for its Comprehensive Annual Financial Report for the year ended December 31, 2014.

Letter Transmittal
Comprehensive Annual Financial Report
December 31, 2015

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments

Preparation of the Comprehensive Annual Financial Report on a timely basis was accomplished through the dedicated service of the entire staff of the Accounting department under the leadership of Corina Posekany, YHA's Controller. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. Our sincere appreciation is extended to the management and staff of Petersen CPAs & Advisors, PLLC who provided necessary expertise and technical assistance.

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

Respectfully submitted,

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

Lowel Krueger, CPA, MBA
Executive Director

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

Corina Posekany
Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Housing Authority of the City
of Yakima, Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

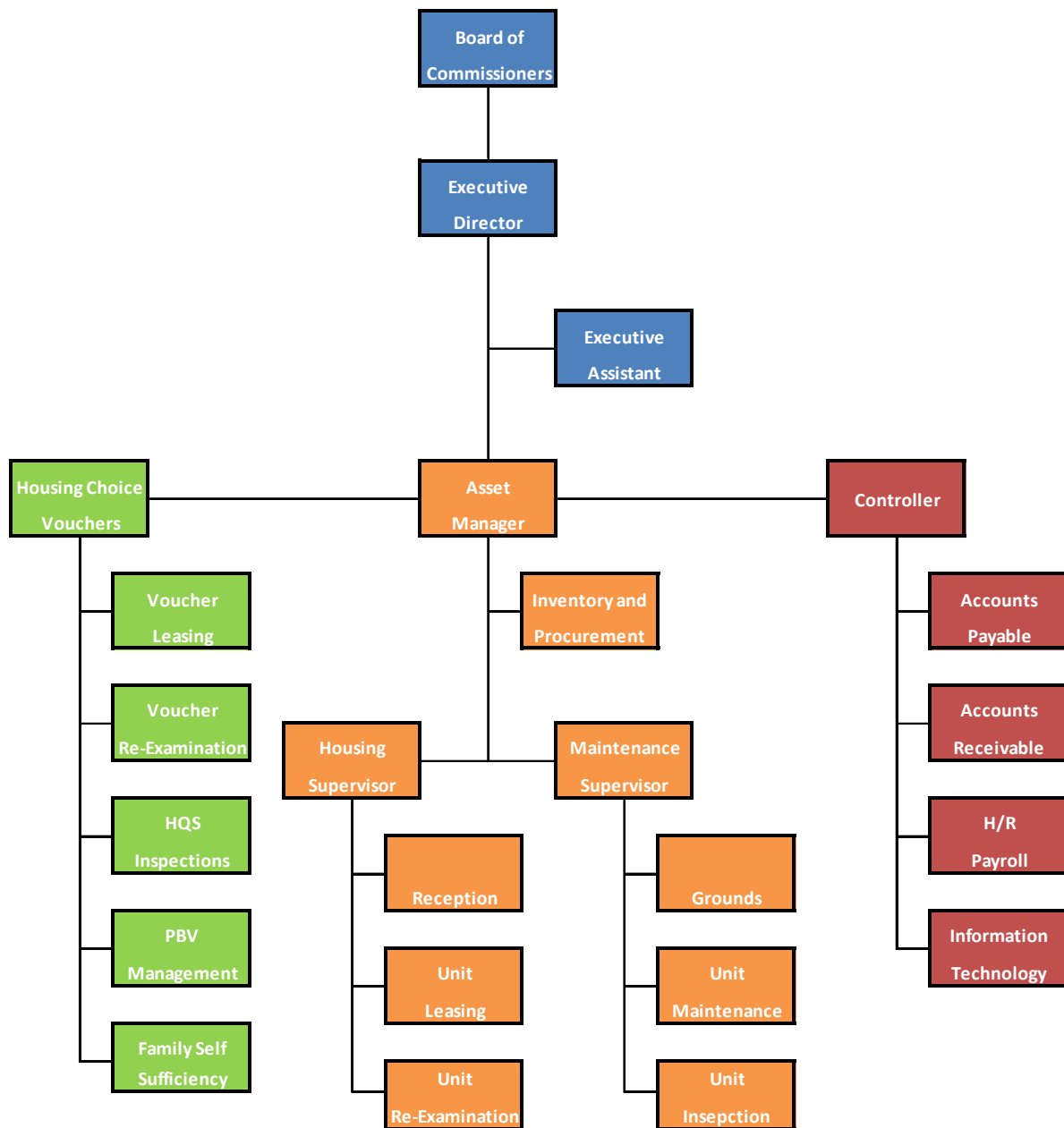
A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive.

Executive Director/CEO

Housing Authority of the City of Yakima

Organizational Chart

December 31, 2015



Housing Authority of the City of Yakima

List of Principal Officials

December 31, 2015

Board of Commissioners:

Bob Ponti
Chairperson

Christine Goodwin
Vice-Chairperson

Linda Orozco
Commissioner

Richard Fagundes
Commissioner

Gary Hudson
Commissioner

Management:

Lowel Krueger, CPA, MBA
Executive Director

Corina Posekany
Controller

August (Ted) Layton
Asset Manager

Manuel Olivas
Maintenance Supervisor

Elsa Mendez
Housing Supervisor

Housing Authority of the City of Yakima

Yakima, Washington

Financial Section:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to Basic Financial Statements

Combining Financial Schedules

Notes to Combining Financial Schedules



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Yakima, as of the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Yakima's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statement of YHA Family, LLC was not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the City of Yakima, as of the years ended December 31, 2015 and 2014, and results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the Housing Authority of the City of Yakima's basic financial statements. The introductory section, combining financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying supplementary information shown on pages 70 to 75 is presented for purposes of additional analysis as required by the *Consolidated Audit Guide for Audits of HUD Programs*, issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining financial statements, the schedule of expenditures of federal awards, HUD financial data schedule, and USDA combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2016, on our consideration of the Housing Authority of the City of Yakima's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Yakima's internal control over financial reporting and compliance.

Petersen CPAs + Advisors, PLLC

August 25, 2016

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2015 and 2014

This narrative overview and analysis of the Housing Authority of the City of Yakima's (YHA) performance for the year ended December 31, 2015 is provided as a supplement to YHA's financial statements. Please read it in conjunction with the transmittal letter at the beginning of this report, the basic financial statements following this section, and the notes to the basic financial statements. The management's discussion and analysis is presented in conformance with the Government Accounting Standards Board (GASB) financial reporting model as set forth in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*.

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

FINANCIAL HIGHLIGHTS

- Total net position increased by approximately \$4.6 million (17%) from December 31, 2014 to December 31, 2015 and by approximately \$10.0 million (58%) from December 31, 2013 to December 31, 2014. This is a result of expenses exceeding revenues by approximately \$323 thousand, and revenues exceeding expenses by approximately \$856 thousand, and equity contributions of approximately \$4.9 and \$9.1 million for the rehabilitation and construction of tax credit units during the years ended December 31, 2015 and 2014, respectively.
- As of December 31, 2015, the assets of YHA exceeded liabilities by approximately \$31.8 million (net position). Of this amount approximately \$1.3 million (unrestricted net position) may be used to meet ongoing obligations, \$27.3 million is net investment in capital assets and \$3.2 million is restricted as to its allowable usage. As of December 31, 2014 the assets of YHA exceeded liabilities by approximately \$27.2 million (net position). Of this amount approximately \$1.5 million (unrestricted net position) may be used to meet ongoing obligations, \$23.6 million is net investment in capital assets and \$2.0 million is restricted as to its allowable usage.
- Current and noncurrent liabilities increased by approximately \$4.0 million (38%) from December 31, 2014 to December 31, 2015 and increased by approximately \$3.7 million (55%) from December 31, 2014 to December 31, 2015. The increase in 2015 is due to debt attributed to the acquisition and construction of Valley Seven, Harmony Park, and Toppenish Family Housing. The increase in 2014 is due to the Naches House acquisition and related debt of approximately \$1.8 million, the developer fee payable and the retainage payable of approximately \$1.2 million for YHA Family Housing LLC, as well as approximately \$390 thousand of long-term financing on the Administration office at December 31, 2014.
- December 31, 2015 operating revenues increased by approximately \$163 thousand (2%) in comparison to the prior period. The increase is primarily due to an increase in federal funding (intergovernmental revenue) of approximately \$653 thousand (17%) and an increase in tenant revenue of approximately \$226 thousand (10%), associated with the purchase of Harmony Park and the refinance of Nueva Primavera. These increases in operating revenues were offset by a decrease in other revenues of approximately \$688 thousand, which was attributed to 2014 development activities. December 31, 2014 operating revenues increased by approximately \$3.3 million (84%) in comparison to the prior period.

Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2015 and 2014

Excluding the impact of approximately \$1.3 million attributed to the short year, the additional increase of approximately \$1.9 million (46%) is primarily due to an increase in federal funding (intergovernmental revenue) of approximately \$366 thousand (9%) and an increase in tenant and other revenue of approximately \$1.5 million (37%), associated with the acquisition of Naches House and YHA Family Housing LLC.

- Nonoperating revenues, net of nonoperating expenses, and income before other revenues, expenses, gains, losses, and transfers decreased by approximately \$398 thousand (52%) from December 31, 2014 to December 31, 2015, and decreased by approximately \$346 thousand (13%) from December 31, 2013 to December 31, 2014. The year ended December 31, 2014 includes the approximate \$310 thousand gain recognized on the sale of four single family dwelling units and various equipment auctioned during the year.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to YHA's basic financial statements. YHA's basic financial statements are comprised of two components: 1) the basic financial statements and 2) notes to the basic financial statements that provide additional disclosure of some of the information in the basic financial statements.

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

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

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

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

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

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

Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2015 and 2014

FINANCIAL ANALYSIS

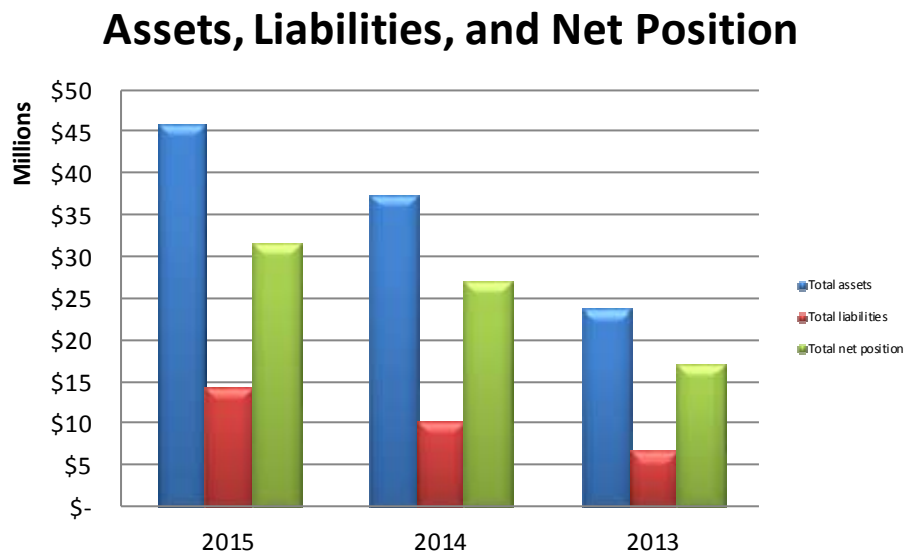
Net Position

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

	December 31, 2015	December 31, 2014	December 31, 2013
Current assets, unrestricted	\$ 2,887,096	\$ 2,076,500	\$ 842,321
Other current assets, restricted	3,164,052	2,158,009	2,178,257
Capital assets, net	40,090,846	33,302,962	20,843,469
Total assets	<u>\$ 46,141,994</u>	<u>\$ 37,537,471</u>	<u>\$ 23,864,047</u>
Current and other liabilities	\$ 1,975,831	\$ 2,140,298	\$ 674,580
Current liabilities payable from restricted assets	254,733	171,766	91,782
Long-term liabilities	12,120,490	8,051,491	5,901,344
Total liabilities	<u>14,351,054</u>	<u>10,363,555</u>	<u>6,667,706</u>
Net Position			
Net investment in capital assets	27,275,057	23,642,244	14,778,559
Restricted net position	3,215,549	1,986,585	1,424,515
Unrestricted net position	1,300,334	1,545,087	993,267
Total net position	<u>31,790,940</u>	<u>27,173,916</u>	<u>17,196,341</u>
Total liabilities and net position	<u>\$ 46,141,994</u>	<u>\$ 37,537,471</u>	<u>\$ 23,864,047</u>

Total assets of YHA at December 31, 2015 and 2014 amounted to \$46,141,994 and \$37,537,471, respectively.

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



Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2015 and 2014

Unrestricted current assets are comprised of cash, receivables, investments, prepaid items and inventories. Unrestricted current assets are approximately 39% higher at December 31, 2015 than December 31, 2014, which represents an increase of approximately \$810 thousand, primarily due to the increase in cash and investments of approximately \$783 thousand. Unrestricted current assets are approximately 147% higher at December 31, 2014 than December 31, 2013, which represents an increase of approximately \$1.2 million.

Restricted current assets are comprised of cash and investments that are restricted for repayment of security deposits and other contractual obligations related to reserves required in the component units, and federal funding that was unspent at the end of the year. December 31, 2015 restricted current assets increased by approximately \$1 million in comparison to December 31, 2014, primarily due to funding of required reserves. December 31, 2014 restricted current assets decreased by approximately \$20 thousand in comparison to December 31, 2013.

Capital assets include land, buildings, building improvements, furniture, equipment and machinery, and construction in progress and are shown net of accumulated depreciation. Capital assets increased by approximately \$6.8 million (20%) from December 31, 2014 to December 31, 2015. Capital assets increased by approximately \$12.5 million (60%) from December 31, 2013 to December 31, 2014. The most significant additions in 2015 are the approximate \$2.6 million of building improvements for Valley Seven, \$3.9 million construction of Toppenish Family Housing and \$915 thousand purchase of Harmony Park. The most significant additions in 2014 are the approximate \$12.0 million of building improvements for YHA Family Housing, LLC and \$2.3 million purchase of Naches House.

Total liabilities of YHA, which are segregated between current and noncurrent portions, amounted to \$14,351,054 and \$10,363,555 at December 31, 2015 and December 31, 2014, respectively.

Current liabilities consist of accounts payable, developer fee payable, retainage payable, accrued wages and payroll taxes, compensated absences, accrued interest, unearned revenue, accrued liabilities, short-term note payable and current portion of notes payable. Current liabilities decreased from December 31, 2014 to December 31, 2015 by approximately \$164 thousand (8%), and was primarily due to the payment of the prior year outstanding developer fee and retainage payable, which was offset by current year payables related to construction for Valley Seven, Toppenish Family Housing, and Harmony Park, as well as a variety of timing differences. Current liabilities increased from December 31, 2013 to December 31, 2014 by approximately \$1.5 million (210%), and was primarily due to outstanding developer fee and retainage payable for YHA Family Housing of approximately \$1.2 million (178%) and short term notes for new projects of approximately \$300 thousand (44%), as well as a variety of timing differences.

Current liabilities payable from restricted assets primarily consist of tenant security deposits and restricted, unspent funds from the federal government. These liabilities increased by \$83 thousand (48%) from December 31, 2014 to December 31, 2015 and by \$79 thousand (86%) from December 31, 2013 to December 31, 2014. The increases are due to increases in tenant deposits related to the increase in housing units owned, as well as the accumulation of liabilities in the family self-sufficiency program.

Long-term liabilities consist of notes payable and the long-term portion of compensated absences. The increase in long-term liabilities from December 31, 2014 to December 31, 2015 was approximately \$4.0 million (51%), and is attributed to the acquisition of Harmony Park of approximately \$915 thousand, Valley 7 MPR of approximately \$1.8 million, and acquisition and construction debt for Toppenish Family Housing of approximately \$800 thousand. The increase in long-term liabilities from December 31, 2013 to December 31, 2014 was approximately \$2.2 million (38%), and is attributed to the acquisition of Naches House of approximately \$1.8 million and the Nueva Primavera refinance of approximately \$435 thousand.

Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2015 and 2014

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

The first category, net investment in capital assets, shows YHA's equity in land, buildings, building improvements, furniture, equipment and machinery, and construction in progress, net of related outstanding debt. The second category, restricted net position, has external limitations on the way in which these assets can be used. The last category, unrestricted net position, is available to be used for any lawful and prudent YHA purpose. Total net position of YHA increased by approximately \$4.6 million (17%) from December 31, 2014 to December 31, 2015 and increased by approximately \$10.0 million (58%) from December 31, 2013 to December 31, 2014.

YHA's current ratio reflects the relationship between current assets and current liabilities and is a measure of YHA's ability to pay short-term obligations. At December 31, 2015 and December 31, 2014, YHA's current ratios were 2.7:1 and 1.8:1, respectively.

Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2015 and 2014

Revenues, Expenses and Changes in Net Position

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

	(12 months) Dec. 31, 2015	(12 months) Dec. 31, 2014	(9 months) Dec. 31, 2013	(annualized *) Dec. 31, 2013
Revenue:				
Intergovernmental revenue - Operating	\$ 4,465,763	\$ 3,812,160	\$ 2,584,579	\$ 3,446,105
Tenant and other	2,886,032	3,376,095	1,414,601	1,886,135
Intergovernmental revenue - Nonoperating	919,704	920,683	695,678	927,571
Investment revenue	1,250	1,120	8,651	11,535
Gain (loss) on sale of capital assets	-	310,480	1,029,116	1,029,116
Capital grants and contributions	654,570	1,065,000	909,481	909,481
Total revenue	<u>8,927,319</u>	<u>9,485,538</u>	<u>6,642,106</u>	<u>8,209,943</u>
Expenses:				
Administration	1,291,988	1,236,720	962,910	1,283,880
Utilities	641,374	666,039	362,941	483,921
Ordinary maintenance and operation	956,062	1,040,608	651,002	868,003
General expenses	227,741	259,508	152,801	203,735
Payments in lieu of taxes	9,096	9,182	9,176	12,235
Housing assistance payments	3,983,015	3,631,338	2,301,902	3,069,203
Depreciation	1,589,690	1,320,971	732,592	976,789
Interest expense	240,573	212,936	128,620	171,493
Debt issuance costs	310,750	252,146	-	-
Pass through funds	-	-	171,327	171,327
Total expenses	<u>9,250,289</u>	<u>8,629,448</u>	<u>5,473,271</u>	<u>7,240,586</u>
(Decrease) Increase in net position	(322,970)	856,090	1,168,835	<u>\$ 969,357</u>
Net position, beginning of year	27,173,916	17,196,341	14,977,506	
Capital contribution	<u>4,939,994</u>	<u>9,121,485</u>	<u>1,050,000</u>	
Net position, end of year	<u>\$ 31,790,940</u>	<u>\$ 27,173,916</u>	<u>\$ 17,196,341</u>	

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

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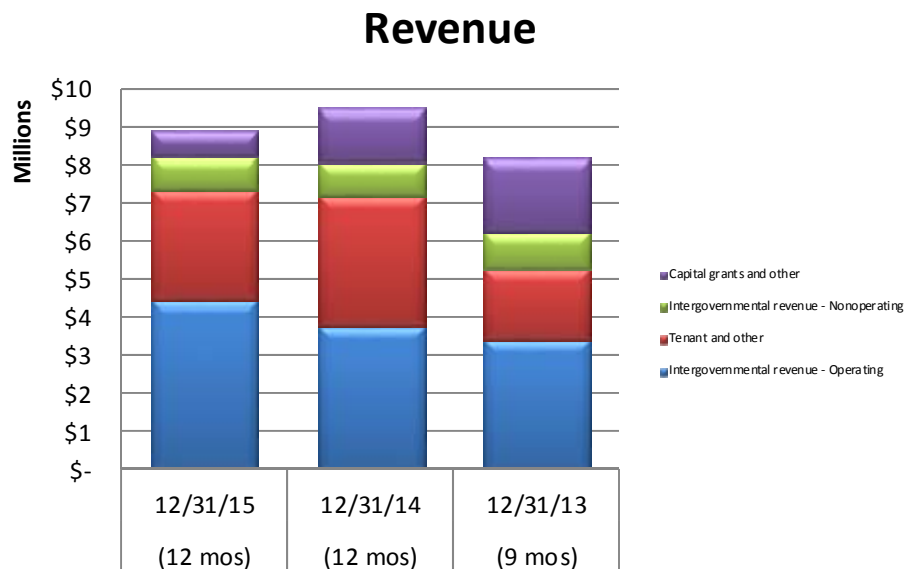
Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2015 and 2014

Revenues decreased by approximately \$558 thousand (6%) from December 31, 2015 to December 31, 2014. As noted above, the decrease is primarily due to the sale of property that occurred in the prior year, as well as a decrease in development income. In 2014, the most significant changes during the year are primarily due to the increase in tenant rents from the acquisition of Naches House and YHA Family Housing LLC, as well as YHA's developer fee of approximately \$300 thousand for the YHA Family Housing, LLC development. This activity resulted in an increase in revenues from the prior year annualized numbers of \$1.3 million (16%).

