



**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

A-133 Audit of Federal Awards

Year ended September 30, 2006

(With Independent Auditors' Report Thereon)

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

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**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Schedule of Expenditures of Federal Awards

Year ended September 30, 2006

Grantor agency/passthrough agency/ program/grant name	CFDA number	Grant number	Federal expenditures
Department of Housing and Urban Development (HUD):			
Public and Indian Housing – Capital Funds Program:	14.872		
Capital Funds Program Year 4		WA19P00150103/203	\$ 276,904
Capital Funds Program Year 5		WA19P00150104	493,590
Capital Funds Program Replacement Housing		WA19R00150104	2,613,254
Capital Funds Program Year 6		WA19R00150105	6,834,334
			<u>10,218,082</u>
Hope VI Urban Revitalization Demonstration Program:	14.866		
Hope VI URD – Rainier Vista Neighborhood Networks		WA19URD001N103	84,149
			<u>84,149</u>
Public and Indian Housing:	14.850		
Conventional-Operating		SF-151	12,071,965
Conventional-Operating High Point		SF-151	1,893,261
			<u>13,965,226</u>
Lower Income Housing Assistance Program:			
Section 8 New Construction/Substantial Rehabilitation:	14.182		
Imperial House		WA19-0023-004	909,122
Alaska House		WA19-0035-007	765,868
International House		WA19-0023-014	749,170
Meridian Manor		WA19-A001-005	719,926
New Central Hotel		WA19-A001-004	210,948
Burke-Gilman Apts		WA19-8023-002	517,148
Bayview		WA19-0003-002	667,762
Market Terrace		WA19-0054-002	201,047
			<u>4,740,991</u>
Section 8 Moderate Rehabilitation	14.856	WA19-K001001-010	4,084,847
Section 8 Housing Choice Program:	14.871		
Rental Voucher Program		WA001VOW021-028	63,343,332
Welfare to Work/Special Purpose Vouchers		WA001VO0111-114, 57 & 64	6,166,033
Family Self-Sufficiency		WA001FSH001	212,014
			<u>69,721,379</u>
ROSS – Neighborhood Networks	Unavailable	WA02RNN001P0039	2,377
ROSS – Neighborhood Networks	Unavailable	WA001RNN030A003	72,394
ROSS – Neighborhood Networks	Unavailable	WA001RNN013A004	43,910
ROSS – Resident Service Delivery Model	Unavailable	WA001REF052A004	124,665
ROSS – Resident Service Delivery Model	Unavailable	WA001REF010A005	6,390
Move-to-Work Technical Assistance Grant	Unavailable	MTWTGWA0011	16,924
ROSS – Public Housing Family Self-Sufficiency	Unavailable	WA001RFS017A004	50,344
ROSS – Public Housing Family Self-Sufficiency	Unavailable	WA001RFS056A005	6,090
Supportive Housing Program for Beacon Housing Project	14.235	WA01B400007	9,896
CTED – Tenant Based Rental Assistance	14.239		25,429
			<u>103,173,093</u>
Total department of HUD			
Department of Health and Human Services:			
Passed through Washington State Department of Social and Health Services:			
Medicaid Title XIX Administrative Claiming Fund	93.778	0143-98378	(3,829)
Department of Federal Emergency Management Assistance:			
Passed through Washington State Department of Community, Trade and Economic Development			
Public Assistance Interim Housing Program	97.036		674,936
			<u>674,936</u>
Total federal expenditures			<u>\$ 103,844,200</u>

See accompanying notes to schedule and independent auditors' report.

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Notes to Schedule of Expenditures of Federal Awards

Year ended September 30, 2006

(1) General

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal financial assistance programs administered by The Housing Authority of the City of Seattle, Washington (the Authority). The Authority's organizational structure is defined in note 1 to the basic financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through from other government agencies or organizations has been included in the accompanying schedule.

(2) Basis of Accounting

The accompanying Schedule is presented using the accrual basis of accounting, which is described in note 1 to the Authority's basic financial statements.

(3) Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule may not agree with the amounts reported in the related federal financial reports filed with grantor agencies because of accruals that would be included in the next report filed with the agencies.

(4) Federal Loan Guarantees

The Authority has the following outstanding federal loan guarantees:

	Balance at September 30, 2006
Wedgewood mortgage loan (HUD Section 223F insured mortgage)	\$ 16,276,361
Wisteria Court mortgage loan (HUD Section 223F insured mortgage)	3,810,235
	<hr/>
	\$ 20,086,596

These guarantees are not considered federal awards as there are no continuing compliance requirements.



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Suite 900
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**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in
Accordance with *Government Auditing Standards***

The Board of Commissioners
The Housing Authority of the City of Seattle, Washington:

We have audited the basic financial statements of The Housing Authority of the City of Seattle (the Authority), Washington, as of and for the year ended September 30, 2006, and have issued our report thereon dated March 15, 2007. Our report noted that we did not audit the financial statements of the discretely presented component units of the Authority. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. Additionally, our report noted that the Authority implemented certain new accounting standards effective October 1, 2005. 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 the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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



This report is intended solely for the information and use of the Board of Commissioners, the Authority's management, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 15, 2007



KPMG LLP
Suite 900
801 Second Avenue
Seattle, WA 98104

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

The Board of Commissioners
The Housing Authority of the City of Seattle, Washington:

Compliance

We have audited the compliance of The Housing Authority of the City of Seattle, Washington (the Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2006. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2006.

Internal Control over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.



Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Authority as of and for the year ended September 30, 2006, and have issued our report thereon dated March 15, 2007. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Commissioners, management and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 15, 2007

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Schedule of Findings and Questioned Cost

Year ended September 30, 2006

(1) Summary of Auditors' Results

- (a) The type of report issued on the financial statements: **unqualified opinion**
- (b) Reportable conditions in internal control were disclosed by the audit of the financial statements: **none reported**

Material weakness: **no**

- (c) Noncompliance that is material to the financial statements: **no**
- (d) Reportable conditions in internal control over major programs: **none reported**

Material weakness: **no**

- (e) The type of report issued on compliance for major programs: **unqualified opinion**
- (f) Any audit findings that are required to be reported under Section 510(a) of OMB Circular A-133: **no**
- (g) Major programs:

<u>CFDA #</u>	<u>Program title</u>
14.871	Section 8 Housing Choice Program
14.872	Public and Indian Housing - Capital Funds Program
97.036	Public Assistance Interim Housing Program

- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,115,326,**
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **yes.**

(2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **none.**

(3) Findings and questioned costs relating to federal awards: **none.**