

# HOUSING AUTHORITY OF THE CITY OF SEDRO-WOOLLEY



## MEETING OF THE BOARD OF COMMISSIONERS

Thursday, December 20, 2018

10:45 am

Hillsview Apartments

(Community Room)

830 Township Street, Sedro-Woolley, WA 98284

## AGENDA

- I. Call to Order
- II. Roll Call
- III. Public Comment
- IV. Approval of Minutes 1
  - A. October 18, 2018 Board of Commissioners' Meeting Minutes
- V. Action Items for Discussion & Approval
  - A. Approval of Voucher Report October 1, 2018 to November 30, 2018 2
  - B. Exit conference with the Washington State Auditor's Office and  
Resolution No. 462: Acceptance of the Financial and Accountability audits 3
  - C. Resolution No. 463: 2019 Comprehensive Operating and Capital Budget 4
- VI. Reports
  - A. Financial Report for September 2018 to October 2018 5
  - B. Housing Management Report for October and November 2018 6
- VII. New Business
- VIII. Adjournment

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HOUSING AUTHORITY OF THE  
CITY OF SEDRO-WOOLLEY  
BOARD OF COMMISSIONERS  
MEETING MINUTES

Thursday, October 18, 2018

I. Call to Order

The regular meeting of the Board of Commissioners of the Sedro-Woolley Housing Authority was called to order by Chair Laurie Fellers at 10:45 a.m., on Thursday, October 18, 2018, at Hillsvew Apartments, 830 Township Street, Sedro-Woolley, WA.

II. Roll Call

Present: Commissioner Laurie Fellers (Chair), Commissioner Dona Cowan, and Commissioner Kacy Johnson, Commissioner Lee Elliot

Excused: Commissioner Reta Stephenson (Vice-Chair)

III. Public Comment

None.

IV. Approval of Minutes

A. June 21, 2018 Board of Commissioners' Meeting Minutes

Commissioner Laurie Fellers moved for approval of the Minutes, seconded by Commissioner Kacy Johnson; the Board unanimously approved the Minutes from June 21, 2018 as written.

B. August 16, 2018 Board of Commissioners' Meeting Minutes

Commissioner Laurie Fellers moved for approval of the Minutes, seconded by Kacy Johnson; the Board unanimously approved the Minutes from August 16, 2018 as written.

V. Item for Discussion & Approval

A. Approval of Voucher Report August 1, 2018 to September 30, 2018

All questions raised by the Commissioners were addressed by staff.

Commissioner Kacy Johnson moved for approval of the Voucher Report, seconded by Commissioner Dona Cowan; the board unanimously approved the Voucher Report for August 1, 2018 to September 30, 2018.

B. Resolution No. 46I: Adopting the Annual Civil Rights Certification Required in Conjunction with the Receipt of the Federal Fiscal Year 2018 Allocation of Funds from the HUD Capital Fund Program.

On motion by Commissioner Kacy Johnson and second by Commissioner Dona Cowan, the board unanimously approved Resolution No.461, with date amended to October 18, 2018.

## VI. Reports

- A. Financial Report for August 2018  
Tesh Assefa, Manager of Financial Planning and Reporting, briefed the Board on the Financial Reports for August 2018, as contained in the meeting packet.
- B. Housing Management Report for August and September 2018  
Kimberly Sayavong, Property Manager presented the Housing Management Reports as contained in the meeting packet.
- C. Briefing on Energy Performance Contract Eligibility  
Beth Pearson, Director of Real Estate Initiatives, briefed the Board on the Energy Performance Contract eligibility review status.

All questions raised were addressed by staff.

## VII. New Business

- A. Yichuan Zhao announced that the Housing Authority had again received a High Performer Status rating.
- B. Tesh Assefa clarified the response given to a question during the last meeting regarding the financial reports

## VIII. Next Meeting

The next meeting will be held Thursday, December 20, 2018.

## IX. Adjournment

There being no further business before the Board of Commissioners, the meeting was adjourned at 11:35 a.m.

THE HOUSING AUTHORITY OF THE  
CITY OF SEDRO-WOOLLEY

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LAURIE FELLERS, Chair  
Board of Commissioners

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STEPHEN J. NORMAN  
Executive Director

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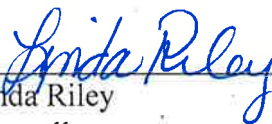


# SEDRO-WOOLLEY HOUSING AUTHORITY

**TO:** Board of Commissioners  
**FROM:** Linda Riley, Controller  
**DATE:** December 5, 2018  
**RE:** Approval of Vouchers October 1, 2018 to November 30, 2018

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I, Linda Riley, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein and that the expenditures represented by the summary listed below were just obligations of the Sedro-Woolley Housing Authority, and that I am authorized to authenticate and certify said claims.