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



Expenses increased by approximately \$621 thousand (7%) from December 31, 2014 to December 31, 2015. The most significant changes during the year are primarily due to increased housing assistance payments and depreciation expense (related to new asset acquisition).

Expenses increased by approximately \$3.2 million (58%) from December 31, 2013 to December 31, 2014. As noted above, the increase is reduced to approximately \$1.4 million (20%), if the year ended December 31, 2014 is compared to the annualized December 31, 2013 column. The most significant changes during the year are primarily due to increased utilities, ordinary maintenance and operations and interest due to the acquisition of Naches House; increased housing assistance payments due to the addition of 150 vouchers from the conversion of public housing to PBV's; and increase in depreciation expense due to new asset acquisition.

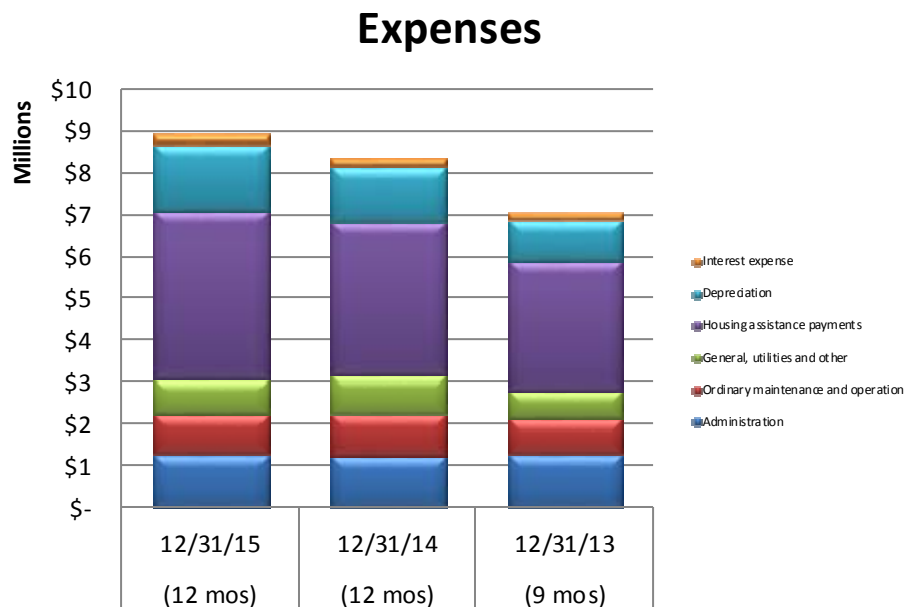
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Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2015 and 2014

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



Capital Assets and Debt Administration

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

	December 31, 2015	December 31, 2014	December 31, 2013
Land	\$ 3,566,494	\$ 3,379,230	\$ 3,200,213
Buildings	27,286,728	26,342,911	24,197,906
Building Improvements	12,067,491	12,023,211	-
Furniture, equipment & machinery - dwellings	767,662	741,748	594,328
Furniture, equipment & machinery - administration	400,610	352,018	375,183
Construction in progress	7,296,131	168,424	1,042,149
Total capital assets	51,385,116	43,007,542	29,409,779
Less accumulated depreciation	(11,294,270)	(9,704,580)	(8,566,310)
Net capital assets	\$ 40,090,846	\$ 33,302,962	\$ 20,843,469

Net capital assets increased by approximately \$6.8 million (20%) and \$12.5 million (60%) from December 31, 2014 to December 31, 2015 and December 31, 2013 to December 31, 2014, respectively. The most significant capital asset transactions during the year-ended December 31, 2015 were the Valley 7 renovations of approximately \$2.9 million and the Harmony Park acquisition for approximately \$915 thousand, and the Toppenish Family Housing construction of \$4.2 million. The most significant capital asset transactions during the year-ended December 31, 2014 were the YHA Family LLC construction of approximately \$12.0 million and Naches House acquisition for approximately \$2.3 million. During the years-ended December 31, 2015 and 2014 YHA recognized depreciation expense of approximately \$1.6 million and \$1.3 million, respectively, which offset the above noted additions. Additional information on YHA's capital assets can be found in Note 5 to the basic financial statements.

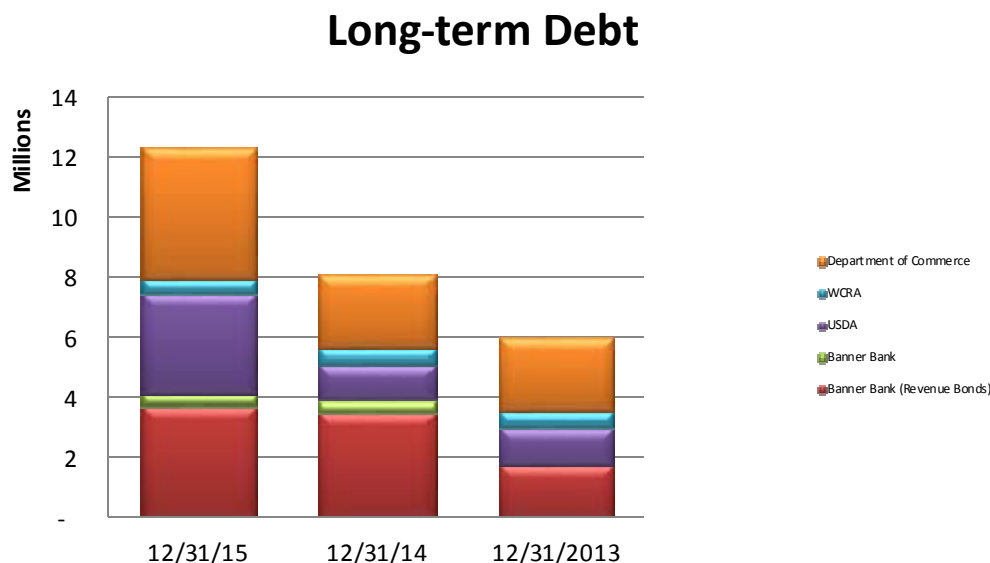
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Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2015 and 2014

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



All debt service payments were made in 2015 and 2014 as scheduled. Additional information on YHA's long-term debt can be found in Note 7 to the basic financial statements.

ECONOMIC FACTORS AFFECTING YHA'S FUTURE

The majority of YHA's funding is from federal agencies in the form of operating subsidies, capital fund grants, housing choice vouchers, and other various grants. Due to the conversion of its public housing units (utilizing the HUD RAD program) to Section 8 project-based vouchers, 2015 is the second year YHA has not received public housing subsidy, and received Section 8 funding only. In 2015 Section 8 HAP was prorated at 101% of eligibility. Based on HUD's funding letters and contracts with HUD, it is anticipated that most HUD programs will continue to receive renewal funding including the housing choice voucher program, which is YHA's largest housing program, serving over 900 families.

Congress and the federal government continue to cut federal subsidies due to federal budget priorities. The reduced funding shift continues to have an impact on YHA's economic position because federal housing dollars make up the largest source of revenue for YHA. During 2015, YHA earned \$7.2 million in federal assistance.

In addition, a majority of YHA's \$40.1 million of net capital assets as of December 31, 2015 were acquired and/or developed over the years with financial assistance from HUD and USDA RD. Such assistance has typically come with use restrictions and generally limits YHA's ability to encumber or leverage financing against HUD or USDA RD properties in its portfolio.

Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2015 and 2014

REQUESTS FOR INFORMATION

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

Lowel Krueger, CPA, MBA
Executive Director

Corina Posekany
Controller

Phone:
509.453.3106

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

Website:
www.yakimahousing.org

Continued

Housing Authority of the City of Yakima

Statements of Net Position

	December 31,	
	2015	2014
Assets		
<i>Current Assets:</i>		
Cash and cash equivalents - unrestricted	\$ 2,551,667	\$ 1,641,932
Accounts receivable, net of allowance	109,734	167,685
Investments - unrestricted	37,094	163,657
Prepaid expenses and other assets	129,165	39,765
Inventories	59,436	63,461
	<u>2,887,096</u>	<u>2,076,500</u>
<i>Restricted Assets:</i>		
Cash and cash equivalents - other restricted	298,052	276,710
Cash - tenant security deposits	106,629	89,215
Investments - restricted	2,759,371	1,792,084
	<u>3,164,052</u>	<u>2,158,009</u>
Total current assets	<u>6,051,148</u>	<u>4,234,509</u>
<i>Noncurrent Assets:</i>		
Capital assets:		
Land	3,566,494	3,379,230
Buildings	27,286,728	26,342,911
Building improvements	12,067,491	12,023,211
Furniture, equipment and machinery - dwellings	767,662	741,748
Furniture, equipment and machinery - administration	400,610	352,018
Accumulated depreciation	(11,294,270)	(9,704,580)
Construction in progress	7,296,131	168,424
Total noncurrent assets	<u>40,090,846</u>	<u>33,302,962</u>
Total assets	<u>\$ 46,141,994</u>	<u>\$ 37,537,471</u>

See accompanying notes to financial statements

Housing Authority of the City of Yakima

Statements of Net Position

	December 31,	
	2015	2014
Liabilities and Net Position		
<i>Current Liabilities:</i>		
Accounts payable less than 90 days	\$ 689,269	\$ 318,794
Developer fee payable	-	362,237
Retainage payable	389,702	845,914
Accrued wages and payroll taxes payable	68,250	73,082
Accrued compensated absences - current portion	34,165	35,940
Accrued interest payable	16,751	16,457
Accrued liabilities - other	9,024	5,377
Unearned revenue	22,123	36,174
Short-term notes payable	497,387	301,075
Current portion of long term debt - capital projects mortgage revenue bonds	249,160	145,248
	<u>1,975,831</u>	<u>2,140,298</u>
<i>Payables from Restricted Assets</i>		
FSS escrow deposits	148,501	82,195
Tenant security deposits	106,232	89,571
	<u>254,733</u>	<u>171,766</u>
Total current liabilities	<u>2,230,564</u>	<u>2,312,064</u>
<i>Noncurrent Liabilities:</i>		
Long-term debt, net of current - capital projects, mortgage, revenue bonds	12,069,242	8,006,244
Accrued compensated absences, net of current	51,248	45,247
Total noncurrent liabilities	<u>12,120,490</u>	<u>8,051,491</u>
Total liabilities	<u>14,351,054</u>	<u>10,363,555</u>
<i>Net Position:</i>		
Net investment in capital assets	27,275,057	23,642,244
Restricted for:		
Housing Assistance Payments	14,751	86,811
Future capital improvements	291,876	767,473
Required reserves	2,908,922	1,132,301
Unrestricted net position	1,300,334	1,545,087
Total net position	<u>31,790,940</u>	<u>27,173,916</u>
Total liabilities and net position	<u>\$ 46,141,994</u>	<u>\$ 37,537,471</u>

Continued

Housing Authority of the City of Yakima

Statements of Revenues, Expenses and Changes in Net Position

Years Ended

	December 31,	
	2015	2014
<i>Operating Revenue:</i>		
Intergovernmental revenue	\$ 4,465,763	\$ 3,812,160
Net tenant rental revenue	2,576,524	2,349,608
Other revenue	256,112	943,825
Other tenant revenue	53,396	82,662
Total operating revenue	<u>7,351,795</u>	<u>7,188,255</u>
<i>Operating Expenses:</i>		
Administrative:		
Administrative wages	590,619	499,175
Auditing and legal fees	74,482	80,877
Employee benefit contributions	241,937	216,456
Other operating - administrative	295,855	355,649
Tenant services	89,095	84,563
	<u>1,291,988</u>	<u>1,236,720</u>
Utilities:		
Electricity	108,055	102,861
Other utilities expense	109,608	130,632
Sewer	222,689	241,588
Water	201,022	190,958
	<u>641,374</u>	<u>666,039</u>
Ordinary maintenance and operations:		
Contract costs	292,144	354,421
Employee benefit contributions	142,650	165,071
Maintenance and operations wages	405,074	420,865
Materials and other	116,194	100,251
	<u>956,062</u>	<u>1,040,608</u>
General expenses:		
Depreciation expense	1,589,690	1,320,971
Housing assistance payments	3,983,015	3,631,338
Insurance premiums	93,059	89,479
Bad debt - tenant rents	52,602	121,481
Other general expenses	75,922	43,345
Protective services contract costs	6,158	5,203
Payments in lieu of taxes	9,096	9,182
	<u>5,809,542</u>	<u>5,220,999</u>
Total operating expenses	<u>8,698,966</u>	<u>8,164,366</u>
<i>Operating Loss</i>	\$ (1,347,171)	\$ (976,111)

See accompanying notes to financial statements

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

	December 31,	
	2015	2014
<i>Operating Loss</i>	<u>\$ (1,347,171)</u>	<u>\$ (976,111)</u>
<i>Nonoperating Revenue (Expenses):</i>		
Gain on sale of capital assets	-	310,480
Interest expense	(240,573)	(212,936)
Debt issuance costs	(310,750)	(252,146)
Intergovernmental revenue	919,704	920,683
Investment revenue - restricted	1,121	782
Investment revenue - unrestricted	129	338
Total nonoperating revenue	<u>369,631</u>	<u>767,201</u>
<i>Loss Before Other Revenues, Expenses,</i>		
<i>Gains, Losses, and Transfers</i>	(977,540)	(208,910)
Capital grants	<u>654,570</u>	<u>1,065,000</u>
<i>(Decrease) Increase in Net Position</i>	(322,970)	856,090
<i>Net Position, Beginning of Period</i>	27,173,916	17,196,341
<i>Capital Contribution</i>	<u>4,939,994</u>	<u>9,121,485</u>
<i>Net Position, End of Period</i>	<u><u>\$ 31,790,940</u></u>	<u><u>\$ 27,173,916</u></u>

Continued

Housing Authority of the City of Yakima

Statements of Cash Flows

Years Ended

	December 31,	
	2015	2014
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash Flows from Operating Activities:</i>		
Receipts from tenants and others	\$ 2,943,983	\$ 3,378,020
Payments to employees	(995,693)	(918,285)
Housing assistance payments	4,465,763	3,812,160
Payments to vendors and suppliers	(6,208,838)	(5,795,539)
Net cash provided by operating activities	<u>205,215</u>	<u>476,356</u>
<i>Cash Flows from Noncapital Financing Activities:</i>		
Intergovernmental grants and contracts	<u>919,704</u>	<u>920,683</u>
Net cash provided by noncapital financing activities	<u>919,704</u>	<u>920,683</u>
<i>Cash Flows from Capital and Related Financing Activities:</i>		
Purchase of capital assets	(8,743,711)	(12,636,527)
Net change in short-term borrowings	196,312	268,109
Principal payments on long-term debt	(134,009)	(1,897,668)
Proceeds from long-term debt	4,300,919	3,966,205
Interest paid	(240,279)	(183,265)
Debt issuance costs	(310,750)	(252,146)
Proceeds from sale of capital assets	-	374,694
Capital contribution	4,939,994	9,121,485
Capital grants received	<u>654,570</u>	<u>1,065,000</u>
Net cash provided by (used in) capital and related financing activities	<u>663,046</u>	<u>(174,113)</u>
<i>Cash Flows from Investing Activities:</i>		
Interest received	<u>1,250</u>	<u>1,120</u>
Net cash provided by investing activities	<u>1,250</u>	<u>1,120</u>
<i>Net Increase in Cash and Cash Equivalents</i>	1,789,215	1,224,046
<i>Cash and Cash Equivalents, Beginning of Period</i>	<u>3,963,598</u>	<u>2,739,552</u>
<i>Cash and Cash Equivalents, End of Period</i>	<u><u>\$ 5,752,813</u></u>	<u><u>\$ 3,963,598</u></u>
<i>Cash and Cash Equivalents consist of:</i>		
Cash - unrestricted	\$ 2,551,667	\$ 1,641,932
Cash - restricted	298,052	276,710
Tenant security deposits	106,629	89,215
Investments - unrestricted	37,094	163,657
Investments - restricted	<u>2,759,371</u>	<u>1,792,084</u>
	<u><u>\$ 5,752,813</u></u>	<u><u>\$ 3,963,598</u></u>

See accompanying notes to financial statements

Housing Authority of the City of Yakima
Statements of Cash Flows (continued)
Years Ended

	December 31,	
	2015	2014
<i>Reconciliation of Operating Loss to Net Cash provided by</i>		
<i>Operating Activities:</i>		
Operating loss	\$ (1,347,171)	\$ (976,111)
<i>Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating</i>		
<i>Activities:</i>		
Depreciation	1,589,690	1,320,971
(Increase) decrease in cash due to changes in assets:		
Receivables	57,951	1,925
Prepaid expenses and other assets	(89,400)	3,548
Inventories	4,025	4,644
Increase (decrease) in cash due to changes in liabilities:		
Accounts payable	(81,837)	2,205
Accrued wages and taxes payable	(4,832)	47,479
Accrued liabilities - other	(10,404)	(7,595)
Compensated absences	4,226	(15,134)
Tenant security deposits	16,661	12,229
FSS escrow deposits	66,306	82,195
Total adjustments	1,552,386	1,452,467
<i>Net Cash Provided by Operating Activities</i>	\$ 205,215	\$ 476,356

Schedule of Noncash Investing and Financing Activities:

During the year ended December 31, 2015 and 2014, \$818,449 and \$1,208,151, respectively of construction in progress costs were included in current payables.

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

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2015 and 2014

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization:

The Housing Authority of the City of Yakima (YHA) is a corporate body created by Resolution No. D-1575 in 1977 by the City of Yakima. The City of Yakima created YHA per Washington State Revised Code Chapter 35.82. YHA was created to provide safe, decent, and sanitary housing for low- and moderate-income residents of the City of Yakima, Washington. YHA administers multiple U.S. Department of Housing and Urban Development (HUD) programs and U.S. Department of Agriculture Rural Development (USDA RD) programs, the funding from which consists of approximately 58% of total revenue, and funds many of the key services provided by YHA.

Reporting entity:

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

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

YHA is the 0.01% owner and the general partner/managing member in two real estate partnerships as of December 31, 2015 and 2014. The limited partnership interests are held by third parties unrelated to YHA. As the general partner, YHA has certain rights and responsibilities, which enable it to impose its will on the partnerships. YHA is financially accountable for the partnerships as they are fiscally dependent on YHA according to the terms of the partnership agreements. Additionally, in some cases, YHA is legally obligated to fund operating deficits.

Toppenish Family Housing, LLC and YHA Family Housing, LLC are the two component units.

