Housing Authority of the City of Yakima

Yakima, Washington

Comprehensive Annual Financial Report

Year Ended

December 31, 2016

YHA

YAKIMA HOUSING AUTHORITY

"Committed to Safe and Affordable Housing"

Housing Authority of the City of Yakima

Yakima, Washington

Comprehensive Annual Financial Report

Year Ended

December 31, 2016

Issued by

Finance Department of

the Housing Authority of the City of Yakima

Corina Posekany, Controller

Housing Authority of the City of Yakima

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Housing Authority of the City of Yakima

Yakima, Washington

Introductory Section:

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart

List of Principal Officials

Building stronger communities through our commitment to safe and affordable housing

YHA
YAKIMA HOUSING AUTHORITY

"Committed to Safe and Affordable Housing"

July 20, 2017

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the Housing Authority of the City of Yakima (YHA) for the year ended December 31, 2016. This report is prepared in conformance with standards of financial reporting as established by the Governmental Accounting Standards Board and the Government Finance Officers Association. The U.S. Department of Housing and Urban Development (HUD) requires that all public housing authorities publish within nine months after the fiscal year-end, financial statements presented in conformity with U.S. Generally Accepted Accounting Principles (GAAP), YHA's financial statements presented here have been audited by Petersen CPAs & Advisors, PLLC. The auditors issued unqualified opinions on YHA's financial statements for the year ended December 31, 2016. The data presented in this report is the responsibility of the management of YHA. To the best of our knowledge and belief, the data as presented is accurate in all material aspects; is presented in a manner designed to fairly state the financial position and results of operations of YHA; and all disclosures necessary have been included to enable the reader to gain an understanding of YHA's financial affairs. GAAP requires that management provide a narrative introduction, overview and analysis to complement the basic financial statements in the form of Management's Discussion and Analysis (MD&A).

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

Government Overview

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

The primary source of funding for YHA is the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture (USDA). The City is not financially accountable for the operations of YHA, has no responsibility to fund deficits or receive surpluses, and has not guaranteed YHA's debt beyond a housing revenue bond issued in 1998 that had a balance outstanding of $1,795,000 at December 31, 2013 and was redeemed in May 2014, leaving no outstanding balance at December 31, 2016.

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

Economic Condition and Outlook

Congressional housing legislation and the federal budget affect YHA more than local economic factors. YHA's primary source of funding is HUD. As with most housing authorities, a majority of YHA's operating and capital funding comes from federal dollars in the form of operating subsidies, capital grant funds and Section 8 housing assistance payments. During calendar year 2016, HUD and other federal agencies provided approximately 55% of YHA's total revenues. For the Section 8 program, HUD provides housing authorities with a fixed annual budget for Housing Assistance Payments (HAP) and for administration fees. For the Public Housing program, housing authorities receive operating subsidies in accordance with an operating subsidy funding formula. In general, the calculated subsidy amount is the difference between an estimate of operating costs minus an estimate of income from rents. Operating subsidies are subject to annual appropriation by Congress.

In calendar year 2014, YHA completed the conversion of its public housing units through HUD's Rental Assistance Demonstration (RAD) program to Project-Based Vouchers (PBV). Beginning in January 2014, HUD transferred funding from public housing to Section 8 for YHA's units converted under RAD, eliminating YHA's reliance on public housing funding. Funding for the Section 8 program in calendar year 2016 was prorated at 100.00% and 83.86% of eligibility for HAP and administration fees, respectively.

The federal fiscal year 2017 began on October 1, 2017; but, the federal government operated under "continuing resolutions" until Congress passed an omnibus appropriations bill on May 4, 2017. The proration levels are approximately 97.28% and 75.70% of eligibility for HAP and administrative fees, respectively.

Long-Term Planning and Major Commitments and Initiatives

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

YHA has entered into a purchase and sale agreement to acquire four properties (95 units): Autumn Ridge I located in Wapato, Washington; Autumn Ridge II located in Wapato Washington; Northridge located in Zillah, Washington, and Sandalwood located in Toppenish, Washington. The Acquisition and rehabilitation of the units (approximately $8.1 million) is being funded through USDA RD's guaranteed loan program (approximately $3.0 million), Low Income Housing Tax Credit (LIHTC) Equity (approximately $4.4 million), and Housing Authority equity (approximately $680 thousand). In addition, YHA will assume the outstanding debt with USDA RD of approximately $4.3 million. YHA anticipates acquiring the properties and beginning the rehabilitation in the fall of 2017.

YHA is developing phase I of Cosecha Court II, a 96 bed facility for seasonal farmworker housing located in Granger, Washington. The facility will primarily house H2A visa workers for small to medium size farms. The construction of the facility will cost approximately $3.75 million is being funded with housing trust funds (approximately $3.0 million) through the Washington State Department of Commerce (Department of Commerce) and private debt (approximately $750 thousand). YHA anticipates beginning construction in the fall of 2017 and renting the beds in the spring of 2018.

YHA has applied to the U.S. Department of Health and Human services for the transfer of the former Marine Armory located in Yakima, Washington, to the Housing Authority. The Marine Armory will be improved to provide services (warming shelter, medical, dental, education, transportation, case management, etc.) and permanent housing for homeless veterans. In addition, multifamily housing will be developed on site for at least 38 units. The new construction and improvement of the existing facility will be funded with housing trust funds (approximately $2.7 million) through the Washington State Department of Commerce (Department of Commerce) and LIHTC Equity (approximately $6.7 million). YHA anticipates the transfer of the property and the rehabilitation to begin by the fall of 2017.

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

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

Financial Information

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

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

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

As part of YHA's single audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal award programs, as well as to learn whether YHA has complied with applicable laws, regulations, contracts and grants. YHA's single audit for the year ended December 31, 2016 found no instances of material weakness in the internal control or significant violations of the applicable laws, regulations, contracts and grants, audit reports regarding this are included in this CAFR in the Single Audit Section.

Other Information – Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to YHA for its Comprehensive Annual Financial Report for the year ended December 31, 2015.

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

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

Acknowledgments

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

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

Respectfully submitted,

Lowel Krueger, CPA, MBA
Executive Director

Corina Posekany
Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Housing Authority of the City of Yakima, Washington

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

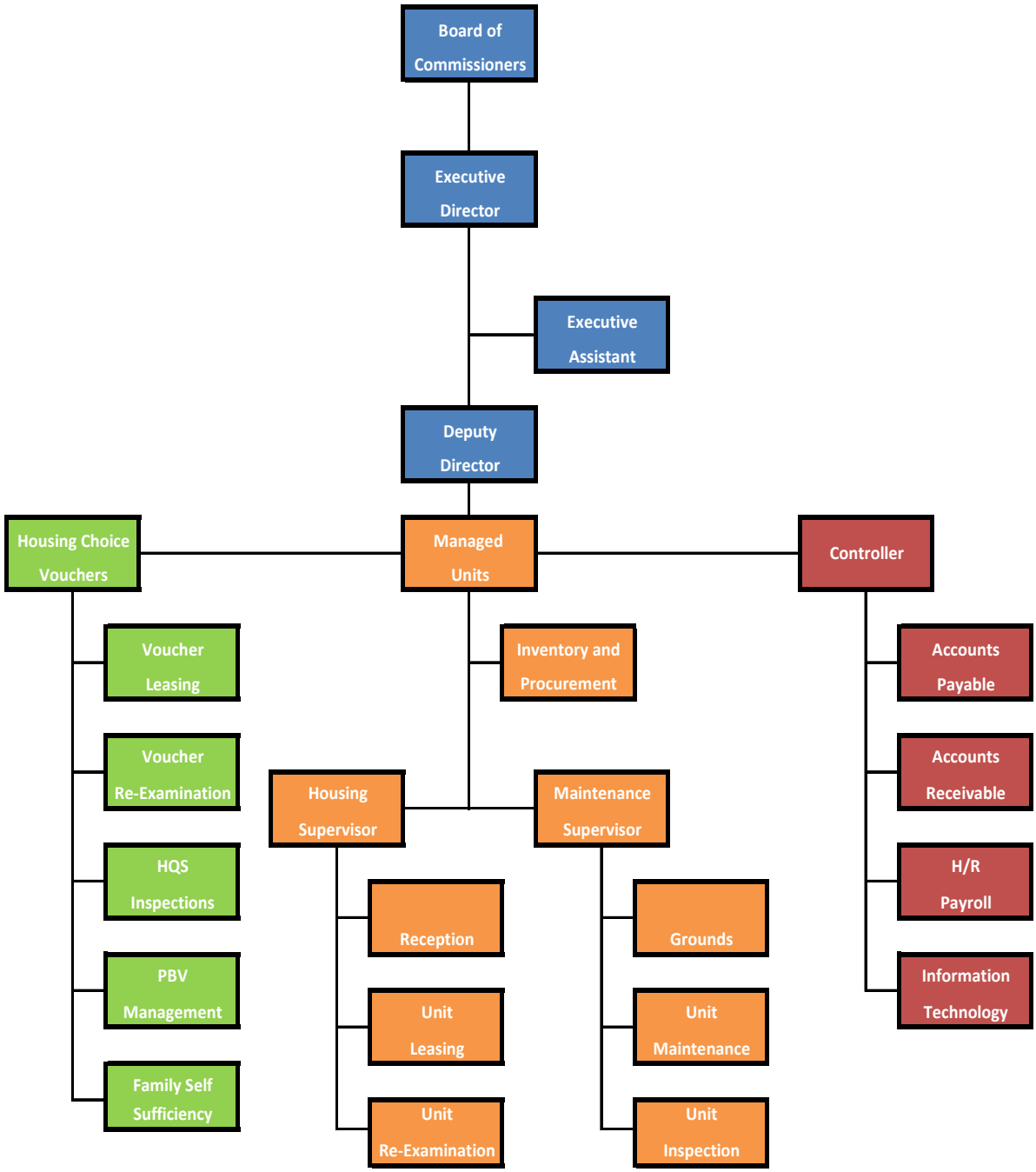
December 31, 2015

Executive Director/CEO

Housing Authority of the City of Yakima

Organizational Chart

December 31, 2016



Housing Authority of the City of Yakima
List of Principal Officials
December 31, 2016

Board of Commissioners:

Bob Ponti
Chairperson

Christine Goodwin
Vice-Chairperson

Linda Orozco
Commissioner

Nick Marquez
Commissioner

Gary Hudson
Commissioner

Management:

Lowel Krueger, CPA, MBA
Executive Director

Corina Posekany
Controller

August (Ted) Layton
Deputy Director

Manuel Olivas
Maintenance Supervisor

Elsa Mendez
Housing Supervisor

Housing Authority of the City of Yakima

Yakima, Washington

Financial Section:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to Basic Financial Statements

Combining Financial Schedules

Notes to Combining Financial Schedules

MATHEW D. PETERSEN
ABBY M. SANDERS
RYAN D. SMITH

PETERSEN
cpas and advisors | pllc

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Housing Authority of the City of Yakima (Yakima Housing Authority) and aggregate discretely presented component units of the Yakima Housing Authority, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Yakima Housing Authority as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the Yakima Housing Authority's basic financial statements. The introductory section, combining financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2017, on our consideration of the Yakima Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Yakima Housing Authority's internal control over financial reporting and compliance.

Petersen CPAs + Advisors, PLLC

July 20, 2017

This narrative overview and analysis of the Housing Authority of the City of Yakima's (YHA) performance for the year ended December 31, 2016 is provided as a supplement to YHA's financial statements. Please read it in conjunction with the transmittal letter at the beginning of this report, the basic financial statements following this section, and the notes to the basic financial statements. The management's discussion and analysis is presented in conformance with the Government Accounting Standards Board (GASB) financial reporting model as set forth in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus.*

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

FINANCIAL HIGHLIGHTS

- Total net position increased by approximately $4.0 million (22%) from December 31, 2015 to December 31, 2016. This is a result of revenues exceeding expenses by approximately $4.0 million.
- As of December 31, 2016, the assets of YHA exceeded liabilities by approximately $21.9 million (net position). Of this amount approximately $14.6 million (unrestricted net position) may be used to meet ongoing obligations, $6.0 million is net investment in capital assets and $1.3 million is restricted as to its allowable usage.
- Current and noncurrent liabilities decreased by approximately $2.2 million (19%) from December 31, 2015 to December 31, 2016. The decrease in 2016 is due to the sale of Glenn Acres and Naches House (assets are now discretely presented component units).
- December 31, 2016 operating revenues increased by approximately $2.0 million (29%) in comparison to the prior period. The increase is primarily due to an increase in federal funding (intergovernmental revenue) of approximately $643 thousand (14%) and an increase in tenant revenue of approximately $1.3 million (60%), associated with the increase in Housing Choice Vouchers and Harmony Park rents for a full year (purchased in October 2015). Other revenues also increased by approximately $1.8 million (93%) which was attributed to the sale of Glenn Acres and Naches House, which are now discretely presented component units.
- Nonoperating revenues, net of nonoperating expenses, and income before other revenues, expenses, gains, losses, and transfers increased by approximately $1.8 million (266%) from December 31, 2015 to December 31, 2016. The year ended December 31, 2016 includes the approximate $1.5 million gain recognized on the sale of Glenn Acres and Naches House (now discretely presented component units).

Continued

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Continued

FINANCIAL ANALYSIS

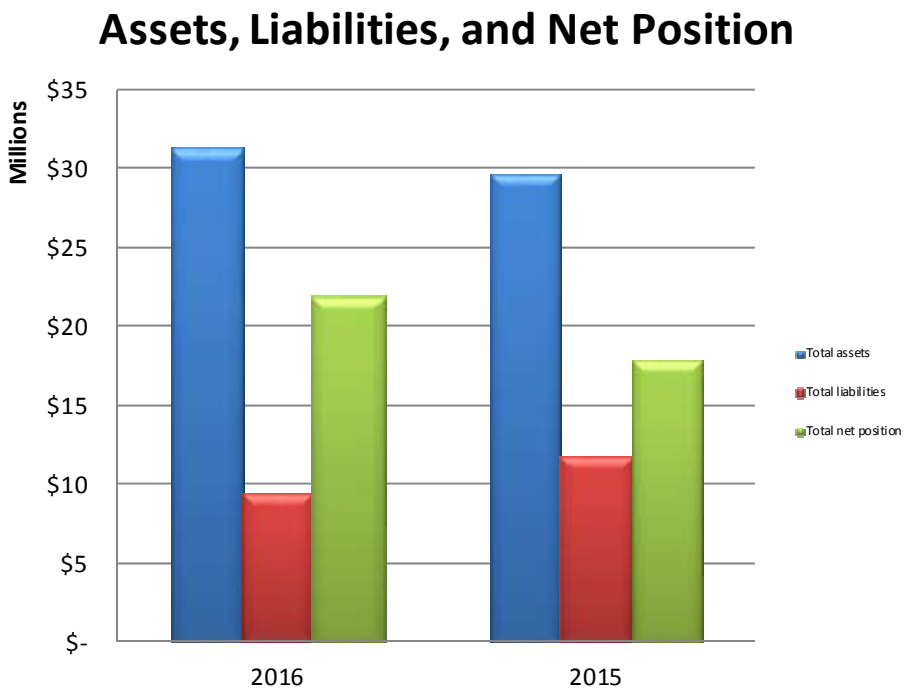
Net Position

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

	December 31, 2016	December 31, 2015
Current assets, unrestricted	$ 6,105,975	$ 3,279,133
Other current assets, restricted	1,295,618	1,676,669
Non-current assets	9,450,095	7,100,181
Capital assets, net	14,489,140	17,575,125
Total assets	$ 31,340,828	$ 29,631,108
Current and other liabilities	$ 1,282,366	$ 1,243,699
Current liabilities payable from restricted assets	225,482	223,408
Long-term liabilities	7,969,310	10,261,423
Total liabilities	9,477,158	11,728,530
Net Position		
Net investment in capital assets	5,966,020	6,461,102
Restricted net position	1,295,618	1,764,624
Unrestricted net position	14,602,032	9,676,852
Total net position	21,863,670	17,902,578
Total liabilities and net position	$ 31,340,828	$ 29,631,108

Total assets of YHA at December 31, 2016 and 2015 amounted to $31,340,828 and $29,631,108, respectively.

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



Continued

Unrestricted current assets are comprised of cash, receivables, investments, prepaid items and inventories. Unrestricted current assets are approximately 86% higher at December 31, 2016 than December 31, 2015, which represents an increase of approximately $2.8 million, primarily due to the increase in cash and investments of approximately $2.0 million.

Restricted current assets are comprised of cash and investments that are restricted for repayment of security deposits, and federal funding that was unspent at the end of the year. December 31, 2016 restricted current assets decreased by approximately $381 thousand in comparison to December 31, 2015, primarily due to the sale of Glenn Acres and Naches House, which are now discretely presented component units.

Capital assets include land, buildings, building improvements, furniture, equipment and machinery, and construction in progress and are shown net of accumulated depreciation. Capital assets decreased by approximately $3.1 million (18%) from December 31, 2015 to December 31, 2016. The most significant reductions in 2016 are the approximate $3.2 million for the sale of Glenn Acres and Naches House which are now discretely presented component units.

Total liabilities of YHA, which are segregated between current and noncurrent portions, amounted to $9,479,158 and $11,728,530 at December 31, 2016 and December 31, 2015, respectively.

Current liabilities consist of accounts payable, developer fee payable, retainage payable, accrued wages and payroll taxes, compensated absences, accrued interest, unearned revenue, accrued liabilities, short-term note payable and current portion of notes payable. Current liabilities increased from December 31, 2015 to December 31, 2016 by approximately $69 thousand (3%), which is primarily due to an increase in unearned income, and is offset by payments of prior year construction liabilities.