  
\_\_\_\_\_  
Linda Riley  
Controller  
December 5, 2018

<b>Expenditures to Sedro-Woolley</b>	
Operations	
Directly to Cedar Grove	57,500.55
Directly to Hillsvew	42,111.04
<b>Total Expenditures</b>	<u><u>\$99,611.59</u></u>

SEDRO-WOOLLEY HOUSING AUTHORITY  
Accounts Payable Report  
10/01/2018 TO 11/30/2018

Account No.	Major Account Description	Amount	Vendor Name	Voucher Description	Date	Check Number
170000	Work-in-Process	46,802.50	TRANSBLUE LLC	SEDRO WOOLLEY SITE UPGRADES	11/16/2018	319633
200200	Contract Retentions	(2,340.13)	TRANSBLUE LLC	SEDRO WOOLLEY SITE UPGRADES	11/16/2018	319633
410000	Admin Supplies	4.25	COMPLETE OFFICE	OFFICE SUPPLIES	11/2/2018	319323
410000	Admin Supplies	0.12	CANON SOLUTIONS AMERICA INC	MAINTENANCE	11/2/2018	319382
410000	Admin Supplies	31.74	OLYMPIC PRINTERS INC	ENVELOPES #10 BALLINGER HOMES	11/2/2018	319273
410000	Admin Supplies	48.12	COMPLETE OFFICE	OFFICE SUPPLIES	11/16/2018	319577
410000	Admin Supplies	0.09	CANON SOLUTIONS AMERICA INC	MAINTENANCE	11/30/2018	319814
411100	Comp Equip-Hardware	0.14	CDW/COMPUTER CENTERS INC	COMPUTER SUPPLIES	10/26/2018	319157
411100	Comp Equip-Hardware	0.51	CDW/COMPUTER CENTERS INC	COMPUTER SUPPLIES	10/26/2018	319157
411100	Comp Equip-Hardware	0.51	CDW/COMPUTER CENTERS INC	COMPUTER SUPPLIES	11/2/2018	319290
411102	Comp Equip-Hardware Maint	4.82	DELL MARKETING LP	TECH SUPPORT	10/5/2018	318716
411102	Comp Equip-Hardware Maint	(1.45)	DELL MARKETING LP	TECH SUPPORT	10/5/2018	318716
411103	Comp Equip-Software Maint	46.78	MRI SOFTWARE LLC	ANNUAL RENEWAL	10/12/2018	318942
411103	Comp Equip-Software Maint	48.44	UNIT 4 BUSINESS SOFTWARE	MAINT, CUSTOMIZATIONS, LOCAL PRODUCTS	10/19/2018	319047
420000	ProfSvcs-Legal	60.00	MONTGOMERY PURDUE BLANKINSHIP	LEGAL SVCS	11/9/2018	319412
420000	ProfSvcs-Legal	77.00	MONTGOMERY PURDUE BLANKINSHIP	LEGAL SVCS	11/9/2018	319412
420101	ProfSvcs-Auditing	1,896.90	STATE AUDITOR S OFFICE	AUDIT PERIOD 17-17	10/5/2018	318698
420101	ProfSvcs-Auditing	568.52	STATE AUDITOR S OFFICE	AUDIT PERIOD 15-51	11/2/2018	319275
420908	ProfSvcs-Comps	5.00	US CLOUD LC	MANAGED SVC HOURS	11/20/2018	319680
420908	ProfSvcs-Comps	(0.50)	US CLOUD LC	MANAGED SVC HOURS	11/20/2018	319680
421904	Admin Contracts- Cloud Recovery Svcs	7.39	NETZVAULT LLC	AUGUST 2018 MANAGED VAULTING	10/5/2018	318803
421904	Admin Contracts- Cloud Recovery Svcs	7.48	NETZVAULT LLC	SEPT 2018 MANAGED VAULTING	10/26/2018	319227