Toppenish Family Housing, LLC was formed in May 2014 as a separate legal entity to take advantage of low-income housing tax credits needed to finance the construction of a 30-unit residential rental housing project.

YHA Family Housing, LLC (YHA Family) was formed in November 2013 as a separate legal entity. YHA Family was formed to purchase 150 units from YHA under the HUD Rental Assistance Demonstration program, and then utilize their \$14.6 million low-income housing tax credit award, which was awarded in 2013 to rehabilitate the units. YHA also has an outstanding capital lease with YHA Family amounting to approximately \$6.3 million at December 31, 2015.

Allocations of low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42) regulate the use of the projects to occupant eligibility and unit gross rent, among other requirements. Each building of the projects must meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the credits.

There are a variety of transactions that occur between the General Partner (YHA) and the Partnerships, including the payment of a management fee by the Partnership to the General Partner. In addition, there are a variety of receivables and payables between the General Partner and the Partnerships.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2015 and 2014

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

Basis of Accounting:

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

YHA accounts for its operations in one fund type, the enterprise fund. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities associated with the operations of YHA are included on the statements of net position.

Summary of Significant Accounting Policies:

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

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

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

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

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

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

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

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its future service utility has declined significantly and unexpectedly. YHA is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. No such events or circumstances were encountered as of December 31, 2015 or 2014.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2015 and 2014

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

Capital assets (continued):

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

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

Dwelling structures	20 - 40 years
Furniture/equipment	3 - 7 years
Vehicles	5 years

Debt issuance costs — During the years-ended December 31, 2015 and 2014 Yakima Housing incurred \$310,750 and \$252,146, respectively, of costs related to long-term borrowings, which have been expensed in the current period.

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

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

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

Revenue and expenses — YHA's statements of net position distinguish between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with providing housing and related services, and federal operating subsidies and housing assistance payments that are directly related to YHA's mission. 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 August 25, 2016, which is the date the financial statements were available to be issued.

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

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

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2015 and 2014

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

Reclassifications — Certain reclassifications of December 31, 2014 amounts have been made in the accompanying financial statements in order to conform with the December 31, 2015 presentation with no effect on previously reported change in net position.

NOTE 2 — DEPOSITS:

Deposits, including those in restricted assets, are defined as cash or cash equivalents on deposit with financial institutions. At December 31, 2015, the carrying amount of YHA's cash accounts deposited with financial institutions was \$2,956,348 and the bank balance was \$2,862,157. At December 31, 2014, the carrying amount of YHA's cash accounts deposited with financial institutions was \$2,007,858 and the bank balance was \$1,850,914. The bank deposits are held with financial institutions and are entirely insured or collateralized.

Cash and cash equivalents consist of the following:

	2015	2014
Cash and cash equivalents - unrestricted	\$ 2,551,667	\$ 1,641,932
Cash and cash equivalents - current restricted	404,681	365,925
Total cash and cash equivalents	2,956,348	2,007,857
Less: cash on hand	(2,850)	(2,850)
Total deposits	<u>\$ 2,953,498</u>	<u>\$ 2,005,007</u>

NOTE 3 — INVESTMENTS:

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

Investments held by YHA are as follows:

	2015	2014
Money market account	<u>\$ 2,796,465</u>	<u>\$ 1,955,741</u>

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, YHA's deposits may not be returned. YHA follows HUD policies, which requires collateral for all deposits not covered by federal depository insurance. At December 31, 2015 and 2014, none of YHA's deposits and investments were exposed to custodial credit risk.

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

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

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2015 and 2014

NOTE 3 — INVESTMENTS:

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

	2015	2014
Money market account	100%	100%

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

NOTE 4 — RECEIVABLES:

Receivables consist of the following:

	2015	2014
Tenants	\$ 152,018	\$ 210,635
Intergovernmental	25,177	42,199
Other	-	3,982
Total receivables	177,195	256,816
Less: Allowance for doubtful accounts	(67,461)	(89,131)
	<u>\$ 109,734</u>	<u>\$ 167,685</u>

NOTE 5 — CAPITAL ASSETS:

Changes in capital assets during the years ended December 31, 2015 and December 31, 2014, are shown below:

	January 1, 2015	Additions	Transfer/ retirements	December 31, 2015
Capital assets not depreciated:				
Land	\$ 3,379,230	\$ 187,264	\$ -	\$ 3,566,494
Construction in progress	168,424	7,140,707	(13,000)	7,296,131
Total capital assets not depreciated	<u>3,547,654</u>	<u>7,327,971</u>	<u>(13,000)</u>	<u>10,862,625</u>
Capital assets being depreciated:				
Buildings and improvements	38,366,122	975,097	13,000	39,354,219
Furniture and equipment	1,093,766	74,506	-	1,168,272
Total capital assets being depreciated	<u>39,459,888</u>	<u>1,049,603</u>	<u>13,000</u>	<u>40,522,491</u>
Accumulated depreciation:				
Buildings and improvements	9,080,375	1,493,989	-	10,574,364
Furniture and equipment	624,205	95,701	-	719,906
Total accumulated depreciation	<u>9,704,580</u>	<u>1,589,690</u>	<u>-</u>	<u>11,294,270</u>
Total capital assets	<u>\$ 33,302,962</u>	<u>\$ 6,787,884</u>	<u>\$ -</u>	<u>\$ 40,090,846</u>

Continued

Housing Authority of the City of Yakima
Notes to Basic Financial Statements
December 31, 2015 and 2014

NOTE 5 — CAPITAL ASSETS (continued):

	April 1, 2014	Additions	Transfer/ retirements	December 31, 2014
Capital assets not depreciated:				
Land	\$ 3,200,213	\$ 195,550	\$ (16,533)	\$ 3,379,230
Construction in progress	1,042,149	168,424	(1,042,149)	168,424
Total capital assets not depreciated	4,242,362	363,974	(1,058,682)	3,547,654
Capital assets being depreciated:				
Buildings and improvements	24,197,906	14,336,230	(168,014)	38,366,122
Furniture and equipment	969,511	186,623	(62,368)	1,093,766
Total capital assets being depreciated	25,167,417	14,522,853	(230,382)	39,459,888
Accumulated depreciation				
Buildings and improvements	7,970,990	1,229,836	(120,451)	9,080,375
Furniture and equipment	595,320	91,135	(62,250)	624,205
Total accumulated depreciation	8,566,310	1,320,971	(182,701)	9,704,580
Total capital assets	\$ 20,843,469	\$ 13,565,856	\$ (1,106,363)	\$ 33,302,962

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

YHA was advanced funds on a revolving loan fund to assist with the initial development costs of Toppenish Family Housing, the balance outstanding was \$67,988 and \$298,075 at December 31, 2015 and 2014, respectively.

YHA was advanced funds on a revolving loan fund to assist with the initial development costs of Harmony Park, the balance outstanding was \$-0- and \$3,000 at December 31, 2015 and 2014, respectively.

YHA was advanced funds on a revolving loan fund to assist with the initial development costs of Valley Seven, the balance outstanding was \$245,644 and \$-0- at December 31, 2015 and 2014, respectively.

YHA has a \$250,000 line of credit agreement with Banner Bank expiring September 30, 2016. The line of credit is secured against funds in the Board Designated Reserve and subject to an interest rate adjusting at the Wall Street journal prime rate with a floor of 3.25% (effective rate of 3.5% percent at December 31, 2015). As of the year ended December 31, 2015 and 2014, the outstanding balances on the line of credit was \$183,755 and \$-0-, respectively.

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Housing Authority of the City of Yakima
Notes to Basic Financial Statements
December 31, 2015 and 2014

NOTE 7 — LONG-TERM DEBT:

A summary of changes in YHA's long-term debt for the years ended December 31, 2015 and 2014 is as follows:

	Balance at January 1, 2015	Additions	Reductions	Balance at December 31, 2015	Due Within One Year
Revenue Bonds:					
Banner Bank - Naches House	\$ 1,777,857	\$ -	\$ (30,655)	\$ 1,747,202	\$ 32,044
Banner Bank - Nueva	1,776,205	248,795	(2,728)	2,022,272	121,899
Real Estate Mortgages:					
Banner Bank - Administrative Office	383,747	-	(12,925)	370,822	13,481
United States Dept. of Agriculture	989,162	-	(42,056)	947,106	27,821
United States Dept. of Agriculture	197,296	-	(5,544)	191,752	10,267
United States Dept. of Agriculture	-	699,627	-	699,627	5,800
United States Dept. of Agriculture	-	1,499,990	-	1,499,990	-
Washington Community Reinvestment Associates	541,259	-	(22,239)	519,020	23,862
Department of Community Trade and Economic Development:					
Toppenish Family	-	1,852,507	-	1,852,507	-
Glenn Acres	535,100	-	(2,000)	533,100	2,000
Nueva Primavera	1,051,010	-	(11,862)	1,039,148	7,986
Mariposa Park	899,856	-	(4,000)	895,856	4,000
Total long-term debt	<u>\$ 8,151,492</u>	<u>\$ 4,300,919</u>	<u>\$ (134,009)</u>	<u>\$ 12,318,402</u>	<u>\$ 249,160</u>

	Balance at January 1, 2014	Additions	Reductions	Balance at December 31, 2014	Due Within One Year
Revenue Bonds:					
U.S. Bank Trust	\$ 1,795,000	\$ -	\$ (1,795,000)	\$ -	\$ -
Banner Bank - Naches House	-	1,800,000	(22,143)	1,777,857	30,675
Banner Bank - Nueva	-	1,776,205	-	1,776,205	3,634
Real Estate Mortgages:					
Banner Bank - Administrative Office	-	390,000	(6,253)	383,747	12,922
United States Dept. of Agriculture	1,033,931	-	(44,769)	989,162	59,694
United States Dept. of Agriculture	200,000	-	(2,704)	197,296	10,064
Washington Community Reinvestment Associates	562,058	-	(20,799)	541,259	22,259
Department of Community Trade and Economic Development:					
Glenn Acres	537,100	-	(2,000)	535,100	2,000
Nueva Primavera	1,000,000	51,010	-	1,051,010	-
Mariposa Park	903,856	-	(4,000)	899,856	4,000
Total long-term debt	<u>\$ 6,031,945</u>	<u>\$ 4,017,215</u>	<u>\$ (1,897,668)</u>	<u>\$ 8,151,492</u>	<u>\$ 145,248</u>

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2015 and 2014

NOTE 7 — LONG-TERM DEBT (continued):

U.S. Bank Trust – A housing revenue bond originally issued in 1998 for \$2,600,000, for the purchase of Nueva Primavera, a 39-unit housing development. YHA refinanced this revenue bond with a private placement revenue bond in May 2014 with Banner Bank.

Banner Bank – A private placement revenue bond for \$1,800,000, for the purchase of a 51-unit project based rental assistance property for housing elderly and disabled residents. Installments are deposited monthly into a revenue bond fund and subsequently paid on an annual basis to service the debt. Principal payments of \$30,655 and \$22,143 plus interest of 4.375% were paid during the years ended December 31, 2015 and 2014, respectively. The interest rate is fixed for 10 years, and the final payment is due March 1, 2029. The bond is subject to Federal arbitrage, and various bond covenants. The mortgage is collateralized by the property.

Banner Bank – A private placement revenue bond for \$2,025,000, which refinanced Nueva Primavera's existing revenue bond, \$2,022,272 and 1,776,205 of which was drawn down at December 31, 2015 and 2014, respectively. The initial loan requires payments of interest only through November 1, 2015. Subsequently the outstanding balance is payable in monthly payments of approximately \$10,000, including interest at 4.375%, which is fixed for 10 years, and is due April 30, 2029. The mortgage is collateralized by the property

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

United States Department of Agriculture Rural Development – In 2002 YHA consolidated \$1,760,690 of debt that had originally been utilized for the construction of the Valley Seven project, a 142-unit housing development. Monthly installments of \$5,269, including interest of 1% are due monthly. The final payment is due in 2027. The mortgage is collateralized by the property.

United States Department of Agriculture Rural Development – In 2012 YHA was awarded a USDA loan for the construction costs of Cosecha Court. The loan balance was \$191,752 and \$197,296 as of December 31, 2015 and 2014, respectively. The loan is payable in monthly installments over a period of 33 years, bearing an interest rate not to exceed 1%. The mortgage is collateralized by the property.

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

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

Department of Commerce – In 1999 YHA borrowed \$1,000,000 to construct Nueva Primavera, a 39-unit housing development. During the refinance of Nueva Primavera in May 2014, an additional \$51,010 was borrowed. Installments of interest only are due annually. Principal payments varying between \$9,437 and \$46,754 are due annually beginning in 2016, with final payment due in 2050. The mortgage is collateralized by the property.

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

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

Department of Commerce – In 2014, YHA was granted a loan of \$1,300,000 to construct Toppenish Family Housing, a 24-unit housing development, \$699,627 of which was drawn down at December 31, 2015. The principal is due in full in 2049. No interest shall accrue. The mortgage is collateralized by the property.

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2015 and 2014

NOTE 7 — LONG-TERM DEBT (continued):

United States Department of Agriculture Rural Development – In July 2015, YHA was awarded a USDA loan for the construction costs of Harmony Park for \$701,977. The loan balance was \$699,627 as of December 31, 2015. The loan is payable in monthly installments of \$2,369 over a period of 30 years, bearing an interest rate of 3.25%. The mortgage is collateralized by the property.

United States Department of Agriculture Rural Development – In July 2015, YHA was awarded a USDA loan of \$1,800,000 for the construction costs of Valley Seven, \$1,499,990 of which was drawn down at December 31, 2015. The loan is payable in monthly installments over a period of 33 years, bearing an interest rate of 1%. The mortgage is collateralized by the property.

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

Revenue Bonds:

	Principal	Interest	Total
2016	\$ 153,943	\$ 154,577	\$ 308,520
2017	153,393	155,127	308,520
2018	160,240	148,280	308,520
2019	167,393	141,127	308,520
2020	174,865	133,655	308,520
2021-2025	998,617	543,987	1,542,604
2026-2030	1,961,023	226,357	2,187,380
	<u>\$ 3,769,474</u>	<u>\$ 1,503,110</u>	<u>\$ 5,272,584</u>

Real Estate Mortgages:

	Principal	Interest	Total
2016	\$ 95,217	\$ 86,423	\$ 181,640
2017	121,930	83,770	205,700
2018	124,858	80,975	205,833
2019	127,908	78,031	205,939
2020	131,118	74,927	206,045
2021-2025	916,489	307,655	1,224,144
2026-2030	802,029	194,958	996,987
2031-2035	691,487	122,001	813,488
2036-2040	583,821	86,305	670,126
2041-2045	719,745	66,796	786,541
2046-2050	2,381,820	-	2,381,820
2051-2055	-	-	-
2056-2060	1,852,506	-	1,852,506
	<u>\$ 8,548,928</u>	<u>\$ 1,181,841</u>	<u>\$ 9,730,769</u>

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2015 and 2014

NOTE 7 — LONG-TERM DEBT (continued):

Compensated Absences:

The compensated absence balances as of December 31, 2015 and 2014 are as follows:

Compensated absence balances as of December 31, 2013	\$ 96,320
Compensated absences earned by employees	80,408
Compensated absences utilized by employees	<u>(95,541)</u>
Compensated absence balances as of December 31, 2014	81,187
Compensated absences earned by employees	80,408
Compensated absences utilized by employees	<u>(76,182)</u>
Compensated absence balances as of December 31, 2015	<u><u>\$ 85,413</u></u>

NOTE 8 — RESTRICTED NET POSITION:

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

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

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

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

NOTE 9 — OPERATING LEASES:

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

NOTE 10 — DEFERRED COMPENSATION PLAN:

YHA, in conjunction with the State, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Washington State Department of Retirement Systems manages the plan. In June 1998, the State Deferred Compensation Program plan assets were placed into trust for the exclusive benefit of participants and their beneficiaries. Pursuant to GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, since the Housing Authority is not the owner of these assets, the plan assets and liabilities are not reported as part of the Housing Authority.

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2015 and 2014

NOTE 11 — DEFINED CONTRIBUTION PLAN:

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

As of December 31, 2015 and 2014 there were 25 participants in the Defined Contribution Plan. The covered payroll for employees in the plan was \$934,857 and \$904,594 at December 31, 2015 and 2014, respectively.

Employer contributions were \$74,789 for the year ended December 31, 2015, and \$68,563 for the year ended December 31, 2014. Employees are vested in their account by years of service, 43% (year 1), 54% (year 2), 66% (year 3), 77% (year 4), 89% (year 5), and 100% (year 6).

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

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

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

NOTE 12 — PARTICIPATION IN HOUSING AUTHORITY RISK RETENTION POOL:

YHA has no current, expected or past settlements that would exceed the insurance coverage traditionally insured with property and casualty insurance. YHA is unaware of any loss exposures that may need specialized coverage traditionally excluded in property and casualty insurance.

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

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

General and Automobile Liability Coverages are written on an occurrence basis, without member deductibles. Errors and Omissions coverage (which includes Employment Practices Liability) is written on claims made basis, and the members are responsible for 10% of the incurred costs of the claims. The Property coverage offered by HARRP is on a replacement cost basis, with deductibles ranging from \$1,000 to \$25,000. (Due to special underwriting circumstances, some members may be subject to greater deductibles and E & O co-payments). Fidelity coverage is also offered, with limits of \$100,000 (with options up to \$500,000) for employee dishonesty, forgery or alteration and \$10,000 for theft with deductibles similar to the retention of Property.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2015 and 2014

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

Coverage limits for General Liability, as well as Errors and Omissions are \$2,000,000 per occurrence with no annual aggregate. Property limits are offered on an agreed amount, based on each structure's value. Limits for Automobile Liability are covered at \$2,000,000, with no aggregate. HARRP self-insures the first \$1.5 million of coverage for liability lines and purchases an additional \$500,000 in reinsurance for a total of \$2 million. For property, HARRP retains the first \$1.5 million and purchases an additional \$500,000 reinsurance policy and then purchases \$45 million of excess insurance from Munich Reinsurance for a combined total of \$47,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

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

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

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

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

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

NOTE 13— CONTINGENCIES:

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

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

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

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

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2015 and 2014

NOTE 13— CONTINGENCIES (continued):

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

NOTE 14— RELATED PARTY TRANSACTIONS:

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

YHA Family Housing, LLC:

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

The units, which prior to the sale had a net book value of \$5,618,924 (cost of \$15,022,084 net of accumulated depreciation of \$8,826,555), were sold to the LLC for \$7,036,800, and capitalized on the LLC's books at \$5,536,800 (building) and \$1,500,000 (land) during the year-ended December 31, 2014. During the periods ended December 31, 2015 and 2014 improvements of \$12,055,125 and \$1,054,028, respectively had been made. The purchase price was financed on a long-term lease with an initial principal balance of \$6,333,120, all of which was outstanding at December 31, 2015 and 2014. As of December 31, 2015 accrued interest of \$726,992 was outstanding. Principal and interest payments at 5.2% are payable out of distributions of cash flow in accordance with the Amended and Restated Operating Agreement, and is due in full on December 31, 2068.

For the periods ending December 31, 2015 and 2014 YHA contributed \$-0- and \$58,897, respectively, of equity to the LLC, which has been eliminated in the accompanying financial statements.

In June of 2013 YHA Family Housing, LLC signed a credit reservation and carryover allocation contract with the Washington State Housing Finance Commission for the reservation and award of \$1,464,418 of credit awarded under Section 42 of the Internal Revenue Code. This award is expected to provide approximately \$13.4 million dollars of equity contributions from the LLC's limited partner, of which \$12,797,944 had been received as of December 31, 2015.