Current liabilities payable from restricted assets primarily consist of tenant security deposits and FSS Escrow deposits. These liabilities increased by $2 thousand (1%) from December 31, 2015 to December 31, 2016.

Long-term liabilities consist of notes payable and the long-term portion of compensated absences. The decrease in long-term liabilities from December 31, 2015 to December 31, 2016 was approximately $2.3 million (22%), and is attributed to the sale of Glenn Acres and Naches House, which are now discretely presented component units.

Continued

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

The first category, net investment in capital assets, shows YHA's equity in land, buildings, building improvements, furniture, equipment and machinery, and construction in progress, net of related outstanding debt. The second category, restricted net position, has external limitations on the way in which these assets can be used. The last category, unrestricted net position, is available to be used for any lawful and prudent YHA purpose. Total net position of YHA increased by approximately $4.0 million (22%) from December 31, 2015 to December 31, 2016.

YHA's current ratio reflects the relationship between current assets and current liabilities and is a measure of YHA's ability to pay short-term obligations. At December 31, 2016 and December 31, 2015, YHA's current ratios were 4.9:1 and 3.4:1, respectively.

Continued

Revenues, Expenses and Changes in Net Position

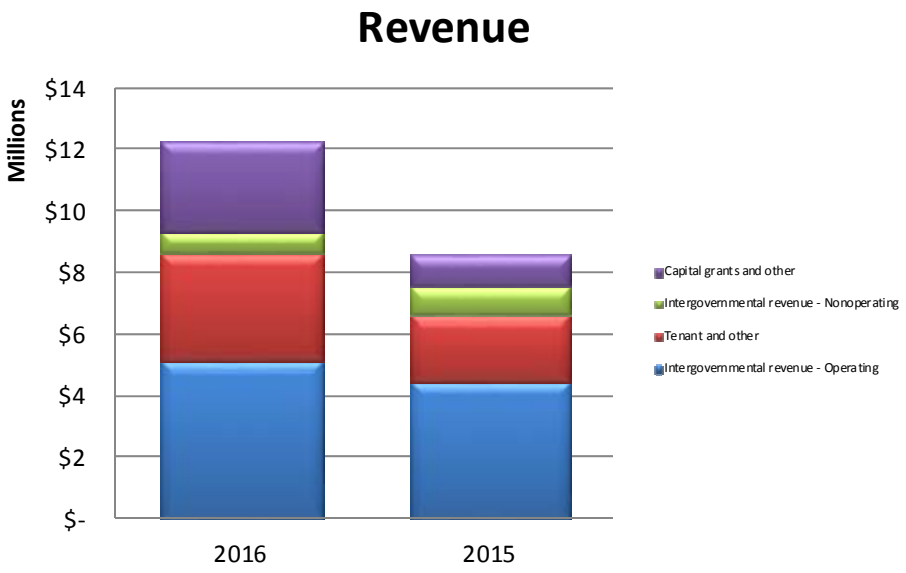
The following table compares the revenue and expenses for the current and previous periods:

	Dec. 31, 2016	Dec. 31, 2015
Revenue:		
Intergovernmental revenue - Operating	$ 5,108,871	$ 4,465,763
Tenant and other	3,513,730	2,194,514
Intergovernmental revenue - Nonoperating	739,836	919,704
Investment revenue	451,298	316,100
Gain (loss) on sale of capital assets	1,529,195	-
Capital grants and contributions	927,902	654,570
Total revenue	12,270,832	8,550,651
Expenses:		
Administration	1,423,049	1,303,055
Utilities	525,481	492,280
Ordinary maintenance and operation	792,754	806,893
General expenses	152,433	113,029
Payments in lieu of taxes	5,284	5,307
Housing assistance payments	4,375,261	3,983,015
Depreciation	819,063	949,616
Interest expense	211,319	240,573
Debt issuance costs	5,096	310,750
Total expenses	8,309,740	8,204,518
(Decrease) Increase in net position	3,961,092	346,133
Net position, beginning of year	17,902,578	18,429,033
Capital contribution	-	(872,588)
Net position, end of year	$ 21,863,670	$ 17,902,578

Continued

Revenues increased by approximately $3.7 million (44%) from December 31, 2016 to December 31, 2015. As noted above, the increase is primarily due to YHA's developer fee of approximately $600 thousand from YHA Family Housing (a discretely presented component unit), and $1.5 million related to the sale of Glenn Acres and Naches House (now a discretely presented component unit).

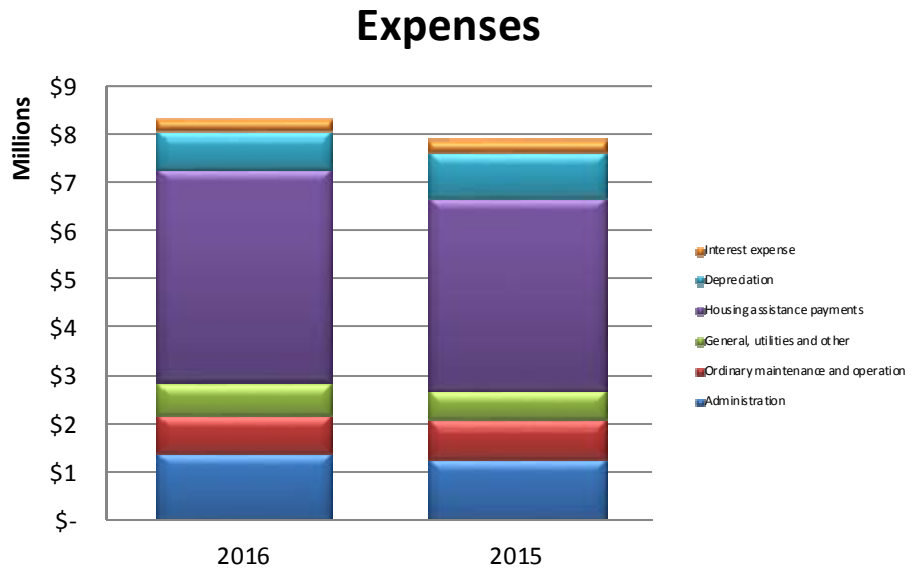
The following compares the revenues for the current and previous fiscal years in graphical format:



Expenses increased by approximately $105 thousand (1%) from December 31, 2015 to December 31, 2016. The most significant changes during the year are primarily due to increased housing assistance payments.

Continued

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



Capital Assets and Debt Administration

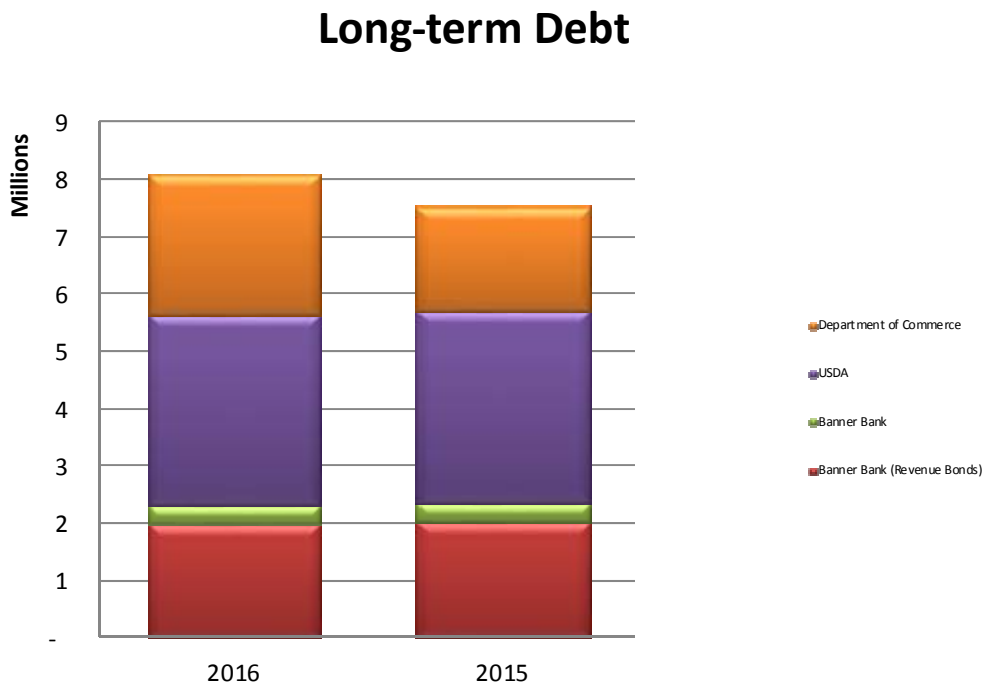
YHA's capital assets are summarized in the table below:

	December 31, 2016	December 31, 2015
Land	$ 1,896,494	$ 1,896,494
Buildings	21,295,575	21,749,928
Building Improvements	-	132,349
Furniture, equipment & machinery - dwellings	569,373	604,520
Furniture, equipment & machinery - administration	390,606	400,610
Construction in progress	757,047	3,057,270
Total capital assets	24,909,095	27,841,171
Less accumulated depreciation	(10,419,955)	(10,266,046)
Net capital assets	$ 14,489,140	$ 17,575,125

Net capital assets decreased by approximately $3.1 million (18%) from December 31, 2015 to December 31, 2016. The most significant capital asset transactions during the year-ended December 31, 2016 was the sale of Glenn Acres and Naches House, which are now discretely presented component units. Additional information on YHA's capital assets can be found in Note 5 to the basic financial statements.

Continued

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



All debt service payments were made in 2016 and 2015 as scheduled. Additional information on YHA's long-term debt can be found in Note 7 to the basic financial statements.

ECONOMIC FACTORS AFFECTING YHA'S FUTURE

The majority of YHA's funding is from federal agencies in the form of operating subsidies, capital fund grants, housing choice vouchers, and other various grants. Due to the conversion of its public housing units (utilizing the HUD RAD program) to Section 8 project-based vouchers, 2016 is the third year YHA has not received public housing subsidy, and received Section 8 funding only. In 2016 Section 8 HAP was prorated at 100% of eligibility. Based on HUD's funding letters and contracts with HUD, it is anticipated that most HUD programs will continue to receive renewal funding including the housing choice voucher program, which is YHA's largest housing program, serving over 1,000 families.

Congress and the federal government continue to cut federal subsidies due to federal budget priorities. The reduced funding shift continues to have an impact on YHA's economic position because federal housing dollars make up the largest source of revenue for YHA. During 2016, YHA earned $7.2 million in federal assistance.

In addition, a majority of YHA's $30.1 million of net capital assets as of December 31, 2016 were acquired and/or developed over the years with financial assistance from HUD and USDA RD. Such assistance has typically come with use restrictions and generally limits YHA's ability to encumber or leverage financing against HUD or USDA RD properties in its portfolio.

Continued

REQUESTS FOR INFORMATION

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

Lowel Krueger, CPA, MBA
Executive Director

Corina Posekany
Controller

Phone:
509.453.3106

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810 N. 6th Avenue
Yakima, WA 98902

Website:
www.yakimahousing.org

Continued

Housing Authority of the City of Yakima
Statements of Net Position
December 31, 2016

	Primary Government	Discretely Presented Component Units
Assets		
Current Assets:		
Cash and cash equivalents - unrestricted	$ 4,163,626	$ 478,604
Accounts receivable, net of allowance	1,240,837	101,854
Investments - unrestricted	37,123	-
Prepaid expenses and other assets	5,678	45,448
Inventories	52,416	-
Due from other funds	606,295	-
	6,105,975	625,906
Restricted Assets:		
Cash and cash equivalents - other restricted	125	-
Cash - tenant security deposits	57,244	64,823
Investments - restricted	1,238,249	1,341,286
	1,295,618	1,406,109
Total current assets	7,401,593	2,032,015
Noncurrent Assets:		
Investment in Component Units	766,975	-
Loan Receivable - Component Units	8,683,120	-
Capital assets:		
Land	1,896,494	1,688,758
Buildings	21,295,575	16,177,516
Building improvements	-	17,410,399
Furniture, equipment and machinery - dwellings	569,373	375,883
Furniture, equipment and machinery - administration	390,606	-
Accumulated depreciation	(10,419,955)	(1,974,491)
Construction in progress	757,047	-
Total noncurrent assets	23,939,235	33,678,065
Total assets	$ 31,340,828	$ 35,710,080

See accompanying notes to financial statements

Housing Authority of the City of Yakima
Statements of Net Position (Continued)
December 31, 2016

	Primary Government	Discretely Presented Component Units
Liabilities and Net Position		
Current Liabilities:		
Accounts payable less than 90 days	$ 104,739	$ 34,844
Developer fee payable	-	2,499,085
Retainage payable	109,365	164,756
Accrued wages and payroll taxes payable	72,505	6,766
Accrued compensated absences - current portion	32,552	6,362
Accrued interest payable	8,527	23,866
Accrued liabilities - other	(3,199)	-
Unearned revenue	464,603	12,882
Short-term notes payable	311,112	-
Current portion of long term debt - capital projects mortgage revenue bonds	182,162	-
Due to other funds	-	606,295
	1,282,366	3,354,856
Payables from Restricted Assets		
FSS escrow deposits	168,238	-
Tenant security deposits	57,244	64,823
	225,482	64,823
Total current liabilities	1,507,848	3,419,679
Noncurrent Liabilities:		
Long-term debt, net of current - capital projects, mortgage, revenue bonds	7,920,481	16,279,179
Accrued compensated absences, net of current	48,829	9,542
Total noncurrent liabilities	7,969,310	16,288,721
Total liabilities	9,477,158	19,708,400
Net Position:		
Net investment in capital assets	5,966,020	14,735,045
Restricted for:		
Future capital improvements	1,238,249	-
Required reserves	57,369	1,341,286
Unrestricted net position	14,602,032	(74,651)
Total net position	21,863,670	16,001,680
Total liabilities and net position	$ 31,340,828	$ 35,710,080

Continued

Housing Authority of the City of Yakima
Statements of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2016

	Primary Government	Discretely Presented Component Units
Operating Revenue:		
Intergovernmental revenue	$ 5,108,871	$ -
Net tenant rental revenue	1,544,233	1,407,096
Other revenue	1,931,912	24,630
Other tenant revenue	37,585	37,680
Total operating revenue	8,622,601	1,469,406
Operating Expenses:		
Administrative:		
Administrative wages	541,203	101,575
Auditing and legal fees	129,863	33,017
Employee benefit contributions	239,423	32,946
Other operating - administrative	421,210	324,144
Tenant services	91,350	-
	1,423,049	491,682
Utilities:		
Electricity	58,745	47,377
Other utilities expense	96,350	58,519
Sewer	180,871	90,379
Water	189,515	80,084
	525,481	276,359
Ordinary maintenance and operations:		
Contract costs	207,917	101,025
Employee benefit contributions	123,272	39,281
Maintenance and operations wages	374,789	93,707
Materials and other	86,776	70,047
	792,754	304,060
General expenses:		
Depreciation expense	819,063	946,267
Housing assistance payments	4,375,261	-
Insurance premiums	45,335	-
Bad debt - tenant rents	68,744	62,398
Bad debt - other	-	13,958
Other general expenses	34,832	-
Protective services contract costs	3,522	57,716
Payments in lieu of taxes	5,284	2,664
	5,352,041	1,083,003
Total operating expenses	8,093,325	2,155,104
Operating Income (Loss)	$ 529,276	$ (685,698)

See accompanying notes to financial statements

Housing Authority of the City of Yakima

Statements of Revenues, Expenses and Changes in Net Position (continued)

Year Ended December 31, 2016

	Primary Government	Discretely Presented Component Units
Operating Income (Loss)	$ 529,276	$ (685,698)
Nonoperating Revenue (Expenses):		
Gain on sale of capital assets	1,529,195	-
Interest expense	(211,319)	(462,355)
Debt issuance costs	(5,096)	(329,353)
Intergovernmental revenue	739,836	329,656
Investment revenue - restricted	214	907
Investment revenue - unrestricted	451,160	252
Total nonoperating revenue (expense)	2,503,990	(460,893)
Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers	3,033,266	(1,146,591)
Partnership net income	(76)	-
Capital grants	927,902	-
Increase (Decrease) in Net Position	3,961,092	(1,146,591)
Net Position, Beginning of Period	17,902,578	14,655,423
Capital Contribution	-	2,492,848
Net Position, End of Period	$ 21,863,670	$ 16,001,680

Continued

Housing Authority of the City of Yakima
Statements of Cash Flows
Year Ended December 31, 2016

	Primary Government
Cash Flows from Operating Activities:	
Receipts from tenants and others	$ 2,578,947
Payments to employees	(915,992)
Housing assistance payments	5,108,871
Payments to vendors and suppliers	(6,345,517)
Net cash provided by operating activities	426,309
Cash Flows from Noncapital Financing Activities:	
Intergovernmental grants and contracts	739,836
Net cash provided by noncapital financing activities	739,836
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(1,462,459)
Net change in short-term borrowings	311,112
Principal payments on long-term debt	(357,767)
Proceeds from long-term debt	793,837
Interest paid	(219,543)
Debt issuance costs	(5,096)
Capital grants received	927,902
Net cash used by capital and related financing activities	(12,014)
Cash Flows from Investing Activities:	
Change in investment in component units	(100)
Interest received	451,374
Net cash provided by investing activities	451,274
Net Increase in Cash and Cash Equivalents	1,605,405
Cash and Cash Equivalents, Beginning of Period	3,890,962
Cash and Cash Equivalents, End of Period	$ 5,496,367
Cash and Cash Equivalents consist of:	
Cash - unrestricted	$ 4,163,626
Cash - restricted	125
Tenant security deposits	57,244
Investments - unrestricted	37,123
Investments - restricted	1,238,249
	$ 5,496,367

See accompanying notes to financial statements

Housing Authority of the City of Yakima
Statements of Cash Flows (continued)
Year Ended December 31, 2016

	Primary Government
Reconciliation of Operating Income to Net Cash used by Operating Activities:	
Operating income	$ 529,276
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:	
Depreciation	819,063
(Increase) decrease in cash due to changes in assets:	
Receivables	(934,783)
Prepaid expenses and other assets	87,377
Inventories	7,020
Increase (decrease) in cash due to changes in liabilities:	
Accounts payable	(116,957)
Accrued wages and taxes payable	12,116
Accrued liabilities - other	14,222
Compensated absences	6,901
Tenant security deposits	(17,663)
FSS escrow deposits	19,737
Total adjustments	(102,967)
Net Cash Provided by Operating Activities	$ 426,309

Schedule of Noncash Investing and Financing Activities:

During the year-ended December 31, 2016 the Primary Government sold property to a tax credit project, which included a $2,350,000 receivable from the project, and $2,799,322 of loan payoffs at closing.

