



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

December 23, 2024

Board of Commissioners
Sunnyside Housing Authority
Sunnyside, 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 the financial statements and compliance with federal grant requirements of the Sunnyside Housing Authority for the fiscal year ended December 31, 2023. The Housing Authority contracted with the CPA firm for this audit and requested that we accept it in lieu of performing our own audit.

Based on this review, we have accepted this report in lieu of the audit required by RCW 43.09.260. The Office of the Washington State Auditor did not audit the accompanying financial statements or the Sunnyside Housing Authority's 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 Office of the Washington State Auditor website as a matter of public record.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

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HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2023

**WITH
REPORT OF INDEPENDENT AUDITORS**

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
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FOR THE YEAR ENDED DECEMBER 31, 2023

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
Housing Authority of Sunnyside, Washington:

Report on the Audit of the Financial Statements***Opinion***

We have audited the accompanying financial statements of the business-type activities (primary government) and the aggregate discretely presented component unit of the Housing Authority of Sunnyside, Washington (the "Authority") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities (primary government) and the discretely presented component unit of the Authority as of as of December 31, 2023, and the changes in their net position and where applicable, their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 Matters (continued)

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the financial statements. The accompanying financial data schedule is also not a required part of the financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

The schedule of expenditures of federal awards and financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the schedule of expenditures of federal awards and financial data schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Novogrudac & Company LLP". The signature is written in a cursive, flowing style.

September 27, 2024
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

As management of the Housing Authority of Sunnyside, Washington (the “Authority”), we offer the readers of the Authority’s financial statements this narrative overview and analysis of the financial activities of the Authority as of and for the year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the Authority’s financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Housing Authority of Sunnyside, Washington.

Overview of the Financial Statements

The financial statements included in this annual audit report are those of a special-purpose government engaged in a business-type activity.

The following statements are included:

The Statement of Net Position

The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets and deferred outflow of resources minus liabilities and deferred inflow of resources, equals “Net Position”, formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year) and “Non-current”.

Components of Net Position are:

- **Net Investment in Capital Assets:**

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

- **Restricted Net Position:**

This component of net position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

- **Unrestricted Net Position:**

This component of net position consists of net position that does not meet the definition of “Net Investment in Capital Assets” or “Restricted Net Position”.

**HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Overview of the Financial Statements (continued)

Statement of Revenue, Expenses, and Changes in Net Position

This statement reports the Authority's operating and non-operating revenue, by major sources, along with operating and non-operating expenses and capital contributions. The statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, maintenance, and depreciation, and non-operating revenue and expenses, such as grant revenue, investment income and interest expense.

Statement of Cash Flows

The Statement of Cash Flows presents information on the effects changes in assets and liabilities have on cash during the course of the Fiscal Year.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the Authority-wide financial statements.

Our analysis of the Authority as a whole begins on the next page. The most important question asked about the Authority's finances is, "Is the Authority as a whole better or worse off as a result of the year's activities?"

The attached analysis of entity wide net position, revenues, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenues when earned and expenses when incurred, regardless of when cash is received or paid.

Our analysis also presents the Authority's net position and changes in it. One can think of the Authority's net position as the difference between what the Authority owns (assets) to what the Authority owes (liabilities). The change in net position analysis will assist the reader with measuring the health or financial position of the Authority.

Over time, significant changes in the Authority's net position are an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority the reader must also consider other non-financial factors such as changes in household composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets.

**HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

To fully understand the financial statements of the Authority, one must start with an understanding of what the Authority actually does. The following is a brief description of the programs and services that the Authority provides for the residents of Sunnyside, WA:

Public and Indian Housing Program

The Public and Indian Housing Program is designed to provide affordable housing. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Public Housing Capital Fund Program

The purpose of the Public Housing Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing. Funding for this program is provided by annual awards from HUD.

State and Local Programs

Periodically, the Authority administers various loans/grants from the State of Washington. The activities of state and local loans/grants are reported in this fund.

Rural Rental Housing Loans

The purpose of rural rental housing loans is to provide affordable multi-family rental housing for low-income families in rural designated areas.

Farm Labor Housing Loans and Grants

The Authority administers a Section 514/516 Farm Labor Housing program whereby such financed housing is occupied by domestic farm laborers and their families who derive a substantial portion of their income from farm labor. The loans and grants may be used for construction, repair, or modification of existing off-farm housing, or to acquire the necessary land and making improvements on land for housing.

Rural Rental Assistance Payments

The purpose of the Section 521 rental assistance program is to reduce the tenant contribution paid by low-income families occupying eligible Rural Rental Housing and Farm Labor Housing projects financed by the USDA Rural Development through its Sections 515, and 514/516 loans and grants.

Rural Development Multi-Family Revitalization Demo Program

The purpose of the Rural Development Multi-Family Revitalization Demo Program is to preserve the availability of safe, affordable rental housing for low income residents.

**HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Financial Highlights

Total Assets for FY 2022 were \$16,228,349 and for FY 2023 the amount was \$18,068,178. This represents an overall net increase of \$1,839,829 or 11.3%.

Capital Assets (net) increased from \$10,162,773 in FY 2022 to \$11,761,520 in FY 2023, or by \$1,598,747 or 15.7%. The increase in FY 2023 is primarily due to the Authority acquiring land and buildings related to the purchase of Sunnyview Apartments in the amount of \$1,640,652.

Current liabilities increased from \$323,664 in FY 2022 to \$870,247 in FY 2023 or by \$541,583 or 164.8%. The increase is primarily due to a contract retainage payment becoming due in FY 2024 in the amount of \$510,705.

Net Investment in Capital Assets decreased from \$3,428,233 in FY 2022 to \$3,368,038 in FY 2023 or by \$60,195 or 1.8%. The decrease was primarily due to the Authority drawing down on more debt in the Rural Rental Housing Loan Program, which was offset by an increase in capital assets related the acquisition of Sunnyview Apartments.

Analysis of Entity Wide Assets & Liabilities (Statement of Net Position)

	<u>2023</u>	<u>2022</u>	<u>Net Change</u>	<u>Percent Variance</u>
Cash & Cash Equivalents	\$ 4,536,242	\$ 4,426,069	\$ 110,173	2.5%
Other Current Assets	1,409,575	1,276,573	133,002	10.4%
Other Non-Current Assets	360,841	362,934	(2,093)	-0.6%
Net Capital Assets	11,761,520	10,162,773	1,598,747	15.7%
Total Assets	<u>18,068,178</u>	<u>16,228,349</u>	<u>1,839,829</u>	11.3%
Current Liabilities	\$ 870,247	\$ 328,664	\$ 541,583	164.8%
Non Current Liabilities	8,457,915	7,287,756	1,170,159	16.1%
Total Liabilities	<u>9,328,162</u>	<u>7,616,420</u>	<u>1,711,742</u>	22.5%
Net Investment in Capital Assets	3,368,038	3,428,233	(60,195)	-1.8%
Restricted Net Position	1,135,584	1,063,379	72,205	6.8%
Unrestricted Net Position	4,236,394	4,120,317	116,077	2.8%
Total Net Position/Liabilities/Equity	<u><u>\$ 18,068,178</u></u>	<u><u>\$ 16,228,349</u></u>	<u><u>\$ 1,839,829</u></u>	11.3%

**HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Analysis of Entity Wide Revenues

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ended 2023 were as follows:

Program	Revenues Generated
Public and Indian Housing Program	\$ 944,642
Public Housing Capital Fund Program (CFP)	247,293
State and Local Program (SL)	252,143
Rural Rental Housing Loan Program (RRHL)	234,946
Farm Labor Housing Loans and Grants (FLHL)	665,037
Rural Rental Assistance Payments Program (RRAP)	218,666
Rural Development Multi-Family Revitalization Demo Program (RDMFR)	52,441
Elimination	(66,404)
Total Revenue	\$ 2,548,764

Total revenues for FY 2022 were \$2,023,569 as compared to \$2,548,764 of total revenues for FY 2023. Comparatively, FY 2023 revenues exceeded FY 2022 revenues by \$525,195.

Analysis of Entity Wide Expenses

Administrative expenditures for FY 2022 were \$580,205 as compared to \$657,058 in FY 2023. This represents an increase of \$76,853 or 13.2%. The main reason for this change was due to increases in salaries and other miscellaneous administrative expenses.

Ordinary repairs and maintenance expenditures for FY 2023 were \$820,431 as compared to \$640,964 in FY 2022, an increase of \$179,467 or 28.0%. This is primarily due to an increase in salaries and contract costs for construction related projects.