Property management fee – YHA owns a 0.01% interest in YHA Family Housing, LLC (the LLC), which was formed in December of 2012. YHA is the Managing Member, and manages the Partnership under a property management agreement, which provides for a maximum management fee of 8% of the annual gross effective income, payment of which will be limited to 4% if adequate cash flows are not available. For the period ended December 31, 2015, \$67,404 was recorded as a management fee expense, \$-0- of which was outstanding at December 31, 2015. For the period ended December 31, 2014, \$78,617 was recorded as a management fee expense, \$2,216 of which was outstanding at December 31, 2014.

Asset management fee – YHA Family Housing, LLC pays an annual asset management fee to the Limited Partner in the amount of \$7,500 per annum. The payment is due on December 1 of the year that the first building in the Project is placed in service, and on June 1st of each year thereafter, increased by 3% per annum. For the period ended December 31, 2015 and 2014, \$7,725 and \$7,500 was recorded as management fee expense, all of which was outstanding at December 31, 2015 and 2014, respectively.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2015 and 2014

NOTE 15— RELATED PARTY TRANSACTIONS (continued):

Development agreement – YHA Family Housing, LLC entered into a Development Agreement with YHA for services in connection with the development and construction of the project. In consideration for such services, \$1,387,034 is payable to YHA, of which \$91,831 and \$1,055,754 was outstanding at December 31, 2015 and 2014, respectively. To the extent funds are available \$562,034 may be paid at the time of the Stabilization Capital Contribution of the Limited Partner. Any unpaid balance of the development fee may be paid from the 8609 Capital Contribution after all other costs of construction are paid in full. If cash flow is not sufficient, up to \$400,000 of the development fee may be deferred and paid in accordance with the partnership agreement.

Toppenish Family Housing LLC

In July of 2014, Toppenish Family Housing, LLC signed a credit reservation and carryover allocation contract with the Washington State Housing Finance Commission for the reservation and award of \$547,109 of credit awarded under Section 42 of the Internal Revenue Code. This award is expected to provide approximately \$4.9 million dollars of equity contributions from the LLC's limited partner, of which \$1,920,663 had been received as of December 31, 2015.

Property management fee – YHA owns a 0.01% interest in Toppenish Family Housing, LLC (the LLC), which was formed in May of 2014. YHA is the Managing Member, and manages the Partnership under a property management agreement, which provides for a maximum management fee of 8% of the annual gross effective income, payment of which will be limited to 4% if adequate cash flows are not available. For the periods ended December 31, 2015 and 2014, \$-0- was recorded as a management fee expense.

Asset management fee – YHA Family Housing, LLC pays an annual asset management fee to the Limited Partner in the amount of \$5,000 per annum. The payment is due on December 1 of the year that the first building in the Project is placed in service, and on June 1st of each year thereafter, increased by 3% per annum. For the period ended December 31, 2015 and 2014, \$-0- was recorded as management fee expense, as the buildings had not yet been placed in service.

Development agreement – YHA Family Housing, LLC entered into a Development Agreement with YHA for services in connection with the development and construction of the project. In consideration for such services, \$572,188 is payable to YHA, of which \$440,585 and \$-0- was outstanding at December 31, 2015 and 2014, respectively. To the extent funds are available the developer fee is payable on or before the date of the 8609 Capital Contribution. If cash flow is not sufficient, a portion of the development fee may be deferred and paid in accordance with the partnership agreement.

NOTE 16— RESERVES:

YHA Family Housing, LLC:

Operating reserve:

The YHA Family Housing, LLC operating agreement requires an initial funding of \$825,000, to be deposited upon the LLC attaining stabilization. Subsequent monthly deposits to the reserve are required at the greater of the amount required by the lender or \$27,750 (on an annualized basis), increased annually by 3%. At December 31, 2015 the balance in the reserve was \$478,576.

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

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2015 and 2014

NOTE 16— RESERVES (CONTINUED):

Replacement reserves:

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

Draws from the Replacement Reserve are restricted for capital costs that result in a depreciable asset with a useful life exceeding two years. Draws from the Replacement Reserve are limited to \$25,000 in any one fiscal year except for emergency expenditures. At December 31, 2015 the balance in the reserve was \$841,513, and was under funded by \$9,962.

Mortgage reserves:

YHA was required to maintain a reserve for the Nueva Primavera original bond issuance. At December 31, 2015 and 2014, \$-0- and \$-0-, respectively was deposited with U.S. Bank and held in reserves in compliance with Nueva Primavera debt covenants.

Capital improvements reserve:

YHA has received funding from USDA RD that is restricted for capital improvements. At December 31, 2015 and 2014 \$64,677 and \$767,473, respectively were held in reserves, which requires USDA RD approval for disbursements.

Working capital reserve:

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

Toppenish Family Housing, LLC:

The Toppenish Family Housing, LLC operating agreement has various reserve requirements, none of which were required to be funded at December 31, 2015. Subsequent to completion of construction, the reserves will be funded from the final capital contribution of the general member.

NOTE 17— COMMITMENTS:

As of December 31, 2015 YHA had entered into approximately \$2.9 million of contracts related to the rehabilitation of their Valley 7 USDA properties, with \$2.7 of costs incurred as of December 31, 2015. YHA also entered into approximately \$1.3 million of contracts related to the rehabilitation of Harmony Park, a 24-unit complex, with \$244 thousand of costs incurred as of December 31, 2015. YHA is developing Toppenish Family Housing, a 30 unit multifamily project in Toppenish, Washington. The project will be primarily for farmworkers and will cost approximately \$7.0 million. The project is funded with a combination of housing trust funds (approximately \$2.1 million) from the Department of Commerce and Low Income Housing Tax Credit equity (approximately \$4.9 million). As of December 31, 2015 the project was under construction with an anticipated lease up starting on March 31, 2016 and fully leased up as of May 31, 2016.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2015 and 2014

NOTE 18— SUBSEQUENT EVENTS:

In April, 2016, YHA entered into an interlocal agreement regarding management services with the Housing Authority of Kittitas County (KCHC). KCHA owns and manages 110 public housing units and 51 multifamily units with a HUD multifamily extended use agreement. The interlocal agreement provides for YHA's provision multifamily units with HUD multifamily extended use agreement. The interlocal agreement provides for YHA's provision of management services to KCHA beginning May 2016 for three years.

In July, 2016, the Yakima City Council approved a contract totaling \$450 thousand for YHA to rehabilitate 10 units at various locations in Yakima that are collectively known as Pioneer Plaza. Funding for this project will be through the HOME investment Partnership Program, which is administered by the U.S. Department of Housing and Urban Development.

YHA is rehabilitating two elderly/disabled complexes in Yakima, Washington. Glenn Acres is a 38 unit complex and Naches House is a 51 unit complex serving individuals over the age of 62 or who are disabled. The project will cost approximately \$6.2 million and be funded through the restructuring of debt (approximately \$3.2 million) and Low Income Housing Tax Credit equity (approximately \$3.0 million). YHA began construction in May of 2016 and anticipates being able to complete the rehabilitation by the end of 2016.

NOTE 19— ADOPTION OF NEW ACCOUNTING STANDARDS:

New pronouncements – During the year ended December 31, 2015 and beyond, YHA has and will implement several new pronouncements of the Governmental Accounting Standards Board (GASB). These pronouncements are as follows:

GASB No. 72, Fair Value Measurement and Application - The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. YHA has not yet determined the impact this statement will have on future financial reporting.

GASB No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 - The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. YHA does not believe there will be an impact from this statement on future financial reporting.

GASB Nos. 74 and 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans - The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. YHA does not believe there will be an impact from this statement on future financial reporting.

GASB No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments - The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2015 and 2014

NOTE 19— ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED):

GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (continued) - As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. YHA does not believe there will be an impact from this statement on future financial reporting.

GASB No. 77, *Tax Abatement Disclosures* - The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. YHA does not believe there will be an impact from this statement on future financial reporting.

GASB No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* - The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. YHA does not believe there will be an impact from this statement on future financial reporting.

GASB No. 79, *Certain External Investment Pools and Pool Participants* - This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. YHA does not believe there will be an impact from this statement on future financial reporting.

GASB No. 80, *Blending Requirements for Certain Component Units*—an amendment of GASB Statement No. 14 - This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. YHA does not believe there will be an impact from this statement on future financial reporting.

GASB No. 81, *Irrevocable Split-Interest Agreements* - This Statement enhances the comparability of financial statements by providing accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary. This Statement also enhances the decision-usefulness of general purpose external financial reports, and their value for assessing accountability, by more clearly identifying the resources that are available for the government to carry out its mission. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016. YHA does not believe there will be an impact from this statement on future financial reporting.

Continued

Housing Authority of the City of Yakima
Notes to Basic Financial Statements
December 31, 2015 and 2014

NOTE 19— ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED):

GASB No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* - This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. YHA does not believe there will be an impact from this statement on future financial reporting.

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Housing Authority of the City of Yakima

Combining Statements of Net Position

	YHA Unrestricted	Housing Choice Vouchers	Component Unit (YHAFH)	Component Unit (TFH)
Assets				
<i>Current Assets:</i>				
Cash and cash equivalents - unrestricted	\$ 1,442,910	\$ 6,866	\$ 372,141	\$ 2,327
Accounts receivables, net of allowance	-	14,574	20,216	-
Investments - unrestricted	37,094	-	-	-
Prepaid expenses and other assets	87,371	5,510	36,110	-
Inventories	50,300	-	-	-
Due from other funds	1,041,000	94,713	-	-
	<u>2,658,675</u>	<u>121,663</u>	<u>428,467</u>	<u>2,327</u>
<i>Restricted Assets:</i>				
Cash and cash equivalents - other restricted	88	14,751	181,954	-
Cash - tenant security deposits	-	-	32,275	-
Investments - restricted	15,487	133,750	1,273,154	-
	<u>15,575</u>	<u>148,501</u>	<u>1,487,383</u>	<u>-</u>
Total current assets	<u>2,674,250</u>	<u>270,164</u>	<u>1,915,850</u>	<u>2,327</u>
<i>Noncurrent Assets:</i>				
Investment in Component Units	767,061	-	-	-
Loan Receivable YHA Family Housing, LLC	6,333,120	-	-	-
<i>Capital assets:</i>				
Land	163,118	-	1,500,000	170,000
Buildings	144,492	-	5,536,800	-
Building improvements	-	-	11,935,142	-
Furniture, equipment and machinery - dwellings	-	-	163,142	-
Furniture, equipment and machinery - admin	283,990	34,830	-	-
Accumulated depreciation	(306,498)	(12,225)	(1,028,224)	-
Construction in progress	201,653	-	-	4,238,861
Total noncurrent assets	<u>7,586,936</u>	<u>22,605</u>	<u>18,106,860</u>	<u>4,408,861</u>
Total assets	<u>\$ 10,261,186</u>	<u>\$ 292,769</u>	<u>\$ 20,022,710</u>	<u>\$ 4,411,188</u>

See accompanying independent auditor's report.

December 31, 2015

Family Housing	Elderly Disabled Housing	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ 201,364	\$ 51,902	\$ 474,157	\$ 2,551,667	\$ -	\$ 2,551,667
18,989	1,016	54,939	109,734	-	109,734
-	-	-	37,094	-	37,094
-	-	174	129,165	-	129,165
9,136	-	-	59,436	-	59,436
20,903	315,000	-	1,471,616	(1,471,616)	-
250,392	367,918	529,270	4,358,712	(1,471,616)	2,887,096
4,099	-	97,160	298,052	-	298,052
16,370	20,197	37,787	106,629	-	106,629
517,984	440,567	378,429	2,759,371	-	2,759,371
538,453	460,764	513,376	3,164,052	-	3,164,052
788,845	828,682	1,042,646	7,522,764	(1,471,616)	6,051,148
-	-	-	767,061	(767,061)	-
-	-	-	6,333,120	(6,333,120)	-
662,034	109,650	961,692	3,566,494	-	3,566,494
6,258,479	3,509,573	11,837,384	27,286,728	-	27,286,728
-	132,349	-	12,067,491	-	12,067,491
197,531	35,147	371,842	767,662	-	767,662
52,553	10,004	19,233	400,610	-	400,610
(2,934,259)	(632,449)	(6,380,615)	(11,294,270)	-	(11,294,270)
-	-	2,855,617	7,296,131	-	7,296,131
4,236,338	3,164,274	9,665,153	47,191,027	(7,100,181)	40,090,846
\$ 5,025,183	\$ 3,992,956	\$ 10,707,799	\$ 54,713,791	\$ (8,571,797)	\$ 46,141,994

Continued

Housing Authority of the City of Yakima

Combining Statements of Net Position

	YHA Unrestricted	Housing Choice Vouchers	Component Unit (YHAFH)	Component Unit (TFH)
Liabilities and Net Position				
<i>Current Liabilities:</i>				
Accounts payable less than 90 days	\$ 204,070	\$ -	\$ 20,541	\$ 447,032
Retainage payable	-	-	-	170,973
Accrued wages and payroll taxes	60,389	-	7,861	-
Accrued compensated absences				
current portion	11,211	8,573	4,373	-
Accrued interest payable	487	-	-	-
Accrued liabilities - other	-	-	3,647	-
Unearned income	-	-	9,717	-
Short-term note payable	183,755	-	-	67,988
Current portion of long term debt	-	-	-	-
Due to other funds	210,786	60,347	818,831	4,000
	<u>670,698</u>	<u>68,920</u>	<u>864,970</u>	<u>689,993</u>
<i>Payables from Restricted Assets:</i>				
FSS Escrow deposit	-	148,501	-	-
Tenant security deposits	-	-	31,325	-
	<u>-</u>	<u>148,501</u>	<u>31,325</u>	<u>-</u>
Total current liabilities	<u>670,698</u>	<u>217,421</u>	<u>896,295</u>	<u>689,993</u>
<i>Noncurrent Liabilities:</i>				
Long-term debt, net of current	-	-	6,333,120	1,852,507
Accrued compensated absences, net of current	16,817	12,858	6,560	-
Total noncurrent liabilities	<u>16,817</u>	<u>12,858</u>	<u>6,339,680</u>	<u>1,852,507</u>
Total liabilities	<u>687,515</u>	<u>230,279</u>	<u>7,235,975</u>	<u>2,542,500</u>
<i>Net Position:</i>				
Net investment in capital assets	303,000	22,605	11,773,740	2,488,366
Restricted for:				
Grantor requirements	-	(86,553)	-	-
Required reserves	15,575	-	1,455,108	-
Unrestricted net position	<u>9,255,096</u>	<u>111,687</u>	<u>(442,113)</u>	<u>(619,678)</u>
Total net position	<u>9,573,671</u>	<u>62,490</u>	<u>12,786,735</u>	<u>1,868,688</u>
Total liabilities and net position	<u>\$ 10,261,186</u>	<u>\$ 292,769</u>	<u>\$ 20,022,710</u>	<u>\$ 4,411,188</u>

December 31, 2015

Family Housing	Elderly Disabled Housing	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ (4,941)	\$ 4,299	\$ 18,268	\$ 689,269	\$ -	\$ 689,269
-	-	218,729	389,702	-	389,702
-	-	-	68,250	-	68,250
4,599	1,156	4,253	34,165	-	34,165
7,723	8,224	317	16,751	-	16,751
-	-	5,377	9,024	-	9,024
974	1,765	9,667	22,123	-	22,123
-	-	245,644	497,387	-	497,387
147,366	57,906	43,888	249,160	-	249,160
315,012	11,028	51,612	1,471,616	(1,471,616)	-
470,733	84,378	597,755	3,447,447	(1,471,616)	1,975,831
-	-	-	148,501	-	148,501
16,792	20,056	38,059	106,232	-	106,232
16,792	20,056	38,059	254,733	-	254,733
487,525	104,434	635,814	3,702,180	(1,471,616)	2,230,564
4,180,732	2,741,416	3,294,587	18,402,362	(6,333,120)	12,069,242
6,898	1,734	6,381	51,248	-	51,248
4,187,630	2,743,150	3,300,968	18,453,610	(6,333,120)	12,120,490
4,675,155	2,847,584	3,936,782	22,155,790	(7,804,736)	14,351,054
(91,760)	364,952	6,081,034	20,941,937	6,333,120	27,275,057
-	-	378,429	291,876	-	291,876
522,083	440,567	475,589	2,908,922	-	2,908,922
(80,295)	339,853	(164,035)	8,400,515	(7,100,181)	1,300,334
350,028	1,145,372	6,771,017	32,558,001	(767,061)	31,790,940
\$ 5,025,183	\$ 3,992,956	\$ 10,707,799	\$ 54,713,791	\$ (8,571,797)	\$ 46,141,994

Housing Authority of the City of Yakima

Combining Statements of Net Position

	YHA Unrestricted	Housing Choice Vouchers	Component Unit (YHAFH)	Component Unit (TFH)
Assets				
<i>Current Assets:</i>				
Cash and cash equivalents - unrestricted	\$ 653,938	\$ 115,226	\$ 209,877	\$ -
Accounts receivables, net of allowance	29,613	16,035	63,702	-
Investments - unrestricted	38,749	124,908	-	-
Prepaid expenses and other assets	-	3,116	33,727	-
Inventories	54,325	-	-	-
Due from other funds	1,299,154	-	23,529	-
	<u>2,075,779</u>	<u>259,285</u>	<u>330,835</u>	<u>-</u>
<i>Restricted Assets:</i>				
Cash and cash equivalents - other restricted	725	86,811	81,750	-
Cash - tenant security deposits	-	-	29,521	-
Investments - restricted	5,478	82,209	200	-
	<u>6,203</u>	<u>169,020</u>	<u>111,471</u>	<u>-</u>
Total current assets	<u>2,081,982</u>	<u>428,305</u>	<u>442,306</u>	<u>-</u>
<i>Noncurrent Assets:</i>				
Investment in Component Units	808,843	-	-	-
Loan Receivable YHA Family Housing, LLC	6,333,120	-	-	-
<i>Capital assets:</i>				
Land	113,654	-	1,500,000	170,000
Buildings	144,492	-	5,536,800	-
Building improvements	-	-	11,903,862	-
Furniture, equipment and machinery - dwellings	-	-	163,142	-
Furniture, equipment and machinery - admin	229,494	34,830	-	-
Accumulated depreciation	(262,273)	(7,960)	(388,150)	-
Construction in progress	27,349	-	-	128,075
Total noncurrent assets	<u>7,394,679</u>	<u>26,870</u>	<u>18,715,654</u>	<u>298,075</u>
Total assets	<u>\$ 9,476,661</u>	<u>\$ 455,175</u>	<u>\$ 19,157,960</u>	<u>\$ 298,075</u>

December 31, 2014

Family Housing	Elderly Disabled Housing	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ 210,840	\$ 190,881	\$ 261,170	\$ 1,641,932	\$ -	\$ 1,641,932
30,523	37	54,306	194,216	(26,531)	167,685
-	-	-	163,657	-	163,657
2,922	-	-	39,765	-	39,765
9,136	-	-	63,461	-	63,461
-	315,431	-	1,638,114	(1,638,114)	-
<u>253,421</u>	<u>506,349</u>	<u>315,476</u>	<u>3,741,145</u>	<u>(1,664,645)</u>	<u>2,076,500</u>
4,097	1	103,326	276,710	-	276,710
15,099	20,195	24,400	89,215	-	89,215
499,405	437,319	767,473	1,792,084	-	1,792,084
<u>518,601</u>	<u>457,515</u>	<u>895,199</u>	<u>2,158,009</u>	<u>-</u>	<u>2,158,009</u>
<u>772,022</u>	<u>963,864</u>	<u>1,210,675</u>	<u>5,899,154</u>	<u>(1,664,645)</u>	<u>4,234,509</u>
872,588	-	-	1,681,431	(1,681,431)	-
-	-	-	6,333,120	(6,333,120)	-
662,034	109,650	823,892	3,379,230	-	3,379,230
6,038,409	3,509,573	11,113,637	26,342,911	-	26,342,911
-	119,349	-	12,023,211	-	12,023,211
171,617	35,147	371,842	741,748	-	741,748
78,465	-	9,229	352,018	-	352,018
(2,771,459)	(534,808)	(5,739,930)	(9,704,580)	-	(9,704,580)
-	13,000	-	168,424	-	168,424
<u>5,051,654</u>	<u>3,251,911</u>	<u>6,578,670</u>	<u>41,317,513</u>	<u>(8,014,551)</u>	<u>33,302,962</u>
<u>\$ 5,823,676</u>	<u>\$ 4,215,775</u>	<u>\$ 7,789,345</u>	<u>\$ 47,216,667</u>	<u>\$ (9,679,196)</u>	<u>\$ 37,537,471</u>