421904	Admin Contracts- Cloud Recovery Svcs	5.59	NETZVAULT LLC	MANAGED VAULTING DISASTER RECOVERY SVCS	11/16/2018	319619
440100	Travel-Non-training Related-Local-Mileage	1.28	MARSHA PREMEL	7/13-9/28/18 MILEAGE	10/5/2018	318786
440100	Travel-Non-training Related-Local-Mileage	7.80	JUDITH ANDINO	6/27-9/27/18 MILEAGE	10/19/2018	319138
440100	Travel-Non-training Related-Local-Mileage	0.81	SHALONDA NESBITT	1/8-10/16/18 MILEAGE	10/26/2018	319222
440100	Travel-Non-training Related-Local-Mileage	39.91	KIMBERLY SAYAVONG	9/4-10/25/18 MILEAGE	11/2/2018	319358
441000	Training-Individual	0.94	ARCHBRIGHT INC	REG FEE AMANDA KLECAN	10/5/2018	318727
450001	Comm-Phones Lines-Service-Voice	16.88	CONSOLIDATED TECHNOLOGY SERVICES	Sep-18	10/12/2018	318935
450001	Comm-Phones Lines-Service-Voice	16.88	CONSOLIDATED TECHNOLOGY SERVICES	Oct-18	11/30/2018	319787
450002	Comm-Phones Lines-Service-Digital Voice	0.10	WEST SAFETY SERVICES INC	MONTHLY MAINT	10/12/2018	318965
491000	Admin Exp-Criminal/Background Checks	4.53	NATIONAL CREDIT REPORTING	CREDIT CHECK	10/19/2018	319024
491000	Admin Exp-Criminal/Background Checks	0.02	DEPARTMENT OF LICENSING	BACKGROUND CHECK	10/19/2018	319007
491000	Admin Exp-Criminal/Background Checks	8.47	WASHINGTON STATE PATROL	BACKGROUND CHECK	11/2/2018	319292
491000	Admin Exp-Criminal/Background Checks	0.01	DEPARTMENT OF LICENSING	OCT 2018 BACKGROUND CHECK	11/16/2018	319541
491000	Admin Exp-Criminal/Background Checks	6.43	NATIONAL CREDIT REPORTING	CREDIT CHECK	11/16/2018	319557
491000	Admin Exp-Criminal/Background Checks	8.41	WASHINGTON STATE PATROL	BACKGROUND CHECKS	11/30/2018	319715
493000	Other Admin Exp-Postage	9.02	MAIL ADVERTISING BUREAU INC	SEPTEMBER 2018 STATEMENT	10/19/2018	318996
493000	Other Admin Exp-Postage	4.81	NEOFUNDS BY NEOPOST	POSTAGE	11/9/2018	319486
493000	Other Admin Exp-Postage	9.04	MAIL ADVERTISING BUREAU INC	OCTOBER STATEMENTS	11/9/2018	319417
493100	Other Admin Exp-Postage	1.84	THE UPS STORE #3898	MAILBOX RENEWAL	11/30/2018	319741
493100	Other Admin Exp-Mail Handling	4.00	MAIL ADVERTISING BUREAU INC	SEPTEMBER 2018 STATEMENT	10/19/2018	318996
493100	Other Admin Exp-Mail Handling	3.24	MAIL ADVERTISING BUREAU INC	OCTOBER STATEMENTS	11/9/2018	319417
520104	Social Service Contracts-Interpretation	2.33	LANGUAGE LINE SERVICES, INC	INTERPRETATION	11/2/2018	319281