Depreciation Expense increased from \$309,441 in FY 2022 to \$407,808 in FY 2023 or by \$98,367 or 31.8%, primarily due to the acquisition of Sunnyview Apartments.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

Analysis of Entity Wide Expenses (continued)

The table below illustrates our analysis:

	<u>2023</u>	<u>2022</u>	<u>Net Change</u>	<u>Percent Variances</u>
Administrative	\$ 657,058	\$ 580,205	\$ 76,853	13.2%
Tenant Services	12	313	(301)	-96.2%
Utilities	309,618	273,580	36,038	13.2%
Maintenance	820,431	640,964	179,467	28.0%
Protective Services	6,892	1,901	4,991	262.5%
Insurance and General Expense	236,950	228,633	8,317	3.6%
Interest & Amortization Expense	77,511	47,914	29,597	61.8%
Depreciation Expense	407,808	309,441	98,367	31.8%
Total Expenses	<u>\$ 2,516,280</u>	<u>\$ 2,082,951</u>	<u>\$ 433,329</u>	20.8%

Analysis of Capital Asset Activity

The table below illustrates the changes in Capital Assets throughout the fiscal year:

	<u>2023</u>	<u>2022</u>	<u>Net Change</u>	<u>Percent Variances</u>
Land	\$ 771,669	\$ 669,644	\$ 102,025	15.2%
Buildings and Improvements	20,934,669	17,449,523	3,485,146	20.0%
Furniture, Equip., & Mach.	705,384	686,757	18,627	2.7%
Construction in Process	5,606,219	7,219,244	(1,613,025)	-22.3%
Total Fixed Assets	<u>28,017,941</u>	<u>26,025,168</u>	<u>1,992,773</u>	7.7%
Accumulated Depreciation	16,256,421	15,862,395	394,026	2.5%
Net Fixed Assets	<u>\$ 11,761,520</u>	<u>\$ 10,162,773</u>	<u>\$ 1,598,747</u>	15.7%

In fiscal year 2023, the Authority acquired capital assets in the amount of \$2,018,666, which was offset by an annual depreciation expense of \$407,808 and net dispositions of \$12,111. The FY23 capital asset activity resulted in an increase in the amount of \$1,598,747 or 15.7%.

**HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Analysis of Debt Administration

As of the year-ended December 31, 2023, the Authority had \$8,389,820 in debt outstanding, compared to \$6,734,540 in fiscal year 2022, representing a \$1,655,280 increase, or 24.6%. A more detailed presentation of the Authority's debt, summarized below, can be found in Note 9 to the basic financial statements.

	<u>2023</u>	<u>2022</u>	<u>Net Change</u>	<u>Percent Variances</u>
USDA - Mabton Single Family Homes	\$ 94,099	\$ 96,660	\$ (2,561)	-2.6%
USDA - Sunshine Plaza - USDA	762	823	(61)	-7.4%
USDA - Plaza Del Sol	361,416	433,197	(71,781)	-16.6%
USDA - Multifamily Preservation & Rehabilitation	4,780,124	4,801,419	(21,295)	-0.4%
DEC - Mabton Footfills	1,511,949	1,402,441	109,508	7.8%
USDA - Sunnyview Apartments	603,427	-	603,427	100.0%
DEC - Sunnyview Apartments	1,038,043	-	1,038,043	100.0%
Net Fixed Assets	<u><u>\$ 8,389,820</u></u>	<u><u>\$ 6,734,540</u></u>	<u><u>\$ 1,655,280</u></u>	24.6%

Special Conditions and Economic Factors

Management is not aware of any facts, decisions, or conditions that would have a significant effect on the future operation of the Authority.

Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Executive Director, Housing Authority of Sunnyside, Washington.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2023

ASSETS

	Primary Government	Discretely Presented Component Unit	Total Reporting Entity (Memorandum Only)
Current assets:			
Cash and cash equivalents	\$ 4,536,242	\$ 557,332	\$ 5,093,574
Tenant security deposits	65,855	20,065	85,920
Accounts receivable, net	127,687	878	128,565
Prepaid expenses	44,526	-	44,526
Inventories, net	<u>35,923</u>	<u>-</u>	<u>35,923</u>
Total current assets	<u>4,810,233</u>	<u>578,275</u>	<u>5,388,508</u>
Non-current assets:			
Restricted cash	1,135,584	244,161	1,379,745
Notes receivable, non-current	290,000	-	290,000
Accrued interest receivable, non-current	28,907	-	28,907
Other assets	-	21,259	21,259
Right-of-use asset - leases, net	41,934	-	41,934
Capital assets, net	<u>11,761,520</u>	<u>6,938,297</u>	<u>18,699,817</u>
Total non-current assets	<u>13,257,945</u>	<u>7,203,717</u>	<u>20,461,662</u>
Total assets	<u>\$ 18,068,178</u>	<u>\$ 7,781,992</u>	<u>\$ 25,850,170</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
STATEMENT OF NET POSITION (continued)
AS OF DECEMBER 31, 2023

LIABILITIES

	Primary Government	Discretely Presented Component Unit	Total Reporting Entity (Memorandum Only)
Current liabilities:			
Accounts payable	\$ 88,804	\$ 22,107	\$ 110,911
Accrued expenses	59,257	-	59,257
Tenant security deposits	65,855	20,065	85,920
Unearned revenue	18,982	92	19,074
Accrued compensated absences, current	32,515	-	32,515
Loans payable, current	86,237	-	86,237
Accrued interest payable, current	2,976	-	2,976
Lease liability, current	4,919	-	4,919
Other current liabilities	<u>510,702</u>	<u>4,919</u>	<u>515,621</u>
Total current liabilities	<u>870,247</u>	<u>47,183</u>	<u>917,430</u>
Non-current liabilities:			
Accrued compensated absences, non-current	14,492	-	14,492
Accrued interest payable, non-current	99,163	208,726	307,889
Loans payable, non-current	8,303,583	2,434,123	10,737,706
Lease liability, non-current	<u>40,677</u>	<u>-</u>	<u>40,677</u>
Total non-current liabilities	<u>8,457,915</u>	<u>2,642,849</u>	<u>11,100,764</u>
Total liabilities	<u>9,328,162</u>	<u>2,690,032</u>	<u>12,018,194</u>

NET POSITION

Net position:			
Net investment in capital assets	3,368,038	4,504,174	7,872,212
Restricted	1,135,584	244,161	1,379,745
Unrestricted	<u>4,236,394</u>	<u>343,625</u>	<u>4,580,019</u>
Total net position	<u>8,740,016</u>	<u>5,091,960</u>	<u>13,831,976</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 18,068,178</u>	<u>\$ 7,781,992</u>	<u>\$ 25,850,170</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

	Primary Government	Discretely Presented Component Unit	Total Reporting Entity (Memorandum Only)
Operating revenues:			
Tenant revenue	\$ 1,440,713	\$ 274,144	\$ 1,714,857
HUD operating grants	292,623	-	292,623
Other government grants	326,485		326,485
Other revenues	<u>233,058</u>	<u>-</u>	<u>233,058</u>
Total operating revenues	<u>2,292,879</u>	<u>274,144</u>	<u>2,567,023</u>
Operating expenses:			
Administrative	657,058	86,467	743,525
Tenant services	12	-	12
Utilities	309,618	56,795	366,413
Ordinary repairs and maintenance	820,431	72,392	892,823
Protective services	6,892	-	6,892
Insurance	118,620	18,476	137,096
General expenses	109,484	14,810	124,294
Extraordinary maintenance	8,846	-	8,846
Lease amortization	5,718	-	5,718
Depreciation	<u>407,808</u>	<u>206,986</u>	<u>614,794</u>
Total operating expenses	<u>2,444,487</u>	<u>455,926</u>	<u>2,900,413</u>
Operating loss	<u>(151,608)</u>	<u>(181,782)</u>	<u>(333,390)</u>
Non-operating revenues (expenses):			
Investment income	8,592	1,149	9,741
Interest expense	<u>(71,793)</u>	<u>(26,783)</u>	<u>(98,576)</u>
Net non-operating expenses	<u>(63,201)</u>	<u>(25,634)</u>	<u>(88,835)</u>
Loss before capital grants	(214,809)	(207,416)	(422,225)
Capital grants	247,293	-	247,293
Special items - acquisition of Sunnyview Apartments	<u>95,603</u>	<u>-</u>	<u>95,603</u>
Change in net position	128,087	(207,416)	(79,329)
Net position, beginning of year	<u>8,611,929</u>	<u>5,299,376</u>	<u>13,911,305</u>
Net position, end of year	<u>\$ 8,740,016</u>	<u>\$ 5,091,960</u>	<u>\$ 13,831,976</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Primary Government</u>
Cash Flows from Operating Activities:	
Cash received from tenants and others	\$ 1,631,077
Cash received from grantors	609,424
Cash paid to employees	(1,726,568)
Cash paid to vendors and suppliers	<u>(274,898)</u>
Net cash provided by operating activities	<u>239,035</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from issuance of notes	1,753,603
Principal payments on loans	(98,323)
Interest paid on loans	(48,414)
Proceeds from capital grants	247,293
Purchase of capital assets	(2,018,666)
Interest paid on lease	<u>(1,926)</u>
Net cash used in capital and related financing activities	<u>(166,433)</u>
Cash Flows from Investing Activities:	
Investment income	4,697
Proceeds from acquisition of Sunnyview Apartments	<u>115,816</u>
Net cash provided by investing activities	<u>120,513</u>
Net increase in cash, cash equivalents, and restricted cash	193,115
Cash, cash equivalents, and restricted cash, beginning of year	<u>5,544,566</u>
Cash, cash equivalents, and restricted cash, end of year	\$ <u><u>5,737,681</u></u>
Reconciliation of cash, cash equivalents, and restricted cash to the Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 4,536,242
Tenant security deposits	65,855
Restricted cash	<u>1,135,584</u>
Cash, cash equivalents, and restricted cash, end of year	\$ <u><u>5,737,681</u></u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Primary Government</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (151,608)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	407,808
Bad debt expense	21,299
Lease amortization	5,718
Development costs expensed	11,771
Changes in operating assets and liabilities:	
Accounts receivable, net	(66,140)
Prepaid expenses	(4,383)
Inventories, net	(496)
Accounts payable	(11,684)
Accrued expenses	6,424
Tenant security deposits liability	10,737
Unearned revenue	(1,581)
Accrued compensated absences	8,314
Lease liability	(4,621)
Other liabilities	<u>7,477</u>
Net cash provided operating activities	\$ <u><u>239,035</u></u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of Sunnyside, Washington (the "Authority") is a governmental, public corporation created under federal and state housing laws for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the City of Sunnyside, Washington (the "City"). The Authority is responsible for operating certain affordable housing programs in the City under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of commissioners which is essentially autonomous, but is responsible to HUD. An Executive Director is appointed by the Authority's board of commissioners to manage the day-to-day operations of the Authority.