Continued

Housing Authority of the City of Yakima

Combining Statements of Net Position

	YHA Unrestricted	Housing Choice Vouchers	Component Unit (YHAFH)	Component Unit (TFH)
Liabilities and Net Position				
<i>Current Liabilities:</i>				
Accounts payable less than 90 days	\$ 240,150	\$ -	\$ 48,746	\$ -
Developer fee payable	-	-	362,237	-
Retainage payable	-	-	845,914	-
Accrued wages and payroll taxes	73,082	-	-	-
Accrued compensated absences				
current portion	13,778	5,999	4,927	-
Accrued interest payable	-	-	-	-
Accrued liabilities - other	-	-	-	-
Unearned income	-	-	11,101	-
Short-term note payable	3,000	-	-	298,075
Current portion of long term debt	-	-	-	-
Due to other funds	19,426	100,350	1,063,525	-
	<u>349,436</u>	<u>106,349</u>	<u>2,336,450</u>	<u>298,075</u>
<i>Payables from Restricted Assets:</i>				
FSS Escrow deposit	-	82,195	-	-
Tenant security deposits	-	-	29,521	-
	<u>-</u>	<u>82,195</u>	<u>29,521</u>	<u>-</u>
Total current liabilities	<u>349,436</u>	<u>188,544</u>	<u>2,365,971</u>	<u>298,075</u>
<i>Noncurrent Liabilities:</i>				
Long-term debt, net of current	-	-	6,333,120	-
Accrued compensated absences, net of current	16,839	7,332	6,022	-
Total noncurrent liabilities	<u>16,839</u>	<u>7,332</u>	<u>6,339,142</u>	<u>-</u>
Total liabilities	<u>366,275</u>	<u>195,876</u>	<u>8,705,113</u>	<u>298,075</u>
<i>Net Position:</i>				
Net investment in capital assets	249,716	26,870	11,174,383	-
Restricted for:				
Housing Assistance Payments - Section 8	-	86,811	-	-
Grantor requirements	-	-	-	-
Required reserves	6,203	-	81,950	-
Unrestricted net position	<u>8,854,467</u>	<u>145,618</u>	<u>(803,486)</u>	<u>-</u>
Total net position	<u>9,110,386</u>	<u>259,299</u>	<u>10,452,847</u>	<u>-</u>
Total liabilities and net position	<u>\$ 9,476,661</u>	<u>\$ 455,175</u>	<u>\$ 19,157,960</u>	<u>\$ 298,075</u>

See accompanying independent auditors' report

December 31, 2014

Family Housing	Elderly Disabled Housing	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ 22,736	\$ 7,162	\$ -	\$ 318,794	\$ -	\$ 318,794
-	-	-	362,237	-	362,237
-	-	-	845,914	-	845,914
-	-	-	73,082	-	73,082
2,276	1,165	7,795	35,940	-	35,940
7,723	8,417	317	16,457	-	16,457
-	-	5,377	5,377	-	5,377
5,416	2,398	17,259	36,174	-	36,174
-	-	-	301,075	-	301,075
20,556	54,934	69,758	145,248	-	145,248
333,250	36,913	84,650	1,638,114	(1,638,114)	-
391,957	110,989	185,156	3,778,412	(1,638,114)	2,140,298
-	-	-	82,195	-	82,195
15,099	20,589	24,362	89,571	-	89,571
15,099	20,589	24,362	171,766	-	171,766
407,056	131,578	209,518	3,950,178	(1,638,114)	2,312,064
4,090,262	2,799,283	1,116,699	14,339,364	(6,333,120)	8,006,244
2,781	1,747	10,526	45,247	-	45,247
4,093,043	2,801,030	1,127,225	14,384,611	(6,333,120)	8,051,491
4,500,099	2,932,608	1,336,743	18,334,789	(7,971,234)	10,363,555
68,248	397,694	5,392,213	17,309,124	6,333,120	23,642,244
-	-	-	86,811	-	86,811
-	-	767,473	767,473	-	767,473
503,502	437,320	103,326	1,132,301	-	1,132,301
751,827	448,153	189,590	9,586,169	(8,041,082)	1,545,087
1,323,577	1,283,167	6,452,602	28,881,878	(1,707,962)	27,173,916
\$ 5,823,676	\$ 4,215,775	\$ 7,789,345	\$ 47,216,667	\$ (9,679,196)	\$ 37,537,471

Housing Authority of the City of Yakima

Combining Statements of Revenues, Expenses and Changes in Net Position

	YHA Unrestricted	Housing Choice Vouchers	Component Unit (YHAFH)	Component Unit (TFH)
<i>Operating Revenue:</i>				
Intergovernmental revenue	\$ -	\$ 4,465,763	\$ -	\$ -
Net tenant rental revenue	-	-	1,020,593	-
Other revenue	867,922	13,023	2,868	-
Other tenant revenue	-	-	19,524	-
Total operating revenue	867,922	4,478,786	1,042,985	-
<i>Operating Expenses:</i>				
Administrative:				
Administrative wages	238,556	161,205	66,421	-
Professional fees	1,594	10,374	26,466	-
Employee benefit contributions	75,947	94,015	22,859	-
Other operating - administrative	10,193	298,806	212,512	-
Tenant services	5,064	84,031	-	-
	331,354	648,431	328,258	-
Utilities:				
Electricity	5,114	-	17,345	-
Other utilities expense	2,545	-	27,680	-
Sewer	357	-	53,832	-
Water	3,483	-	50,237	-
	11,499	-	149,094	-
Ordinary maintenance and operations:				
Contract costs	28,216	6,917	47,241	-
Employee benefit contributions	34,544	-	30,371	-
Maintenance and operations wages	126,525	-	77,793	-
Materials and other	(6,069)	1,971	32,437	-
	183,216	8,888	187,842	-
General expenses:				
Depreciation expense	44,224	4,265	640,074	-
Housing assistance payments	-	3,983,015	-	-
Insurance premiums	310	14,966	37,093	-
Bad debt - tenant rents	2,878	11,631	11,046	-
Other general expenses	3,033	4,519	13,925	51,975
Protective services contract costs	1,563	-	675	-
Payments in lieu of taxes	-	-	3,789	-
	52,008	4,018,396	706,602	51,975
Total operating expenses	578,077	4,675,715	1,371,796	51,975
<i>Operating Income (Loss)</i>	\$ 289,845	\$ (196,929)	\$ (328,811)	\$ (51,975)

See accompanying independent auditors' report

Year Ended December 31, 2015

Family Housing	Elderly Disabled Housing	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ -	\$ 4,465,763	\$ -	\$ 4,465,763
555,237	259,161	741,533	2,576,524	-	2,576,524
412	6,720	99,058	990,003	(733,891)	256,112
13,255	1,610	19,007	53,396	-	53,396
568,904	267,491	859,598	8,085,686	(733,891)	7,351,795
26,214	34,709	63,514	590,619	-	590,619
13,256	7,151	15,641	74,482	-	74,482
9,268	5,622	34,226	241,937	-	241,937
95,673	101,740	298,680	1,017,604	(721,749)	295,855
-	-	-	89,095	-	89,095
144,411	149,222	412,061	2,013,737	(721,749)	1,291,988
9,324	46,334	29,938	108,055	-	108,055
13,525	14,405	51,453	109,608	-	109,608
25,863	23,947	118,690	222,689	-	222,689
25,276	8,354	113,672	201,022	-	201,022
73,988	93,040	313,753	641,374	-	641,374
67,327	58,975	98,064	306,740	(14,596)	292,144
20,288	17,654	39,793	142,650	-	142,650
53,284	42,540	104,932	405,074	-	405,074
23,654	34,541	53,737	140,271	(24,077)	116,194
164,553	153,710	296,526	994,735	(38,673)	956,062
162,800	97,642	640,685	1,589,690	-	1,589,690
-	-	-	3,983,015	-	3,983,015
11,207	8,046	21,437	93,059	-	93,059
9,984	1,134	15,929	52,602	-	52,602
292	301	1,877	75,922	-	75,922
658	2,319	943	6,158	-	6,158
-	83	5,224	9,096	-	9,096
184,941	109,525	686,095	5,809,542	-	5,809,542
567,893	505,497	1,708,435	9,459,388	(760,422)	8,698,966
\$ 1,011	\$ (238,006)	\$ (848,837)	\$ (1,373,702)	\$ 26,531	\$ (1,347,171)

Continued

Housing Authority of the City of Yakima

Combining Statements of Revenues, Expenses and Changes in Net Position

	YHA Unrestricted	Housing Choice Vouchers	Component Unit (YHAFH)	Component Unit (TFH)
<i>Operating Income (Loss)</i>	<u>\$ 289,845</u>	<u>\$ (196,929)</u>	<u>\$ (328,811)</u>	<u>\$ (51,975)</u>
<i>Nonoperating Revenue (Expenses):</i>				
Interest expense	(3,401)	-	(356,991)	-
Debt issuance costs	(307,000)	-	-	-
Intergovernmental revenue	-	-	-	-
Investment revenue - restricted	-	219	359	-
Investment revenue - unrestricted	<u>357,023</u>	<u>(99)</u>	<u>-</u>	<u>-</u>
Total nonoperating revenue (expenses)	<u>46,622</u>	<u>120</u>	<u>(356,632)</u>	<u>-</u>
<i>Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers</i>	336,467	(196,809)	(685,443)	(51,975)
Operating transfer	168,600	-	-	-
Partnership net income	(41,782)	-	-	-
Capital grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Increase (Decrease) in Net Position</i>	<u>463,285</u>	<u>(196,809)</u>	<u>(685,443)</u>	<u>(51,975)</u>
<i>Net Position, Beginning of Year</i>	9,110,386	259,299	10,452,847	-
<i>Capital contribution</i>	-	-	3,019,331	1,920,663
<i>Capital distribution</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Position, End of Year</i>	<u><u>\$ 9,573,671</u></u>	<u><u>\$ 62,490</u></u>	<u><u>\$ 12,786,735</u></u>	<u><u>\$ 1,868,688</u></u>

Year Ended December 31, 2015

Family Housing	Elderly Disabled Housing	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
<u>\$ 1,011</u>	<u>\$ (238,006)</u>	<u>\$ (848,837)</u>	<u>\$ (1,373,702)</u>	<u>\$ 26,531</u>	<u>\$ (1,347,171)</u>
(102,146)	(110,996)	(24,030)	(597,564)	356,991	(240,573)
-	-	(3,750)	(310,750)	-	(310,750)
-	379,628	540,076	919,704	-	919,704
-	179	364	1,121	-	1,121
174	-	22	357,120	(356,991)	129
<u>(101,972)</u>	<u>268,811</u>	<u>512,682</u>	<u>369,631</u>	<u>-</u>	<u>369,631</u>
(100,961)	30,805	(336,155)	(1,004,071)	26,531	(977,540)
-	(168,600)	-	-	-	-
-	-	-	(41,782)	41,782	-
-	-	654,570	654,570	-	654,570
<u>(100,961)</u>	<u>(137,795)</u>	<u>318,415</u>	<u>(391,283)</u>	<u>68,313</u>	<u>(322,970)</u>
1,323,577	1,283,167	6,452,602	28,881,878	(1,707,962)	27,173,916
-	-	-	4,939,994	-	4,939,994
(872,588)	-	-	(872,588)	872,588	-
<u>\$ 350,028</u>	<u>\$ 1,145,372</u>	<u>\$ 6,771,017</u>	<u>\$ 32,558,001</u>	<u>\$ (767,061)</u>	<u>\$ 31,790,940</u>

Housing Authority of the City of Yakima

Combining Statements of Revenues, Expenses and Changes in Net Position

	YHA Unrestricted	Housing Choice Vouchers	Component Unit (YHAFH)	Component Unit (TFH)
<i>Operating Revenue:</i>				
Intergovernmental revenue	\$ -	\$ 3,812,160	\$ -	\$ -
Net tenant rental revenue	-	-	1,001,951	-
Other revenue	1,472,470	31,700	3,812	-
Other tenant revenue	(40)	-	18,238	-
Total operating revenue	1,472,430	3,843,860	1,024,001	-
<i>Operating Expenses:</i>				
Administrative:				
Administrative wages	237,228	122,752	46,609	-
Professional fees	15,406	7,887	13,943	-
Employee benefit contributions	82,020	74,718	18,689	-
Other operating - administrative	14,750	259,440	277,243	-
Tenant services	2,871	80,130	-	-
	352,275	544,927	356,484	-
Utilities:				
Electricity	3,990	-	17,638	-
Other utilities expense	2,667	-	40,526	-
Sewer	292	-	68,495	-
Water	2,891	-	45,089	-
	9,840	-	171,748	-
Ordinary maintenance and operations:				
Contract costs	2,442	14,811	5,824	-
Employee benefit contributions	43,647	-	49,302	-
Maintenance and operations wages	144,464	-	98,592	-
Materials and other	795	2,594	18,877	-
	191,348	17,405	172,595	-
General expenses:				
Depreciation expense	59,647	2,986	376,178	-
Housing assistance payments	-	3,631,338	-	-
Insurance premiums	2	870	37,626	-
Bad debt - tenant rents	50,965	(150)	15,167	-
Other general expenses	627	6,312	12,039	-
Protective services contract costs	1,135	-	316	-
Payments in lieu of taxes	-	-	3,690	-
	112,376	3,641,356	445,016	-
Total operating expenses	665,839	4,203,688	1,145,843	-
<i>Operating Income (Loss)</i>	\$ 806,591	\$ (359,828)	\$ (121,842)	\$ -

See accompanying independent auditors' report

Year Ended December 31, 2014

Family Housing	Elderly Disabled Housing	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ -	\$ 3,812,160	\$ -	\$ 3,812,160
476,421	237,746	633,490	2,349,608	-	2,349,608
75,066	6,666	70,641	1,660,355	(716,530)	943,825
32,096	2,726	29,642	82,662	-	82,662
583,583	247,138	733,773	7,904,785	(716,530)	7,188,255
19,879	27,726	44,981	499,175	-	499,175
23,223	2,259	18,159	80,877	-	80,877
8,034	4,700	28,295	216,456	-	216,456
123,323	86,705	284,187	1,045,648	(689,999)	355,649
-	-	1,562	84,563	-	84,563
174,459	121,390	377,184	1,926,719	(689,999)	1,236,720
11,104	39,383	30,746	102,861	-	102,861
24,976	13,989	48,474	130,632	-	130,632
31,394	20,317	121,090	241,588	-	241,588
28,562	12,888	101,528	190,958	-	190,958
96,036	86,577	301,838	666,039	-	666,039
212,336	51,196	67,812	354,421	-	354,421
20,503	11,012	40,607	165,071	-	165,071
44,301	32,242	101,266	420,865	-	420,865
20,799	16,782	40,404	100,251	-	100,251
297,939	111,232	250,089	1,040,608	-	1,040,608
			32,182		
166,697	84,251	631,212	1,320,971	-	1,320,971
-	-	-	3,631,338	-	3,631,338
17,034	8,523	25,424	89,479	-	89,479
8,342	4,049	43,108	121,481	-	121,481
22,409	465	1,493	43,345	-	43,345
1,035	1,510	1,207	5,203	-	5,203
-	52	5,440	9,182	-	9,182
215,517	98,850	707,884	5,220,999	-	5,220,999
783,951	418,049	1,636,995	8,854,365	(689,999)	8,164,366
\$ (200,368)	\$ (170,911)	\$ (903,222)	\$ (949,580)	\$ (26,531)	\$ (976,111)

Continued

Housing Authority of the City of Yakima

Combining Statements of Revenues, Expenses and Changes in Net Position

	YHA Unrestricted	Housing Choice Vouchers	Component Unit (YHAFH)	Component Unit (TFH)
<i>Operating Income (Loss)</i>	<u>\$ 806,591</u>	<u>\$ (359,828)</u>	<u>\$ (121,842)</u>	<u>\$ -</u>
<i>Nonoperating Revenue (Expenses):</i>				
Gain on the sale of capital assets	17,414	-	-	-
Interest expense	-	-	(370,008)	-
Debt issuance costs	-	-	(143,020)	-
Intergovernmental revenue	-	-	-	-
Investment revenue - restricted	-	175	13	-
Investment revenue - unrestricted	370,041	75	-	-
Total nonoperating revenue (expenses)	<u>387,455</u>	<u>250</u>	<u>(513,015)</u>	<u>-</u>
<i>Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers</i>	1,194,046	(359,578)	(634,857)	-
Operating transfer	6,478	-	-	-
Partnership net income	(107,375)	-	-	-
Capital grants	-	-	-	-
<i>Increase (Decrease) in Net Position</i>	<u>1,093,149</u>	<u>(359,578)</u>	<u>(634,857)</u>	<u>-</u>
<i>Net Position, Beginning of Year</i>	8,017,237	618,877	1,907,322	-
<i>Capital contribution</i>	-	-	9,180,382	-
<i>Net Position, End of Year</i>	<u><u>\$ 9,110,386</u></u>	<u><u>\$ 259,299</u></u>	<u><u>\$ 10,452,847</u></u>	<u><u>\$ -</u></u>

Year Ended December 31, 2014

Family Housing	Elderly Disabled Housing	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
<u>\$ (200,368)</u>	<u>\$ (170,911)</u>	<u>\$ (903,222)</u>	<u>\$ (949,580)</u>	<u>\$ (26,531)</u>	<u>\$ (976,111)</u>
-	-	293,066	310,480	-	310,480
(100,336)	(97,120)	(15,480)	(582,944)	370,008	(212,936)
(78,826)	(30,300)	-	(252,146)	-	(252,146)
-	332,841	587,842	920,683	-	920,683
-	166	428	782	-	782
205	17	8	370,346	(370,008)	338
<u>(178,957)</u>	<u>205,604</u>	<u>865,864</u>	<u>767,201</u>	<u>-</u>	<u>767,201</u>
(379,325)	34,693	(37,358)	(182,379)	(26,531)	(208,910)
-	(6,478)	-	-	-	-
-	-	-	(107,375)	107,375	-
-	1,065,000	-	1,065,000	-	1,065,000
<u>(379,325)</u>	<u>1,093,215</u>	<u>(37,358)</u>	<u>775,246</u>	<u>80,844</u>	<u>856,090</u>
1,702,902	189,952	6,489,960	18,926,250	(1,729,909)	17,196,341
-	-	-	9,180,382	(58,897)	9,121,485
<u>\$ 1,323,577</u>	<u>\$ 1,283,167</u>	<u>\$ 6,452,602</u>	<u>\$ 28,881,878</u>	<u>\$ (1,707,962)</u>	<u>\$ 27,173,916</u>

Continued

Housing Authority of the City of Yakima

Notes to Combining Financial Schedules

December 31, 2015 and 2014

YHA Unrestricted – Used to account for the general administration and operations of the Housing Authority of the City of Yakima, as well as unrestricted receipts unrelated to other funds.