SEDRO-WOOLLEY HOUSING AUTHORITY  
Accounts Payable Report  
10/01/2018 TO 11/30/2018

Account No.	Major Account Description	Amount	Vendor Name	Voucher Description	Date	Check Number
610007	Occup Exp-Materials-Paint	11.54	COMPLETE OFFICE	OFFICE SUPPLIES	11/2/2018	319323
610007	Occup Exp-Materials-Paint	9.91	COMPLETE OFFICE	TERRY TOWELS	11/2/2018	319323
610008	Occup Exp-Materials-Fire/Safety	709.65	HD SUPPLY FACILITIES MAINTENANCE	STOVE TOP FIRE STOPS	11/2/2018	319280
610017	Occup Exp-Materials-Janitorial	19.61	COMPLETE OFFICE	OFFICE SUPPLIES	11/2/2018	319323
620013	Occup Exp-Yard/Garden/Landscaping	525.71	WHIRLWIND CLEAN & GREEN	LANDSCAPING	10/12/2018	318966
620013	Occup Exp-Yard/Garden/Landscaping	525.71	WHIRLWIND CLEAN & GREEN	LANDSCAPING	11/2/2018	319381
620013	Occup Exp-Yard/Garden/Landscaping	525.71	WHIRLWIND CLEAN & GREEN	LANDSCAPING	11/2/2018	319381
620013	Occup Exp-Yard/Garden/Landscaping	525.71	WHIRLWIND CLEAN & GREEN	LANDSCAPING	11/16/2018	319628
660000	Occup Exp-Utilities-Water	117.89	PUBLIC UTILITY DISTRICT #1	WATER	11/16/2018	319587
660000	Occup Exp-Utilities-Water	83.73	PUBLIC UTILITY DISTRICT #1	WATER	11/16/2018	319587
660000	Occup Exp-Utilities-Water	108.14	PUBLIC UTILITY DISTRICT #1	WATER	11/16/2018	319587
660000	Occup Exp-Utilities-Water	137.42	PUBLIC UTILITY DISTRICT #1	WATER	11/16/2018	319587
660000	Occup Exp-Utilities-Water	98.37	PUBLIC UTILITY DISTRICT #1	WATER	11/16/2018	319587
660000	Occup Exp-Utilities-Water	83.73	PUBLIC UTILITY DISTRICT #1	WATER	11/16/2018	319587
660000	Occup Exp-Utilities-Water	98.37	PUBLIC UTILITY DISTRICT #1	WATER	11/16/2018	319587
660000	Occup Exp-Utilities-Water	152.06	PUBLIC UTILITY DISTRICT #1	WATER	11/16/2018	319587
660000	Occup Exp-Utilities-Water	108.14	PUBLIC UTILITY DISTRICT #1	WATER	11/16/2018	319587
660000	Occup Exp-Utilities-Water	93.49	PUBLIC UTILITY DISTRICT #1	WATER	11/16/2018	319587
660000	Occup Exp-Utilities-Water	138.47	PUBLIC UTILITY DISTRICT #1	WATER	11/30/2018	319773
660000	Occup Exp-Utilities-Water	76.31	PUBLIC UTILITY DISTRICT #1	WATER	11/30/2018	319773
660000	Occup Exp-Utilities-Water	99.11	PUBLIC UTILITY DISTRICT #1	WATER	11/30/2018	319773
660000	Occup Exp-Utilities-Water	123.71	PUBLIC UTILITY DISTRICT #1	WATER	11/30/2018	319773
660000	Occup Exp-Utilities-Water	60.69	PUBLIC UTILITY DISTRICT #1	WATER	11/30/2018	319773
660000	Occup Exp-Utilities-Water	113.87	PUBLIC UTILITY DISTRICT #1	WATER	11/30/2018	319773
660000	Occup Exp-Utilities-Water	177.82	PUBLIC UTILITY DISTRICT #1	WATER	11/30/2018	319773
660000	Occup Exp-Utilities-Water	163.06	PUBLIC UTILITY DISTRICT #1	WATER	11/30/2018	319773
660000	Occup Exp-Utilities-Water	89.27	PUBLIC UTILITY DISTRICT #1	WATER	11/30/2018	319773
660000	Occup Exp-Utilities-Water	99.11	PUBLIC UTILITY DISTRICT #1	WATER	11/30/2018	319773
660000	Occup Exp-Utilities-Water	99.11	PUBLIC UTILITY DISTRICT #1	WATER	11/30/2018	319773
660100	Occup Exp-Utilities-Sewer	263.34	CITY OF SEDRO WOOLLEY	SEWER	10/12/2018	318919
660100	Occup Exp-Utilities-Sewer	394.64	CITY OF SEDRO WOOLLEY	SEWER	10/12/2018	318919
660100	Occup Exp-Utilities-Sewer	657.78	CITY OF SEDRO WOOLLEY	SEWER	10/12/2018	318919
660100	Occup Exp-Utilities-Sewer	394.63	CITY OF SEDRO WOOLLEY	SEWER	11/9/2018	319464
660100	Occup Exp-Utilities-Sewer	263.34	CITY OF SEDRO WOOLLEY	SEWER	11/9/2018	319464
660100	Occup Exp-Utilities-Sewer	657.70	CITY OF SEDRO WOOLLEY	SEWER	11/9/2018	319464
660200	Occup Exp-Utilities-Electricity	64.18	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	10/5/2018	318763
660200	Occup Exp-Utilities-Electricity	40.59	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	10/5/2018	318763
660200	Occup Exp-Utilities-Electricity	37.38	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	10/5/2018	318763
660200	Occup Exp-Utilities-Electricity	74.77	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	10/26/2018	319189
660200	Occup Exp-Utilities-Electricity	41.59	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	10/26/2018	319189
660200	Occup Exp-Utilities-Electricity	38.53	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	10/26/2018	319189
660200	Occup Exp-Utilities-Electricity	43.26	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	11/30/2018	319766
660200	Occup Exp-Utilities-Electricity	81.49	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	11/30/2018	319766
660200	Occup Exp-Utilities-Electricity	46.27	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	11/30/2018	319766
660201	Occup Exp-Utilities-Electricity-Closing Bill	8.88	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	11/30/2018	319766