B. Basis of Accounting / Financial Statement Presentation

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* ("GASB 33"), grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statement Presentation (continued)

Effective January 1, 2023, the Authority adopted GASB Statement No.96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). GASB 96 improves the financial reporting by establishing a definition for subscription-based information technology arrangements ("SBITA") and providing uniform guidance for accounting and financial reporting for transactions that meet the definition of SBITA. For the year ended December 31, 2023, the adoption of GASB 96 did not have a material effect on the financial statements of the Authority.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statement No. 14 and No. 34*, the Authority's basic financial statements include those of the Authority and any component units. Component units are legally separate organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government. An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based upon the application of these criteria, this report includes the following discretely presented component unit:

SHA Sunnyside Family Housing, LLC

SHA Sunnyside Family Housing, LLC ("SHA LLC") was organized as a limited liability company on April 4, 2014 under the laws of the State of Washington for the purpose of acquiring, constructing and operating an apartment complex located in Sunnyside, Washington. SHA LLC consists of 40 units, and is currently operating under the name of Rainier Park. The property was placed in service in March of 2016.

SHA LLC qualifies for low-income housing tax credits under Section 42 of the Internal Revenue Service Code. Such projects are regulated under terms of a Regulatory Agreement, including rent charges, operating methods and other matters.

Copies of the audited financial statements of the discretely presented component unit, which operates with a December 31, fiscal year end, may be obtained from the Housing Authority of Sunnyside, Washington, 204 S. 13th Street, Sunnyside, WA 98944.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs

The Authority maintains its accounting records by program. A summary of the significant properties and programs operated by the Authority is as follows:

Public and Indian Housing Program

The Public and Indian Housing Program is designed to affordable housing. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Public Housing Capital Fund Program

The purpose of the Public Housing Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing. Funding for this program is provided by annual awards from HUD.

State and Local Programs

Periodically, the Authority administers various loans/grants from the State of Washington . The activities of state and local loans/grants are reported in this fund.

Rural Rental Housing Loans

The purpose of rural rental housing loans is to provide affordable multi-family rental housing for low-income families in rural designated areas.

Farm Labor Housing Loans and Grants

The Authority administers a Section 514/516 Farm Labor Housing program whereby such financed housing is occupied by domestic farm laborers and their families who derive a substantial portion of their income from farm labor. The loans and grants may be used for construction, repair, or modification of existing off-farm housing, or to acquire the necessary land and making improvements on land for housing.

Rural Rental Assistance Payments

The purpose of the Section 521 rental assistance program is to reduce the tenant contribution paid by low-income families occupying eligible Rural Rental Housing and Farm Labor Housing projects financed by the USDA Rural Development through its Sections 515, and 514/516 loans and grants.

Rural Development Multi-Family Revitalization Demo Program

The purpose of the Rural Development Multi-Family Revitalization Demo Program is to preserve the availability of safe, affordable rental housing for low income residents.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Use of Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, 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. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment and contingencies. Actual results could differ significantly from these estimates.

F. Cash and Cash Equivalents

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

For the Statement of Cash Flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase. It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements.

G. Accounts Receivable, Net

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and due from vacated tenants. An allowance for doubtful accounts is established to provide for accounts which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts. Also, included in accounts receivable are those amounts that tenants owe the Authority for retroactive rent as payment for committing fraud or misrepresentation. These charges usually consist of retroactive rent and other amounts that may be determined by a formal written agreement or by a court order.

The Authority recognizes a receivable from HUD and other governmental agencies for amounts earned and billed but not received and for amounts unbilled, but earned as of year-end.

H. Allowance for Doubtful Accounts

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

J. Inventories, Net

Inventory consists of miscellaneous supplies and appliances and are valued at cost using the first in first out (FIFO) method. If inventory falls below cost due to damage, deterioration, or obsolescence, the Authority writes down inventory to its net realizable value through the establishment of an allowance for obsolete inventory. As of December 31, 2023, the balance is shown net of an allowance for obsolete inventory of \$1,610.

K. Notes Receivable

The Authority has utilized funds in accordance with HUD guidelines to assist in the construction and redevelopment of affordable housing developments through the issuance of mortgage notes. When preparing financial statements in accordance with GAAP, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property, the property's ability to generate positive cash flow, and current economic trends and conditions.

L. Capital Assets, Net

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of fixed assets, the cost and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position.

Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

- | | |
|------------------------------|---------------|
| • Buildings and Improvements | 15 - 30 years |
| • Furniture and Equipment | 3 - 7 years |

The Authority has established a capitalization threshold of \$1,000 with the exception that ranges, refrigerators, washing machines, dryers, dishwashers, and appliances of like kind will be capitalized regardless of original cost.

M. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended December 31, 2023 there were no impairment losses incurred.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Inter-program Receivables and Payables

Inter-program receivables and payables are all classified as either current assets or current liabilities, and are the result of the use of a concentrated account depository as the common paymaster for most of the programs of the Authority. Cash settlements are made monthly. All inter-program balances are reconciled, and inter-program receivables and payables balances net to zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes. Detail balances by program are found in the Financial Data Schedule of this report.

O. Accounts Payable and Accrued Liabilities

The Authority recognizes a liability for goods and services received but not paid for as of year-end. The Authority recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

P. Prepaid Rent

The Authority's prepaid rent primarily consist of the prepayment of rent by residents applicable to future periods.

Q. Compensated Absences

Compensated absences are those absences for which employees will be paid in accordance with the Authority's Personnel Policy. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such event take place.

R. Right-of-Use Asset and Lease Liabilities

Lessees are required to recognize a lease liability and an intangible right-of-use lease asset. The lease liability is the present value of future payments expected to be made over the course of the lease, and the right-of-use lease assets are measured as the initial amount of lease liability, plus any payments made to the lessor at or before the time of commencement of the lease and minus and any lease incentives received from the lessor.

In determining the present value of lease payments, the Authority uses the interest rate charged by the lessor which may be implicit in the lease or if not readily determinable, its incremental borrowing rate at the commencement date. Amortization of the right-of-use lease asset is recognized on a straight-line basis over the lease term.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Net Position Classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of resources including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

T. Use of Restricted Assets

When both restricted and unrestricted resources are available for a particular restricted use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as needed.

U. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded when received and are accounted for as revenue. Operating expenses are costs incurred in the operation of the program. The Authority classifies all other revenues and expenses as non-operating.

V. Regulated Leases

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases which are twelve months in length are regulated as to rent, unit size, household composition and tenant income. For the year ended December 31, 2023, rental revenue earned under the aforementioned regulated leases totaled \$1,427,873 for the primary government and \$273,177 for the discretely presented component unit.

W. Economic Dependency

The Public and Indian Housing Program of the Authority is economically dependent on grants from HUD. The program operates at a loss prior to receiving the grants.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

X. Taxes

The Authority is a unit of local government under the State of Washington law and is exempt from real estate, sales and income taxes. However, the Authority will pay a payment in lieu of taxes to cover municipal services provided by the local government for certain properties owned throughout the City.

Y. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and said amount exceeds insurance coverage. Settlement amounts have not exceeded insurance coverage for the last three years.

NOTE 2. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

As of December 31, 2023, the Authority had funds on deposit in checking, savings, and money market accounts. The carrying amount of the Primary Government's cash and cash equivalents (including restricted cash) was \$5,737,681, and the bank balances of the primary government approximated \$5,792,940.

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Unrestricted	\$ 4,536,242	\$ 557,332	\$ 5,093,574
Tenant security deposits	65,855	20,065	85,920
Restricted	<u>1,135,584</u>	<u>244,161</u>	<u>1,379,745</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 5,737,681</u>	<u>\$ 821,558</u>	<u>\$ 6,559,239</u>

Of the bank balances of the primary government, \$418,792 was covered by federal depository insurance and the remaining \$5,374,148 was collateralized with the pledging financial institutions as of December 31, 2023.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2023, the Authority's bank balances were not exposed to custodial credit risk.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following as of December 31, 2023:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Accounts receivable - HUD	\$ 11,780	\$ -	\$ 11,780
Accounts receivable - tenants, net	90,778	414	91,192
Accounts receivable - other government	16,055	-	16,055
Accounts receivable - fraud recovery, net	8,699	-	8,699
Accounts receivable - miscellaneous	<u>375</u>	<u>464</u>	<u>839</u>
Total accounts receivable, net	<u>\$ 127,687</u>	<u>\$ 878</u>	<u>\$ 128,565</u>

Accounts Receivable - HUD

Accounts receivable - HUD represents amounts due to the Authority for amounts expended under grant agreements that have not been reimbursed as of December 31, 2023. Management estimates the amount to be fully collectible and as such has made no allowance for doubtful accounts.