During the year-ended December 31, 2016 $109,365 of capital assets were included in accounts payable.

Continued

Housing Authority of the City of Yakima
Combining Balance Sheet – Discretely Presented Component Units
December 31, 2016

	YHA Family Housing, LLC	Toppenish Family Housing, LLC	Yakima Affordable Housing, LLLP	Total
Assets				
Current Assets:				
Cash and cash equivalents - unrestricted	$ 119,901	$ 86,131	$ 272,572	$ 478,604
Accounts receivables, net of allowance	93,398	2,780	5,676	101,854
Prepaid expenses and other assets	37,253	3,222	4,973	45,448
	250,552	92,133	283,221	625,906
Restricted Assets:				
Cash - tenant security deposits	34,000	8,700	22,123	64,823
Investments - restricted	1,337,321	3,965	-	1,341,286
	1,371,321	12,665	22,123	1,406,109
Total current assets	1,621,873	104,798	305,344	2,032,015
Noncurrent Assets:				
Capital assets:				
Land	1,500,000	188,758	-	1,688,758
Buildings	5,536,800	6,046,468	4,594,248	16,177,516
Building improvements	11,935,142	-	5,475,257	17,410,399
Furniture, equipment and machinery - dwellings	163,142	48,754	163,987	375,883
Accumulated depreciation	(1,668,689)	(127,618)	(178,184)	(1,974,491)
Total noncurrent assets	17,466,395	6,156,362	10,055,308	33,678,065
Total assets	$ 19,088,268	$ 6,261,160	$ 10,360,652	$ 35,710,080

Continued

Housing Authority of the City of Yakima
Combining Balance Sheet – Discretely Presented Component Units (continued)
December 31, 2016

	YHA Family Housing, LLC	Toppenish Family Housing, LLC	Yakima Affordable Housing, LLLP	Subtotal
Liabilities and Net Position				
Current Liabilities:				
Accounts payable less than 90 days	$ 16,004	$ 6,570	$ 12,270	$ 34,844
Developer fee payable	-	440,266	2,058,819	2,499,085
Retainage payable	-	-	164,756	164,756
Accrued wages and payroll taxes	6,354	412	-	6,766
Accrued compensated absences current portion	3,506	177	2,679	6,362
Accrued interest payable	-	12,370	11,496	23,866
Unearned income	8,668	955	3,259	12,882
Due to other funds	481,089	3,780	121,426	606,295
	515,621	464,530	2,374,705	3,354,856
Payables from Restricted Assets:				
Tenant security deposits	34,000	8,700	22,123	64,823
	34,000	8,700	22,123	64,823
Total current liabilities	549,621	473,230	2,396,828	3,419,679
Noncurrent Liabilities:				
Long-term debt, net of current	6,333,120	2,100,000	7,846,059	16,279,179
Accrued compensated absences, net of current	5,258	265	4,019	9,542
Total noncurrent liabilities	6,338,378	2,100,265	7,850,078	16,288,721
Total liabilities	6,887,999	2,573,495	10,246,906	19,708,400
Net Position:				
Net investment in capital assets net of related debt	11,133,275	3,616,096	(14,326)	14,735,045
Restricted for:				
Required reserves	1,337,321	3,965	-	1,341,286
Unrestricted net position	(270,327)	67,604	128,072	(74,651)
Total net position	12,200,269	3,687,665	113,746	16,001,680
Total liabilities and net position	$ 19,088,268	$ 6,261,160	$ 10,360,652	$ 35,710,080

Continued

Housing Authority of the City of Yakima

Combining Statement of Activities – Discretely Presented Component Units

Year Ended December 31, 2016

	YHA Family Housing, LLC	Toppenish Family Housing, LLC	Yakima Affordable Housing, LLLP	Total
Operating Revenue:				
Net tenant rental revenue	$ 1,107,698	$ 128,938	$ 170,460	$ 1,407,096
Other revenue	12,797	-	11,833	24,630
Other tenant revenue	29,704	5,471	2,505	37,680
Total operating revenue	1,150,199	134,409	184,798	1,469,406
Operating Expenses:				
Administrative:				
Administrative wages	55,834	3,654	42,087	101,575
Professional fees	29,214	-	3,803	33,017
Employee benefit contributions	16,029	1,057	15,860	32,946
Other operating - administrative	185,667	52,777	85,700	324,144
	286,744	57,488	147,450	491,682
Utilities:				
Electricity	17,731	1,148	28,498	47,377
Other utilities expense	39,417	10,911	8,191	58,519
Sewer	57,859	18,960	13,560	90,379
Water	58,022	13,723	8,339	80,084
	173,029	44,742	58,588	276,359
Ordinary maintenance and operations:				
Contract costs	66,454	1,903	32,668	101,025
Employee benefit contributions	34,234	1,309	3,738	39,281
Maintenance and operations wages	76,207	4,016	13,484	93,707
Materials and other	54,209	3,037	12,801	70,047
	231,104	10,265	62,691	304,060
General expenses:				
Depreciation expense	640,465	127,618	178,184	946,267
Insurance premiums	45,651	6,529	10,218	62,398
Bad debt - tenant rents	8,277	436	5,245	13,958
Other general expenses	53	57,253	410	57,716
Protective services contract costs	575	216	1,873	2,664
	695,021	192,052	195,930	1,083,003
Total operating expenses	1,385,898	304,547	464,659	2,155,104
Operating Loss	$ (235,699)	$ (170,138)	$ (279,861)	$ (685,698)

Continued

Housing Authority of the City of Yakima

Combining Statement of Activities – Discretely Presented Component Units (Continued)

Year Ended December 31, 2016

	YHA Family Housing, LLC	Toppenish Family Housing, LLC	Yakima Affordable Housing, LLLP	Total
Operating Loss	$ (235,699)	$ (170,138)	$ (279,861)	$ (685,698)
Nonoperating Revenue (Expenses):				
Interest expense	(351,439)	(11,636)	(99,280)	(462,355)
Debt issuance costs	-	(42,000)	(287,353)	(329,353)
Intergovernmental revenue	-	-	329,656	329,656
Investment revenue - restricted	672	3	232	907
Investment revenue - unrestricted	-	-	252	252
Total nonoperating revenue (expenses)	(350,767)	(53,633)	(56,493)	(460,893)
Loss Before Other Revenues, Expenses, Gains, Losses, and Transfers	(586,466)	(223,771)	(336,354)	(1,146,591)
Decrease in Net Position	(586,466)	(223,771)	(336,354)	(1,146,591)
Net Position, Beginning of Year	12,786,735	1,868,688	-	14,655,423
Capital contribution	-	2,042,748	450,100	2,492,848
Net Position, End of Year	$ 12,200,269	$ 3,687,665	$ 113,746	$ 16,001,680

Continued

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization:

The Housing Authority of the City of Yakima (YHA) is a corporate body created by Resolution No. D-1575 in 1977 by the City of Yakima. The City of Yakima created YHA per Washington State Revised Code Chapter 35.82. YHA was created to provide safe, decent, and sanitary housing for low- and moderate-income residents of the City of Yakima, Washington. YHA administers multiple U.S. Department of Housing and Urban Development (HUD) programs and U.S. Department of Agriculture Rural Development (USDA RD) programs, the funding from which consists of approximately 55% of total revenue, and funds many of the key services provided by YHA.

Primary Government Reporting entity:

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

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

Discretely Presented Component Units:

YHA's discretely presented component units include the limited liability partnerships/companies below. These entities follow all applicable FASB standards. Since they do not follow governmental accounting, for presentation purposes, certain transactions may be reflected differently in these financial statements than in the separately issued discrete component unit financial statements in order for them to conform to the presentation of the primary government.

YHA Family Housing, LLC, Toppenish Family Housing, LLC, and Yakima Affordable Housing, LLLP, are the three component units. YHA is the 0.01% owner and the general partner/managing member in these real estate partnerships as of December 31, 2016. The limited partnership interests are held by third parties unrelated to YHA. Under GASB No. 61, these limited partnerships are considered discretely presented component units of YHA since none of these component units meet the blending criteria.

YHA Family Housing, LLC (YHA Family) was formed in November 2013 as a separate legal entity. YHA Family was formed to purchase 150 units from YHA under the HUD Rental Assistance Demonstration program, and then utilize their $14.6 million low-income housing tax credit award, which was awarded in 2013 to rehabilitate the units. YHA also has an outstanding capital lease with YHA Family amounting to approximately $6.3 million at December 31, 2016.

Toppenish Family Housing, LLC (TFH) was formed in May 2015 as a separate legal entity to take advantage of low-income housing tax credits needed to finance the construction of a 30-unit residential rental housing project.

Yakima Affordable Housing, LLLP (YAH) was formed in April 2016 as a separate legal entity to take advantage of low income housing tax credits needed to finance the rehabilitation of a 89-unit rental housing project for persons of low and moderate income. YHA also has an outstanding capital lease with YAH amounting to approximately $2.3 million at December 31, 2016.

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

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

Continued

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

Basis of Accounting:

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

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

Summary of Significant Accounting Policies:

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

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

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

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

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

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

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

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries,* establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its future service utility has declined significantly and unexpectedly. YHA is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. No such events or circumstances were encountered as of December 31, 2016.

Continued

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

Capital assets (continued):

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

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

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

Debt issuance costs — During the years-ended December 31, 2016 Yakima Housing incurred $329,353 of costs related to long-term borrowings in the discretely presented component units, which have been expensed in the current period.

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

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

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

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

Subsequent events — Subsequent events have been evaluated through July 20, 2017, which is the date the financial statements were available to be issued.

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

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

Continued

NOTE 2 — DEPOSITS:

Deposits, including those in restricted assets, are defined as cash or cash equivalents on deposit with financial institutions. At December 31, 2016, the carrying amount of YHA's cash accounts deposited with financial institutions was $4,220,995 and the bank balance was $4,107,230. The bank deposits are held with financial institutions and are entirely insured or collateralized.

At December 31, 2016, the carrying amount of the discrete component units deposited with financial institutions was $543,427 and the bank balance was $639,377. The bank deposits are held with financial institutions and are entirely insured or collateralized.

For the primary government, cash and cash equivalents consist of the following at December 31, 2016:

Cash and cash equivalents - unrestricted	$ 4,163,626
Cash and cash equivalents - current restricted	57,369
Total cash and cash equivalents	4,220,995
Less: cash on hand	(217)
Total deposits	$ 4,220,778

For the discretely presented component units, cash and cash equivalents consist of the following at December 31, 2016:

Cash and cash equivalents - unrestricted	$ 478,604
Cash and cash equivalents - current restricted	64,823
Total cash and cash equivalents	543,427
Less: cash on hand	(2,700)
Total deposits	$ 540,727

NOTE 3 — INVESTMENTS:

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

Investments held by YHA are as follows:

	YHA	Discretely Presented Component Units	Combined
Money market account	$ 1,275,372	$ 1,341,286	$ 2,616,658

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, YHA's deposits may not be returned. YHA follows HUD policies, which requires collateral for all deposits not covered by federal depository insurance. At December 31, 2016 and 2015, none of YHA's deposits and investments were exposed to custodial credit risk.

Continued

NOTE 3 — INVESTMENTS (CONTINUED):

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

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

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

Money market account	100%

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

NOTE 4 — RECEIVABLES:

For the primary government, receivables consist of the following at December 31, 2016:

Tenants	$	165,170
Developer Fee Receivable, component units		1,160,000
Intergovernmental		29,196
Total receivables		1,354,366
Less: Allowance for doubtful accounts		(113,529)
	$	1,240,837

For the discretely presented component units, receivables consist of the following at December 31, 2016:

Tenants	$	116,289
Intergovernmental		2,700
Total receivables		118,989
Less: Allowance for doubtful accounts		(17,135)
	$	101,854

Continued

NOTE 5 — CAPITAL ASSETS:

Changes in capital assets for the primary government during the year ended December 31, 2016 were as follows:

	January 1, 2016	Additions	Transfer/ retirements	December 31, 2016
Capital assets not depreciated:				
Land	$ 1,896,494	$ -	$ -	$ 1,896,494
Construction in progress	3,057,270	721,454	(3,021,677)	757,047
Total capital assets not depreciated	4,953,764	721,454	(3,021,677)	2,653,541
Capital assets being depreciated:				
Buildings and improvements	21,882,277	199,604	(786,306)	21,295,575
Furniture and equipment	1,005,130	-	(45,151)	959,979
Total capital assets being depreciated	22,887,407	199,604	(831,457)	22,255,554
Accumulated depreciation:				
Buildings and improvements	9,581,099	783,277	(634,508)	9,729,868
Furniture and equipment	684,947	35,786	(30,646)	690,087
Total accumulated depreciation	10,266,046	819,063	(665,154)	10,419,955
Total capital assets	$ 17,575,125	$ 101,995	$ (3,187,980)	$ 14,489,140

Changes in capital assets for the discrete component units during the year ended December 31, 2016 were as follows:

	January 1, 2016	Additions	Transfer/ retirements	December 31, 2016
Capital assets not depreciated:				
Land	$ 1,670,000	$ 18,758	$ -	$ 1,688,758
Construction in progress	4,238,861	-	(4,238,861)	-
Total capital assets not depreciated	5,908,861	18,758	(4,238,861)	1,688,758
Capital assets being depreciated:				
Buildings and improvements	17,471,942	11,877,112	4,238,861	33,587,915
Furniture and equipment	163,142	212,741	-	375,883
Total capital assets being depreciated	17,635,084	12,089,853	4,238,861	33,963,798
Accumulated depreciation:				
Buildings and improvements	993,265	894,363	-	1,887,628
Furniture and equipment	34,959	51,904	-	86,863
Total accumulated depreciation	1,028,224	946,267	-	1,974,491
Total capital assets	$ 22,515,721	$ 11,162,344	$ -	$ 33,678,065

Continued

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

YHA was advanced funds on a revolving loan fund to assist with the initial development costs of Valley Seven, the balance outstanding was $236,700 at December 31, 2016.

YHA was advanced funds on a revolving loan fund to assist with the initial development costs of Cosecha Court II, the balance outstanding was $31,258 at December 31, 2016.

YHA has a $250,000 line of credit agreement with Banner Bank expiring September 30, 2017. The line of credit is secured against funds in the Board Designated Reserve and subject to an interest rate adjusting at the Wall Street journal prime rate with a floor of 3.25% (effective rate of 3.75% percent at December 31, 2016). As of the year ended December 31, 2016, the outstanding balances on the line of credit was $43,154.

NOTE 7 — LONG-TERM DEBT:

A summary of changes in YHA's long-term debt for the year ended December 31, 2016 is presented below:

	Balance at January 1, 2016	Additions	Reductions	Balance at December 31, 2016	Due Within One Year
Revenue Bonds:					
Banner Bank - Nueva	$ 2,022,272	$ -	$ (33,518)	$ 1,988,754	$ 35,015
Real Estate Mortgages:					
Banner Bank - Admin. Office - Nueva	370,822	-	(13,481)	357,341	14,045
U.S. Dept. of Agriculture - Valley 7	947,106	-	(39,479)	907,627	54,401
U.S. Dept. of Agriculture - Cosecha Court	191,752	-	(5,598)	186,154	10,370
U.S. Dept. of Agriculture - Harmony Park	699,627	-	(5,771)	693,856	5,991
U.S. Dept. of Agriculture - Valley 7	1,499,990	262,737	(237,781)	1,524,946	24,397
Department of Commerce:					
Unrestricted	-	531,100	-	531,100	2,000
Nueva Primavera	1,039,148	-	(18,139)	1,021,009	31,943
Mariposa Park	792,800	-	(4,000)	788,800	4,000
Mariposa Park	103,056	-	-	103,056	-
Total long-term debt	$ 7,666,573	$ 793,837	$ (357,767)	$ 8,102,643	$ 182,162

Revenue Bond:

Banner Bank - Nueva – A private placement revenue bond for $2,025,000, which refinanced Nueva Primavera's existing revenue bond, $1,988,754 of which was drawn down at December 31, 2016. The initial loan requires payments of interest only through November 1, 2015. Subsequently the outstanding balance is payable in monthly payments of approximately $10,000, including interest at 4.375%, which is fixed for 10 years, and is due April 30, 2029. The mortgage is collateralized by the property.