SEDRO-WOOLLEY HOUSING AUTHORITY  
Accounts Payable Report  
10/01/2018 TO 11/30/2018

Account No.	Major Account Description	Amount	Vendor Name	Voucher Description	Date	Check Number
660201	Occup Exp-Utilities-Electricity-Closing Bill	34.34	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	11/30/2018	319766
660300	Occup Exp-Utilities-Natural Gas	20.97	CASCADE NATURAL GAS CO	GAS	10/12/2018	318908
660300	Occup Exp-Utilities-Natural Gas	67.31	CASCADE NATURAL GAS CO	GAS	11/9/2018	319455
660301	Occup Exp-Utilities-Natural Gas-Closing Bill	6.13	CASCADE NATURAL GAS CO	GAS	11/9/2018	319455
660500	Occup Exp-Utilities-Surface Water Mgmt	32.53	CITY OF SEDRO WOOLLEY	STORM	10/12/2018	318919
660500	Occup Exp-Utilities-Surface Water Mgmt	21.70	CITY OF SEDRO WOOLLEY	STORM	10/12/2018	318919
660500	Occup Exp-Utilities-Surface Water Mgmt	54.21	CITY OF SEDRO WOOLLEY	STORM	10/12/2018	318919
660500	Occup Exp-Utilities-Surface Water Mgmt	32.53	CITY OF SEDRO WOOLLEY	STORM	11/9/2018	319464
660500	Occup Exp-Utilities-Surface Water Mgmt	21.70	CITY OF SEDRO WOOLLEY	STORM	11/9/2018	319464
660500	Occup Exp-Utilities-Surface Water Mgmt	54.21	CITY OF SEDRO WOOLLEY	STORM	11/9/2018	319464
660700	Occup Exp-Utilities-Garbage	144.30	CITY OF SEDRO WOOLLEY	GARBAGE	10/12/2018	318919
660700	Occup Exp-Utilities-Garbage	138.35	CITY OF SEDRO WOOLLEY	GARBAGE	10/12/2018	318919
660700	Occup Exp-Utilities-Garbage	9.79	SKAGIT COUNTY PUBLIC WORKS DEPT	GARBAGE	10/12/2018	318874
660700	Occup Exp-Utilities-Garbage	405.92	CITY OF SEDRO WOOLLEY	GARBAGE	10/12/2018	318919
660700	Occup Exp-Utilities-Garbage	9.79	SKAGIT COUNTY PUBLIC WORKS DEPT	GARBAGE	10/12/2018	318874
660700	Occup Exp-Utilities-Garbage	138.35	CITY OF SEDRO WOOLLEY	GARBAGE	11/9/2018	319464
660700	Occup Exp-Utilities-Garbage	144.31	CITY OF SEDRO WOOLLEY	GARBAGE	11/9/2018	319464
660700	Occup Exp-Utilities-Garbage	459.75	CITY OF SEDRO WOOLLEY	GARBAGE	11/9/2018	319464
	<b>TOTAL CEDAR GROVE</b>	57,500.55				
	<b>HILLSVIEW</b>					
410000	Admin Supplies	0.35	CANON SOLUTIONS AMERICA INC	MAINTENANCE	11/2/2018	319382
410000	Admin Supplies	12.76	COMPLETE OFFICE	OFFICE SUPPLIES	11/2/2018	319323
410000	Admin Supplies	95.17	OLYMPIC PRINTERS INC	ENVELOPES #10 BALLINGER HOMES	11/2/2018	319273
410000	Admin Supplies	144.35	COMPLETE OFFICE	OFFICE SUPPLIES	11/16/2018	319577
410000	Admin Supplies	0.26	CANON SOLUTIONS AMERICA INC	MAINTENANCE	11/30/2018	319814
411100	Comp Equip-Hardware	0.41	CDW/COMPUTER CENTERS INC	COMPUTER SUPPLIES	10/26/2018	319157
411100	Comp Equip-Hardware	1.52	CDW/COMPUTER CENTERS INC	COMPUTER SUPPLIES	10/26/2018	319157
411100	Comp Equip-Hardware	1.52	CDW/COMPUTER CENTERS INC	COMPUTER SUPPLIES	11/2/2018	319290
411102	Comp Equip-Hardware Maint	14.47	DELL MARKETING LP	TECH SUPPORT	10/5/2018	318716
411102	Comp Equip-Hardware Maint	(4.34)	DELL MARKETING LP	TECH SUPPORT	10/5/2018	318716
411103	Comp Equip-Software Maint	140.35	MRI SOFTWARE LLC	ANNUAL RENEWAL	10/12/2018	318942
411103	Comp Equip-Software Maint	145.32	UNIT 4 BUSINESS SOFTWARE	MAINT, CUSTOMIZATIONS, LOCAL PRODUCTS	10/19/2018	319047
420000	ProfSvcs-Legal	777.00	TURNER KUGLER LAW PLLC	PROFESSIONAL SVCS	10/5/2018	318808
420000	ProfSvcs-Legal	1,008.00	TURNER KUGLER LAW PLLC	PROFESSIONAL SVCS	10/5/2018	318808
420101	ProfSvcs-Auditing	5,690.71	STATE AUDITOR S OFFICE	AUDIT PERIOD 17-17	10/5/2018	318698
420101	ProfSvcs-Auditing	1,705.56	STATE AUDITOR S OFFICE	AUDIT PERIOD 15-51	11/2/2018	319275
420908	ProfSvcs-Comps	14.99	US CLOUD LC	MANAGED SVC HOURS	11/20/2018	319680
420908	ProfSvcs-Comps	(1.50)	US CLOUD LC	MANAGED SVC HOURS	11/20/2018	319680
421904	Admin Contracts- Cloud Recovery Svcs	22.18	NET2VAULT LLC	AUGUST 2018 MANAGED VAULTING	10/5/2018	318803
421904	Admin Contracts- Cloud Recovery Svcs	22.43	NET2VAULT LLC	SEPT 2018 MANAGED VAULTING	10/26/2018	319227
421904	Admin Contracts- Cloud Recovery Svcs	16.77	NET2VAULT LLC	MANAGED VAULTING DISASTER RECOVERY SVCS	11/16/2018	319619
440100	Travel-Non-training Related-Local-Mileage	3.85	MARSHA PREMEL	7/13-9/28/18 MILEAGE	10/5/2018	318786
440100	Travel-Non-training Related-Local-Mileage	23.38	JUDITH ANDINO	6/27-9/27/18 MILEAGE	10/19/2018	319138
440100	Travel-Non-training Related-Local-Mileage	2.46	SHALONDA NESBITT	1/8-10/16/18 MILEAGE	10/26/2018	319222
440100	Travel-Non-training Related-Local-Mileage	119.64	KIMBERLY SAYAVONG	9/4-10/25/18 MILEAGE	11/2/2018	319358