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent, maintenance charges and/or late fees. The balance is shown net of an allowance for doubtful accounts of \$9,694.

Accounts Receivable - Other Government

Accounts receivable - other government represents amounts owed to the Authority by other federal agencies and state and local governments. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Fraud Recovery, Net

Accounts receivable - fraud recovery, net represents amounts owed from tenants or other program participants who committed fraud or misrepresentation and now owe additional rent or retroactive rent. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Miscellaneous

Accounts receivable - miscellaneous consists of amounts owed to the Authority from the discretely presented component unit for unreimbursed operating costs. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 4. RESTRICTED DEPOSITS

As of December 31, 2023, restricted deposits consisted of the following:

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Construction reserves	\$ 85,621	\$ -	\$ 85,621
Replacement reserves	1,049,963	84,124	1,134,087
Operating reserves	-	100,871	100,871
Revenue deficit reserve	-	59,166	59,166
Tenant security deposits	<u>65,855</u>	<u>20,065</u>	<u>85,920</u>
Total restricted deposits	<u>\$ 1,201,439</u>	<u>\$ 264,226</u>	<u>\$ 1,465,665</u>

Construction reserves are funds required to be set aside of the modernization and development of the Mabton Foothills property in accordance with the requirements of the Washington State Department of Commerce.

Replacement reserves are funds required to be set aside for major project expenditures in accordance with the United States Department of Agriculture ("USDA") loan agreements.

Operating reserves and revenue deficit reserves are funds set aside to cover certain operating deficits in SHA LLC in accordance with the Operating Agreement.

Tenant security deposits represent amounts held by the Authority on behalf of tenants. Upon termination from the program, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

NOTE 5. CAPITAL ASSETS, NET

The following is a summary of the primary government's changes in capital assets during the year ended December 31, 2023:

<u>Description</u>	<u>December 31, 2022</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Transfers</u>	<u>December 31, 2023</u>
<u>Non-depreciable:</u>					
Land	\$ 669,644	\$ 102,025	\$ -	\$ -	\$ 771,669
Construction in progress	<u>7,219,244</u>	<u>185,870</u>	<u>(11,771)</u>	<u>(1,787,124)</u>	<u>5,606,219</u>
Total	<u>7,888,888</u>	<u>287,895</u>	<u>(11,771)</u>	<u>(1,787,124)</u>	<u>6,377,888</u>
<u>Depreciable:</u>					
Buildings and improvements	17,449,523	1,698,022	-	1,787,124	20,934,669
Furniture and equipment	<u>686,757</u>	<u>32,749</u>	<u>(14,122)</u>	<u>-</u>	<u>705,384</u>
Total	<u>18,136,280</u>	<u>1,730,771</u>	<u>(14,122)</u>	<u>1,787,124</u>	<u>21,640,053</u>
Less: accumulated depreciation	<u>15,862,395</u>	<u>407,808</u>	<u>(13,782)</u>	<u>-</u>	<u>16,256,421</u>
Net capital assets	<u>\$ 10,162,773</u>	<u>\$ 1,610,858</u>	<u>\$ (12,111)</u>	<u>\$ -</u>	<u>\$ 11,761,520</u>

Depreciation expense for the fiscal year ended December 31, 2023 amounted to \$407,808.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 5. CAPITAL ASSETS, NET (continued)

The following is a summary of the discretely presented component unit's changes in capital assets during the year ended December 31, 2023:

Description	December 31, 2022	Additions	Dispositions	Transfers	December 31, 2023
<u>Non-depreciable:</u>					
Land	\$ <u>290,535</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>290,535</u>
<u>Depreciable:</u>					
Buildings and improvements	8,272,905	-	-	-	8,272,905
Furniture and equipment	<u>14,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,237</u>
Total	<u>8,287,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,287,142</u>
Less: accumulated depreciation	<u>1,432,394</u>	<u>206,986</u>	<u>-</u>	<u>-</u>	<u>1,639,380</u>
Net capital assets	\$ <u>7,145,283</u>	\$ <u>(206,986)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6,938,297</u>

Depreciation expense for the fiscal year ended December 31, 2023 amounted to \$206,986.

NOTE 6. NOTES RECEIVABLE

Outstanding notes receivable as of December 31, 2023 for the primary government consisted of the following:

<u>Description</u>	<u>Amount</u>
On March 18, 2015, the Authority entered into a loan agreement with SHA LLC. The note, with a face value of \$290,000, bears interest at 1.25% per annum, matures on December 31, 2066 and is secured by a leasehold deed of trust. Principal and interest payments are due from available cash flow. Any unpaid principal and interest shall be due and payable on the maturity date.	\$ <u>290,000</u>
Total notes receivable	\$ <u>290,000</u>

As of December 31, 2023, accrued interest on the aforementioned notes receivable amounted to \$28,907.

NOTE 7. RIGHT-OF-USE ASSET AND LEASE LIABILITY

On April 1, 2021 the Authority entered into a lease agreement as a lessee for six washing machines and six dryers. The term of the lease is for seven years, with an option to extend annually for three additional years. Lease payments in the amount of \$528 are due monthly. The lease has an implicit interest rate of 4.00%. As of January 1, 2022, a right-of-use lease asset was recorded in the amount of \$57,183. As of December 31, 2023, the value of the right-of-use lease asset was \$41,934 and amortization expense totaled \$5,718 for the year then ended. Principal and interest payments made on the lease for the year ended December 31, 2023 amounted to \$4,621 and \$1,926, respectively.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 7. RIGHT-OF-USE ASSET AND LEASE LIABILITY (continued)

The following is a summary of the Authority's changes in right-of-use asset for the year ended December 31, 2023:

Description	January 1, 2023	Additions	Dispositions	December 31, 2023
Right-of-use asset	\$ 57,183	\$ -	\$ -	\$ 57,183
Less: accumulated amortization	<u>9,531</u>	<u>5,718</u>	<u>-</u>	<u>15,249</u>
Net right-of-use asset	<u>\$ 47,652</u>	<u>\$ (5,718)</u>	<u>\$ -</u>	<u>\$ 41,934</u>

The lease liability as of December 31, 2023 was \$45,596, with \$4,919 classified as a current liability.

Annual lease payments for principal and interest over the next five years and thereafter are as follows:

Year	Principal	Interest	Total
2024	\$ 4,919	\$ 1,734	\$ 6,653
2025	5,343	1,532	6,875
2026	5,675	1,310	6,985
2027	6,142	1,076	7,218
2028	6,512	822	7,334
2029 - 2031	<u>17,005</u>	<u>839</u>	<u>17,844</u>
	<u>\$ 45,596</u>	<u>\$ 7,313</u>	<u>\$ 52,909</u>

NOTE 8. OTHER LIABILITIES

Other liabilities of the primary government as of December 31, 2023 consisted of the following:

Description	December 31, 2022	Additions	Payments	December 31, 2023	Amounts due within one Year
Compensated absences	\$ 38,693	\$ 31,705	\$ (23,391)	\$ 47,007	\$ 32,515
Contract retainage	507,936	2,766	-	510,702	510,702
Lease liability	50,217	-	(4,621)	45,596	4,919
Accrued interest payable	60,743	89,810	(48,414)	102,139	2,976
Loans payable	<u>6,734,540</u>	<u>1,753,603</u>	<u>(98,323)</u>	<u>8,389,820</u>	<u>86,237</u>
Total long-term liabilities	<u>\$ 7,392,129</u>	<u>\$ 1,877,884</u>	<u>\$ (174,749)</u>	<u>\$ 9,095,264</u>	<u>\$ 637,349</u>

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 8. OTHER LIABILITIES (continued)

Other liabilities of the discretely presented component unit as of December 31, 2023 consisted of the following:

Description	December 31, 2022	Additions	Payments	December 31, 2023	Amounts due within one Year
Asset management fee	\$ -	\$ 4,919	\$ -	\$ 4,919	\$ 4,919
Accrued interest payable	181,934	26,792	-	208,726	-
Loans payable	<u>2,434,132</u>	<u>-</u>	<u>(9)</u>	<u>2,434,123</u>	<u>-</u>
Total long-term liabilities	\$ <u>2,616,066</u>	\$ <u>31,711</u>	\$ <u>(9)</u>	\$ <u>2,647,768</u>	\$ <u>4,919</u>

NOTE 9. LOANS PAYABLE

Loans payable of the primary government consisted of the following as of December 31, 2023:

<u>Description</u>	<u>Amount</u>
The Authority entered into a loan with the US Department of Agriculture on August 1, 1989 in the amount of \$122,600 for the Mabton Single Family Homes property. The loan bears interest at a rate of 9.0% per annum. Principal and interest are payable in monthly installments of \$260. The note matures in August 2039 and is secured by real estate.	\$ 94,099
The Authority entered into a loan with the US Department of Agriculture on August 1, 2015 in the amount of \$1,232 for the Sunshine Plaza property. The loan bears interest at a rate of 1.0% per annum. Principal and interest are payable in monthly installments of \$6. The note matures in August 2035 and is secured by real estate.	762
The Authority entered into a loan with the US Department of Agriculture on April 14, 1996 in the amount of \$2,060,681 for the Plaza Del Sol property. The loan bears interest at a rate of 1.0% per annum. Principal and interest are payable in monthly installments of \$6,301. The note matures in April 2029 and is secured by real estate.	361,416
The Authority entered into a loan with the US Department of Agriculture on November 9, 2018 in the amount of \$5,388,566 for Multifamily Preservation and Rehabilitation funding. The loan proceeds are to be used to rehabilitate 106 units the the Authority's existing housing units and are drawn down on an as needed basis. The loan bears interest at a rate of 1.0% per annum. The note matures in November 2048 and is secured by real estate.	4,780,124

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 9. LOANS PAYABLE (continued)

<u>Description</u>	<u>Amount</u>
The Authority entered into a loan with the Washington State Department of Commerce ("DEC") on May 5, 2021 in the amount of \$1,546,235. The loan proceeds are to be used to rehabilitate 10 units located in Mabton, WA and are drawn down on an as needed basis. All principal and interest payments are deferred until the loan maturity date, provided that the Authority maintains at least 50% of the units with populations specified by the DEC. The loan bears interest at a rate of 1.0% per annum. The note matures on March 30, 2062 and is secured by real estate.	1,511,949
The Authority entered into a loan with the US Department of Agriculture on March 3, 2023 in the amount of \$606,006 for the Sunnyview Apartments property. The loan bears interest at a rate of 4.0% per annum. Principal and interest are payable in monthly installments of \$2,339. The note matures in March 2053 and is secured by real estate.	603,427
The Authority entered into a loan with the DEC on February 13, 2023 in the amount of \$1,038,043 in relation to a Housing Trust Fund ("HTF") contract. The loan proceeds are to be used to fund the acquisition of 23 units located in Sunnyside, WA and are drawn down on an as needed basis. The loan is non-interest bearing and will have no expectation of repayment if the terms and conditions of the HTF contract. However if the property is sold, refinanced, transferred, or is materially out of compliance, unpaid principal will be due and payable to the DEC within 30 days of such event. The note matures on February 2, 2063 and is secured by real estate.	<u>1,038,043</u>
Total loans payable	8,389,820
Less: current portion	<u>86,237</u>
Loans payable, net of current portion	<u>\$ 8,303,583</u>

Annual debt service for principal and interest over the next five years and in five-year increments thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 86,237	\$ 33,510	\$ 119,747
2025	88,296	31,451	119,747
2026	89,724	30,023	119,747
2027	91,191	28,556	119,747
2028	85,175	34,219	119,394
2029-2033	100,434	120,852	221,286
2034-2038	125,028	95,330	220,358
2039-2043	120,119	66,126	186,245
2044-2048	4,912,699	519,027	5,431,726
2049-2053	140,925	12,009	152,934
2054-2058	-	-	-
2059-2066	<u>2,549,992</u>	<u>151,195</u>	<u>2,701,187</u>
	<u>\$ 8,389,820</u>	<u>\$ 1,122,298</u>	<u>\$ 9,512,118</u>

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 9. LOANS PAYABLE (continued)

Interest expense for the year ended December 31, 2023 totaled \$71,793. Accrued interest payable as of December 31, 2023 totaled \$102,139.

A summary of the Authority's discretely presented component unit's loans payable is as follows:

<u>Loans payable to the Authority as evidenced by a Note Receivable</u> <u>(see Note 6):</u>	<u>Amount</u>
On March 18, 2015, the Authority entered into a loan agreement with SHA LLC. The note, with a face value of \$290,000, bears interest at 1.25% per annum, and matures on December 31, 2066. Principal and interest payments are due from available cash flow. Any unpaid principal and interest shall be due and payable on the maturity date. Accrued interest as of December 31, 2023, amounted to \$28,907.	\$ 290,000
<u>Loans payable to other lenders:</u>	
On October 1, 2015, SHA LLC entered into a loan agreement with the Washington State Department of Commerce in the original amount of \$2,144,123. The loan bears interest at 1% per annum. No payments of principal or interest are due until the maturity date of September 30, 2055. Accrued interest as of December 31, 2023, amounted to \$179,819.	<u>2,144,123</u>
Total loans payable	\$ <u><u>2,434,123</u></u>

Interest expense for the year ended December 31, 2023 totaled \$26,783. Accrued interest payable as of December 31, 2023 totaled \$208,726.

NOTE 10. RESTRICTED NET POSITION

Restricted net position consists of the following as of December 31, 2023:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Replacement reserves	\$ 1,049,963	\$ 84,124	\$ 1,134,087
Operating reserves	-	100,871	100,871
Revenue deficit reserve	-	59,166	59,166
Construction reserves	<u>85,621</u>	<u>-</u>	<u>85,621</u>
Total restricted net position	\$ <u><u>1,135,584</u></u>	\$ <u><u>244,161</u></u>	\$ <u><u>1,379,745</u></u>

Replacement reserves are funds required to be set aside for major project expenditures in accordance with the USDA loan agreements.

Operating reserves and revenue deficit reserves are funds set aside to cover certain operating deficits in SHA LLC in accordance with the Operating Agreement.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 10. RESTRICTED NET POSITION (continued)

Construction reserves are funds required to be set aside of the modernization and development of the Mabton Foothills property in accordance with the requirements of the Washington State Department of Commerce.

NOTE 11. DEFINED CONTRIBUTION PLAN

The Authority administers a multiple-employer defined contribution profit sharing plan for employees through a pre-approved plan provider, Definiti LLC. A restatement of the existing plan, in order to comply with the requirements for Cycle 3 Pre-Approved Plans, pursuant to Rev. Proc. 2017-41, became effective January 1, 2022. Employees are eligible to receive a contribution of 6.5% of gross wages after three months of employment. Employees are 100% vested after five years of employment and are entitled to 100% of the value of their account after five years employment or upon separation. During the year ended December 31, 2023, the covered payroll for employees was \$726,568 and the Authority contributed \$43,831 to the Plan.

NOTE 12. SPECIAL ITEMS

Special items totaling \$95,603 in the primary government represent an equity transfer due to the acquisition of an USDA 515 Project, known as Sunnyview Apartments. Sunnyview Apartments is made up of twenty-three (23) residential units and one (1) common area unit.

NOTE 13. CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of December 31, 2023, the Authority estimates that no material liabilities will result from such audits.

NOTE 14. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Subsequent events have been evaluated through September 27, 2024, which is the date the financial statements were available to be issued.

**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 Sunnyside, Washington:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities (primary government) and the aggregate discretely presented component unit of the Housing Authority of Sunnyside, Washington (the "Authority") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 27, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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.

Novogradac & Company LLP

September 27, 2024
Toms River, New Jersey

**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 Sunnyside, Washington:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing Authority of Sunnyside, Washington (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2023. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 . Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

Report on Internal Control over Compliance (continued)

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Authority's Response to Audit Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the compliance and internal control over compliance finding identified in our compliance audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Novogradac & Company LLP

September 27, 2024
Toms River, New Jersey

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Federal Grantor/Program Title</u>	<u>AL Number</u>	<u>Grant Expenditures</u>
U.S. Department of Housing and Urban Development:		
Public and Indian Housing Program	14.850	\$ 292,623
Public Housing Capital Fund Program	14.872	<u>247,293</u>
Total U.S. Department of Housing and Urban Development		<u>539,916</u>
U.S. Department of Agriculture:		
Farm Labor Housing Loans and Grants	10.405	362,178
Farm Labor Housing Loans and Grants - Subsidy	10.405	75,677
Rural Rental Housing Loans	10.415	1,735,569
Rural Rental Housing Loans - Subsidy	10.415	32,142
Rural Rental Assistance Payments	10.427	218,666
Rural Development Multi-Family Revitalization Demo Program	10.447	<u>4,780,124</u>
Total U.S. Department of Agriculture		<u>7,204,356</u>
Total Expenditures of Federal Awards		<u>\$ 7,744,272</u>

See Notes to Schedule of Expenditures of Federal Awards.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

The Authority has not elected to use the ten percent de minimus indirect cost rate allowed under the Uniform Guidance.

NOTE 4. USDA HOUSING LOANS

The Programs (mortgages) listed subsequently are administered by the U.S. Department of Agriculture, and balances and transactions relating to the Programs are included in the Authority's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of the loans outstanding at December 31, 2023 consisted of:

<i>AL Number</i>	<i>Program Name</i>	<i>Outstanding Balance at December 31, 2023</i>
10.405	Farm Labor Housing Loans and Grants	\$ 362,178
10.415	Rural Rental Housing Loan Program	1,735,569
10.447	Rural Development Multi-Family Revitalization Demo Program	<u>4,780,124</u>
	Total	<u>\$ 6,877,871</u>

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 5.