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

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

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

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

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

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

Housing Authority of the City of Yakima

Statistical Section:

Financial Trends

Revenue Capacity

Debt Capacity

Demographic and Economic Information

Operating Information



Housing Authority of the City of Yakima

Statistical Section

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

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

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

Table 1

Fiscal Year	Invested in capital assets, net of related debt	Restricted Net Position	Unrestricted Net Position	Total
3/31/2007	\$ 13,071,385	\$ 1,380,176	\$ 1,566,400	\$ 16,017,961
3/31/2008	12,536,386	2,038,030	889,649	15,464,065
3/31/2009	12,054,435	1,286,617	712,132	14,053,184
3/31/2010	11,898,084	1,519,605	584,979	14,002,668
3/31/2011	11,594,426	1,903,860	419,791	13,918,077
3/31/2012	11,168,637	1,286,417	324,921	12,779,975
3/31/2013	13,331,020	1,462,202	184,281	14,977,503
12/31/2013	14,778,559	1,424,515	993,267	17,196,341
12/31/2014	23,642,244	1,986,585	1,545,087	27,173,916
12/31/2015	27,275,057	3,215,549	1,300,334	31,790,940

Source: Previous years' audits and current year financial statements

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

	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010
<i>Operating Revenue:</i>				
Intergovernmental revenues	\$ 2,973,170	\$ 2,822,660	\$ 2,374,716	\$ 3,268,206
Net tenant revenue	1,311,336	1,330,080	1,260,215	1,397,600
Other revenues	81,685	68,852	90,200	128,759
	<u>4,366,191</u>	<u>4,221,592</u>	<u>3,725,131</u>	<u>4,794,565</u>
<i>Operating Expenses:</i>				
Administrative	928,853	933,771	982,928	1,102,357
Utilities	349,731	392,369	390,490	391,885
Ordinary maintenance and operating	840,911	964,442	815,891	958,737
General expenses	95,794	107,293	177,691	90,117
Depreciation	914,010	896,353	902,067	905,727
Housing assistance payments	2,453,317	2,360,319	2,785,701	2,691,392
	<u>5,582,616</u>	<u>5,654,547</u>	<u>6,054,768</u>	<u>6,140,215</u>
<i>Operating Loss</i>	<u>(1,216,425)</u>	<u>(1,432,955)</u>	<u>(2,329,637)</u>	<u>(1,345,650)</u>
<i>Nonoperating Revenue (Expenses):</i>				
Intergovernmental	877,169	874,823	872,089	1,096,923
Investment revenue	107,283	92,903	17,431	8,641
Interest expense	(172,372)	(187,727)	(178,340)	(172,527)
Debt issuance costs	-	-	-	-
Gain (loss) on disposition of assets	637	(551)	9,292	(1,387)
	<u>812,717</u>	<u>779,448</u>	<u>720,472</u>	<u>931,650</u>
<i>Income (Loss) before Capital Contributions</i>	(403,708)	(653,507)	(1,609,165)	(414,000)
Pass-through funds	-	-	-	-
Capital grants	138,803	99,613	198,282	363,484
Change in net position	(264,905)	(553,894)	(1,410,883)	(50,516)
<i>Net Position, Beginning of Year</i>	16,115,049	16,017,961	15,464,067	14,053,184
Capital contributions				
Prior Period Adjustments	167,817	-	-	-
	<u>167,817</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Position, End of Year</i>	<u>\$ 16,017,961</u>	<u>\$ 15,464,067</u>	<u>\$ 14,053,184</u>	<u>\$ 14,002,668</u>

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

Source: Previous years' audits and current year financial statements

Table 2

March 31, 2011	March 31, 2012	March 31, 2013	December 31, 2013	December 31, 2014	December 31, 2015
\$ 3,497,573	\$ 3,185,813	\$ 3,815,409	\$ 2,584,579	\$ 3,812,160	\$ 4,465,763
1,538,154	1,565,334	1,438,835	1,092,641	2,349,608	2,576,524
131,106	87,956	227,054	321,960	1,026,487	309,508
5,166,833	4,839,103	5,481,298	3,999,180	7,188,255	7,351,795
1,249,031	1,146,621	1,125,627	962,910	1,236,720	1,291,988
401,144	422,142	489,594	362,941	666,039	641,374
1,155,248	1,257,626	996,766	651,002	1,040,608	956,062
136,560	119,752	151,951	161,977	268,690	236,837
920,762	952,333	965,006	732,592	1,320,971	1,589,690
2,592,785	3,141,614	3,173,252	2,301,902	3,631,338	3,983,015
6,455,530	7,040,088	6,902,196	5,173,324	8,164,366	8,698,966
(1,288,697)	(2,200,985)	(1,420,898)	(1,174,144)	(976,111)	(1,347,171)
1,035,714	1,059,030	815,325	695,678	920,683	919,704
3,322	2,893	10,838	8,651	1,120	1,250
(163,405)	(103,057)	(143,456)	(128,620)	(212,936)	(240,573)
-	-	-	-	(252,146)	(310,750)
81,375	-	(2,461.0)	1,029,116.0	310,480	-
957,006	958,866	680,246	1,604,825	767,201	369,631
(331,691)	(1,242,119)	(740,652)	430,681	(208,910)	(977,540)
-	-	-	(171,327)	-	-
247,100	104,017	2,938,180	909,481	1,065,000	654,570
(84,591)	(1,138,102)	2,197,528	1,168,835	856,090	(322,970)
14,002,668	13,918,077	12,779,975	14,977,506	17,196,341	27,173,916
-	-	-	1,050,000	9,121,485	4,939,994
-	-	-	-	-	-
\$ 13,918,077	\$ 12,779,975	\$ 14,977,503	\$ 17,196,341	\$ 27,173,916	\$ 31,790,940

Continued

Housing Authority of the City of Yakima
Operating Revenues by Source – Last Ten Fiscal Years
(Unaudited)

Table 3

Fiscal Year	Net Tenant Rental		Intergovernmental		Other		Total	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
3/31/07	\$ 1,311,336	30.03%	\$ 2,973,170	68.10%	\$ 81,685	1.87%	\$ 4,366,191	100.00%
3/31/08	1,330,080	31.51%	2,822,660	66.86%	68,852	1.63%	4,221,592	100.00%
3/31/09	1,260,215	33.83%	2,374,716	63.75%	90,200	2.42%	3,725,131	100.00%
3/31/10	1,397,600	29.15%	3,268,206	68.16%	128,759	2.69%	4,794,565	100.00%
3/31/11	1,538,154	29.77%	3,497,573	67.69%	131,106	2.54%	5,166,833	100.00%
3/31/12	1,565,334	32.35%	3,185,813	65.83%	87,956	1.82%	4,839,103	100.00%
3/31/13	1,438,835	26.25%	3,815,409	69.61%	227,054	4.14%	5,481,298	100.00%
12/31/13	1,092,641	27.32%	2,584,579	64.63%	321,960	8.05%	3,999,180	100.00%
12/31/14	2,349,608	32.69%	3,812,160	53.03%	1,026,487	14.28%	7,188,255	100.00%
12/31/15	2,576,524	35.05%	4,465,763	60.74%	309,508	4.21%	7,351,795	100.00%

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

Source: Previous years' audits and current year financial statements

Housing Authority of the City of Yakima
Non-Operating Revenues by Source – Last Ten Fiscal Years
(Unaudited)

Table 4

Fiscal Year	Intergovernmental		Investment		Gain (Loss) on Assets		Total	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
3/31/07	\$ 877,169	89.04%	\$ 107,283	10.89%	\$ 637	0.07%	\$ 985,089	100.00%
3/31/08	874,823	90.45%	92,903	9.61%	(551)	-0.06%	967,175	100.00%
3/31/09	872,089	97.03%	17,431	1.94%	9,292	1.03%	898,812	100.00%
3/31/10	1,096,923	99.34%	8,641	0.78%	(1,387)	-0.12%	1,104,177	100.00%
3/31/11	1,035,714	92.44%	3,322	0.30%	81,375	7.26%	1,120,411	100.00%
3/31/12	1,059,030	99.73%	2,893	0.27%	-	0.00%	1,061,923	100.00%
3/31/13	815,325	98.98%	10,838	1.32%	(2,461)	-0.30%	823,702	100.00%
12/31/13	695,678	40.13%	8,651	0.50%	1,029,116	59.37%	1,733,445	100.00%
12/31/14	920,683	74.71%	1,120	0.09%	310,480	25.20%	1,232,283	100.00%
12/31/15	919,704	99.86%	1,250	0.14%	-	0.00%	920,954	100.00%

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

Source: Previous years' audits and current year financial statements

Housing Authority of the City of Yakima

Debt Service Coverage – Last Ten Fiscal Years

(Unaudited)

	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011
Revenue (excluding HAP subsidy)	\$ 2,903,774	\$ 2,869,364	\$ 2,866,009	\$ 3,518,500	\$ 3,565,321
Expenses (excluding depreciation, HAP)	2,447,865	2,655,371	2,629,917	2,866,419	3,215,258
Revenue available for debt service	<u>\$ 455,909</u>	<u>\$ 213,993</u>	<u>\$ 236,092</u>	<u>\$ 652,081</u>	<u>\$ 350,063</u>
Debt Service Requirements:					
Principal	\$ 134,701	\$ 136,157	\$ 142,678	\$ 144,271	\$ 147,938
Interest	172,372	187,727	178,340	172,527	154,506
Total	<u>\$ 307,073</u>	<u>\$ 323,884</u>	<u>\$ 321,018</u>	<u>\$ 316,798</u>	<u>\$ 302,444</u>
Debt service coverage	1.48	0.66	0.74	2.06	1.16

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

Source: Previous years' audits and current year financial statements

Table 5

March 31, 2012	March 31, 2013	December 31, 2013	December 31, 2014	December 31, 2015
\$ 3,342,310	\$ 2,949,559	\$ 3,981,124	\$ 5,694,917	\$ 4,897,868
3,195,606	2,763,939	2,052,471	3,212,057	3,126,261
<u>\$ 146,704</u>	<u>\$ 185,620</u>	<u>\$ 1,928,653</u>	<u>\$ 2,482,860</u>	<u>\$ 1,771,607</u>
\$ 157,683	\$ 174,577	\$ 180,030	\$ 145,248	\$ 249,160
152,760	146,900	146,900	212,336	241,000
<u>\$ 310,443</u>	<u>\$ 321,477</u>	<u>\$ 326,930</u>	<u>\$ 357,584</u>	<u>\$ 490,160</u>
0.47	0.58	5.90	6.94	3.61

Continued

Housing Authority of the City of Yakima
Ratio of Debt to Capital Assets – Last Ten Fiscal Years
(Unaudited)

Table 6

Fiscal Year	Notes Payable	Bonds Payable	Total Debt	Capital Assets	Ratio of Total Debt to Capital Assets
3/31/07	\$ 4,573,113	\$ 2,270,000	\$ 6,843,113	\$ 31,997,319	21.90%
3/31/08	4,498,412	2,210,000	6,708,412	32,168,607	21.39%
3/31/09	4,422,254	2,150,000	6,572,254	32,158,166	20.85%
3/31/10	4,344,577	2,085,000	6,429,577	32,587,230	20.44%
3/31/11	4,265,306	2,020,000	6,285,306	32,709,767	19.73%
3/31/12	4,184,368	1,950,000	6,134,368	33,235,654	18.46%
3/31/13	4,301,675	1,875,000	6,176,675	36,233,259	17.05%
12/31/13	4,236,944	1,795,000	6,031,944	29,409,779	20.51%
12/31/14	4,597,430	3,554,062	8,151,492	43,007,542	18.95%
12/31/15	8,548,928	3,769,474	12,318,402	51,385,116	23.97%

Source: Previous years' audits and current year financial statements

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

Housing Authority of the City of Yakima
Service Area Demographics / Statistics – Last Ten Fiscal Years
(Unaudited)

Table 7

Year	Yakima & Kittitas County Population	Residents of YHA	Yakima & Kittitas County Unemployment Rate
3/31/07	272,500	2,536	5.9%
3/31/08	275,300	2,483	5.6%
3/31/09	278,300	2,924	7.0%
3/31/10	279,600	2,472	8.8%
3/31/11	286,000	2,266	10.6%
3/31/12	287,500	2,833	11.0%
3/31/13	289,150	2,725	10.3%
12/31/13	288,944	2,581	8.7%
12/31/14	289,944	2,681	10.4%
12/31/15	289,452	3,661	10.4%

Note: This table includes all YHA housing programs.

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

Housing Authority of the City of Yakima

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

Table 8

	2015		
	Employees	Rank	Percentage of Total County Employment
Yakima Valley Memorial Hospital	2,500	1	2.24%
Walmart	1,700	2	1.52%
Yakima School District, No. 7	1,594	3	1.43%
Washington Fruit and produce	1,500	4	1.34%
Zirkle Fruit	1,500	5	1.34%
Borton Fruit	1,212	6	1.08%
Yakima County	1,074	7	0.96%
Monson Fruit	1,023	8	0.92%
Yakima Valley Farmworkers Clinic	1,006	9	0.90%
Yakima Regional Medical Center	985	10	0.88%

	2006		
	Employees	Rank	Percentage of Total County Employment
Yakima Valley Memorial Hospital	1,500	1	2.01%
Yakima School District, No. 7	1,001	2	1.34%
Yakima County	1,000	3	1.34%
Yakima Regional Medical Center	941	4	1.26%
Snokist Growers	851	5	1.14%
Walmart	825	6	1.11%
Washington Beef	725	7	0.97%
City of Yakima	623	8	0.84%
Western Recreational Vehicles, Inc.	600	9	0.81%
Yakima Valley Community College	590	10	0.79%

Source: Yakima Chamber of Commerce

Housing Authority of the City of Yakima
Resident Demographics / Population Statistics – Last Ten Fiscal Years
(Unaudited)

Table 9

Public Housing and Non-HUD Housing Programs				
Fiscal Year	Number of minors (ages 0-18)	Number of adults (ages 19-61)	Number of elderly (ages 62+)	Total number of residents
3/31/07	586	495	73	1,154
3/31/08	559	444	79	1,082
3/31/09	708	565	94	1,367
3/31/10	555	471	92	1,118
3/31/11	592	398	57	1,047
3/31/12	705	510	80	1,295
3/31/13	674	509	84	1,267
12/31/13	588	455	88	1,131
12/31/14	618	545	144	1,307
12/31/15	812	662	147	1,621
Housing Choice Voucher Program				
Fiscal Year	Number of minors (ages 0-18)	Number of adults (ages 19-61)	Number of elderly (ages 62+)	Total number of residents
3/31/07	661	577	144	1,382
3/31/08	651	606	144	1,401
3/31/09	712	690	155	1,557
3/31/10	603	599	152	1,354
3/31/11	598	498	123	1,219
3/31/12	705	670	163	1,538
3/31/13	663	624	171	1,458
12/31/13	655	616	179	1,450
12/31/14	597	604	173	1,374
12/31/15	949	896	195	2,040

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

Housing Authority of the City of Yakima
Resident Demographics / Ethnicity Statistics – Last Ten Fiscal Years
(Unaudited)

Table 10

Public Housing and Non-HUD Housing Programs						
Fiscal Year	Caucasian	Latino	African American	Native American	Other	Total
3/31/07	189	926	7	13	19	1,154
3/31/08	154	889	8	15	16	1,082
3/31/09	177	1,144	0	25	21	1,367
3/31/10	160	931	-	14	13	1,118
3/31/11	137	864	11	28	7	1,047
3/31/12	246	971	13	39	26	1,295
3/31/13	193	1,005	21	33	15	1,267
12/31/13	135	926	18	35	17	1,131
12/31/14	216	1,033	26	29	3	1,307
12/31/15	219	1,344	23	26	9	1,621
Housing Choice Voucher Program						
Fiscal Year	Caucasian	Latino	African American	Native American	Other	Total
3/31/07	720	495	102	54	11	1,382
3/31/08	715	532	80	61	13	1,401
3/31/09	811	549	98	76	23	1,557
3/31/10	678	492	88	71	25	1,354
3/31/11	553	512	101	44	9	1,219
3/31/12	969	338	139	77	15	1,538
3/31/13	778	477	109	62	32	1,458
12/31/13	739	488	132	77	14	1,450
12/31/14	628	577	97	56	16	1,374
12/31/15	929	546	61	56	14	1,606

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

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

Table 11

Fiscal Year	Public Housing	Farm Labor Units	Housing Choice Vouchers	VASH	NED	YHA Family Housing **	Cosecha Court *	Nueva Primavera **	Mariposa Park LP	Glenn Acres	Naches House	Harmony Park
3/31/07	150	147	603	-	-	-	-	39	26	38	-	-
3/31/08	150	147	605	-	-	-	-	39	26	38	-	-
3/31/09	150	147	618	-	-	-	-	39	26	38	-	-
3/31/10	150	147	618	35	-	-	-	39	26	38	-	-
3/31/11	150	147	618	60	15	-	-	39	26	38	-	-
3/31/12	150	147	635	60	15	-	-	39	26	38	-	-
3/31/13	150	147	635	70	15	-	-	39	26	38	-	-
12/31/13	-	146	660	70	15	150	10	39	26	38	-	-
12/31/14	-	142	810	70	15	150	10	38	26	38	51	-
12/31/15	-	142	818	70	15	150	10	38	26	38	51	24

* Seasonal Farmworker Housing - 10 units, 76 beds.