SEDRO-WOOLLEY HOUSING AUTHORITY  
Accounts Payable Report  
10/01/2018 TO 11/30/2018

Account No.	Major Account Description	Amount	Vendor Name	Voucher Description	Date	Check Number
441000	Training-Individual	2.84	ARCHBRIGHT INC	REG FEE AMANDA KLECAN	10/5/2018	318727
450001	Comm-Phones Lines-Service-Voice	50.62	CONSOLIDATED TECHNOLOGY SERVICES	Sep-18	10/12/2018	318935
450001	Comm-Phones Lines-Service-Voice	50.63	CONSOLIDATED TECHNOLOGY SERVICES	Oct-18	11/30/2018	319787
450002	Comm-Phones Lines-Service-Digital Voice	0.29	WEST SAFETY SERVICES INC	MONTHLY MAINT	10/12/2018	318965
450003	Comm-Phones Lines-Security	101.25	CONSOLIDATED TECHNOLOGY SERVICES	Sep-18	10/12/2018	318935
450003	Comm-Phones Lines-Security	101.25	CONSOLIDATED TECHNOLOGY SERVICES	Oct-18	11/30/2018	319787
450100	Comm-Long Distance Charges	5.95	IMPACT TELECOM INC	MONTHLY CHGS	10/5/2018	318770
450100	Comm-Long Distance Charges	5.95	IMPACT TELECOM INC	MONTHLY CHGS	11/2/2018	319330
491000	Admin Exp-Criminal/Background Checks	13.67	NATIONAL CREDIT REPORTING	CREDIT CHECK	10/19/2018	319024
491000	Admin Exp-Criminal/Background Checks	0.05	DEPARTMENT OF LICENSING	BACKGROUND CHECK	10/19/2018	319007
491000	Admin Exp-Criminal/Background Checks	25.58	WASHINGTON STATE PATROL	BACKGROUND CHECK	11/2/2018	319292
491000	Admin Exp-Criminal/Background Checks	0.03	DEPARTMENT OF LICENSING	OCT 2018 BACKGROUND CHECK	11/16/2018	319541
491000	Admin Exp-Criminal/Background Checks	19.44	NATIONAL CREDIT REPORTING	CREDIT CHECK	11/16/2018	319557
491000	Admin Exp-Criminal/Background Checks	25.40	WASHINGTON STATE PATROL	BACKGROUND CHECKS	11/30/2018	319715
493000	Other Admin Exp-Postage	27.19	MAIL ADVERTISING BUREAU INC	SEPTEMBER 2018 STATEMENT	10/19/2018	318996
493000	Other Admin Exp-Postage	14.54	NEOFUNDS BY NEOPOST	POSTAGE	11/9/2018	319486
493000	Other Admin Exp-Postage	27.26	MAIL ADVERTISING BUREAU INC	OCTOBER STATEMENTS	11/9/2018	319417
493000	Other Admin Exp-Postage	5.57	THE UPS STORE #3898	MAILBOX RENEWAL	11/30/2018	319741
493100	Other Admin Exp-Mail Handling	12.06	MAIL ADVERTISING BUREAU INC	SEPTEMBER 2018 STATEMENT	10/19/2018	318996
493100	Other Admin Exp-Mail Handling	9.76	MAIL ADVERTISING BUREAU INC	OCTOBER STATEMENTS	11/9/2018	319417
520104	Social Service Contracts-Interpretation	7.05	LANGUAGE LINE SERVICES, INC	INTERPRETATION	11/2/2018	319281
610000	Occup Exp-Materials-Electrical	67.03	COMMERCIAL ENTRY SYSTEMS INC	RECEIVER	10/26/2018	319167