SCHEDULE OF CAPITAL FUND COSTS AND ADVANCES

The total amounts of Capital Fund Program Costs and Advances incurred and earned by the Authority as of and for the year ended December 31, 2023 are provided herein:

	<u>501-19</u>	<u>501-20</u>	<u>501-21</u>	<u>501-22</u>	<u>501-23</u>	<u>Totals</u>
<u>Budget</u>	\$ <u>328,450</u>	\$ <u>354,975</u>	\$ <u>376,470</u>	\$ <u>453,221</u>	\$ <u>469,666</u>	\$ <u>1,982,782</u>
<u>Advances:</u>						
Cumulative through 12/31/22	\$ 77	\$ -	\$ -	\$ -	\$ -	\$ 77
Current Year	<u>235,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>235,513</u>
Cumulative through 12/31/23	<u>235,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>235,590</u>
<u>Costs:</u>						
Cumulative through 12/31/22	77	-	-	-	-	77
Current Year	<u>247,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,293</u>
Cumulative through 12/31/23	<u>247,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,370</u>
Excess / (Deficiency)	\$ <u>(11,780)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(11,780)</u>

**HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

I. Summary of Auditors' Results

Financial Statement Section

- | | | |
|----|---|---------------|
| 1. | Type of auditors' report issued: | Unmodified |
| 2. | Internal control over financial reporting | |
| a. | Material weakness(es) identified? | No |
| b. | Significant deficiency(ies) identified? | None Reported |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards Section

- | | | |
|----|--|------------|
| 1. | Internal Control over compliance: | |
| a. | Material weakness(es) identified? | No |
| b. | Significant deficiency(ies) identified? | Yes |
| 2. | Type of auditors' report on compliance for major programs: | Unmodified |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 4. | Identification of major programs: | |

AL Number

Name of Federal Program

10.415

Rural Rental Housing Loans

- | | | |
|----|--|-----------|
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| 6. | Auditee qualified as low-risk Auditee? | Yes |

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

Finding 2023-001:

Federal Agency: U.S. Department of Agriculture
Federal Program Titles: Rural Rental Housing Loans
Federal Assistance Listing Numbers: 10.415
Noncompliance - Replacement Reserve
Non Compliance Material to the Financial Statements: No
Significant Deficiency in Internal Controls over Compliance

Criteria: Replacement Reserve. The Authority is required to establish and maintain a replacement reserve to aid in funding the repair and replacement of capital items. The replacement reserve funds must be deposited in a federally insured depository in an interest-bearing account. All earnings including interest on the reserve must be added to the reserve. An amount as required by the USDA will be deposited annually in the reserve fund. These deposits are required to be made based on the RRHL Loan Agreement.

Condition: Based upon inspection of the Authority's replacement reserve bank statements and on discussions with management, the replacement reserve account was not funded as required during the audit period.

Context: During the audit period, the Authority did not make annual payments of \$8,400 to the Sunnyview Apartments' replacement reserve account as required by the RRHL Loan Agreement. This had resulted in the replacement reserve account being underfunded.

Known Questioned Costs: \$528

Cause: There is a significant deficiency in internal controls over the compliance related to the maintenance of the replacement reserve account.

Effect: The Rural Rental Housing Loan program is in non-compliance with the required deposits to the replacement reserve account.

Recommendation: We recommend the Authority design and implement internal control procedures that will reasonably assure compliance with the Uniform Guidance and U.S. Department of Agriculture Loan agreement, to make the required annual deposits to the replacement reserve account.

Views of responsible officials and planned corrective action plan: Management agrees with the finding and will implement the aforementioned recommendations.

HOUSING AUTHORITY OF SUNNYSIDE, WASHINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

III. Federal Award Findings and Questioned Costs (continued)

Finding 2023-002:

Federal Agency: U.S. Department of Agriculture
Federal Program Titles: Rural Rental Housing Loans
Federal Assistance Listing Numbers: 10.415
Noncompliance - Reporting Requirements
Non Compliance Material to the Financial Statements: No
Significant Deficiency in Internal Controls over Compliance

Criteria: Reporting Requirements. The Authority is required to prepare Form RD 3560-7, Multiple Family Housing Project Budget/Utility Allowance Budget Actuals, and Form RD 3560-10, MFH Borrower Balance Sheet to the USDA for each RD property per USDA HB-2-3560 year-end reporting requirements.

Condition: Based upon inspection of the Authority's Form RD 3560-7 and Form 3560-10 and discussions with management, the Authority did not prepare Forms RD 3560-7 and RD 3560-10 for each property during the audit period.

Context: During the audit period, the Authority did not prepare Forms RD 3560-7 and RD 3560-10 for RRHL property, Sunnyview Apartments.

Cause: There is a significant deficiency in internal controls over the compliance related to the reporting requirements for Forms RD 3560-7 and RD 3560-10.

Effect: The Rural Rental Housing Loan program is in non-compliance with the reporting requirements related to Forms RD 3560-7 and RD 3560-10.

Recommendation: We recommend the Authority design and implement internal control procedures that will reasonably assure compliance with the Uniform Guidance and U.S. Department of Agriculture reporting requirements.

Views of responsible officials and planned corrective action plan: Management agrees with the finding and will implement the aforementioned recommendations.

IV. Schedule of Prior Year Federal Audit Findings

There were no findings or questioned costs in the prior year.

The Housing Authority of Sunnyside, Washington (WA035)

Sunnyside, WA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2023

	Project Total	6.1 Component Unit - Discretely Presented	10.447 Rural Dev Multi-Family Revitalization Demo Program	10.405 Farm Labor Housing Loans and Grants	2 State/Local
111 Cash - Unrestricted	\$1,689,283	\$557,332	\$9,796	\$268,984	\$2,506,918
112 Cash - Restricted - Modernization and Development	\$0				\$85,621
113 Cash - Other Restricted	\$0	\$244,161		\$927,998	
114 Cash - Tenant Security Deposits	\$32,803	\$20,065		\$13,575	\$6,706
115 Cash - Restricted for Payment of Current Liabilities	\$0				
100 Total Cash	\$1,722,086	\$821,558	\$9,796	\$1,210,557	\$2,599,245
121 Accounts Receivable - PHA Projects	\$0				
122 Accounts Receivable - HUD Other Projects	\$11,780				\$0
124 Accounts Receivable - Other Government	\$0			\$0	
125 Accounts Receivable - Miscellaneous		\$464			\$375
126 Accounts Receivable - Tenants	\$24,868	\$414		\$56,898	\$2,199
126.1 Allowance for Doubtful Accounts - Tenants	-\$2,861	\$0		-\$4,753	-\$275
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0			\$0	
128 Fraud Recovery	\$4,797			\$1,365	
128.1 Allowance for Doubtful Accounts - Fraud	\$0			\$0	
129 Accrued Interest Receivable	\$0				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$38,584	\$878	\$0	\$53,510	\$2,299
131 Investments - Unrestricted	\$0				
132 Investments - Restricted	\$0				
135 Investments - Restricted for Payment of Current Liability	\$0				
142 Prepaid Expenses and Other Assets	\$9,886			\$26,115	\$7,085
143 Inventories	\$19,161			\$15,355	\$2,638
143.1 Allowance for Obsolete Inventories	\$864			-\$616	-\$115
144 Inter Program Due From					
145 Assets Held for Sale	\$0				
150 Total Current Assets	\$1,788,853	\$822,436	\$9,796	\$1,304,921	\$2,611,152
161 Land	\$113,302	\$290,535		\$443,959	\$101,128
162 Buildings	\$8,150,725	\$8,272,905		\$6,654,717	\$2,877,348
163 Furniture, Equipment & Machinery - Dwellings	\$171,507	\$14,237		\$120,006	\$63,412
164 Furniture, Equipment & Machinery - Administration	\$59,857				\$284,187
165 Leasehold Improvements	\$1,223,412			\$315,269	\$46,671
166 Accumulated Depreciation	-\$8,319,626	-\$1,639,380		-\$5,947,929	-\$1,777,522
167 Construction in Progress	\$127,967		\$5,293,769	\$125,532	\$58,951
168 Infrastructure	\$0				
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,527,144	\$6,938,297	\$5,293,769	\$1,711,554	\$1,654,175
171 Notes, Loans and Mortgages Receivable - Non-Current					\$290,000
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current	\$0				
174 Other Assets	\$0	\$21,259			\$28,907
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$1,527,144	\$6,959,556	\$5,293,769	\$1,711,554	\$1,973,082
200 Deferred Outflow of Resources	\$0				
290 Total Assets and Deferred Outflow of Resources	\$3,315,997	\$7,781,992	\$5,303,565	\$3,016,475	\$4,584,234

The Housing Authority of Sunnyside, Washington (WA035)

