



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

A-133 Audit of Federal Awards

Year ended September 30, 2005

(With Independent Auditors' Report Thereon)

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

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

Schedule of Expenditures of Federal Awards

Year ended September 30, 2005

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 3		WA19P00150102	\$ (488,973)
Capital Funds Program Year 4		WA19P00150103/203	3,669,060
Capital Funds Program Replacement Housing		WA19R00150103	929,706
Capital Funds Program Year 5		WA19P00150104	11,649,867
Capital Funds Program Replacement Housing		WA19R00150104	1,017
			<u>15,760,677</u>
Hope VI Urban Revitalization Demonstration Program:	14.866		
Hope VI URD – Holly Park Redevelopment		WA19URD001I195	102,270
Hope VI URD – Rainier Vista		WA19URD001I199	33,516
Hope VI URD – Rainier Vista Neighborhood Networks		WA19URD001N103	49,333
Hope VI URD – High Point		WA19URD001I100	7,144,918
Hope VI URD – High Point Demolition and Relocation		WA19URD001D101	(1,541,979)
			<u>5,788,058</u>
Public and Indian Housing:	14.850		
Conventional-Operating		SF-151	12,978,636
Conventional-Operating High Point		SF-151	2,048,908
			<u>15,027,544</u>
Lower Income Housing Assistance Program:			
Section 8 New Construction/Substantial Rehabilitation:	14.182		
Imperial House		WA19-0023-004	894,399
Alaska House		WA19-0035-007	751,620
International House		WA19-0023-014	723,829
Meridian Manor		WA19-A001-005	725,721
Jackson Apartments		WA19-A001-002	113,349
New Central Hotel		WA19-A001-004	207,143
Burke-Gilman Apts		WA19-8023-002	522,846
Bayview		WA19-0003-002	686,981
Market House		WA19-0023-005	273,836
Market Terrace		WA19-0054-002	193,259
			<u>5,092,983</u>
Section 8 Moderate Rehabilitation	14.856	WA19-K001001-010	4,178,045
Section 8 Housing Choice Program:	14.871		
Rental Voucher Program		WA001VOW001-005	63,152,635
Welfare to Work/Special Purpose Vouchers		WA001VO0064, 71 & 81	9,056,510
			<u>72,209,145</u>
Service Coordinators for Public Housing Agencies:	14.861	WA02RSV001P0148	76,033

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

Schedule of Expenditures of Federal Awards

Year ended September 30, 2005

<u>Grantor agency/passthrough agency/ program/grant name</u>	<u>CFDA number</u>	<u>Grant number</u>	<u>Federal expenditures</u>
ROSS – Neighborhood Networks	Unavailable	WA02RNN001P0039	\$ 46,002
ROSS – Neighborhood Networks	Unavailable	WA001RNN030A003	65,052
ROSS – Resident Service Delivery Model	Unavailable	WA02RSF001P0063	115,170
ROSS – Resident Service Delivery Model	Unavailable	WA001REF052A004	9,224
Move-to-Work Technical Assistance Grant	Unavailable	MTWTGWA0011	108,661
ROSS – Public Housing Family Self-Sufficiency	Unavailable	WA001RFS017A004	6,397
Supportive Housing Program for Beacon Housing Project	14.235	WA01B300009	9,896
Total department of HUD			<u>118,492,887</u>
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	78,082
Total federal expenditures			<u>\$ 118,570,969</u>

See accompanying notes to schedule and independent auditors' report.

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

Notes to Schedule of Expenditures of Federal Awards

Year ended September 30, 2005

(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 (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.

The Schedule shows two grants with negative balances for the year. The Capital Funds Program Year 3 grant has a negative balance of \$488,973. In fiscal year 2004, the Authority accrued for expenses under the Capital Funds Program Year 3 that should have been accrued under Capital Funds Program Year 4. The Schedule also shows a negative balance for the Hope VI High Point Demolition and Relocation grant in the amount of \$1,541,979. In fiscal year 2003, the Authority accrued for expenses under this grant that should have been accrued under the Hope VI High Point Implementation grant. The adjustments are intended to correct the reporting of the cumulative expenditures for these grants and do not impact the total Federal expenditures for Capital and Hope VI programs for the current year.

The Authority manages housing projects that are not part of the Authority for financial reporting purposes. Accordingly, federal expenditures relating to these projects are not included in the 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, 2005
Wedgewood mortgage loan (HUD Section 223F insured mortgage)	\$ 16,476,389
Wisteria Court mortgage loan (HUD Section 223F insured mortgage)	3,852,394
	<hr/>
	\$ 20,328,783
	<hr/>



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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
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, 2005, and have issued our report thereon dated January 6, 2006. 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.

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

January 6, 2006



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**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
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, 2005. 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, 2005.

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, 2005, and have issued our report thereon dated January 6, 2006. 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

January 6, 2006

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

Schedule of Findings and Questioned Cost

Year ended September 30, 2005

(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
14.850	Public and Indian Housing
14.182 and 14.856	Section 8 Project-Based Programs
14.866	Hope VI Urban Revitalization Demonstration Program

- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **no**.

(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.