Continued

NOTE 7 — LONG-TERM DEBT (CONTINUED):

The annual requirements to amortize outstanding debt including interest, for the revenue bond is as follows:

	Principal	Interest	Total
2017	$ 35,015	$ 86,311	$ 121,326
2018	36,578	84,748	121,326
2019	38,211	83,116	121,327
2020	39,916	81,410	121,326
2021	41,698	79,628	121,326
2022-2026	238,129	368,503	606,632
2027-2029	1,559,207	158,082	1,717,289
	$ 1,988,754	$ 941,798	$ 2,930,552

Real Estate Mortgages:

Banner Bank - Nueva – Long-term note payable for $390,000, collateralized by YHA's administrative offices. The loan requires 60 monthly payments of $2,415, including interest at 4.25%, commencing July 1, 2014. This if followed, calls for 59 monthly principal and interest payments of $2,415, with interest at the five year federal home loan Bank of Seattle Bullet Advance rate plus 2.11%. Final payment of all outstanding interest and principal is due in June 2024. The mortgage is collateralized by the property. The loan balance was $357,341 as of December 31, 2016.

United States Department of Agriculture Rural Development – Valley Seven– In 2002 YHA consolidated $1,760,690 of debt that had originally been utilized for the construction of the Valley Seven project, a 142-unit housing development. Monthly installments of $5,269, including interest of 1% are due monthly. The final payment is due in 2027. The mortgage is collateralized by the property. The loan balance was $907,627 as of December 31, 2016.

United States Department of Agriculture Rural Development – Cosecha Court– In 2012 YHA was awarded a USDA loan for the construction costs of Cosecha Court. The loan is payable in monthly installments over a period of 33 years, bearing an interest rate not to exceed 1%. The mortgage is collateralized by the property. The loan balance was $186,154 as of December 31, 2016.

United States Department of Agriculture Rural Development – Harmony Park– In July 2015, YHA was awarded a USDA loan for the construction costs of Harmony Park for $701,977. The loan is payable in monthly installments of $2,369 over a period of 30 years, bearing an interest rate of 3.25%. The mortgage is collateralized by the property. The loan balance was $693,856 as of December 31, 2016.

United States Department of Agriculture Rural Development – Valley Seven– In July 2015, YHA was awarded a USDA loan of $1,800,000 for the construction costs of Valley Seven, $1,524,946 of which was drawn down at December 31, 2016. The loan is payable in monthly installments over a period of 33 years, bearing an interest rate of 1%. The mortgage is collateralized by the property.

Department of Commerce – Unrestricted - In 2000 YHA borrowed $565,100 to purchase Glenn Acres, a 38-unit apartment building. Installments of $2,000 are due annually until November 30, 2028. Subsequent to November 30, 2028 interest of 1% will be charged. The final payment is due in 2040. The mortgage is collateralized by the property. The loan balance was $531,100 as of December 31, 2016. During the year ended December 31, 2016, Glenn Acres was sold to a tax credit project. The Department of Commerce debt is now the responsibility of YHA.

Department of Commerce - Nueva– In 1999 YHA borrowed $1,000,000 to construct Nueva Primavera, a 39-unit housing development. During the refinance of Nueva Primavera in May 2015, an additional $51,010 was borrowed. Installments of interest only are due annually. Principal payments of $7,986 are due quarterly beginning in 2016, with final payment due in 2049. The mortgage is collateralized by the property. The loan balance was $1,021,009 as of December 31, 2016.

Continued

NOTE 7 — LONG-TERM DEBT (CONTINUED):

Real Estate Mortgages (continued):

Department of Commerce - Mariposa– In 1999 YHA borrowed $840,800 to construct Mariposa Park, a 26-unit housing development. Installments of $4,000 are due annually, plus interest of 1%. The final payment is due in 2048. The mortgage is collateralized by the property. The loan balance was $788,800 as of December 31, 2016.

Department of Commerce - Mariposa– In 1998 YHA borrowed $103,060 to construct Mariposa Park, a 26-unit housing development. The principal is due in full in 2049. No interest shall accrue. The mortgage is collateralized by the property. The loan balances was $103,056 as of December 31, 2016.

The annual requirements to amortize outstanding debt, including interest, for the real estate mortgages are as follows:

	Principal	Interest	Total
2017	$ 147,147	$ 56,659	$ 203,806
2018	166,364	61,180	227,544
2019	168,284	59,260	227,544
2020	170,250	57,295	227,545
2021	172,261	55,283	227,544
2022-2026	1,079,308	222,728	1,302,036
2027-2031	866,869	149,208	1,016,077
2032-2036	507,569	127,530	635,099
2037-2041	992,102	105,680	1,097,782
2042-2046	919,730	62,906	982,636
2047-2048	924,005	747	924,752
	$ 6,113,889	$ 958,476	$ 7,072,365

A summary of changes in YHA's discrete component units' long-term debt for the year ended December 31, 2016 is presented below:

	Balance at January 1, 2016	Additions	Reductions	Balance at December 31, 2016	Due Within One Year
Revenue Bonds:					
Banner Bank - Naches House	$ 1,747,202	$ -	$ (1,747,202)	$ -	$ -
Banner Bank - YAH	-	5,496,059	-	5,496,059	-
Real Estate Mortgages:					
Washington Community Reinvestment Assoc. - Glenn Acres	519,020	-	(519,020)	-	-
Department of Commerce:					
Toppenish Family	1,852,507	247,493	-	2,100,000	-
Glenn Acres	533,100	-	(533,100)	-	-
Total long-term debt	$ 4,651,829	$ 5,743,552	$ (2,799,322)	$ 7,596,059	$ -

Leases between component units and YHA, not included above:

Yakima Affordable Housing, LLLP	$ 2,350,000
YHA Family Housing, LLC	6,333,120
	$ 8,683,120

Continued

NOTE 7 — LONG-TERM DEBT (CONTINUED):

Revenue Bonds:

Banner Bank – Naches House– A private placement revenue bond for $1,800,000, for the purchase of a 51-unit project based rental assistance property for housing elderly and disabled residents. Installments are deposited monthly into a revenue bond fund and subsequently paid on an annual basis to service the debt. The interest rate is fixed for 10 years, and the final payment is due March 1, 2029. The bond is subject to Federal arbitrage, and various bond covenants. The mortgage is collateralized by the property. During the year December 31, 2016, Naches House was sold to a tax credit project. The debt was paid off as part of the sale.

Banner Bank – Yakima Affordable Housing - During 2016 Yakima Affordable Housing, LLC obtained interim financing for up to $7,000,000 for the rehabilitation of 89 units. Interest only payments are due up until the conversion date of May 1, 2018, which can be extended for a maximum of six months. During the interim period interest is payable at a rate of 2.625%. Upon conversion, a maximum amount of $4,625,000 may be converted to term debt, which will be payable in monthly installments of $21,524, which includes interest at 4.625%, with a final payment due in on the 17th anniversary of the conversion. The loan balance was $5,496,059 as of December 31, 2016.

The annual requirements to amortize outstanding debt including interest, for the revenue bond is as follows:

2017	$ -	$ 144,272	$ 144,272
2018	899,288	189,914	1,089,202
2019	58,341	199,948	258,289
2020	60,945	197,344	258,289
2021	63,665	194,623	258,288
2022-2026	363,579	927,865	1,291,444
2027-2031	452,302	839,143	1,291,445
2032-3035	3,597,939	511,451	4,109,390
	$ 5,496,059	$ 3,204,560	$ 8,700,619

Real Estate Mortgages:

Washington Community Reinvestment Associates – Glenn Acres - In 1999 YHA borrowed $748,420 to purchase Glenn Acres, a 38-unit apartment building. Installments of $4,730, including interest of 6.5% are due monthly. The final payment is due in 2029. The mortgage is collateralized by the property. During the year December 31, 2016, Glenn Acres was sold to a tax credit project. The debt was paid off as part of the sale.

Department of Commerce – Toppenish Family - In 2015, YHA was granted a loan of $2,100,000 to construct Toppenish Family Housing, a 24-unit housing development, all of which was drawn down at December 31, 2016. The principal is due in full in 2049. No interest shall accrue. The mortgage is collateralized by the property. The loan balance was $2,100,000 as of December 31, 2016.

Department of Commerce – Glenn Acres - In 2000 YHA borrowed $565,100 to purchase Glenn Acres, a 38-unit apartment building. Installments of $2,000 are due annually until November 30, 2028. Subsequent to November 30, 2028 interest of 1% will be charged. The final payment is due in 2040. The mortgage is collateralized by the property. During the year ended December 31, 2016, Glenn Acres was sold to a tax credit project. The Department of Commerce debt is now the responsibility of YHA.

Continued

NOTE 7 — LONG-TERM DEBT (CONTINUED):

The annual requirements to amortize outstanding debt, including interest, for the real estate mortgages are as follows:

2017	$ -	$ -	$ -
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022-2026	-	-	-
2027-2031	-	-	-
2032-3036	-	-	-
2037-2041	-	-	-
2042-2046	-	-	-
2047-2051	-	-	-
2052-2055	2,100,000	-	2,100,000
	$ 2,100,000	$ -	$ 2,100,000

Compensated Absences:

The compensated absence balances for the primary government as of December 31, 2016 is as follows:

Compensated absence balances as of December 31, 2015	$ 74,480
Compensated absences earned by employees	93,797
Compensated absences utilized by employees	(86,896)
Compensated absence balances as of December 31, 2016	$ 81,381

The compensated absence balances for the discretely presented component units as of December 31, 2016 is as follows:

Compensated absence balances as of December 31, 2015	$ 10,933
Compensated absences earned by employees	16,637
Compensated absences utilized by employees	(11,666)
Compensated absence balances as of December 31, 2016	$ 15,904

Continued

NOTE 8 — RESTRICTED NET POSITION:

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

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

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

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

NOTE 9 — OPERATING LEASES:

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

NOTE 10 — DEFINED CONTRIBUTION PLAN:

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

As of December 31, 2016 there were 25 participants in the Defined Contribution Plan. The covered payroll for employees in the plan was $1,014,554 at December 31, 2016.

Employer contributions were $81,164 for the year ended December 31, 2016. Employees are vested in their account by years of service, 43% (year 1), 54% (year 2), 66% (year 3), 77% (year 4), 89% (year 5), and 100% (year 6).

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

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

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

NOTE 11 — DEFERRED COMPENSATION PLAN:

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

NOTE 12 — PARTICIPATION IN HOUSING AUTHORITY RISK RETENTION POOL:

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

Continued

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

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

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

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

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

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

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

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

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

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

Continued

NOTE 13— CONTINGENCIES:

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

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

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

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

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

NOTE 14— RELATED PARTY TRANSACTIONS:

YHA Family Housing, LLC:

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

The units, which prior to the sale had a net book value of $5,618,924 (cost of $15,022,084 net of accumulated depreciation of $8,826,555), were sold to the LLC for $7,036,800, and capitalized on the LLC's books at $5,536,800 (building) and $1,500,000 (land) during the year-ended December 31, 2014. The purchase price was financed on a long-term lease with an initial principal balance of $6,333,120, all of which was outstanding at December 31, 2016. As of December 31, 2016 accrued interest of $476,843 was outstanding. Principal and interest payments at 5.2% are payable out of distributions of cash flow in accordance with the Amended and Restated Operating Agreement, and is due in full on December 31, 2068.

For the period ended December 31, 2016, YHA did not make any additional equity contributions.

In June of 2013 YHA Family Housing, LLC signed a credit reservation and carryover allocation contract with the Washington State Housing Finance Commission for the reservation and award of $1,464,418 of credit awarded under Section 42 of the Internal Revenue Code. This award is expected to provide approximately $13.4 million dollars of equity contributions from the LLC's limited partner, of which $12,889,775 had been received as of December 31, 2016.

Continued

NOTE 14— RELATED PARTY TRANSACTIONS (CONTINUED):

YHA Family Housing, LLC (continued):

Property management fee – YHA owns a 0.01% interest in YHA Family Housing, LLC (the LLC), which was formed in December of 2012. YHA is the Managing Member, and manages the Partnership under a property management agreement, which provides for a maximum management fee of 8% of the annual gross effective income, payment of which will be limited to 4% if adequate cash flows are not available. For the period ended December 31, 2016, $85,691 was recorded as a management fee expense, $16,305 of which was outstanding at December 31, 2016.

Asset management fee – YHA Family Housing, LLC pays an annual asset management fee to the Limited Partner in the amount of $7,500 per annum. The payment is due on December 1 of the year that the first building in the Project is placed in service, and on June 1st of each year thereafter, increased by 3% per annum. For the period ended December 31, 2016, $7,725 was recorded as management fee expense, $-0- of which was outstanding at December 31, 2016.

Development agreement – YHA Family Housing, LLC entered into a Development Agreement with YHA for services in connection with the development and construction of the project. In consideration for such services, $1,387,034 is payable to YHA, of which $-0- was outstanding at December 31, 2016.

Toppenish Family Housing LLC

In July of 2015, Toppenish Family Housing, LLC signed a credit reservation and carryover allocation contract with the Washington State Housing Finance Commission for the reservation and award of $547,109 of credit awarded under Section 42 of the Internal Revenue Code. This award is expected to provide approximately $4.9 million dollars of equity contributions from the LLC's limited partner, of which $1,920,663 had been received as of December 31, 2016.

Property management fee – YHA owns a 0.01% interest in Toppenish Family Housing, LLC (the LLC), which was formed in May of 2015. YHA is the Managing Member, and manages the Partnership under a property management agreement, which provides for a maximum management fee of 8% of the annual gross effective income, payment of which will be limited to 4% if adequate cash flows are not available. For the period ended December 31, 2016, $10,132 was recorded as a management fee expense, $-0- of which was outstanding at December 31, 2016.

Asset management fee – Toppenish Family Housing, LLC pays an annual asset management fee to the Limited Partner in the amount of $5,000 per annum. The payment is due on December 1 of the year that the first building in the Project is placed in service, and on June 1st of each year thereafter, increased by 3% per annum. For the period ended December 31, 2016, $2,917 was recorded as management fee expense, $-0- of which was outstanding at December 31, 2016.

Development agreement – Toppenish Family Housing LLC entered into a Development Agreement with YHA for services in connection with the development and construction of the project. In consideration for such services, $572,188 is payable to YHA, of which $440,266 was outstanding at December 31, 2016. To the extent funds are available the developer fee is payable on or before the date of the 8609 Capital Contribution. If cash flow is not sufficient, a portion of the development fee may be deferred and paid in accordance with the partnership agreement.

Yakima Affordable Housing, LLLP

In April of 2016, Yakima Affordable Housing, LLLP, signed a credit reservation and carryover allocation contract with the Washington State Housing Finance Commission for the reservation and award of $7,000,000 of credit awarded under Section 42 of the Internal Revenue Code. This award is expected to provide approximately $1.16 million dollars of equity contributions from the LLLP's limited partner, of which $-0- had been received as of December 31, 2016.

During the period ended December 31, 2016 the Company entered into a capital lease totaling $4,490,000 with Yakima Housing Authority for the acquisition of the leasehold interest in the project.

Continued

NOTE 14— RELATED PARTY TRANSACTIONS (CONTINUED):

Yakima Affordable Housing, LLLP (continued)

The capital lease accrues interest at a rate of 4.38% per annum and matures April, 2066. Upon closing of the project, $2,140,000 was paid to Yakima Housing Authority from the interim renovation loan previously described, which was utilized to pay off existing debt on the properties. Annual payments of principal and interest are to be made solely from distributions of net cash flow in accordance with the terms and conditions of the Amended and Restated Operating Agreement, as described in Note 5. The lease is secured by the Project. At December 31, 2016, the Company had $99,280 of accrued interest owing to the Yakima Housing Authority. The principal balance at December 31, 2016 was $2,350,000. Assuming sufficient cash flow to amortize the lease over 50 years, monthly payments of $12,900 will be paid.

Property management fee – YHA owns a 0.01% interest in Yakima Affordable Housing, LLLP (the LLLP), which was formed in April of 2016. YHA is the Managing Member, and manages the Partnership under a property management agreement, which provides for a management fee that does not exceed 8% of gross rental collections. For the period ended December 31, 2016, $39,260 was recorded as a management fee expense, $-0- of which was outstanding at December 31, 2016.

Asset management fee – Yakima Affordable Housing, LLLP pays an annual asset management fee to the Limited Partner in the amount of $4,500 per annum. The payment is due on December 1 of the year that the first building in the Project is placed in service, and on June 1st of each year thereafter, increased by 3% per annum. For the period ended December 31, 2016, $4,500 was recorded as management fee expense, $4,500 of which was outstanding at December 31, 2016.

Development agreement – Yakima Affordable Housing, LLLP entered into a Development Agreement with YHA for services in connection with the development and construction of the project. In consideration for such services, $1,160,000 is payable to YHA, of which $1,160,000 was outstanding at December 31, 2016. To the extent funds are available $200,000 may be paid at the time of the Initial Closing, $860,000 may be paid at the time of the Stabilization Capital Contribution of the Limited Partner, and $100,000 may be paid at the time of the 8609 Capital Contributions. Any unpaid balance of the development fee may be paid from the 8609 Capital Contribution after all other costs of construction are paid in full. If cash flow is not sufficient, up to $500,000 of the development fee may be deferred and paid in accordance with the distribution of cash flows outlined in the partnership agreement.

Housing Authority of Kittitas County

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

NOTE 16— RESERVES:

YHA Family Housing, LLC:

Operating reserve:

The YHA Family Housing, LLC operating agreement requires an initial funding of $478,576, to be deposited upon the LLC attaining stabilization. Subsequent monthly deposits to the reserve are required at the greater of the amount required by the lender or $27,750 (on an annualized basis), increased annually by 3%. At December 31, 2016 the balance in the reserve was $431,425, and was overfunded by $433.