** Including HCV's that are project based.

Source: YHA financial statements and audits

Housing Authority of the City of Yakima

Property Characteristics and Unit Composition – Last Ten Fiscal Years

(Unaudited)

Table 12

Name of Development	Address	Number of Units	Year built or acquired
Valley Seven (Farm Labor Units):			
Harvest Plaza	301-309 S 1st St	10	1980
	208-212 S 2nd St	6	1980
Horizon Apartments	712 Washington Ave	9	1982
	501 & 502 E 1st Ave	12	1982
	115 & 117 S 'G' St	2	1982
Linda Vista	1106 Washington Ave	4	1993
	810 Monroe Ave	2	1993
	822 Rentschler Ave	3	1993
	701-709 Guyette	12	1993
	708 Rentschler Ave	4	1993
	712 Rentschler Ave	3	1993
	308 W 3rd	2	1993
Valley West	16901-16907 Summitview	4	1992
	16941-16947 Summitview	4	1992
	1002-1006 Naches Ave	3	1992
	400/402 Newland Pl	2	1992
	815/817 Franklin	2	1992
	1215/1217 Tieton Ave	2	1992
	261/263 S Tieton Rd	2	1992
	19861-19867 Summitview	4	1992
Pioneer Plaza	408-412 E Spruce St	3	1983
	902-906 E Beech St	3	1983
	115-1121 Pleasant Ave	4	1983
	1314-1316 S 12th Ave	2	1983
	1408-1414 Willow St	4	1983
	507/509 N 6th Ave	2	1983
	510/512 Cherry Ave	2	1983
Sage Court	614 Washington	7	1986
	110 S Beech St	3	1986
Sunset Terrace	417/419/503/505 N 6th Ave	4	1986
	1004-1010 Buwalda	4	1986
	202 N 9th St	2	1986
	1707 Pleasant Ave	2	1986
	1611-1617 S 1st St	4	1986
	603/605 S 4th St	2	1986
	1112/1114 S 18th Ave	2	1986
Total Valley Seven (Farm Labor Units)		<u>142</u>	

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

Table 12

Total Valley Seven (Farm Labor Units) (brought forward)			<u>142</u>
YHA Family Housing, LLC:			
Fair Avenue Apartments	110 S Fair Ave	14	1979
Pacific Apartments	504/508 Pacific	15	1979
Evergreen Apartments	1322 S 18th Ave	6	1979
Cascade Apartments	615 N 15th Ave	15	1979
Eastwood Apartments	610 E Arlington St	10	1979
Spruce Lane Apartments	914 E Spruce St	20	1980
Edgewood Apartments	621 N 16th Ave	10	1980
Willow Lane Apartments	1214 Willow St	10	1980
Sierra Apartments	603 Central Ave	14	1980
Parkview Apartments	801 Central Ave	10	1980
9th Street Apartments	1212 S 9th St	4	1982
Yakima Terrace	1307/1309/1311 A & B S 18th Ave	6	1987
Nueva Primavera	810 N 6th Ave	<u>16</u>	1999
Total YHA Family Housing Units		<u>150</u>	
Other housing developments:			
Nueva Primavera	1118 Fruitvale Ave & 810 N 6th Ave	38	1999
Mariposa Apartments	314 Cherry Ave/918 & 919 Fenton	26	1999
Glenn Acres	15 N 37th Ave	38	1999
Naches House	314 N Naches Ave	51	2014
Harmony Park	711 Rentschler Lane	24	1988
Cosecha Court (76 beds)	416 5th Street	<u>10</u>	2013
Total other housing developments:		<u>187</u>	
Total Units		<u><u>479</u></u>	

Source: YHA's development & deed files

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

Table 13

Fiscal Year	Administration	Finance	Housing Choice Vouchers	Asset Management	Total
3/31/07	2	5	4	16	27
3/31/08	2	5	4	16	27
3/31/09	2	5	4	17	28
3/31/10	2	5	4	18	29
3/31/11	2	5	5	18	30
3/31/12	2	5	4	16	27
3/31/13	2	4	5	13	24
12/31/13	2	4	6	12	24
12/31/14	2	4	6	14	26
12/31/15	2	4	6	20	32

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

Housing Authority of the City of Yakima

Single Audit Section:

Independent Auditors' Reports

Schedule of Expenditures of Federal Awards

Schedule of Findings and Questioned Costs

Status of Prior Year Findings



*INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the Housing Authority of the City of Yakima, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated August 25, 2016. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The financial statements of YHA Family Housing, LLC was not audited in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with YHA Family Housing, LLC.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Yakima's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Yakima's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Yakima's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Authority of the City of Yakima's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Petersen CPAs + Advisors, PLLC

August 25, 2016

*INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE*

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

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Yakima's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the Housing Authority of the City of Yakima's major federal programs for the year ended December 31, 2015. The Housing Authority of the City of Yakima's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the City of Yakima's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Yakima's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the City of Yakima complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control over Compliance

Management of the Housing Authority of the City of Yakima is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the City of Yakima's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Yakima's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Petersen CPAs + Advisors, PLLC

August 25, 2016

Housing Authority of the City of Yakima
Schedule of Expenditures of Federal Awards
December 31, 2015

	CFDA Number	Contract Number	Other Identification Number	Federal Expenditures
U.S. Department of Housing and Urban Development:				
<i>Section 8 Project-Based Cluster</i>				
Section 8 Housing Assistance				
Payments Program	14.195	WA19M000052		\$ 379,628
Total Section 8 Project-based cluster				<u>379,628</u>
Resident Opportunity & Self Sufficiency	14.870	WA042RFS229A012		<u>115,644</u>
<i>Housing Voucher Cluster</i>				
Section 8 Housing Choice Vouchers	14.871	S0083V	WA042VO	<u>4,350,119</u>
Total Housing Voucher Cluster				<u>4,350,119</u>
<i>Total U.S. Department of Housing and Urban Development</i>				<u>4,845,391</u>
USDA Farmers Home Administration Programs:				
Farm Labor Housing Grant	10.405	Cosecha Court		51,001
Rural Rental Housing Loan*	10.415	Harmony Park		701,113
Rural Rental Assistance Program	10.427	Valley Seven		481,574
Rural Rental Assistance Program	10.427	Harmony Park		7,500
Rural Development Multi-Family Housing Revitalization Demonstration Program (MPR) - loan	10.447	Valley Seven		1,499,990
Rural Development Multi-Family Housing Revitalization Demonstration Program (MPR) - grant	10.447	Valley Seven		<u>107,570</u>
Total USDA Farmers Home Administration Direct Programs				<u>2,848,748</u>
<i>Passed through Office of Rural and Farmworker Housing</i>				
Multi-family Housing Preservation Revolving Loan Fund Demonstration Program	10.415	Valley Seven		<u>187,500</u>
Total USDA Farmers Home Administration Programs				<u>3,036,248</u>
Total Federal Expenditures				<u><u>\$ 7,881,639</u></u>
Federal loans outstanding at December 31, 2015:				
USDA Farmers Home Administration:				
Rural Rental Assistance - Loan	10.427	Valley Seven		\$ 947,106
Farm Labor Housing Loan	10.405	Cosecha Court		<u>191,752</u>
				<u><u>\$ 1,138,858</u></u>

* A loan of \$701,113 was assumed during the year ended December 31, 2015. The balance outstanding was \$699,627 at the end of the year.

Housing Authority of the City of Yakima

Notes to Schedule of Expenditures of Federal Awards

December 31, 2015

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

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

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

Farm Labor Housing Loan – The expenditures shown consist of loan funds received and expended in the Cosecha Court development. The total balance of the loan outstanding at December 31, 2015 was \$191,752.

Rural Rental Housing – The expenditures shown consist of loan funds received and expended in the Harmony Park development and the Valley Seven development. The total balance of the loan outstanding at December 31, 2015 was \$699,627 and \$947,106, respectively.

Rural Development Multi-Family Housing Revitalization Demonstration Program (MPR) – The expenditures shown consist of loan funds received and expended in the Valley Seven development. The total balance of the loan outstanding at December 31, 2015 was \$1,499,990.

Multi-Family Housing Preservation Revolving Loan Fund Demonstration Program – The expenditures shown consist of loan funds received and expended in the Valley Seven development. The total balance of the loan outstanding at December 31, 2015 was \$187,500.

Housing Authority of the City of Yakima

Schedule of Findings and Questioned Costs

December 31, 2015

Section I – Summary of Auditors’ Results

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

Unmodified Opinion

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

No

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

No

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

No

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

Unmodified Opinion

- F. Any audit findings that are required to be reported under Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*:

No

- G. Major Programs:

10.427 – Rural Rental Assistance Program

10.415 – Rural Rental Housing

10.447 – Rural Development Multi-Family Housing Revitalization Demonstration Program (MPR) (loan/grant)

14.871 – Section 8 Housing Choice Vouchers

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

\$750,000

- I. Auditee qualified as a low-risk auditee under Uniform Guidance:

No

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

None reported

Section III – Findings and Questioned Costs Relating to Federal Awards

None reported.

Housing Authority of the City of Yakima

Status of Prior Year Findings

December 31, 2015

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

2014-001

Account Reconciliations

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

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

Effect: Accounting records were misstated and required adjustments during the audit process.

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

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

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

Status: Yakima Housing Authority hired an individual to provide consulting related to financial reporting. No finding has been issued related to this in the current year.

2014-002

CFDA 10.427 – Rural Rental Assistance Eligibility

Condition: We selected tenant files and tested those files for the following: (1) the household eligibility for rental assistance; (2) occupancy rules were met; and (3) a signed complete annual certification was on file. During our testing of the tenant files, we identified several re-certification packets that had missing signatures on forms required to be signed by the head of household and all other adult members of the household.

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

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

Questioned Costs: N/A

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

Recommendation: We recommend providing training to staff performing oversight and review of tenant files to ensure completeness and accuracy. We also recommend that management perform a periodic internal audit of tenant files, and create a checklist of what is required for each tenant file that staff sign off on, to ensure that files are complete. The checklist should be maintained in each of the tenant files and can be reviewed during the periodic internal audits.

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

Status: Yakima Housing Authority has not experienced significant turnover in the prior year, and similar issues were not identified.

Housing Authority of the City of Yakima

Status of Prior Year Findings

December 31, 2015

2014-003

CFDA 14.871 – Section 8 Housing Choice Vouchers

Eligibility

Condition: We selected tenant files and tested those files for the following: (1) the household eligibility for rental assistance; (2) occupancy rules were met; and (3) a signed complete annual certification was on file. During our testing of the tenant files, we identified several re-certification packets that had missing signatures on forms required to be signed by the head of household and all other adult members of the household.

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

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

Questioned Costs: N/A

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

Recommendation: We recommend providing training to staff performing oversight and review of tenant files to ensure completeness and accuracy. We also recommend that management perform a periodic internal audit of tenant files, and create a checklist of what is required for each tenant file that staff sign off on, to ensure that files are complete. The checklist should be maintained in each of the tenant files and can be reviewed during the periodic internal audits.

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

Status: Yakima Housing Authority has not experienced significant turnover in the prior year, and similar issues were not noted

Section III – Findings and Questioned Costs Relating to Federal Awards

See findings 2014-002 and 2014-003 above.

Housing Authority of the City of Yakima

HUD Required Schedules:

Financial Data Schedules



Housing Authority of the City of Yakima

Financial Data Schedules

Line Item #	Account description	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	10.427 Rural Assistance Programs	2 State/ Local
111	Cash - unrestricted	\$ 6,866	\$ 372,141	\$ 397,951	\$ 258,733
112	Cash- restricted - modernization and development	-	-	-	-
113	Cash - other restricted	13,603	181,954	-	4,099
114	Cash - tenant security deposits	-	32,275	24,600	29,557
115	Cash - restricted for payment of current liabilities	1,148	-	-	-
100	Total cash	21,617	586,370	422,551	292,389
121	Accounts receivable - PHA projects	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	25,177	-
124	Accounts receivable - other government	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-
126	Accounts receivable - tenant	28,230	33,297	49,375	33,270
126.1	Allowance for doubtful accounts - tenants	(13,656)	(13,081)	(23,729)	(10,165)
126.2	Allowance for doubtful accounts - other	-	-	-	-
127	Notes, loans and mortgages receivable - current	-	-	-	-
128	Fraud recovery	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-
129	Accrued interest receivable	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	14,574	20,216	50,823	23,105
131	Investments - unrestricted	-	-	-	-
132	Investments - restricted	133,750	1,273,154	64,677	831,735
135	Investments - restricted for payment of current liability	-	-	-	-
142	Prepaid expenses and other assets	5,510	36,110	-	-
143	Inventories	-	-	-	9,136
143.1	Allowance for obsolete inventories	-	-	-	-
144	Inter program due from	81,289	-	-	20,903
145	Assets held for sale	-	-	-	-
150	Total current assets	256,740	1,915,850	538,051	1,177,268
161	Land	-	1,500,000	611,867	969,834
162	Buildings	-	17,471,942	8,294,290	6,702,716
163	Furniture, equipment & machinery - dwellings	-	163,142	122,473	197,531
164	Furniture, equipment & machinery - administration	34,830	-	9,229	62,557
165	Leasehold improvements	-	-	-	-
166	Accumulated depreciation	(12,225)	(1,028,224)	(6,132,038)	(2,943,732)
167	Construction in progress	-	-	2,855,617	4,238,861
168	Infrastructure	-	-	-	279,511
160	Total capital assets, net of accumulated depreciation	22,605	18,106,860	5,761,438	9,507,278
171	Notes, loans and mortgages receivable - non-current	-	-	-	-
172	Notes, loans, mortgages receivable, non-current, past due	-	-	-	-
173	Grants receivable - non-current	-	-	-	-
174	Other assets	-	-	-	-
176	Investments in joint ventures	-	-	-	-
180	Total non-current assets	22,605	18,106,860	5,761,438	9,507,278
190	Total assets	279,345	20,022,710	6,299,489	10,684,546
200	Deferred outflows of resources	-	-	-	-
190	Total assets and deferred outflows of resources	\$ 279,345	\$ 20,022,710	\$ 6,299,489	\$ 10,684,546

December 31, 2015

14.195 Sec. 8 Housing Assist. Pmts Prog. Special	14.870 Resid. Opp. And Supportive Services	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	Subtotal	Eliminating Entries	Total
\$ 51,902	\$ -	\$ 21,163	\$ 1,442,910	\$ 2,551,666	\$ -	\$ 2,551,666
-	-	-	-	-	-	-
-	-	97,160	88	296,904	-	296,904
20,197	-	-	-	106,629	-	106,629
-	-	-	-	1,148	-	1,148
72,099	-	118,323	1,442,998	2,956,347	-	2,956,347
-	-	-	-	-	-	-
-	-	-	-	25,177	-	25,177
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,820	-	-	5,026	152,018	-	152,018
(1,804)	-	-	(5,026)	(67,461)	-	(67,461)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,016	-	-	-	109,734	-	109,734
-	-	-	37,094	37,094	-	37,094
440,567	-	-	15,487	2,759,370	-	2,759,370
-	-	-	-	-	-	-
-	-	174	87,371	129,165	-	129,165
-	-	-	53,378	62,514	-	62,514
-	-	-	(3,078)	(3,078)	-	(3,078)
315,000	13,424	-	1,041,000	1,471,616	(1,471,616)	-
-	-	-	-	-	-	-
828,682	13,424	118,497	2,674,250	7,522,762	(1,471,616)	6,051,146
109,650	-	212,025	163,118	3,566,494	-	3,566,494
3,641,922	-	2,819,347	144,492	39,074,709	-	39,074,709
35,147	-	249,369	-	767,662	-	767,662
10,004	-	-	283,990	400,610	-	400,610
-	-	-	-	-	-	-
(632,449)	-	(239,104)	(306,498)	(11,294,270)	-	(11,294,270)
-	-	-	201,653	7,296,131	-	7,296,131
-	-	-	-	279,511	-	279,511
3,164,274	-	3,041,637	486,755	40,090,847	-	40,090,847
-	-	-	6,333,120	6,333,120	(6,333,120)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	767,061	767,061	(767,061)	-
3,164,274	-	3,041,637	7,586,936	47,191,028	(7,100,181)	40,090,847
3,992,956	13,424	3,160,134	10,261,186	54,713,790	(8,571,797)	46,141,993
-	-	-	-	-	-	-
\$ 3,992,956	\$ 13,424	\$ 3,160,134	\$ 10,261,186	\$ 54,713,790	\$ (8,571,797)	\$ 46,141,993

Housing Authority of the City of Yakima

Financial Data Schedules

Line Item #	Account description	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	10.427 Rural Assistance Programs	2 State/ Local
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -
312	Accounts payable less than 90 days	-	20,541	236,997	613,064
313	Accounts payable greater than 90 days	-	-	-	-
321	Accrued wages / payroll taxes payable	-	7,861	-	-
322	Accrued compensated absences - current portion	21,431	10,933	9,930	11,497
324	Accrued contingency liability	-	-	-	-
325	Accrued interest payable	-	-	317	7,723
331	Accounts payable - HUD PHA programs	-	-	-	-
332	Accounts payable - PHA projects	-	-	-	-
333	Accounts payable - other government	-	3,647	5,377	-
341	Tenant security deposits	-	31,325	24,873	29,977
342	Unearned revenue	-	9,717	9,218	1,423
343	Current portion of long-term debt - capital projects/mortgage revenue	-	-	27,821	153,166
344	Current portion of long-term debt - operating borrowings	-	-	-	-
345	Other current liabilities	1,148	-	-	-
346	Accrued liabilities - other	-	-	-	-
347	Inter program - due to	60,347	818,831	50,875	319,748
348	Loan liability - current	-	-	245,644	67,988
310	Total current liabilities	82,926	902,855	611,052	1,204,586
351	Long-term debt, net current, capital projects	-	6,333,120	2,419,275	6,727,066
352	Long-term debt, net of current - operating borrowings	-	-	-	-
353	Non-current liabilities - other	147,354	-	-	-
354	Accrued compensated absences - non-current	-	-	-	-
355	Loan liability - non-current	-	-	-	-
356	FASB 5 liabilities	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-
350	Total non-current liabilities	147,354	6,333,120	2,419,275	6,727,066
300	Total liabilities	230,280	7,235,975	3,030,327	7,931,652
400	Deferred inflows of resources	-	-	-	-
508.4	Net investment in capital assets	22,605	11,773,740	3,068,698	2,559,058
511.1	Restricted net position	147,353	1,455,108	64,677	835,834
512.1	Unrestricted net position	(120,893)	(442,113)	135,787	(641,998)
513	Total equity / net position	49,065	12,786,735	3,269,162	2,752,894
600	Total liab., def'd inflows resources, equity/net position	\$ 279,345	\$ 20,022,710	\$ 6,299,489	\$ 10,684,546

December 31, 2015

14.195 Sec. 8 Housing Assist. Pmts Prog. Special	14.870 Resid. Opp. And Supportive Services	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,299	-	-	204,070	1,078,971	-	1,078,971
-	-	-	-	-	-	-
-	-	-	60,389	68,250	-	68,250
2,890	-	704	28,028	85,413	-	85,413
-	-	-	-	-	-	-
8,224	-	-	487	16,751	-	16,751
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	9,024	-	9,024
20,056	-	-	-	106,231	-	106,231
1,765	-	-	-	22,123	-	22,123
57,906	-	10,267	-	249,160	-	249,160
-	-	-	-	-	-	-
-	-	-	-	1,148	-	1,148
-	-	-	-	-	-	-
11,028	-	-	210,786	1,471,615	(1,471,615)	-
-	-	-	183,755	497,387	-	497,387
106,168	-	10,971	687,515	3,606,073	(1,471,615)	2,134,458
2,741,416	-	181,485	-	18,402,362	(6,333,120)	12,069,242
-	-	-	-	-	-	-
-	-	-	-	147,354	-	147,354
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,741,416	-	181,485	-	18,549,716	(6,333,120)	12,216,596
2,847,584	-	192,456	687,515	22,155,789	(7,804,735)	14,351,054
-	-	-	-	-	-	-
364,952	-	2,849,885	303,000	20,941,938	6,333,120	27,275,058
440,567	13,424	97,160	15,575	3,069,698	-	3,069,698
339,853	-	20,633	9,255,096	8,546,365	(7,100,182)	1,446,183
1,145,372	13,424	2,967,678	9,573,671	32,558,001	(767,062)	31,790,939
\$ 3,992,956	\$ 13,424	\$ 3,160,134	\$ 10,261,186	\$ 54,713,790	\$ (8,571,797)	\$ 46,141,993

Housing Authority of the City of Yakima

Financial Data Schedules

Line Item #	Account description	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	10.427 Rural Assistance Programs	2 State / Local
70300	Net tenant rental revenue	\$ -	\$ 1,020,593	\$ 664,807	\$ 583,287
70400	Tenant revenue - other	-	19,524	18,869	13,393
70500	Total tenant revenue	-	1,040,117	683,676	596,680
70600	HUD PHA operating grants	4,350,119	-	-	-
70610	Capital grants	-	-	-	-
70710	Management fee	-	-	94,598	-
70720	Asset management fee	-	-	-	-
70730	Bookkeeping fee	-	-	-	-
70740	Front line service fee	-	-	-	-
70750	Other fees	-	-	-	-
70700	Total fee revenue	-	-	94,598	-
70800	Other government grants	-	-	589,144	554,500
71100	Investment income - unrestricted	120	-	20	175
71200	Mortgage interest income	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-
71310	Cost of sale of assets	-	-	-	-
71400	Fraud recovery	13,006	-	-	-
71500	Other revenue	17	3,022,199	429	1,921,939
71600	Gain or loss on sale of capital assets	-	-	-	-
72000	Investment income - restricted	-	359	273	91
70000	Total revenue	\$ 4,363,262	\$ 4,062,675	\$ 1,368,140	\$ 3,073,385