Sunnyside, WA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2023

	Project Total	6.1 Component Unit - Discretely Presented	10.447 Rural Dev Multi-Family Revitalization Demo Program	10.405 Farm Labor Housing Loans and Grants	2 State/Local
311 Bank Overdraft	\$0				
312 Accounts Payable <= 90 Days	\$50,517	\$22,107	\$0	\$25,054	\$7,841
313 Accounts Payable >90 Days Past Due	\$0				
321 Accrued Wage/Payroll Taxes Payable	\$48,140			\$6,123	
322 Accrued Compensated Absences - Current Portion	\$17,324			\$11,145	\$3,526
324 Accrued Contingency Liability	\$0				
325 Accrued Interest Payable	\$0	\$0		\$1,712	
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects	\$0				
333 Accounts Payable - Other Government	\$0			\$799	\$2,923
341 Tenant Security Deposits	\$32,803	\$20,065		\$13,575	\$6,706
342 Unearned Revenue	\$9,931	\$92		\$7,876	\$1,172
344 Current Portion of Long-term Debt - Operating Borrowings	\$3,279			\$74,027	
344 Current Portion of Long-term Debt - Operating Borrowings	\$0				
345 Other Current Liabilities	\$0	\$4,919	\$510,702		\$0
346 Accrued Liabilities - Other	\$2,945				\$1,766
347 Inter Program - Due To	\$0				
348 Loan Liability - Current					
310 Total Current Liabilities	\$164,939	\$47,183	\$510,702	\$140,311	\$23,934
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$27,118	\$2,434,123	\$4,780,124	\$303,350	\$1,511,949
352 Long-term Debt, Net of Current - Operating Borrowings	\$0				
353 Non-current Liabilities - Other	\$0	\$208,726	\$99,163		
354 Accrued Compensated Absences - Non Current	\$7,733			\$5,258	\$1,231
355 Loan Liability - Non Current		\$0			
356 FASB 5 Liabilities	\$0				
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$34,851	\$2,642,849	\$4,879,287	\$308,608	\$1,513,180
300 Total Liabilities	\$199,790	\$2,690,032	\$5,389,989	\$448,919	\$1,537,114
400 Deferred Inflow of Resources	\$0				
508.4 Net Investment in Capital Assets	\$1,496,747	\$4,504,174	\$513,645	\$1,334,177	\$142,226
511.4 Restricted Net Position	\$0	\$244,161		\$927,998	\$85,621
512.4 Unrestricted Net Position	\$1,619,460	\$343,625	-\$600,069	\$305,381	\$2,819,273
513 Total Equity - Net Assets / Position	\$3,116,207	\$5,091,960	-\$86,424	\$2,567,556	\$3,047,120
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,315,997	\$7,781,992	\$5,303,565	\$3,016,475	\$4,584,234

The Housing Authority of Sunnyside, Washington (WA035)

Sunnyside, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2023

	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	ELIM	Total
111 Cash - Unrestricted	\$61,261			\$5,093,574
112 Cash - Restricted - Modernization and Development				\$85,621
113 Cash - Other Restricted	\$121,965			\$1,294,124
114 Cash - Tenant Security Deposits	\$12,771			\$85,920
115 Cash - Restricted for Payment of Current Liabilities				\$0
100 Total Cash	\$195,997	\$0		\$6,559,239
121 Accounts Receivable - PHA Projects				\$0
122 Accounts Receivable - HUD Other Projects				\$11,780
124 Accounts Receivable - Other Government	\$455	\$15,600		\$16,055
125 Accounts Receivable - Miscellaneous				\$839
126 Accounts Receivable - Tenants	\$16,507			\$100,886
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,805			-\$9,694
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0			\$0
128 Fraud Recovery	\$2,537			\$8,699
128.1 Allowance for Doubtful Accounts - Fraud	\$0			\$0
129 Accrued Interest Receivable				\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$17,694	\$15,600		\$128,565
131 Investments - Unrestricted				\$0
132 Investments - Restricted				\$0
135 Investments - Restricted for Payment of Current Liability				\$0
142 Prepaid Expenses and Other Assets	\$1,440			\$44,526
143 Inventories	\$379			\$37,533
143.1 Allowance for Obsolete Inventories	\$15			-\$1,610
144 Inter Program Due From				
145 Assets Held for Sale				\$0
150 Total Current Assets	\$215,495	\$15,600		\$6,768,253
161 Land	\$113,280			\$1,062,204
162 Buildings	\$1,723,710			\$27,679,405
163 Furniture, Equipment & Machinery - Dwellings	\$6,415			\$375,577
164 Furniture, Equipment & Machinery - Administration				\$344,044
165 Leasehold Improvements				\$1,585,352
166 Accumulated Depreciation	-\$226,593			-\$17,911,050
167 Construction in Progress				\$5,606,219
168 Infrastructure				\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,616,812	\$0		\$18,741,751
171 Notes, Loans and Mortgages Receivable - Non-Current				\$290,000
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				\$0
174 Other Assets				\$50,166
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$1,616,812	\$0		\$19,081,917
200 Deferred Outflow of Resources				\$0
290 Total Assets and Deferred Outflow of Resources	\$1,832,307	\$15,600		\$25,850,170

The Housing Authority of Sunnyside, Washington (WA035)

Sunnyside, WA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2023

	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	ELIM	Total
311 Bank Overdraft				\$0
312 Accounts Payable <= 90 Days	\$446			\$105,965
313 Accounts Payable >90 Days Past Due				\$0
321 Accrued Wage/Payroll Taxes Payable	\$283			\$54,546
322 Accrued Compensated Absences - Current Portion	\$520			\$32,515
324 Accrued Contingency Liability				\$0
325 Accrued Interest Payable	\$1,264			\$2,976
331 Accounts Payable - HUD PHA Programs				\$0
332 Account Payable - PHA Projects				\$0
333 Accounts Payable - Other Government	\$1,224			\$4,946
341 Tenant Security Deposits	\$12,771			\$85,920
342 Unearned Revenue	\$3			\$19,074
344 Current Portion of Long-term Debt - Operating Borrowings	\$13,850			\$91,156
344 Current Portion of Long-term Debt - Operating Borrowings				\$0
345 Other Current Liabilities				\$515,621
346 Accrued Liabilities - Other				\$4,711
347 Inter Program - Due To				\$0
348 Loan Liability - Current				\$0
310 Total Current Liabilities	\$30,361	\$0		\$917,430
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$1,721,719			\$10,778,383
352 Long-term Debt, Net of Current - Operating Borrowings				\$0
353 Non-current Liabilities - Other				\$307,889
354 Accrued Compensated Absences - Non Current	\$270			\$14,492
355 Loan Liability - Non Current				\$0
356 FASB 5 Liabilities				\$0
357 Accrued Pension and OPEB Liabilities				\$0
350 Total Non-Current Liabilities	\$1,721,989	\$0		\$11,100,764
300 Total Liabilities	\$1,752,350	\$0		\$12,018,194
400 Deferred Inflow of Resources				\$0
508.4 Net Investment in Capital Assets	\$118,757			\$7,872,212
511.4 Restricted Net Position	\$121,965			\$1,379,745
512.4 Unrestricted Net Position	\$76,749	\$15,600		\$4,580,019
513 Total Equity - Net Assets / Position	\$79,957	\$15,600		\$13,831,976
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,832,307	\$15,600		\$25,850,170

The Housing Authority of Sunnyside, Washington (WA035)

Sunnyside, WA

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2023

Entity Wide Revenue and Expense Summary

	Project Total	6.1 Component Unit - Discretely Presented	10.447 Rural Dev Multi-Family Revitalization Demo Program	10.405 Farm Labor Housing Loans and Grants	2 State/Local
70300 Net Tenant Rental Revenue	\$611,297	\$273,177		\$577,691	\$114,260
70400 Tenant Revenue - Other	\$9,815	\$967		\$6,972	\$982
70500 Total Tenant Revenue	\$621,112	\$274,144	\$0	\$584,663	\$115,242
70600 HUD PHA Operating Grants	\$292,623				
70610 Capital Grants	\$247,293				
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants				\$75,677	
71100 Investment Income - Unrestricted	\$162	\$1,149		\$35	\$7,822
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery					
71500 Other Revenue	\$30,745		\$52,441	\$4,473	\$129,079
71600 Gain or Loss on Sale of Capital Assets	\$0			\$0	
72000 Investment Income - Restricted		\$0		\$189	
70000 Total Revenue	\$1,191,935	\$275,293	\$52,441	\$665,037	\$252,143
91100 Administrative Salaries	\$213,132	\$24,097		\$130,962	\$37,429
91200 Auditing Fees	\$16,487	\$12,400		\$10,751	\$2,696
91300 Management Fee		\$0	\$0		
91310 Book-keeping Fee					
91400 Advertising and Marketing	\$0	\$80			
91500 Employee Benefit contributions - Administrative	\$69,043	\$5,437		\$42,644	\$11,239
91600 Office Expenses	\$23,453	\$4,921		\$16,539	\$4,444
91700 Legal Expense	\$2,269	\$1,800		\$5,689	\$94
91800 Travel	\$402	\$549		\$375	\$136
91810 Allocated Overhead					
91900 Other	\$27,533	\$37,183	\$118	\$12,482	\$28,531
91000 Total Operating - Administrative	\$352,319	\$86,467	\$118	\$219,442	\$84,569
92000 Asset Management Fee		\$0			
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other					\$12
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$12

The Housing Authority of Sunnyside, Washington (WA035)