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

Continued

NOTE 16— RESERVES (continued):

YHA Family Housing, LLC (continued):

Replacement reserves:

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

Toppenish Family Housing, LLC:

Draws from the Replacement Reserve are restricted for capital costs that result in a depreciable asset with a useful life exceeding two years. Draws from the Replacement Reserve are limited to $25,000 in any one fiscal year except for emergency expenditures. At December 31, 2016 the balance in the reserve was $905,464, and was over funded by $664.

Working capital reserve:

YHA Family Housing, LLC has a working capital reserve that was funded upon the closing of their project. The use of these funds is limited to funding operating deficits, and is to be maintained throughout the duration of the compliance period. At December 31, 2016, YHA Family Housing, LLC maintained operating cash in excess of the required reserve amount of $50,000.

Operating reserve:

The Toppenish Family Housing, LLC operating agreement requires an initial funding of $75,708, to be deposited upon the LLC attaining stabilization. The reserve is to be used to pay any operating deficits. As of December 31, 2016, the reserve balance was $3,965, as the stabilization capital contribution has not yet occurred.

Withdrawals in excess of $10,000 in any one fiscal year require to consent of the Limited Partner. Should the balance in the operating reserve fall below the operating reserve minimum ($37,854), distributions shall be made for the Net Cash Flows as outlined in the partnership agreement.

Replacement reserves:

The Toppenish Family Housing, LLC operating agreement requires an initial funding of $130,000, which is not required to be funded until October 1, 2021. A second replacement reserve capital contribution of $230,000 is required on October 1, 2026. Any interest earned on the Replacement Reserve shall become a part of the Replacement Reserve. As of December 31, 2016, the reserve has not yet been funded.

Yakima Affordable Housing, LLLP

Operating reserve:

The Yakima Affordable Housing, LLLP operating agreement requires an initial funding of $175,000, to be deposited upon the LLLP attaining stabilization. The reserve is to be used to pay any operating deficits of Yakima Affordable Housing, LLLP. As of December 31, 2016, the reserve balance was $-0-, as the stabilization capital contribution has not yet occurred.

Withdrawals in excess of $10,000 in any one fiscal year require the consent of the Limited Partner. Should the balance in the operating reserve fall below the operating reserve minimum ($175,000), distributions shall be made from Net Cash Flows on each payment date to maintain a minimum balance equal to the operating reserve minimum. Subsequent to the end of the compliance period the operating reserve may be related and distributed as net cash flow.

Continued

NOTE 16— RESERVES (continued):

Yakima Affordable Housing, LLLP (continued)

Replacement reserves:

The Yakima Affordable Housing, LLLP operating agreement requires an initial funding of $75,000, to be deposited upon the LLLP attaining stabilization. Additional contributions of $375 per unit annually are required to be made to the replacement reserve commencing the earlier of six months after completion of construction or the first month of stabilized operations. Payments are increased annually by 3% per annum. Any interest earned on the Replacement Reserve shall become a part of the Replacement Reserve.

Draws from the Replacement Reserve are restricted for capital costs that result in a depreciable asset with a useful life exceeding two years. Draws from the Replacement Reserve are limited to $25,000 in any one fiscal year except for emergency expenditures. At December 31, 2016, construction had not yet been completed for six months, and stabilized operations were not yet met. As a result the replacement reserve was not funded.

NOTE 17— COMMITMENTS:

As of December 31, 2016 YHA had entered into approximately $2.9 million of contracts related to the rehabilitation of their Valley 7 USDA properties, with $2.8 million of costs incurred as of December 31, 2016. YHA also entered into approximately $1.3 million of contracts related to the rehabilitation of Harmony Park, a 24-unit complex, with $1.1 million of costs incurred as of December 31, 2016. YHA is developing Toppenish Family Housing, a 30 unit multifamily project in Toppenish, Washington. The project will be primarily for farmworkers and will cost approximately $7.0 million. The project is funded with a combination of housing trust funds (approximately $2.1 million) from the Department of Commerce and Low Income Housing Tax Credit equity (approximately $4.9 million). As of May 31, 2016 the project was fully leased up.

As of December 31, 2016, YHA had entered into various contracts and commitments of approximately $6.3 million for Yakima Affordable Housing, LLLP. Approximately, $1.2 million was outstanding at December 31, 2016, which includes $1,160,000 of outstanding developer fees.

NOTE 18— SUBSEQUENT EVENTS:

Subsequent to the year ended December 31, 2016, YHA received a $3.0 million housing trust fund award for the construction of Cosecha Court II.

Subsequent to the year ended December 31, 2016, YHA's application to turn the former Marine Corps Reserve Armory into housing for homeless veterans was approved. This approval awards a three-year building lease to YHA with renewal options. To make this permanent, YHA is pursuing long-term funding through the Low Income Housing Tax Credit program. YHA estimates the total cost of the project to be approximately $10 million.

Subsequent to the year ended December 31, 2016, YHA has entered into an approximate $760 thousand construction contract with Walker Construction for the rehabilitation of the interiors of 20 Valley Seven units.

Continued

NOTE 19— ADOPTION OF NEW ACCOUNTING STANDARDS:

New pronouncements – During the year ended December 31, 2016 and beyond, YHA has and will implement several new pronouncements of the Governmental Accounting Standards Board (GASB). These pronouncements are as follows:

GASB No. 72, *Fair Value Measurement and Application* - The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. YHA implemented this pronouncement with no impact on financial reporting.

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

GASB Nos. 74 and 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* - The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. YHA implemented this pronouncement with no impact on financial reporting.

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

As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. YHA implemented this pronouncement with no impact on financial reporting.

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

Continued

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

GASB No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* - The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. YHA implemented this pronouncement with no impact on financial reporting.

GASB No. 79, *Certain External Investment Pools and Pool Participants* - This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. YHA implemented this pronouncement with no impact on financial reporting.

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

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

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

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Housing Authority of the City of Yakima
Combining Statements of Net Position – Primary Government

	YHA Unrestricted	Housing Choice Vouchers	Family Housing	Elderly Disabled Housing
Assets				
Current Assets:				
Cash and cash equivalents - unrestricted	$ 2,699,429	$ 599,153	$ 326,150	$ -
Accounts receivables, net of allowance	1,140,394	12,617	11,308	-
Investments - unrestricted	37,123	-	-	-
Prepaid expenses and other assets	28	5,510	-	-
Inventories	43,270	-	9,146	-
Due from other funds	1,061,636	(5,783)	(10,054)	-
	4,981,880	611,497	336,550	-
Restricted Assets:				
Cash and cash equivalents - other restricted	125	-	-	-
Cash - tenant security deposits	-	-	17,267	-
Investments - restricted	15,498	167,091	536,643	-
	15,623	167,091	553,910	-
Total current assets	4,997,503	778,588	890,460	-
Noncurrent Assets:				
Investment in Component Units	766,985	-	(10)	-
Loan Receivable YHA Family Housing, LLC	8,683,120	-	-	-
Capital assets:				
Land	272,768	-	662,034	-
Buildings	144,492	-	6,258,479	-
Furniture, equipment and machinery - dwellings	-	-	197,531	-
Furniture, equipment and machinery - admin	283,990	34,830	52,553	-
Accumulated depreciation	(333,890)	(16,490)	(3,083,513)	-
Construction in progress	116,049	-	-	-
Total noncurrent assets	9,933,514	18,340	4,087,074	-
Total assets	$ 14,931,017	$ 796,928	$ 4,977,534	$ -

See accompanying independent auditor's report.

Rural Assistance Programs	Subtotal	Eliminating Entries	Total
$ 538,894	$ 4,163,626	$ -	$ 4,163,626
76,518	1,240,837	-	1,240,837
-	37,123	-	37,123
140	5,678	-	5,678
-	52,416	-	52,416
-	1,045,799	(439,504)	606,295
615,552	6,545,479	(439,504)	6,105,975
-	125	-	125
39,977	57,244	-	57,244
519,017	1,238,249	-	1,238,249
558,994	1,295,618	-	1,295,618
1,174,546	7,841,097	(439,504)	7,401,593
-	766,975	-	766,975
-	8,683,120	-	8,683,120
961,692	1,896,494	-	1,896,494
14,892,604	21,295,575	-	21,295,575
371,842	569,373	-	569,373
19,233	390,606	-	390,606
(6,986,062)	(10,419,955)	-	(10,419,955)
640,998	757,047	-	757,047
9,900,307	23,939,235	-	23,939,235
$ 11,074,853	$ 31,780,332	$ (439,504)	$ 31,340,828

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Housing Authority of the City of Yakima
Combining Statements of Net Position – Primary Government

	YHA Unrestricted	Housing Choice Vouchers	Family Housing	Elderly Disabled Housing
Liabilities and Net Position				
Current Liabilities:				
Accounts payable less than 90 days	$ 100,960	$ (221)	$ -	$ -
Retainage payable	-	-	-	-
Accrued wages and payroll taxes	72,505	-	-	-
Accrued compensated absences current portion	16,064	8,712	1,452	-
Accrued interest payable	487	-	7,723	-
Accrued liabilities - other	-	(8,576)	-	-
Unearned income	-	454,607	2,384	-
Short-term note payable	74,412	-	-	-
Current portion of long term debt	2,000	-	85,003	-
Due to other funds	97,985	-	321,414	-
	364,413	454,522	417,976	-
Payables from Restricted Assets:				
FSS Escrow deposit	-	168,238	-	-
Tenant security deposits	-	-	17,267	-
	-	168,238	17,267	-
Total current liabilities	364,413	622,760	435,243	-
Noncurrent Liabilities:				
Long-term debt, net of current	529,100	-	4,173,957	-
Accrued compensated absences, net of current	24,096	13,069	2,178	-
Total noncurrent liabilities	553,196	13,069	4,176,135	-
Total liabilities	917,609	635,829	4,611,378	-
Net Position:				
Net investment in capital assets net of related debt	(122,103)	18,340	(171,876)	-
Restricted for:				
Grantor requirements	15,498	167,091	536,643	-
Required reserves	125	-	17,267	-
Unrestricted net position	14,119,888	(24,332)	(15,878)	-
Total net position	14,013,408	161,099	366,156	-
Total liabilities and net position	$ 14,931,017	$ 796,928	$ 4,977,534	$ -

Rural Assistance Programs	Subtotal	Eliminating Entries	Total
$ 4,000	$ 104,739	$ -	$ 104,739
109,365	109,365	-	109,365
-	72,505	-	72,505
6,324	32,552	-	32,552
317	8,527	-	8,527
5,377	(3,199)	-	(3,199)
7,612	464,603	-	464,603
236,700	311,112	-	311,112
95,159	182,162	-	182,162
20,105	439,504	(439,504)	-
484,959	1,721,870	(439,504)	1,282,366
-	168,238	-	168,238
39,977	57,244	-	57,244
39,977	225,482	-	225,482
524,936	1,947,352	(439,504)	1,507,848
3,217,424	7,920,481	-	7,920,481
9,486	48,829	-	48,829
3,226,910	7,969,310	-	7,969,310
3,751,846	9,916,662	(439,504)	9,477,158
6,241,659	5,966,020	-	5,966,020
519,017	1,238,249	-	1,238,249
39,977	57,369	-	57,369
522,354	14,602,032	-	14,602,032
7,323,007	21,863,670	-	21,863,670
$ 11,074,853	$ 31,780,332	$ (439,504)	$ 31,340,828

Housing Authority of the City of Yakima
Combining Statements of Revenues, Expenses and Changes in Net Position – Primary Government

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	YHA Unrestricted	Housing Choice Vouchers	Family Housing	Elderly Disabled Housing
Operating Revenue:				
Intergovernmental revenue	$ -	$ 5,108,871	$ -	$ -
Net tenant rental revenue	-	-	599,819	83,339
Other revenue	2,145,283	107,690	14,179	45
Other tenant revenue	-	-	11,492	1,600
Total operating revenue	2,145,283	5,216,561	625,490	84,984
Operating Expenses:				
Administrative:				
Administrative wages	265,258	151,337	17,255	22,040
Professional fees	32,528	49,606	15,106	10,945
Employee benefit contributions	92,272	96,748	6,956	7,282
Other operating - administrative	92,677	333,131	102,636	59,918
Tenant services	660	90,690	-	-
	483,395	721,512	141,953	100,185
Utilities:				
Electricity	5,119	-	8,508	17,401
Other utilities expense	7,861	-	19,570	6,389
Sewer	559	-	35,128	7,231
Water	17,693	-	31,096	4,178
	31,232	-	94,302	35,199
Ordinary maintenance and operations:				
Contract costs	15,406	8,265	27,748	22,899
Employee benefit contributions	40,932	-	12,960	4,670
Maintenance and operations wages	145,472	-	26,164	11,665
Materials and other	(5,684)	2,138	18,529	(3,373)
	196,126	10,403	85,401	35,861
General expenses:				
Depreciation expense	27,392	4,265	149,254	32,705
Housing assistance payments	-	4,375,261	-	-
Insurance premiums	383	2,349	11,114	2,280
Bad debt - tenant rents	20,106	558	25,933	-
Other general expenses	23,158	3,721	5	6,534
Protective services contract costs	740	-	1,375	408
Payments in lieu of taxes	308	-	-	-
	72,087	4,386,154	187,681	41,927
Total operating expenses	782,840	5,118,069	509,337	213,172
Operating Income (Loss)	$ 1,362,443	$ 98,492	$ 116,153	$ (128,188)

Rural Assistance Programs	Subtotal	Eliminating Entries	Total
$ -	$ 5,108,871	$ -	$ 5,108,871
861,075	1,544,233	-	1,544,233
101,565	2,368,762	(436,850)	1,931,912
24,493	37,585	-	37,585
987,133	9,059,451	(436,850)	8,622,601
85,313	541,203	-	541,203
21,678	129,863	-	129,863
36,165	239,423	-	239,423
269,698	858,060	(436,850)	421,210
-	91,350	-	91,350
412,854	1,859,899	(436,850)	1,423,049
27,717	58,745	-	58,745
62,530	96,350	-	96,350
137,953	180,871	-	180,871
136,548	189,515	-	189,515
364,748	525,481	-	525,481
133,599	207,917	-	207,917
64,710	123,272	-	123,272
191,488	374,789	-	374,789
75,166	86,776	-	86,776
464,963	792,754	-	792,754
605,447	819,063	-	819,063
-	4,375,261	-	4,375,261
29,209	45,335	-	45,335
22,147	68,744	-	68,744
1,414	34,832	-	34,832
999	3,522	-	3,522
4,976	5,284	-	5,284
664,192	5,352,041	-	5,352,041
1,906,757	8,530,175	(436,850)	8,093,325
$ (919,624)	$ 529,276	$ -	$ 529,276

Continued

Housing Authority of the City of Yakima
Combining Statements of Revenues, Expenses and Changes in Net Position – Primary Government

	YHA Unrestricted	Housing Choice Vouchers	Family Housing	Elderly Disabled Housing
Operating Income (Loss)	$ 1,362,443	$ 98,492	$ 116,153	$ (128,188)
Nonoperating Revenue (Expenses):				
Gain on the sale of capital assets	1,529,195	-	-	-
Interest expense	(5,646)	-	(100,169)	(36,616)
Debt issuance costs	-	-	-	-
Intergovernmental revenue	-	-	(78)	122,433
Investment revenue - restricted	-	117	-	59
Investment revenue - unrestricted	450,758	-	222	3
Total nonoperating revenue (expenses)	1,974,307	117	(100,025)	85,879
Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers	3,336,750	98,609	16,128	(42,309)
Operating transfer	1,103,063	-	-	(1,103,063)
Partnership net income	(76)	-	-	-
Capital grants	-	-	-	-
Increase (Decrease) in Net Position	4,439,737	98,609	16,128	(1,145,372)
Net Position, Beginning of Year	9,573,671	62,490	350,028	1,145,372
Net Position, End of Year	$ 14,013,408	$ 161,099	$ 366,156	$ -

.

Rural Assistance Programs	Subtotal	Eliminating Entries	Total
$ (919,624)	$ 529,276	$ -	$ 529,276
-	1,529,195	-	1,529,195
(68,888)	(211,319)	-	(211,319)
(5,096)	(5,096)	-	(5,096)
617,481	739,836	-	739,836
38	214	-	214
177	451,160	-	451,160
543,712	2,503,990	-	2,503,990
(375,912)	3,033,266	-	3,033,266
-	-	-	-
-	(76)	-	(76)
927,902	927,902	-	927,902
551,990	3,961,092	-	3,961,092
6,771,017	17,902,578	-	17,902,578
$ 7,323,007	$ 21,863,670	$ -	$ 21,863,670

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

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

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

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

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

Housing Authority of the City of Yakima

Statistical Section:

- Financial Trends
- Revenue Capacity
- Debt Capacity
- Demographic and Economic Information
- Operating Information

Housing Authority of the City of Yakima
Statistical Section

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

Contents **Tables**

Financial Trends 1 - 2

These schedules contain trend information to help the reader understand how YHA's Financial performance and well-being have changed over the past 10 years.

Revenue Capacity 3 - 4

These schedules contain trend information to help the reader assess YHA's most significant revenue sources.

Debt Capacity 5 - 6

These schedules contain trend information to help the reader assess the affordability of YHA's current levels of outstanding debt and ability to issue additional debt in the future.

Demographic and Economic Information 7 - 10

These schedules contain trend information of the demographic and economic indicators to help the reader understand the environment within which YHA's financial activities take place.

Operating Information 11 - 13

These schedules contain data to help the reader understand how the information in YHA's financial report relates to the services YHA provides and the activities it performs.