610007	Occup Exp-Materials-Paint	34.58	COMPLETE OFFICE	OFFICE SUPPLIES	11/2/2018	319323
610007	Occup Exp-Materials-Paint	29.71	COMPLETE OFFICE	TERRY TOWELS	11/2/2018	319323
610008	Occup Exp-Materials-Fire/Safety	1,419.30	HD SUPPLY FACILITIES MAINTENANCE	STOVE TOP FIRE STOPS	11/2/2018	319280
610015	Occup Exp-Materials-Reasonable Accom	57.00	SUNSIGNS	PARKING SIGN	11/2/2018	319287
610017	Occup Exp-Materials-Janitorial	58.80	COMPLETE OFFICE	OFFICE SUPPLIES	11/2/2018	319323
610020	Occup Exp-Materials-HVAC	159.00	RONK BROS INC	SERVICE CALL	10/19/2018	319075
620006	Occup Exp-Floor Covering	65.00	PROFESSIONAL CARPET CLEANERS	CARPET CLEANING	11/30/2018	319390
620007	Occup Exp-Elevator	576.00	ELTEC SYSTEMS LLC	Q4 INSTALLMENT	11/30/2018	319816
620013	Occup Exp-Yard/Garden/Landscaping	326.96	WHIRLWIND CLEAN & GREEN	LANDSCAPING	10/26/2018	319236
620013	Occup Exp-Yard/Garden/Landscaping	326.96	WHIRLWIND CLEAN & GREEN	LANDSCAPING	11/2/2018	319381
620013	Occup Exp-Yard/Garden/Landscaping	326.96	WHIRLWIND CLEAN & GREEN	LANDSCAPING	11/16/2018	319628
620015	Occup Exp-Reasonable Accom	975.00	BATHCREST OF SEATTLE	STEEL TUB CUT	11/30/2018	319740
620018	Occup Exp-Building Security	278.25	COMMERCIAL ENTRY SYSTEMS INC	DOOR REPAIR	10/19/2018	319728
620019	Occup Exp-Janitorial	65.00	PROFESSIONAL CARPET CLEANERS	HILLSVIEW	10/19/2018	319122
640099	Occup Exp-Maint Projects-Other	12,595.50	COMMERCIAL ENTRY SYSTEMS INC	CAMERA INSTALLATION	10/12/2018	318845
660000	Occup Exp-Utilities-Water	1,556.90	PUBLIC UTILITY DISTRICT #1	WATER	11/16/2018	319587
660100	Occup Exp-Utilities-Sewer	3,938.76	CITY OF SEDRO WOOLLEY	SEWER	10/12/2018	318919
660100	Occup Exp-Utilities-Sewer	3,938.76	CITY OF SEDRO WOOLLEY	SEWER	11/9/2018	319464
660200	Occup Exp-Utilities-Electricity	947.32	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	10/5/2018	318763
660200	Occup Exp-Utilities-Electricity	807.95	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	10/26/2018	319189
660200	Occup Exp-Utilities-Electricity	1,042.48	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	11/30/2018	319766
660201	Occup Exp-Utilities-Electricity-Closing Bill	8.41	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	10/5/2018	318763
660201	Occup Exp-Utilities-Electricity-Closing Bill	10.61	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	10/26/2018	319189