14.195 Sec. 8 Housing Assist. Pmts Prog. Special	14.870 Resid. Opp. And Supportive Services	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	Subtotal	Eliminating Entries	Total
\$ 259,161	\$ -	\$ 48,676	\$ -	\$ 2,576,524	\$ -	\$ 2,576,524
1,610	-	-	-	53,396	-	53,396
260,771	-	48,676	-	2,629,920	-	2,629,920
-	115,644	-	-	4,465,763	-	4,465,763
-	-	-	-	-	-	-
-	-	-	227,996	322,594	(322,594)	-
-	-	-	99,183	99,183	(99,183)	-
-	-	-	147,331	147,331	(147,331)	-
-	-	-	-	-	-	-
-	-	-	164,783	164,783	(164,783)	-
-	-	-	639,293	733,891	(733,891)	-
379,628	-	51,001	-	1,574,273	-	1,574,273
-	-	-	357,023	357,338	(356,991)	347
-	-	-	-	-	-	-
-	-	-	3,566	3,566	-	3,566
-	-	-	-	-	-	-
-	-	-	-	13,006	-	13,006
6,720	-	3,167	183,281	5,137,752	41,782	5,179,534
-	-	-	-	-	-	-
179	-	-	-	902	-	902
<u>\$ 647,298</u>	<u>\$ 115,644</u>	<u>\$ 102,844</u>	<u>\$ 1,183,163</u>	<u>\$ 14,916,411</u>	<u>\$ (1,049,100)</u>	<u>\$ 13,867,311</u>

Housing Authority of the City of Yakima

Financial Data Schedules

Line Item #	Account description	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	10.427 Rural Assistance Programs	2 State / Local
91100	Administrative salaries	\$ 161,205	\$ 66,422	\$ 61,719	\$ 27,753
91200	Auditing fees	4,322	20,264	8,654	9,250
91300	Management fee	124,079	49,404	94,598	29,408
91310	Bookkeeping fee	72,195	28,288	26,672	11,936
91400	Advertising and marketing	532	137	364	337
91500	Employee benefits contributions - administrative	69,119	22,859	22,883	9,591
91600	Office expenses	92,687	106,955	144,522	43,158
91700	Legal expenses	6,052	6,202	6,917	4,028
91800	Travel	23	67	66	31
91810	Allocated overhead	-	-	-	-
91900	Other	9,292	1,938	4,114	5,881
91000	Total operating - administrative	539,506	302,536	370,509	141,373
92000	Asset management fee	-	25,725	7,500	9,354
92100	Tenant services - salaries	6,194	-	-	-
92200	Relocation costs	-	-	-	-
92300	Employee benefits contributions - tenant services	-	-	-	-
92400	Tenant services - other	513	-	-	-
92500	Total tenant services	6,707	-	-	-
93100	Water	-	50,237	105,284	28,432
93200	Electricity	-	17,345	17,164	10,221
93300	Gas	-	228	265	384
93400	Fuel	-	-	-	-
93500	Labor	-	-	-	-
93600	Sewer	-	53,832	110,161	29,691
93700	Employee benefit contributions - utilities	-	-	-	-
93800	Other utilities expense	-	27,452	47,725	14,307
93000	Total utilities	-	149,094	280,599	83,035
94100	Ordinary maintenance and operations - labor	-	77,793	81,008	59,065
94200	Ordinary maintenance and operations - materials and other	1,971	32,438	42,034	32,101
94300	Ordinary maintenance and operations contracts	6,917	47,240	82,541	76,667
94500	Employee benefit contributions - ordinary maintenance	-	30,371	36,008	22,647
94000	Total maintenance	8,888	187,842	241,591	190,480
95100	Protective services - labor	-	-	-	-
95200	Protective services - other contract costs	-	675	-	658
95300	Protective services - other	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-
95000	Total protective services	-	675	-	658
96110	Property insurance	-	-	16,922	9,536
96120	Liability insurance	10,828	11,104	1,586	703
96130	Workmen's compensation	-	-	-	-
96140	All other insurance	4,138	25,989	686	967
96100	Total insurance premiums	14,966	37,093	19,194	11,206

14.195 Sec. 8 Housing Assist. Pmts Prog. Special	14.870 Resid. Opp. And Supportive Services	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	Subtotal	Eliminating Entries	Total
\$ 34,709	\$ -	\$ 257	\$ 238,557	\$ 590,622	\$ -	\$ 590,622
6,361	-	-	591	49,442	-	49,442
56,371	-	3,745	-	357,605	(322,594)	35,011
7,120	-	1,120	-	147,331	(147,331)	-
3,094	-	579	3	5,046	-	5,046
5,622	24,896	11,020	75,947	241,937	-	241,937
30,178	-	7,968	9,816	435,284	(182,880)	252,404
790	-	48	1,002	25,039	-	25,039
22	-	-	32	241	-	241
-	-	-	-	-	-	-
395	-	-	339	21,959	-	21,959
<u>144,662</u>	<u>24,896</u>	<u>24,737</u>	<u>326,287</u>	<u>1,874,506</u>	<u>(652,805)</u>	<u>1,221,701</u>
4,560	-	3,000	-	50,139	(42,414)	7,725
-	77,324	-	-	83,518	-	83,518
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	5,064	5,577	-	5,577
<u>-</u>	<u>77,324</u>	<u>-</u>	<u>5,064</u>	<u>89,095</u>	<u>-</u>	<u>89,095</u>
8,354	-	5,232	3,483	201,022	-	201,022
46,334	-	11,877	5,114	108,055	-	108,055
10,056	-	-	1,304	12,237	-	12,237
-	-	-	-	-	-	-
-	-	-	-	-	-	-
23,947	-	4,702	357	222,690	-	222,690
-	-	-	-	-	-	-
4,349	-	2,296	1,242	97,371	-	97,371
<u>93,040</u>	<u>-</u>	<u>24,107</u>	<u>11,500</u>	<u>641,375</u>	<u>-</u>	<u>641,375</u>
42,540	-	18,143	126,525	405,074	-	405,074
34,541	-	3,256	(6,069)	140,272	(24,077)	116,195
58,975	-	6,182	28,216	306,738	(14,595)	292,143
<u>17,654</u>	<u>-</u>	<u>1,425</u>	<u>34,544</u>	<u>142,649</u>	<u>-</u>	<u>142,649</u>
<u>153,710</u>	<u>-</u>	<u>29,006</u>	<u>183,216</u>	<u>994,733</u>	<u>(38,672)</u>	<u>956,061</u>
-	-	-	-	-	-	-
2,319	-	943	1,563	6,158	-	6,158
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,319</u>	<u>-</u>	<u>943</u>	<u>1,563</u>	<u>6,158</u>	<u>-</u>	<u>6,158</u>
6,678	-	2,100	279	35,515	-	35,515
696	-	93	19	25,029	-	25,029
-	-	-	-	-	-	-
672	-	51	12	32,515	-	32,515
<u>8,046</u>	<u>-</u>	<u>2,244</u>	<u>310</u>	<u>93,059</u>	<u>-</u>	<u>93,059</u>

Housing Authority of the City of Yakima

Financial Data Schedules

Line Item #	Account description	Housing Choice Vouchers	Component Unit - Blended	Rural Assistance Programs	2 State / Local
96200	Other general expenses	\$ 4,518	\$ 13,923	\$ 5,436	\$ 52,458
96210	Compensated absences	-	-	-	-
96300	Payments in lieu of taxes	-	3,789	5,224	-
96400	Bad debt - tenant rents	11,631	11,046	15,929	9,984
96500	Bad debt - mortgages	-	-	-	-
96600	Bad debt - other	-	-	-	-
96800	Severance expense	-	-	-	-
96000	Total other general expenses	16,149	28,758	26,589	62,442
96710	Interest of mortgage (or bonds) payable	-	356,991	25,516	100,661
96720	Interest on notes payable (short and long term)	-	-	-	-
96730	Amortization of bond issue costs	-	-	-	-
96700	Total interest expense and amortization cost	-	356,991	25,516	100,661
96900	Total operating expense	586,216	1,088,714	971,498	599,209
97000	Excess of revenue over operating expenses	3,777,046	2,973,961	396,642	2,474,176
97100	Extraordinary maintenance	-	-	-	-
97200	Casualty losses - non-capitalized	-	-	-	-
97300	Housing assistance payments	3,980,320	-	-	-
97350	HAP portability-in	2,695	-	-	-
97400	Depreciation expense	4,265	640,074	528,739	172,273
97500	Fraud losses	-	-	-	-
97600	Capital outlays - governmental funds	-	-	-	-
97700	Debt principal payment - governmental funds	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-
90000	Total expenses	4,573,496	1,728,788	1,500,237	771,482
10010	Operating transfer in	-	-	-	-
10020	Operating transfer out	-	-	-	-
10030	Operating transfers from/to primary government	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-
10050	Proceeds from notes, loans and bonds	-	-	-	-
10060	Proceeds from property sales	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-
10080	Special items (net gain/loss)	-	-	-	-
10091	Inter project excess cash transfer in	-	-	-	-
10092	Inter project excess cash transfer out	-	-	-	-
10093	Transfers between program and project - in	-	-	-	-
10094	Transfers between program and project - out	-	-	-	-
10100	Total other financing sources (uses)	-	-	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	\$ (210,234)	\$ 2,333,887	\$ (132,097)	\$ 2,301,903
	Net income	(210,234)	2,333,887	(132,097)	2,301,903

December 31, 2015

8 Housing Assist. Pmts Prog. Special	Opp. And Supportive Services	Farm Labor Housing Loans and Grants	1 Business Activities	Subtotal	Eliminating Entries	Total
\$ 303	\$ -	\$ -	\$ 310,034	\$ 386,672	\$ (26,530)	\$ 360,142
-	-	-	-	-	-	-
83	-	-	-	9,096	-	9,096
1,134	-	-	2,878	52,602	-	52,602
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,520	-	-	312,912	448,370	(26,530)	421,840
110,996	-	-	3,401	597,565	(356,991)	240,574
-	-	-	-	-	-	-
-	-	-	-	-	-	-
110,996	-	-	3,401	597,565	(356,991)	240,574
518,853	102,220	84,037	844,253	4,795,000	(1,117,412)	3,677,588
128,445	13,424	18,807	338,910	10,121,411	68,312	10,189,723
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	3,980,320	-	3,980,320
-	-	-	-	2,695	-	2,695
97,642	-	102,473	44,225	1,589,691	-	1,589,691
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
616,495	102,220	186,510	888,478	10,367,706	(1,117,412)	9,250,294
-	-	-	168,600	168,600	(168,600)	-
(168,600)	-	-	-	(168,600)	168,600	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(168,600)	-	-	168,600	-	-	-
\$ (137,797)	\$ 13,424	\$ (83,666)	\$ 463,285	\$ 4,548,705	\$ 68,312	\$ 4,617,017
(137,797)	13,424	(83,666)	463,285	4,548,705	68,312	4,617,017

Housing Authority of the City of Yakima

Financial Data Schedules

Line Item #	Account description	Housing Choice Vouchers	Component Unit - Blended	Rural Assistance Programs	2 State / Local
11020	Required annual debt principal payments	\$ -	\$ -	\$ 63,227	\$ 4,800
11030	Beginning equity	259,299	10,452,848	3,401,259	1,323,579
	Prior period adjustments, equity transfers				
11040	and corrections	-	-	-	(872,588)
11050	Changes in compensated absence balance	-	-	-	-
11060	Changes in contingent liability balance	-	-	-	-
	Changes in unrecognized pension transition				
11070	liability	-	-	-	-
	Changes in special term/severance benefits				
11080	liability	-	-	-	-
	Changes in allowance for doubtful accounts -				
11090	dwelling rents	-	-	-	-
	Changes in allowance for doubtful accounts				
11100	- other	-	-	-	-
11170	Administrative fee equity	135,618	-	-	-
11180	Housing assistance payments equity	(86,553)	-	-	-
11190	Unit months available	10,804	1,800	1,704	1,380
11210	Number of unit months leased	9,625	1,800	1,634	1,380
11270	Excess cash	-	-	-	-
11610	Land purchases	-	-	-	-
11620	Building purchases	-	-	-	-
11630	Furniture and equipment - dwelling purchases	-	-	-	-
	Furniture and equipment - administrative				
11640	purchases	-	-	-	-
11650	Leasehold improvements purchases	-	-	-	-
11660	Infrastructure purchases	-	-	-	-
13510	CFFP debt service payments	-	-	-	-
13901	Replacement housing factor funds	-	-	-	-
		-			

December 31, 2015

[illegible]

Housing Authority of the City of Yakima

Rural Assistance Programs:

Combining Financial Statements



Housing Authority of the City of Yakima

Combining Statements of Net Position – Rural Assistance Programs

	Harmony Park	USDA - Indirect	Valley 7	Cosecha Court	Total
Assets					
<i>Current Assets:</i>					
Cash and cash equivalents - unrestricted	\$ 55,043	\$ 41,559	\$ 356,392	\$ 21,162	\$ 474,156
Accounts receivables, net of allowance	4,116	-	50,823	-	54,939
Prepaid expenses and other assets	-	-	-	174	174
	<u>59,159</u>	<u>41,559</u>	<u>407,215</u>	<u>21,336</u>	<u>529,269</u>
<i>Restricted Assets:</i>					
Cash and cash equivalents - other restricted	-	-	-	97,160	97,160
Cash - tenant security deposits	13,187	-	24,600	-	37,787
Investments - restricted	313,751	-	64,677	-	378,428
	<u>326,938</u>	<u>-</u>	<u>89,277</u>	<u>97,160</u>	<u>513,375</u>
Total current assets	<u>386,097</u>	<u>41,559</u>	<u>496,492</u>	<u>118,496</u>	<u>1,042,644</u>
<i>Noncurrent Assets:</i>					
<i>Capital assets:</i>					
Land	137,800	-	611,867	212,025	961,692
Buildings	723,747	-	8,294,290	2,819,347	11,837,384
Furniture, equipment and machinery - dwellings	-	-	122,473	249,369	371,842
Furniture, equipment and machinery - admin	10,004	-	9,229	-	19,233
Accumulated depreciation	(9,473)	-	(6,132,038)	(239,104)	(6,380,615)
Construction in progress	-	-	2,855,617	-	2,855,617
Total noncurrent assets	<u>862,078</u>	<u>-</u>	<u>5,761,438</u>	<u>3,041,637</u>	<u>9,665,153</u>
Total assets	<u>\$ 1,248,175</u>	<u>\$ 41,559</u>	<u>\$ 6,257,930</u>	<u>\$ 3,160,133</u>	<u>\$ 10,707,797</u>

Housing Authority of the City of Yakima

Combining Statements of Net Position – Rural Assistance Programs (continued)

	Harmony Park	USDA - Indirect	Valley 7	Cosecha Court	Total
Liabilities and Net Position					
<i>Current Liabilities:</i>					
Accounts payable less than 90 days	\$ -	\$ -	\$ 18,268	\$ -	\$ 18,268
Retainage payable	-	-	218,729	-	218,729
Accrued compensated absences					
current portion	(16,817)	(12,858)	3,370	(5,677)	(31,982)
Accrued interest payable	-	-	317	-	317
Accrued liabilities - other	-	-	5,377	-	5,377
Unearned income	449	-	9,218	-	9,667
Short-term note payable	-	-	245,644	-	245,644
Current portion of long term debt	5,800	-	27,821	10,267	43,888
Due to other funds	736	193	50,682	-	51,611
	<u>(9,832)</u>	<u>(12,665)</u>	<u>579,426</u>	<u>4,590</u>	<u>561,519</u>
<i>Payables from Restricted Assets:</i>					
Tenant security deposits	13,186	-	24,873	-	38,059
	<u>13,186</u>	<u>-</u>	<u>24,873</u>	<u>-</u>	<u>38,059</u>
Total current liabilities	<u>3,354</u>	<u>(12,665)</u>	<u>604,299</u>	<u>4,590</u>	<u>599,578</u>
<i>Noncurrent Liabilities:</i>					
Long-term debt, net of current	693,827	-	2,419,275	181,485	3,294,587
Accrued comp. absences, net of current	16,817	12,858	6,560	6,381	42,616
Total noncurrent liabilities	<u>710,644</u>	<u>12,858</u>	<u>2,425,835</u>	<u>187,866</u>	<u>3,337,203</u>
Total liabilities	<u>713,998</u>	<u>193</u>	<u>3,030,134</u>	<u>192,456</u>	<u>3,936,781</u>
<i>Net Position:</i>					
Net investment in capital assets	162,451	-	2,849,969	2,849,885	5,862,305
Restricted for:					
Grantor requirements	-	(86,553)	-	-	(86,553)
Required reserves	313,751	-	64,677	97,160	475,588
Unrestricted net position	<u>57,975</u>	<u>127,919</u>	<u>313,150</u>	<u>20,632</u>	<u>519,676</u>
Total net position	<u>534,177</u>	<u>41,366</u>	<u>3,227,796</u>	<u>2,967,677</u>	<u>6,771,016</u>
Total liabilities and net position	<u>\$ 1,248,175</u>	<u>\$ 41,559</u>	<u>\$ 6,257,930</u>	<u>\$ 3,160,133</u>	<u>\$ 10,707,797</u>

Housing Authority of the City of Yakima
Combining Statements of Revenues, Expenses, and Changes in Net Assets
– Rural Assistance Programs

	Harmony Park	USDA - Indirect	Valley 7	Cosecha Court	Total
<i>Operating Revenue:</i>					
Net tenant rental revenue	\$ 28,050	\$ -	\$ 664,807	\$ 48,676	\$ 741,533
Other revenue	865	94,598	429	3,167	99,059
Other tenant revenue	138	-	18,869	-	19,007
Total operating revenue	29,053	94,598	684,105	51,843	859,599
<i>Operating Expenses:</i>					
Administrative:					
Administrative wages	1,543	-	61,718	258	63,519
Professional fees	22	11,886	3,684	48	15,640
Employee benefit contributions	323	128	22,755	11,020	34,226
Other operating - administrative	4,432	48,576	229,261	16,412	298,681
	6,320	60,590	317,418	27,738	412,066
Utilities:					
Electricity	897	-	17,164	11,877	29,938
Other utilities expense	1,166	-	47,991	2,296	51,453
Sewer	3,827	-	110,161	4,702	118,690
Water	3,156	-	105,284	5,232	113,672
	9,046	-	280,600	24,107	313,753
Ordinary maintenance and operations:					
Contract costs	9,340	619	81,923	6,182	98,064
Employee benefit contributions	2,359	-	36,008	1,425	39,792
Maintenance and operations wages	5,781	-	81,008	18,143	104,932
Materials and other	8,447	1,019	41,014	3,256	53,736
	25,927	1,638	239,953	29,006	296,524
General expenses:					
Depreciation expense	9,472	-	528,739	102,473	640,684
Insurance premiums	-	86	19,108	2,244	21,438
Bad debt - tenant rents	-	-	15,929	-	15,929
Other general expenses	190	3	1,683	-	1,876
Protective services contract costs	-	-	-	943	943
Payments in lieu of taxes	-	-	5,224	-	5,224
	9,662	89	570,683	105,660	686,094
Total operating expenses	50,955	62,317	1,408,654	186,511	1,708,437
<i>Operating Income (Loss)</i>	\$ (21,902)	\$ 32,281	\$ (724,549)	\$ (134,668)	\$ (848,838)
<i>Nonoperating Revenue (Expenses):</i>					
Gain on the sale of capital assets	-	-	-	-	-
Interest expense	1,486	-	(25,516)	-	(24,030)
Debt issuance costs	-	-	(3,750)	-	(3,750)
Intergovernmental revenue	7,500	-	481,574	51,001	540,075
Investment revenue - restricted	91	-	273	-	364
Investment revenue - unrestricted	2	-	20	-	22
Total nonoperating revenue (expenses)	9,079	-	452,601	51,001	512,681
<i>Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers</i>	(12,823)	32,281	(271,948)	(83,667)	(336,157)
Capital grants	547,000	-	107,570	-	654,570
<i>Increase (Decrease) in Net Position</i>	534,177	32,281	(164,378)	(83,667)	318,413
<i>Net Position, Beginning of Year</i>	-	9,085	3,392,174	3,051,344	6,452,603
<i>Net Position, End of Year</i>	\$ 534,177	\$ 41,366	\$ 3,227,796	\$ 2,967,677	\$ 6,771,016