Housing Authority of the City of Yakima

Net Position – Last Ten Fiscal Years

(Unaudited) **Table 1**

Fiscal Year	Invested in capital assets, net of related debt	Restricted Net Position	Unrestricted Net Position	Total
3/31/2008	12,536,386	2,038,030	889,649	15,464,065
3/31/2009	12,054,435	1,286,617	712,132	14,053,184
3/31/2010	11,898,084	1,519,605	584,979	14,002,668
3/31/2011	11,594,426	1,903,860	419,791	13,918,077
3/31/2012	11,168,637	1,286,417	324,921	12,779,975
3/31/2013	13,331,020	1,462,202	184,281	14,977,503
12/31/2013	14,778,559	1,424,515	993,267	17,196,341
12/31/2014	12,467,861	1,904,635	2,348,573	16,721,069
12/31/2015	6,461,102	1,764,624	9,676,852	17,902,578
12/31/2016	5,966,020	1,295,618	14,602,032	21,863,670

Source: Previous years' audits and current year financial statements

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

	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011
Operating Revenue:				
Intergovernmental revenues	$ 2,822,660	$ 2,374,716	$ 3,268,206	$ 3,497,573
Net tenant revenue	1,330,080	1,260,215	1,397,600	1,538,154
Other revenues	68,852	90,200	128,759	131,106
	4,221,592	3,725,131	4,794,565	5,166,833
Operating Expenses:				
Administrative	933,771	982,928	1,102,357	1,249,031
Utilities	392,369	390,490	391,885	401,144
Ordinary maintenance and operating	964,442	815,891	958,737	1,155,248
General expenses	107,293	177,691	90,117	136,560
Depreciation	896,353	902,067	905,727	920,762
Housing assistance payments	2,360,319	2,785,701	2,691,392	2,592,785
	5,654,547	6,054,768	6,140,215	6,455,530
Operating Loss	(1,432,955)	(2,329,637)	(1,345,650)	(1,288,697)
Nonoperating Revenue (Expenses):				
Intergovernmental	874,823	872,089	1,096,923	1,035,714
Investment revenue	92,903	17,431	8,641	3,322
Interest expense	(187,727)	(178,340)	(172,527)	(163,405)
Debt issuance costs	-	-	-	-
Gain (loss) on disposition of assets	(551)	9,292	(1,387)	81,375
	779,448	720,472	931,650	957,006
Income (Loss) before Capital Contributions	(653,507)	(1,609,165)	(414,000)	(331,691)
Pass-through funds	-	-	-	-
Partnership net income				
Capital grants	99,613	198,282	363,484	247,100
Change in net position	(553,894)	(1,410,883)	(50,516)	(84,591)
Net Position, Beginning of Year	16,017,961	15,464,067	14,053,184	14,002,668
Capital contributions				
Prior Period Adjustments	-	-	-	-
Net Position, End of Year	$ 15,464,067	$ 14,053,184	$ 14,002,668	$ 13,918,077

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

Source: Previous years' audits and current year financial statements

Table 2

March 31, 2012	March 31, 2013	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
$ 3,185,813	$ 3,815,409	$ 2,584,579	$ 3,812,160	$ 4,465,763	$ 5,108,871
1,565,334	1,438,835	1,092,641	1,347,657	1,555,931	1,544,233
87,956	227,054	321,960	1,040,913	638,583	1,969,497
4,839,103	5,481,298	3,999,180	6,200,730	6,660,277	8,622,601
1,146,621	1,125,627	962,910	880,236	1,303,055	1,423,049
422,142	489,594	362,941	494,291	492,280	525,481
1,257,626	996,766	651,002	868,013	806,893	792,754
119,752	151,951	161,977	199,852	118,336	157,717
952,333	965,006	732,592	944,793	949,616	819,063
3,141,614	3,173,252	2,301,902	3,631,338	3,983,015	4,375,261
7,040,088	6,902,196	5,173,324	7,018,523	7,653,195	8,093,325
(2,200,985)	(1,420,898)	(1,174,144)	(817,793)	(992,918)	529,276
1,059,030	815,325	695,678	920,683	919,704	739,836
2,893	10,838	8,651	1,107	357,882	451,374
(103,057)	(143,456)	(128,620)	(582,944)	(240,573)	(211,319)
-	-	-	(109,126)	(310,750)	(5,096)
-	(2,461)	1,029,116	310,480	-	1,529,195
958,866	680,246	1,604,825	540,200	726,263	2,503,990
(1,242,119)	(740,652)	430,681	(277,593)	(266,655)	3,033,266
-	-	(171,327)	-	-	-
				(41,782)	(76)
104,017	2,938,180	909,481	1,065,000	654,570	927,902
(1,138,102)	2,197,528	1,168,835	787,407	346,133	3,961,092
13,918,077	12,779,975	14,977,506	17,196,341	18,429,033	17,902,578
		1,050,000	-	(872,588)	-
-	-	-	-	-	-
$ 12,779,975	$ 14,977,503	$ 17,196,341	$ 17,983,748	$ 17,902,578	$ 21,863,670

Continued

Housing Authority of the City of Yakima

Operating Revenues by Source – Last Ten Fiscal Years

(Unaudited) **Table 3**

Fiscal	Net Tenant Rental		Intergovernmental		Other		Total	
Year	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
3/31/08	$ 1,330,080	31.51%	$ 2,822,660	66.86%	$ 68,852	1.63%	$ 4,221,592	100.00%
3/31/09	1,260,215	33.83%	2,374,716	63.75%	90,200	2.42%	3,725,131	100.00%
3/31/10	1,397,600	29.15%	3,268,206	68.16%	128,759	2.69%	4,794,565	100.00%
3/31/11	1,538,154	29.77%	3,497,573	67.69%	131,106	2.54%	5,166,833	100.00%
3/31/12	1,565,334	32.35%	3,185,813	65.83%	87,956	1.82%	4,839,103	100.00%
3/31/13	1,438,835	26.25%	3,815,409	69.61%	227,054	4.14%	5,481,298	100.00%
12/31/13	1,092,641	27.32%	2,584,579	64.63%	321,960	8.05%	3,999,180	100.00%
12/31/14	1,347,657	21.73%	3,812,160	61.48%	1,040,913	16.79%	6,200,730	100.00%
12/31/15	1,555,931	23.36%	4,465,763	67.05%	638,583	9.59%	6,660,277	100.00%
12/31/16	1,544,233	17.91%	5,108,871	59.25%	1,969,497	22.84%	8,622,601	100.00%

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

Source: Previous years' audits and current year financial statements

Housing Authority of the City of Yakima

Non-Operating Revenues by Source – Last Ten Fiscal Years

(Unaudited) **Table 4**

Fiscal	Intergovernmental		Investment		Gain (Loss) on Assets		Total	
Year	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
3/31/08	$ 874,823	90.45%	$ 92,903	9.61%	$ (551)	-0.06%	$ 967,175	100.00%
3/31/09	872,089	97.03%	17,431	1.94%	9,292	1.03%	898,812	100.00%
3/31/10	1,096,923	99.34%	8,641	0.78%	(1,387)	-0.12%	1,104,177	100.00%
3/31/11	1,035,714	92.44%	3,322	0.30%	81,375	7.26%	1,120,411	100.00%
3/31/12	1,059,030	99.73%	2,893	0.27%	-	0.00%	1,061,923	100.00%
3/31/13	815,325	98.98%	10,838	1.32%	(2,461)	-0.30%	823,702	100.00%
12/31/13	695,678	40.13%	8,651	0.50%	1,029,116	59.37%	1,733,445	100.00%
12/31/14	920,683	74.71%	1,107	0.09%	310,480	25.20%	1,232,270	100.00%
12/31/15	919,704	71.99%	357,882	28.01%	-	0.00%	1,277,586	100.00%
12/31/16	739,836	27.20%	451,374	16.59%	1,529,195	56.21%	2,720,405	100.00%

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

Source: Previous years' audits and current year financial statements

Housing Authority of the City of Yakima

Debt Service Coverage – Last Ten Fiscal Years

(Unaudited)

	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2012
Revenue (excluding HAP subsidy)	$ 2,869,364	$ 2,866,009	$ 3,518,500	$ 3,565,321	$ 3,342,310
Expenses (excluding depreciation, HAP)	2,655,371	2,629,917	2,866,419	3,215,258	3,195,606
Revenue available for debt service	$ 213,993	$ 236,092	$ 652,081	$ 350,063	$ 146,704
Debt Service Requirements:					
Principal	$ 136,157	$ 142,678	$ 144,271	$ 147,938	$ 157,683
Interest	187,727	178,340	172,527	154,506	152,760
Total	$ 323,884	$ 321,018	$ 316,798	$ 302,444	$ 310,443
Debt service coverage	0.66	0.74	2.06	1.16	0.47

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

Source: Previous years' audits and current year financial statements

Table 5

March 31, 2013	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
$ 2,949,559	$ 3,981,124	$ 5,694,917	$ 4,897,868	$ 6,670,985
2,763,939	2,052,471	3,212,057	3,126,261	2,899,001
$ 185,620	$ 1,928,653	$ 2,482,860	$ 1,771,607	$ 3,771,984
$ 174,577	$ 180,030	$ 145,248	$ 249,160	$ 182,162
146,900	146,900	212,336	241,000	142,970
$ 321,477	$ 326,930	$ 357,584	$ 490,160	$ 325,132
0.58	5.90	6.94	3.61	11.60

Continued

Housing Authority of the City of Yakima

Ratio of Debt to Capital Assets – Last Ten Fiscal Years

(Unaudited) **Table 6**

Fiscal Year	Notes Payable	Bonds Payable	Total Debt	Capital Assets	Ratio of Total Debt to Capital Assets
3/31/08	4,498,412	2,210,000	6,708,412	32,168,607	21.39%
3/31/09	4,422,254	2,150,000	6,572,254	32,158,166	20.85%
3/31/10	4,344,577	2,085,000	6,429,577	32,587,230	20.44%
3/31/11	4,265,306	2,020,000	6,285,306	32,709,767	19.73%
3/31/12	4,184,368	1,950,000	6,134,368	33,235,654	18.46%
3/31/13	4,301,675	1,875,000	6,176,675	36,233,259	17.05%
12/31/13	4,236,944	1,795,000	6,031,944	29,409,779	20.51%
12/31/14	4,597,430	3,554,062	8,151,492	23,605,663	18.95%
12/31/15	5,644,301	2,022,272	7,666,573	27,841,171	27.54%
12/31/16	6,113,889	1,988,754	8,102,643	24,909,095	32.53%

Source: Previous years' audits and current year financial statements

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

Housing Authority of the City of Yakima

Service Area Demographics / Statistics – Last Ten Fiscal Years

(Unaudited) **Table 7**

Year	Yakima & Kittitas County Population	Residents of YHA	Yakima & Kittitas County Unemployment Rate
3/31/08	275,300	2,483	5.6%
3/31/09	278,300	2,924	7.0%
3/31/10	279,600	2,472	8.8%
3/31/11	286,000	2,266	10.6%
3/31/12	287,500	2,833	11.0%
3/31/13	289,150	2,725	10.3%
12/31/13	288,944	2,581	8.7%
12/31/14	289,944	2,681	10.4%
12/31/15	289,452	3,003	10.4%
12/31/16	294,502	2,855	9.8%

Note: This table includes all YHA housing programs.

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

Housing Authority of the City of Yakima

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

(Unaudited) **Table 8**

	2016		
	Employees	Rank	Percentage of Total County Employment
Yakima Valley Memorial Hospital	2,200	1	1.97%
Walmart-Yakima/Sunnyside/Grandview	1,587	2	1.42%
Yakima School District, No. 7	1,736	3	1.55%
Washington St. Social & Health Services	1,400	4	1.25%
Yakima County	1,213	5	1.09%
Del Monte Foods in Yakima, Toppenish	1,200	6	1.07%
Yakima Valley Farmworkers Clinic	1,181	7	1.06%
Yakima Regional Medical Center	942	8	0.84%
Yakima Training Center	850	9	0.76%
Washington / AB Foods	850	10	0.76%

	2007		
	Employees	Rank	Percentage of Total County Employment
Yakima Valley Memorial Hospital	1,500	1	1.42%
Yakima School District, No. 7	1,001	2	0.94%
Yakima County	1,000	3	0.94%
Yakima Regional Medical Center	941	4	0.89%
Snokist Growers	851	5	0.80%
Walmart	825	6	0.78%
Washington Beef	725	7	0.68%
City of Yakima	623	8	0.59%
Western Recreational Vehicles, Inc.	600	9	0.57%
Yakima Valley Community College	590	10	0.56%

Source: Yakima Chamber of Commerce

Housing Authority of the City of Yakima

Resident Demographics / Population Statistics – Last Ten Fiscal Years

(Unaudited) **Table 9**

Public Housing and Non-HUD Housing Programs

Fiscal Year	Number of minors (ages 0-18)	Number of adults (ages 19-61)	Number of elderly (ages 62+)	Total number of residents
3/31/08	559	444	79	1,082
3/31/09	708	565	94	1,367
3/31/10	555	471	92	1,118
3/31/11	592	398	57	1,047
3/31/12	705	510	80	1,295
3/31/13	674	509	84	1,267
12/31/13	588	455	88	1,131
12/31/14	357	327	69	753
12/31/15	669	585	143	1,397
12/31/16	445	339	35	819

Housing Choice Voucher Program

Fiscal Year	Number of minors (ages 0-18)	Number of adults (ages 19-61)	Number of elderly (ages 62+)	Total number of residents
3/31/08	651	606	144	1,401
3/31/09	712	690	155	1,557
3/31/10	603	599	152	1,354
3/31/11	598	498	123	1,219
3/31/12	705	670	163	1,538
3/31/13	663	624	171	1,458
12/31/13	655	616	179	1,450
12/31/14	597	604	173	1,374
12/31/15	949	462	195	1,606
12/31/16	539	577	196	1,312

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

Housing Authority of the City of Yakima

Resident Demographics / Ethnicity Statistics – Last Ten Fiscal Years

(Unaudited) **Table 10**

Public Housing and Non-HUD Housing Programs

Fiscal Year	Caucasian	Latino	African American	Native American	Other	Total
3/31/08	154	889	8	15	16	1,082
3/31/09	177	1,144	0	25	21	1,367
3/31/10	160	931	0	14	13	1,118
3/31/11	137	864	11	28	7	1,047
3/31/12	246	971	13	39	26	1,295
3/31/13	193	1,005	21	33	15	1,267
12/31/13	135	926	18	35	17	1,131
12/31/14	100	624	19	6	4	753
12/31/15	104	1,248	19	26	0	1,397
12/31/16	82	688	20	28	1	819

Housing Choice Voucher Program

Fiscal Year	Caucasian	Latino	African American	Native American	Other	Total
3/31/08	715	532	80	61	13	1,401
3/31/09	811	549	98	76	23	1,557
3/31/10	678	492	88	71	25	1,354
3/31/11	553	512	101	44	9	1,219
3/31/12	969	338	139	77	15	1,538
3/31/13	778	477	109	62	32	1,458
12/31/13	739	488	132	77	14	1,450
12/31/14	628	577	97	56	16	1,374
12/31/15	929	546	61	56	14	1,606
12/31/16	716	429	89	56	22	1,312

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

Housing Authority of the City of Yakima

Number of YHA Dwelling Units – Last Ten Fiscal Years

(Unaudited) **Table 11**

Dwelling Units:

Fiscal Year	Public Housing	Farm Labor Units	Housing Choice Vouchers	VASH	NED	Cosecha Court *	Nueva Primavera **	Mariposa Park LP	Glenn Acres	Naches House	Harmony Park	Total
3/31/08	150	147	605	-	-	-	39	26	38	-	-	1,005
3/31/09	150	147	618	-	-	-	39	26	38	-	-	1,018
3/31/10	150	147	618	35	-	-	39	26	38	-	-	1,053
3/31/11	150	147	618	60	15	-	39	26	38	-	-	1,093
3/31/12	150	147	635	60	15	-	39	26	38	-	-	1,110
3/31/13	150	147	635	70	15	-	39	26	38	-	-	1,120
12/31/13	-	146	660	70	15	10	39	26	38	-	-	1,004
12/31/14	-	142	810	70	15	10	38	26	38	51	-	1,200
12/31/15	-	142	818	70	15	10	38	26	-	-	24	1,143
12/31/16	-	142	919	78	15	10	38	26	-	-	24	1,252

Managed Units:

Fiscal Year	YHA Family Housing **	Toppenish Family Housing	Glenn Acres	Naches House	Total
3/31/08	-	-	-	-	-
3/31/09	-	-	-	-	-
3/31/10	-	-	-	-	-
3/31/11	-	-	-	-	-
3/31/12	-	-	-	-	-
3/31/13	-	-	-	-	-
12/31/13	150	-	-	-	150
12/31/14	150	-	-	-	150
12/31/15	150	-	38	51	239
12/31/16	150	30	38	51	269

* Seasonal Farmworker Housing - 10 units, 76 beds.
** Including HCV's that are project based.