Sunnyside, WA

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2023

Entity Wide Revenue and Expense Summary

	Project Total	6.1 Component Unit - Discretely Presented	10.447 Rural Dev Multi-Family Revitalization Demo Program	10.405 Farm Labor Housing Loans and Grants	2 State/Local
93100 Water	\$40,146	\$31,183		\$44,736	\$26,893
93200 Electricity	\$8,749	\$2,590		\$10,648	\$16,019
93300 Gas	\$7,965			\$3,137	\$6,113
93400 Fuel					
93500 Labor					
93600 Sewer	\$32,052	\$7,600		\$51,105	\$26,941
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense	\$1,748	\$15,422		\$2,127	\$953
93000 Total Utilities	\$90,660	\$56,795	\$0	\$111,753	\$76,919
94100 Ordinary Maintenance and Operations - Labor	\$173,045	\$18,514		\$147,990	\$26,573
94200 Ordinary Maintenance and Operations - Materials and Other	\$52,398	\$16,934		\$42,372	\$9,046
94300 Ordinary Maintenance and Operations Contracts	\$90,828	\$36,944	\$0	\$65,423	\$23,332
94500 Employee Benefit Contributions - Ordinary Maintenance	\$63,000	\$0		\$55,573	\$10,419
94000 Total Maintenance	\$379,271	\$72,392	\$0	\$311,358	\$69,370
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs	\$4,264			\$1,928	\$645
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$4,264	\$0	\$0	\$1,928	\$645
96110 Property Insurance	\$32,176	\$18,476		\$30,448	\$10,835
96120 Liability Insurance	\$5,058			\$3,785	\$1,309
96130 Workmen's Compensation	\$9,832	\$0		\$8,530	\$1,419
96140 All Other Insurance	\$1,335			\$999	\$345
96100 Total Insurance Premiums	\$48,401	\$18,476	\$0	\$43,762	\$13,908
96200 Other General Expenses	\$36,911	\$10,206	\$0	\$20,924	\$5,864
96210 Compensated Absences	\$4,610			\$2,817	\$725
96300 Payments in Lieu of Taxes				\$799	\$2,923
96400 Bad debt - Tenant Rents	\$20,923	\$4,604		\$376	
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$62,444	\$14,810	\$0	\$24,916	\$9,512
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$26,783	\$40,507		
96720 Interest on Notes Payable (Short and Long Term)	\$1,284			\$4,418	
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$1,284	\$26,783	\$40,507	\$4,418	\$0
96900 Total Operating Expenses	\$938,643	\$275,723	\$40,625	\$717,577	\$254,935

The Housing Authority of Sunnyside, Washington (WA035)

Sunnyside, WA

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2023

Entity Wide Revenue and Expense Summary

	Project Total	6.1 Component Unit - Discretely Presented	10.447 Rural Dev Multi-Family Revitalization Demo Program	10.405 Farm Labor Housing Loans and Grants	2 State/Local
97000 Excess of Operating Revenue over Operating Expenses	\$253,292	-\$430	\$11,816	-\$52,540	-\$2,792
97100 Extraordinary Maintenance		\$0			
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments					
97350 HAP Portability-In					
97400 Depreciation Expense	\$191,107	\$206,986		\$153,330	\$27,862
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$1,129,750	\$482,709	\$40,625	\$870,907	\$282,797
10010 Operating Transfer In	\$0	\$0		\$179,219	
10020 Operating transfer Out	\$0	\$0			
10030 Operating Transfers from/to Primary Government	\$0				
10040 Operating Transfers from/to Component Unit	\$0				
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss	\$0				
10080 Special Items (Net Gain/Loss)	\$0				
10091 Inter Project Excess Cash Transfer In	\$0				
10092 Inter Project Excess Cash Transfer Out	\$0				
10093 Transfers between Program and Project - In	\$0				
10094 Transfers between Project and Program - Out	\$0				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$179,219	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$62,185	-\$207,416	\$11,816	-\$26,651	-\$30,654
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$71,781	\$0
11030 Beginning Equity	\$3,054,022	\$5,299,376	-\$98,240	\$2,594,207	\$3,077,774
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0		
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity					
11180 Housing Assistance Payments Equity					
11190 Unit Months Available	1680	480		1260	408
11210 Number of Unit Months Leased	1611	480		1123	278

The Housing Authority of Sunnyside, Washington (WA035)

Sunnyside, WA

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2023

Entity Wide Revenue and Expense Summary

	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	ELIM	Total
70300 Net Tenant Rental Revenue	\$124,625			\$1,701,050
70400 Tenant Revenue - Other	-\$4,929			\$13,807
70500 Total Tenant Revenue	\$119,696	\$0	\$0	\$1,714,857
70600 HUD PHA Operating Grants				\$292,623
70610 Capital Grants				\$247,293
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue			\$0	\$0
70800 Other Government Grants	\$32,142	\$218,666		\$326,485
71100 Investment Income - Unrestricted	\$239			\$9,407
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery				
71500 Other Revenue	\$82,724		-\$66,404	\$233,058
71600 Gain or Loss on Sale of Capital Assets				\$0
72000 Investment Income - Restricted	\$145			\$334
70000 Total Revenue	\$234,946	\$218,666	-\$66,404	\$2,824,057
91100 Administrative Salaries	\$21,411			\$427,031
91200 Auditing Fees	\$9,764			\$52,098
91300 Management Fee				\$0
91310 Book-keeping Fee				
91400 Advertising and Marketing	\$147			\$227
91500 Employee Benefit contributions - Administrative	\$2,046			\$130,409
91600 Office Expenses	\$2,694		-\$28,579	\$23,472
91700 Legal Expense	\$1,277			\$11,129
91800 Travel	\$97			\$1,559
91810 Allocated Overhead				
91900 Other	\$24,051		-\$32,298	\$97,600
91000 Total Operating - Administrative	\$61,487	\$0	-\$60,877	\$743,525
92000 Asset Management Fee				\$0
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other				\$12
92500 Total Tenant Services	\$0	\$0	\$0	\$12

The Housing Authority of Sunnyside, Washington (WA035)

Sunnyside, WA

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2023

Entity Wide Revenue and Expense Summary

	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	ELIM	Total
93100 Water	\$12,504		-\$5,527	\$149,935
93200 Electricity	\$3,445			\$41,451
93300 Gas				\$17,215
93400 Fuel				
93500 Labor				
93600 Sewer	\$19,811			\$137,509
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	\$53			\$20,303
93000 Total Utilities	\$35,813	\$0	-\$5,527	\$366,413
94100 Ordinary Maintenance and Operations - Labor	\$6,133			\$372,255
94200 Ordinary Maintenance and Operations - Materials and Other	\$875			\$121,625
94300 Ordinary Maintenance and Operations Contracts	\$46,169			\$262,696
94500 Employee Benefit Contributions - Ordinary Maintenance	\$7,255			\$136,247
94000 Total Maintenance	\$60,432	\$0	\$0	\$892,823
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs	\$55			\$6,892
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$55	\$0	\$0	\$6,892
96110 Property Insurance	\$12,001			\$103,936
96120 Liability Insurance	\$177			\$10,329
96130 Workmen's Compensation	\$324			\$20,105
96140 All Other Insurance	\$47			\$2,726
96100 Total Insurance Premiums	\$12,549	\$0	\$0	\$137,096
96200 Other General Expenses	\$11,960			\$85,865
96210 Compensated Absences	\$162			\$8,314
96300 Payments in Lieu of Taxes	\$490			\$4,212
96400 Bad debt - Tenant Rents				\$25,903
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$12,612	\$0	\$0	\$124,294
96710 Interest of Mortgage (or Bonds) Payable	\$25,584			\$92,874
96720 Interest on Notes Payable (Short and Long Term)				\$5,702
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$25,584	\$0	\$0	\$98,576
96900 Total Operating Expenses	\$208,532	\$0	-\$66,404	\$2,369,631

The Housing Authority of Sunnyside, Washington (WA035)

Sunnyside, WA

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2023

Entity Wide Revenue and Expense Summary

	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	\$26,414	\$218,666	\$0	\$454,426
97100 Extraordinary Maintenance	\$8,846			\$8,846
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$41,227			\$820,512
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$258,605	\$0	-\$66,404	\$2,998,989
10010 Operating Transfer In	\$37,052		-\$216,271	\$0
10020 Operating transfer Out		-\$216,271	\$216,271	\$0
10030 Operating Transfers from/to Primary Government				\$0
10040 Operating Transfers from/to Component Unit				\$0
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				\$0
10080 Special Items (Net Gain/Loss)	\$95,603			\$95,603
10091 Inter Project Excess Cash Transfer In				\$0
10092 Inter Project Excess Cash Transfer Out				\$0
10093 Transfers between Program and Project - In				\$0
10094 Transfers between Project and Program - Out				\$0
10100 Total Other financing Sources (Uses)	\$132,655	-\$216,271	\$0	\$95,603
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$108,996	\$2,395	\$0	-\$79,329
11020 Required Annual Debt Principal Payments	-\$2,608	\$0		\$69,173
11030 Beginning Equity	-\$29,039	\$13,205		\$13,911,305
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0			\$0
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	276			4104
11210 Number of Unit Months Leased	258			3750