Source: YHA financial statements and audits

Housing Authority of the City of Yakima

Property Characteristics and Unit Composition – Last Ten Fiscal Years

(Unaudited) **Table 12**

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

Housing Authority of the City of Yakima

Property Characteristics and Unit Composition – Last Ten Fiscal Years

(Unaudited) (continued) **Table 12**

Total Valley Seven (Farm Labor Units) (brought forward)		142	
Other housing developments:			
Nueva Primavera	810 N 6th Ave	38	1999
Mariposa Apartments	314 Cherry Ave/918 & 919 Fenton	26	1999
Harmony Park	711 Rentschler Lane	24	1988
Cosecha Court	416 5th St	10	2013
Eastwood Apartments	610 E Arlington St	98	
	Total Units Owned	240	

Other Housing Developments Managed by Yakima Housing Authority

YHA Family Housing, LLC:			
Fair Avenue Apartments	110 S Fair Ave	14	1979
Pacific Apartments	504/508 Pacific	15	1979
Evergreen Apartments	1322 S 18th Ave	6	1979
Cascade Apartments	615 N 15th Ave	15	1979
Eastwood Apartments	610 E Arlington St	10	1979
Spruce Lane Apartments	914 E Spruce St	20	1980
Edgewood Apartments	621 N 16th Ave	10	1980
Willow Lane Apartments	1214 Willow St	10	1980
Sierra Apartments	603 Central Ave	14	1980
Parkview Apartments	801 Central Ave	10	1980
9th Street Apartments	1212 S 9th St	4	1982
Yakima Terrace	1307/1309/1311 A & B S 18th Ave	6	1987
Nueva Primavera	810 N 6th Ave	16	1999
	Total YHA Family Housing Units	150	
Yakima Affordable Housing, LLLP:			
Glenn Acres	15 N. 37th Avenue	38	1999
Naches House	314 N. Naches Avenue	51	2014
	Total Yakima Affordable Housing, LLP Units	89	
Toppenish Family Housing, LLC	800-828 Guyette Lane	30	2016
	Total Units Managed	269	
	Total Units	509	

Source: YHA's development & deed files

Housing Authority of the City of Yakima
Number of YHA Staff – Last Ten Fiscal Years
(Unaudited) **Table 13**

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

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

Housing Authority of the City of Yakima

Single Audit Section:

- Independent Auditors' Reports
- Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questioned Costs
- Status of Prior Year Findings

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

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

We have audited the financial statements of the Housing Authority of the City of Yakima, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated July 20, 2017. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The financial statements of YHA Family Housing, LLC was not audited in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with YHA Family Housing, LLC.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Petersen CPAs + Advisors, PLLC

July 20, 2017

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

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

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Yakima's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the Housing Authority of the City of Yakima's major federal programs for the year ended December 31, 2016. The Housing Authority of the City of Yakima's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the City of Yakima complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control over Compliance

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

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

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

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

Petersen CPAs + Advisors, PLLC

July 20, 2017

Housing Authority of the City of Yakima
Schedule of Expenditures of Federal Awards
December 31, 2016

	CFDA Number	Contract Number	Other Identification Number	Federal Expenditures
U.S. Department of Housing and Urban Development:				
Section 8 Project-Based Cluster				
Section 8 Housing Assistance Payments Program	14.195	WA19M000052		$ 452,089
Total Section 8 Project-based cluster				452,089
Resident Opportunity & Self Sufficiency	14.870	WA042RFS229A012		100,791
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	S0083V	WA042VO	5,108,871
Total Housing Voucher Cluster				5,108,871
Total U.S. Department of Housing and Urban Development				5,661,751
USDA Farmers Home Administration Programs:				
Farm Labor Housing Grant	10.405	Cosecha Court		99,994
Farm Labor Housing Loan	10.405	Cosecha Court		191,752
Rural Rental Housing Loan	10.415	Harmony Park		699,627
Rural Rental Housing - Forgivable loan	10.415	Harmony Park		1,191,836
Rural Rental Assistance Program	10.427	Valley Seven		476,296
Rural Rental Assistance - Loan	10.427	Valley Seven		947,106
Rural Rental Assistance Program	10.427	Harmony Park		41,191
Rural Development Multi-Family Housing Revitalization Demonstration Program (MPR) - loan	10.447	Valley Seven		1,762,727
Rural Development Multi-Family Housing Revitalization Demonstration Program (MPR) - grant	10.447	Valley Seven		283,066
Total USDA Farmers Home Administration Direct Programs				5,693,595
Passed through Office of Rural and Farmworker Housing				
Multi-family Housing Preservation Revolving Loan Fund Demonstration Program	10.415	Valley Seven		187,500
Total USDA Farmers Home Administration Programs				5,881,095
Total Federal Expenditures				$ 11,542,846

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

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

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

Farm Labor Housing Loan – The expenditures shown consist of loan funds received and expended in the Cosecha Court development. The total balance of the loan outstanding at December 31, 2016 was $186,154.

Rural Rental Housing – The expenditures shown consist of loan funds received and expended in the Harmony Park development and the Valley Seven development. The total balance of the loan outstanding at December 31, 2016 was $693,856 and $907,627, respectively.

Rural Development Multi-Family Housing Revitalization Demonstration Program (MPR) – The expenditures shown consist of loan funds received and expended in the Valley Seven development. The total balance of the loan outstanding at December 31, 2016 was $1,524,946.

Multi-Family Housing Preservation Revolving Loan Fund Demonstration Program – The expenditures shown consist of loan funds received and expended in the Valley Seven development. The total balance of the loan outstanding at December 31, 2016 was $187,500.

Housing Authority of the City of Yakima
Schedule of Findings and Questioned Costs
December 31, 2016

Section I – Summary of Auditors' Results

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

Unmodified Opinion

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

No

C. Noncompliance that is material to the financial statements:

No

D. Significant deficiencies in internal control over major programs:

No

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

Unmodified Opinion

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

No

G. Major Programs:

10.415 – Rural Rental Housing

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

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

$750,000

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

No

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

None reported

Section III – Findings and Questioned Costs Relating to Federal Awards

None reported.

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

None Reported.

Section III – Findings and Questioned Costs Relating to Federal Awards

None Reported.

Housing Authority of the City of Yakima

HUD Required Schedules:

Financial Data Schedules

Housing Authority of the City of Yakima
Financial Data Schedules

Line Item #	Account description	14.871 Housing Choice Vouchers	6.2 Discrete Component Units	10.427 Rural Assistance Programs	2 State/ Local
111	Cash - unrestricted	$ 592,235	$ 206,032	$ 530,840	$ 332,935
112	Cash- restricted - modernization and development	-	-	-	-
113	Cash - other restricted	-	-	-	-
114	Cash - tenant security deposits	-	42,700	25,973	31,271
115	Cash - restricted for payment of current liabilities	-	-	-	-
100	Total cash	592,235	248,732	556,813	364,206
121	Accounts receivable - PHA projects	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	29,196	-
124	Accounts receivable - other government	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-
126	Accounts receivable - tenant	26,301	105,972	83,275	55,294
126.1	Allowance for doubtful accounts - tenants	(13,684)	(9,793)	(44,686)	(35,253)
126.2	Allowance for doubtful accounts - other	-	-	-	-
127	Notes, loans and mortgages receivable - current	-	-	-	-
128	Fraud recovery	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-
129	Accrued interest receivable	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	12,617	96,179	67,785	20,041
131	Investments - unrestricted	-	-	-	-
132	Investments - restricted	167,091	1,341,287	85,126	837,374
135	Investments - restricted for payment of current liability	-	-	-	-
142	Prepaid expenses and other assets	5,510	40,476	-	(33)
143	Inventories	-	-	-	9,136
143.1	Allowance for obsolete inventories	-	-	-	-
144	Inter program due from	(12,892)	-	-	(10,054)
145	Assets held for sale	-	-	-	-
150	Total current assets	764,561	1,726,674	709,724	1,220,670
161	Land	-	1,688,758	611,867	799,834
162	Buildings	-	23,518,410	11,349,510	6,702,716
163	Furniture, equipment & machinery - dwellings	-	211,896	122,473	197,531
164	Furniture, equipment & machinery - administration	34,830	-	9,229	62,557
165	Leasehold improvements	-	-	-	-
166	Accumulated depreciation	(16,490)	(1,796,307)	(6,616,387)	(3,111,611)
167	Construction in progress	-	-	1	640,997
168	Infrastructure	-	-	-	279,511
160	Total capital assets, net of accumulated depreciation	18,340	23,622,757	5,476,693	5,571,535
171	Notes, loans and mortgages receivable - non-current	-	-	-	-
172	Notes, loans, mortgages receivable, non-current, past due	-	-	-	-
173	Grants receivable - non-current	-	-	-	-
174	Other assets	-	-	-	-
176	Investments in joint ventures	-	-	-	-
180	Total non-current assets	18,340	23,622,757	5,476,693	5,571,535
190	Total assets	782,901	25,349,431	6,186,417	6,792,205
200	Deferred outflows of resources	-	-	-	-
190	Total assets and deferred outflows of resources	$ 782,901	$ 25,349,431	$ 6,186,417	$ 6,792,205

14.195 Sec. 8 Housing Assist. Pmts Prog. Special	14.870 Resid. Opp. And Supportive Services	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	Subtotal	Eliminating Entries	Total
$ 272,572	$ 6,917	$ 1,268	$ 2,699,429	$ 4,642,228	$ -	$ 4,642,228
-	-	-	-	-	-	-
-	-	-	125	125	-	125
22,123	-	-	-	122,067	-	122,067
-	-	-	-	-	-	-
294,695	6,917	1,268	2,699,554	4,764,420	-	4,764,420
-	-	-	-	-	-	-
-	-	-	-	29,196	-	29,196
-	-	-	-	-	-	-
2,700	-	-	1,160,000	1,162,700	(1,160,000)	2,700
10,317	-	-	300	281,459	-	281,459
(7,341)	-	-	(19,906)	(130,663)	-	(130,663)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,676	-	-	1,140,394	1,342,692	(1,160,000)	182,692
-	-	-	37,123	37,123	-	37,123
-	-	133,160	15,498	2,579,536	-	2,579,536
-	-	-	-	-	-	-
4,973	-	174	28	51,128	-	51,128
-	-	-	46,349	55,485	-	55,485
-	-	-	(3,078)	(3,078)	-	(3,078)
-	7,109	-	1,061,636	1,045,799	(1,045,799)	-
-	-	-	-	-	-	-
305,344	14,026	134,602	4,997,504	9,873,105	(2,205,799)	7,667,306
-	-	212,025	272,768	3,585,252	-	3,585,252
10,069,505	-	2,819,347	144,492	54,603,980	-	54,603,980
163,987	-	249,369	107,194	1,052,450	-	1,052,450
-	-	-	176,796	283,412	-	283,412
-	-	-	-	-	-	-
(178,184)	-	(341,577)	(333,890)	(12,394,446)	-	(12,394,446)
-	-	-	116,049	757,047	-	757,047
-	-	-	-	279,511	-	279,511
10,055,308	-	2,939,164	483,409	48,167,206	-	48,167,206
-	-	-	8,683,120	8,683,120	(8,683,120)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	766,985	766,985	(766,985)	-
10,055,308	-	2,939,164	9,933,514	57,617,311	(9,450,105)	48,167,206
10,360,652	14,026	3,073,766	14,931,018	67,490,416	(11,655,904)	55,834,512
-	-	-	-	-	-	-
$ 10,360,652	$ 14,026	$ 3,073,766	$ 14,931,018	$ 67,490,416	$ (11,655,904)	$ 55,834,512

Housing Authority of the City of Yakima
Financial Data Schedules

Line Item #	Account description	14.871 Housing Choice Vouchers	6.2 Discrete Component Units	10.427 Rural Assistance Programs	2 State/ Local
311	Bank overdraft	$ -	$ -	$ -	$ -
312	Accounts payable less than 90 days	(221)	22,574	113,365	-
313	Accounts payable greater than 90 days	-	-	-	-
321	Accrued wages / payroll taxes payable	-	6,766	-	-
322	Accrued compensated absences - current portion	4,328	3,682	4,841	2,341
324	Accrued contingency liability	-	-	-	-
325	Accrued interest payable	-	12,370	317	7,723
331	Accounts payable - HUD PHA programs	-	-	-	-
332	Accounts payable - PHA projects	-	-	-	-
333	Accounts payable - other government	-	440,266	5,377	-
341	Tenant security deposits	-	42,700	25,973	31,271
342	Unearned revenue	-	9,623	6,514	3,482
343	Current portion of long-term debt - capital projects/mortgage revenue	-	-	78,798	90,995
344	Current portion of long-term debt - operating borrowings	-	-	-	-
345	Other current liabilities	449,642	-	-	-
346	Accrued liabilities - other	-	-	-	-
347	Inter program - due to	-	484,869	14,919	322,683
348	Loan liability - current	-	-	236,700	-
310	Total current liabilities	453,749	1,022,850	486,804	458,495
351	Long-term debt, net current, capital projects	(2,974)	8,433,120	2,353,775	4,861,821
352	Long-term debt, net of current - operating borrowings	-	-	-	-
353	Non-current liabilities - other	167,091	-	-	-
354	Accrued compensated absences - non-current	6,492	5,524	7,262	3,511
355	Loan liability - non-current	-	-	-	-
356	FASB 5 liabilities	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-
350	Total non-current liabilities	170,609	8,438,644	2,361,037	4,865,332
300	Total liabilities	624,358	9,461,494	2,847,841	5,323,827
400	Deferred inflows of resources	-	-	-	-
508.4	Net investment in capital assets	21,314	15,189,637	2,807,420	618,719
511.1	Restricted net position	167,091	1,341,287	85,126	837,374
512.1	Unrestricted net position	(29,862)	(642,987)	446,030	12,285
513	Total equity / net position	158,543	15,887,937	3,338,576	1,468,378
600	Total liab., def'd inflows resources, equity/net position	$ 782,901	$ 25,349,431	$ 6,186,417	$ 6,792,205

14.195 Sec. 8 Housing Assist. Pmts Prog. Special	14.870 Resid. Opp. And Supportive Services	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	Subtotal	Eliminating Entries	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -
689,659	-	-	100,960	926,337	-	926,337
386,186	-	-	-	386,186	-	386,186
-	-	-	72,505	79,271	-	79,271
2,679	4,385	594	16,064	38,914	-	38,914
-	-	-	-	-	-	-
11,496	-	-	487	32,393	-	32,393
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,160,000	-	-	-	1,605,643	(1,160,000)	445,643
22,123	-	-	-	122,067	-	122,067
3,259	-	-	-	22,878	-	22,878
-	-	10,370	2,000	182,163	-	182,163
-	-	-	-	-	-	-
-	-	-	-	449,642	-	449,642
-	-	-	-	-	-	-
121,426	-	3,917	97,985	1,045,799	(1,045,799)	-
-	-	-	74,412	311,112	-	311,112
2,396,828	4,385	14,881	364,413	5,202,405	(2,205,799)	2,996,606
7,827,875	-	175,784	529,100	24,178,501	(8,683,120)	15,495,381
-	-	-	-	-	-	-
-	-	-	-	167,091	-	167,091
4,019	6,577	892	24,096	58,373	-	58,373
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
7,831,894	6,577	176,676	553,196	24,403,965	(8,683,120)	15,720,845
10,228,722	10,962	191,557	917,609	29,606,370	(10,888,919)	18,717,451
-	-	-	-	-	-	-
2,227,433	-	2,753,010	(122,103)	23,495,430	8,683,120	32,178,550
-	3,064	133,160	15,623	2,582,725	-	2,582,725
(2,095,503)	-	(3,961)	14,119,889	11,805,891	(9,450,105)	2,355,786
131,930	3,064	2,882,209	14,013,409	37,884,046	(766,985)	37,117,061
$ 10,360,652	$ 14,026	$ 3,073,766	$ 14,931,018	$ 67,490,416	$ (11,655,904)	$ 55,834,512

Housing Authority of the City of Yakima
Financial Data Schedules

Line Item #	Account description	14.871 Housing Choice Vouchers	6.2 Discrete Component Units	10.427 Rural Assistance Programs	2 State / Local
70300	Net tenant rental revenue	$ -	$ 1,236,636	$ 682,650	$ 733,507
70400	Tenant revenue - other	-	35,175	22,017	13,968
70500	Total tenant revenue	-	1,271,811	704,667	747,475
70600	HUD PHA operating grants	5,108,871	-	-	-
70610	Capital grants	-	-	-	-
70710	Management fee	-	-	93,718	-
70720	Asset management fee	-	-	-	-
70730	Bookkeeping fee	-	-	-	-
70740	Front line service fee	-	-	-	-
70750	Other fees	-	-	-	-
70700	Total fee revenue	-	-	93,718	-
70800	Other government grants	-	-	759,362	685,949
71100	Investment income - unrestricted	-	-	8	390
71200	Mortgage interest income	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-
71310	Cost of sale of assets	-	-	-	-
71400	Fraud recovery	6,899	-	-	-
71500	Other revenue	-	12,797	7,448	14,403
71600	Gain or loss on sale of capital assets	-	-	-	-
72000	Investment income - restricted	117	676	38	-
70000	Total revenue	$ 5,115,887	$ 1,285,284	$ 1,565,241	$ 1,448,217

14.195 Sec. 8 Housing Assist. Pmts Prog. Special	14.870 Resid. Opp. And Supportive Services	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	Subtotal	Eliminating Entries	Total
$ 253,799	$ -	$ 44,737	$ -	$ 2,951,329	$ -	$ 2,951,329
4,105	-	-	-	75,265	-	75,265
257,904	-	44,737	-	3,026,594	-	3,026,594
-	100,791	-	-	5,209,662	-	5,209,662
-	-	-	-	-	-	-
-	-	-	341,727	435,445	(341,727)	93,718
-	-	-	95,699	95,699	(95,699)	-
-	-	-	160,846	160,846	(160,846)	-
-	-	-	-	-	-	-
-	-	-	169,748	169,748	(169,748)	-
-	-	-	768,020	861,738	(768,020)	93,718
452,089	-	99,994	-	1,997,394	-	1,997,394
254	-	-	450,758	451,410	(450,719)	691
-	-	-	-	-	-	-
-	-	-	1,350	1,350	-	1,350
-	-	-	-	-	-	-
-	-	-	-	6,899	-	6,899
11,878	-	175	1,375,837	1,422,538	77	1,422,615
-	-	-	1,529,195	1,529,195	-	1,529,195
291	-	-	-	1,122	-	1,122
$ 722,416	$ 100,791	$ 144,906	$ 4,125,160	$ 14,507,902	$ (1,218,662)	$ 13,289,240

Housing Authority of the City of Yakima
Financial Data Schedules

Line Item #	Account description	14.871 Housing Choice Vouchers	6.2 Discrete Component Units	10.427 Rural Assistance Programs	2 State / Local
91100	Administrative salaries	$ 151,337	$ 59,488	$ 70,723	$ 30,776
91200	Auditing fees	18,147	19,399	7,898	9,574
91300	Management fee	129,983	115,206	93,720	54,581
91310	Bookkeeping fee	75,630	-	26,256	17,525
91400	Advertising and marketing	586	386	475	163
91500	Employee benefits contributions - administrative	76,287	17,086	23,224	11,296
91600	Office expenses	119,652	73,112	77,075	54,022
91700	Legal expenses	31,458	9,815	7,074	8,166
91800	Travel	1,071	247	169	100
91810	Allocated overhead	-	-	-	-
91900	Other	6,213	3,333	2,486	1,057
91000	Total operating - administrative	610,364	298,072	309,100	187,260
92000	Asset management fee	-	28,642	7,500	18,134
92100	Tenant services - salaries	-	-	-	-
92200	Relocation costs	-	-	-	-
92300	Employee benefits contributions - tenant services	-	-	-	-
92400	Tenant services - other	-	-	-	-
92500	Total tenant services	-	-	-	-
93100	Water	-	71,745	113,721	45,973
93200	Electricity	-	18,879	13,707	12,111
93300	Gas	-	166	232	-
93400	Fuel	-	-	-	-
93500	Labor	-	-	-	-
93600	Sewer	-	76,819	110,928	54,496
93700	Employee benefit contributions - utilities	-	-	-	-
93800	Other utilities expense	-	50,162	52,497	26,080
93000	Total utilities	-	217,771	291,085	138,660
94100	Ordinary maintenance and operations - labor	-	80,223	108,452	80,295
94200	Ordinary maintenance and operations - materials and other	2,138	57,246	46,277	33,519
94300	Ordinary maintenance and operations contracts	8,265	68,356	94,042	53,523
94500	Employee benefit contributions - ordinary maintenance	-	35,543	43,663	30,373
94000	Total maintenance	10,403	241,368	292,434	197,710
95100	Protective services - labor	-	-	-	-
95200	Protective services - other contract costs	-	791	-	1,375
95300	Protective services - other	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-
95000	Total protective services	-	791	-	1,375
96110	Property insurance	-	-	20,273	8,862
96120	Liability insurance	1,666	15,170	4,673	2,223
96130	Workmen's compensation	-	-	-	-
96140	All other insurance	683	37,009	640	1,677
96100	Total insurance premiums	2,349	52,179	25,586	12,762

14.195 Sec. 8 Housing Assist. Pmts Prog. Special	14.870 Resid. Opp. And Supportive Services	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	Subtotal	Eliminating Entries	Total
$ 64,466	$ -	$ 1,722	$ 265,257	$ 643,769	$ -	$ 643,769
11,097	-	1,534	10,719	78,368	-	78,368
30,400	-	1,926	-	425,816	(341,727)	84,089
14,096	-	576	-	134,083	(134,083)	-
179	-	956	809	3,554	-	3,554
23,142	20,461	8,601	92,272	272,369	-	272,369
56,548	-	11,955	90,686	483,050	(169,748)	313,302
3,652	-	2,537	21,809	84,511	-	84,511
100	-	5	354	2,046	-	2,046
-	-	-	-	-	-	-
(213)	-	-	827	13,703	-	13,703
203,467	20,461	29,812	482,733	2,141,269	(645,558)	1,495,711
16,480	-	3,000	-	73,756	(95,699)	(21,943)
-	90,690	-	-	90,690	-	90,690
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	660	660	-	660
-	90,690	-	660	91,350	-	91,350
12,517	-	7,950	17,693	269,599	-	269,599
45,898	-	10,406	5,119	106,120	-	106,120
8,969	-	-	1,393	10,760	-	10,760
-	-	-	-	-	-	-
-	-	-	-	-	-	-
20,791	-	7,656	559	271,249	-	271,249
-	-	-	-	-	-	-
5,611	-	3,291	6,468	144,109	-	144,109
93,786	-	29,303	31,232	801,837	-	801,837
25,149	-	28,905	145,472	468,496	-	468,496
18,024	-	13,899	(5,684)	165,419		165,419
56,477	-	13,782	15,406	309,851		309,851
8,408	-	3,633	40,932	162,552	-	162,552
108,058	-	60,219	196,126	1,106,318	-	1,106,318
-	-	-	-	-	-	-
2,281	-	999	740	6,186	-	6,186
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,281	-	999	740	6,186	-	6,186
7,496	-	1,610	304	38,545	-	38,545
4,679	-	229	22	28,662	-	28,662
-	-	-	-	-	-	-
322	-	137	56	40,524	-	40,524
12,497	-	1,976	382	107,731	-	107,731

Housing Authority of the City of Yakima
Financial Data Schedules

Line Item #	Account description	14.871 Housing Choice Vouchers	6.2 Discrete Component Units	10.427 Rural Assistance Programs	2 State / Local
96200	Other general expenses	$ 3,721	$ 116,825	$ 6,468	$ 9
96210	Compensated absences	-	-	-	-
96300	Payments in lieu of taxes	-	-	4,964	12
96400	Bad debt - tenant rents	558	8,713	20,083	27,998
96500	Bad debt - mortgages	-	-	-	-
96600	Bad debt - other	-	-	-	-
96800	Severance expense	-	-	-	-
96000	Total other general expenses	4,279	125,538	31,515	28,019
96710	Interest of mortgage (or bonds) payable	-	363,075	54,258	112,245
96720	Interest on notes payable (short and long term)	-	-	-	-
96730	Amortization of bond issue costs	-	-	-	-
96700	Total interest expense and amortization cost	-	363,075	54,258	112,245
96900	Total operating expense	627,395	1,327,436	1,011,478	696,165
97000	Excess of revenue over operating expenses	4,488,492	(42,152)	553,763	752,052
97100	Extraordinary maintenance	-	-	-	-
97200	Casualty losses - non-capitalized	-	-	-	-
97300	Housing assistance payments	4,374,750	-	-	-
97350	HAP portability-in	-	-	-	-
97400	Depreciation expense	4,265	768,083	484,349	167,879
97500	Fraud losses	-	-	-	-
97600	Capital outlays - governmental funds	-	-	-	-
97700	Debt principal payment - governmental funds	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-
90000	Total expenses	5,006,410	2,095,519	1,495,827	864,044
10010	Operating transfer in	-	-	-	-
10020	Operating transfer out	-	-	-	-
10030	Operating transfers from/to primary government	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-
10050	Proceeds from notes, loans and bonds	-	-	-	-
10060	Proceeds from property sales	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-
10080	Special items (net gain/loss)	-	35,800	-	-
10091	Inter project excess cash transfer in	-	-	-	-
10092	Inter project excess cash transfer out	-	-	-	-
10093	Transfers between program and project - in	-	-	-	-
10094	Transfers between program and project - out	-	-	-	-
10100	Total other financing sources (uses)	-	35,800	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	$ 109,477	$ (774,435)	$ 69,414	$ 584,173

14.195 Sec. 8 Housing Assist. Pmts Prog. Special	14.870 Resid. Opp. And Supportive Services	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	Subtotal	Eliminating Entries	Total
$ 294,296	$ -	$ 38	$ 23,158	$ 444,515	$ (26,763)	$ 417,752
-	-	-	-	-	-	-
-	-	-	308	5,284	-	5,284
5,245	-	-	20,106	82,703	-	82,703
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
299,541	-	38	43,572	532,502	(26,763)	505,739
135,896	-	2,554	5,646	673,674	(450,719)	222,955
-	-	-	-	-	-	-
-	-	-	-	-	-	-
135,896	-	2,554	5,646	673,674	(450,719)	222,955
872,006	111,151	127,901	761,091	5,534,623	(1,218,739)	4,315,884
(149,590)	(10,360)	17,005	3,364,069	8,973,279	77	8,973,356
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	4,374,750	-	4,374,750
-	-	-	-	-	-	-
210,889	-	102,473	27,392	1,765,330	-	1,765,330
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,082,895	111,151	230,374	788,483	11,674,703	(1,218,739)	10,455,964
-	-	-	1,103,063	1,103,063	(1,103,063)	-
(1,103,063)	-	-	-	(1,103,063)	1,103,063	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	35,800	-	35,800
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(1,103,063)	-	-	1,103,063	35,800	-	35,800
$ (1,463,542)	$ (10,360)	$ (85,468)	$ 4,439,740	$ 2,868,999	$ 77	$ 2,869,076

Housing Authority of the City of Yakima
Financial Data Schedules

Line Item #	Account description	14.871 Housing Choice Vouchers	6.2 Discrete Component Units	10.427 Rural Assistance Programs	2 State / Local
11020	Required annual debt principal payments	$ -	$ -	$ 63,227	$ 4,800
11030	Beginning equity	49,066	16,662,372	3,269,162	884,205
11040	Prior period adjustments, equity transfers and corrections	-	-	-	-
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	240,913	-	-	-
11180	Housing assistance payments equity	(82,370)	-	-	-
11190	Unit months available	10,804	1,800	1,704	1,380
11210	Number of unit months leased	9,625	1,800	1,634	1,380
11270	Excess cash	-	-	-	-
11610	Land purchases	-	-	-	-
11620	Building purchases	-	-	-	-
11630	Furniture and equipment - dwelling purchases	-	-	-	-
11640	Furniture and equipment - administrative purchases	-	-	-	-
11650	Leasehold improvements purchases	-	-	-	-
11660	Infrastructure purchases	-	-	-	-
13510	CFFP debt service payments	-	-	-	-
13901	Replacement housing factor funds	-	-	-	-

14.195 Sec. 8 Housing Assist. Pmts Prog. Special	14.870 Resid. Opp. And Supportive Services	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	Subtotal	Eliminating Entries	Total
$ 164,610	$ -	$ 63,227	$ -	295,864	$ -	295,864
1,595,472	13,424	2,967,677	9,573,669	35,015,047	(767,062)	34,247,985
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	240,913	-	240,913
-	-	-	-	(82,370)	-	(82,370)
1,056	-	210	-	16,954	-	16,954
1,056	-	208	-	15,703	-	15,703
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Housing Authority of the City of Yakima

Rural Assistance Programs:

Combining Financial Statements

Housing Authority of the City of Yakima
Combining Statements of Net Position – Rural Assistance Programs

	Harmony Park	USDA - Indirect	Valley 7	Cosecha Court	Total
Assets					
Current Assets:					
Cash and cash equivalents - unrestricted	$ 6,785	$ 101,716	$ 429,124	$ 1,269	$ 538,894
Accounts receivables, net of allowance	8,733	-	67,785	-	76,518
Prepaid expenses and other assets	(33)	-	-	173	140
	15,485	101,716	496,909	1,442	615,552
Restricted Assets:					
Cash and cash equivalents - other restricted	-	-	-	-	-
Cash - tenant security deposits	14,004	-	25,973	-	39,977
Investments - restricted	300,732	-	85,126	133,159	519,017
	314,736	-	111,099	133,159	558,994
Total current assets	330,221	101,716	608,008	134,601	1,174,546
Noncurrent Assets:					
Capital assets:					
Land	137,800	-	611,867	212,025	961,692
Buildings	723,747	-	11,349,510	2,819,347	14,892,604
Furniture, equipment and machinery - dwellings	-	-	122,473	249,369	371,842
Furniture, equipment and machinery - admin	10,004	-	9,229	-	19,233
Accumulated depreciation	(28,098)	-	(6,616,387)	(341,577)	(6,986,062)
Construction in progress	640,997	-	1	-	640,998
Total noncurrent assets	1,484,450	-	5,476,693	2,939,164	9,900,307
Total assets	$ 1,814,671	$ 101,716	$ 6,084,701	$ 3,073,765	$ 11,074,853

Housing Authority of the City of Yakima
Combining Statements of Net Position – Rural Assistance Programs (continued)

	Harmony Park	USDA - Indirect	Valley 7	Cosecha Court	Total
Liabilities and Net Position					
Current Liabilities:					
Accounts payable less than 90 days	$ -	$ -	$ 4,000	$ -	$ 4,000
Developer fee payable	-	-	-	-	-
Retainage payable	-	-	109,365	-	109,365
Accrued wages and payroll taxes	-	-	-	-	-
Accrued compensated absences current portion	889	-	4,841	594	6,324
Accrued interest payable	-	-	317	-	317
Accrued liabilities - other	-	-	5,377	-	5,377
Unearned income	1,098	-	6,514	-	7,612
Short-term note payable	-	-	236,700	-	236,700
Current portion of long term debt	5,991	-	78,798	10,370	95,159
Due to other funds	1,269	(483)	15,402	3,917	20,105
	9,247	(483)	461,314	14,881	484,959
Payables from Restricted Assets:					
Accounts payable - other government	-	-	-	-	-
Tenant security deposits	14,004	-	25,973	-	39,977
	14,004	-	25,973	-	39,977
Total current liabilities	23,251	(483)	487,287	14,881	524,936
Noncurrent Liabilities:					
Long-term debt, net of current	687,865	-	2,353,775	175,784	3,217,424
Accrued comp. absences, net of current	1,333	-	7,259	894	9,486
Other noncurrent liabilities	-	-	-	-	-
Total noncurrent liabilities	689,198	-	2,361,034	176,678	3,226,910
Total liabilities	712,449	(483)	2,848,321	191,559	3,751,846
Net Position:					
Net investment in capital assets net of related debt	790,594	-	2,698,055	2,753,010	6,241,659
Restricted for:					
Housing Assistance Payments - Section 8	-	-	-	-	-
Grantor requirements	300,732	-	85,126	133,159	519,017
Required reserves	14,004	-	25,973	-	39,977
Unrestricted net position	(3,108)	102,199	427,226	(3,963)	522,354
Total net position	1,102,222	102,199	3,236,380	2,882,206	7,323,007
Total liabilities and net position	$ 1,814,671	$ 101,716	$ 6,084,701	$ 3,073,765	$ 11,074,853

Housing Authority of the City of Yakima

Combining Statements of Revenues, Expenses, and Changes in Net Assets – Rural Assistance Programs

	Harmony Park	USDA - Indirect	Valley 7	Cosecha Court	Total
Operating Revenue:					
Net tenant rental revenue	$ 133,688	$ -	$ 682,650	$ 44,737	$ 861,075
Other revenue	223	93,718	7,448	175	101,564
Other tenant revenue	2,477	-	22,016	-	24,493
Total operating revenue	136,388	93,718	712,114	44,912	987,132
Operating Expenses:					
Administrative:					
Administrative wages	13,069	-	70,520	1,723	85,312
Professional fees	2,634	9,422	5,551	4,071	21,678
Employee benefit contributions	4,340	4	23,220	8,601	36,165
Other operating - administrative	43,401	21,921	185,958	18,418	269,698
	63,444	31,347	285,249	32,813	412,853
Utilities:					
Electricity	3,603	-	13,707	10,407	27,717
Other utilities expense	6,510	3	52,726	3,291	62,530
Sewer	19,368	-	110,928	7,657	137,953
Water	14,876	-	113,721	7,951	136,548
	44,357	3	291,082	29,306	364,748
Ordinary maintenance and operations:					
Contract costs	25,775	550	93,495	13,779	133,599
Employee benefit contributions	17,413	-	43,663	3,634	64,710
Maintenance and operations wages	54,131	-	108,452	28,905	191,488
Materials and other	14,990	922	45,355	13,900	75,167
	112,309	1,472	290,965	60,218	464,964
General expenses:					
Depreciation expense	18,625	-	484,349	102,473	605,447
Insurance premiums	1,648	40	25,546	1,975	29,209
Bad debt - tenant rents	2,065	-	20,082	-	22,147
Other general expenses	4	23	1,348	39	1,414
Protective services contract costs	-	-	-	999	999
Payments in lieu of taxes	12	-	4,964	-	4,976
	22,354	63	536,289	105,486	664,192
Total operating expenses	242,464	32,885	1,403,585	227,823	1,906,757
Operating Income (Loss)	$ (106,076)	$ 60,833	$ (691,471)	$ (182,911)	$ (919,625)
Nonoperating Revenue (Expenses):					
Gain on the sale of capital assets	-	-	-	-	-
Interest expense	(12,075)	-	(54,258)	(2,554)	(68,887)
Debt issuance costs	-	-	(5,096)	-	(5,096)
Intergovernmental revenue	41,191	-	476,296	99,994	617,481
Investment revenue - restricted	-	-	38	-	38
Investment revenue - unrestricted	168	-	9	-	177
Total nonoperating revenue (expenses)	29,284	-	416,989	97,440	543,713
Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers	(76,792)	60,833	(274,482)	(85,471)	(375,912)
Capital grants	644,836	-	283,066	-	927,902
Increase (Decrease) in Net Position	568,044	60,833	8,584	(85,471)	551,990
Net Position, Beginning of Year	534,178	41,366	3,227,796	2,967,677	6,771,017
Net Position, End of Year	$ 1,102,222	$ 102,199	$ 3,236,380	$ 2,882,206	$ 7,323,007