SEDRO-WOOLLEY HOUSING AUTHORITY  
 Accounts Payable Report  
 10/01/2018 TO 11/30/2018

Account No.	Major Account Description	Amount	Vendor Name	Voucher Description	Date	Check Number
660201	Occup Exp-Utilities-Electricity-Closing Bill	9.42	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	10/26/2018	319189
660201	Occup Exp-Utilities-Electricity-Closing Bill	12.07	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	10/26/2018	319189
660201	Occup Exp-Utilities-Electricity-Closing Bill	12.98	PUGET SOUND ENERGY-BOT-01H	ELECTRIC	11/16/2018	319582
660500	Occup Exp-Utilities-Surface Water Mgmt	324.63	CITY OF SEDRO WOOLLEY	STORM	10/12/2018	318919
660500	Occup Exp-Utilities-Surface Water Mgmt	324.63	CITY OF SEDRO WOOLLEY	STORM	11/9/2018	319464
660700	Occup Exp-Utilities-Garbage	675.54	CITY OF SEDRO WOOLLEY	GARBAGE	10/12/2018	318919
660700	Occup Exp-Utilities-Garbage	675.54	CITY OF SEDRO WOOLLEY	GARBAGE	11/9/2018	319464
	<b>TOTAL HILLSVIEW</b>	<b>42,111.04</b>				
	<b>TOTAL SEDRO WOOLLEY</b>	<b>99,611.59</b>				

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**SEDRO-WOOLLEY HOUSING AUTHORITY**

Date: December 14, 2018

To: Board of Commissioners

From: Craig Violante, Director of Finance

Subject: **Resolution No. 462:** Acceptance of State Auditor’s Office Financial Statement and Accountability Reports for the periods January 1, 2017 through December 31, 2017 and January 1, 2014 through December 31, 2016, respectively

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The Washington State Auditor’s Office issued Financial Statement Audit Report No.1022304 on September 27, 2018 and Accountability Audit Report No.1022624 on December 13, 2018. The Financial Statement Audit Report is for the period January 1, 2017 through December 31, 2017 while the Accountability Audit Report is for the period January 1, 2014 through December 31, 2016. The financial audit is conducted annually, while the accountability audit is triennial. Copies of both reports are enclosed with this Board packet.

The financial report covers the Authority’s financial statements and related disclosures. A federal “Single Audit” was not required this year.

In the Financial Statement Audit Report, the auditors expressed in their written opinion that the financial statements present fairly, in all material respects, the financial position of the Housing Authority of the City of Sedro-Woolley.

In the Accountability report, the auditors found that the Housing Authority had complied with state laws and regulations and its own policies and procedures. It also found that internal controls were adequate to safeguard public assets.

There were no negative findings in the Financial Statement or Single Audit reports.

When the Board formally accepts the SAO report via resolution, this signifies the Board’s review and approval of the information contained within the report.

**THE HOUSING AUTHORITY OF THE CITY OF SEDRO-WOOLLEY**

**RESOLUTION NO. 462**

**ACKNOWLEDGING RECEIPT OF AUDIT EXAMINATIONS FOR  
THE PERIODS JANUARY 1, 2017 THROUGH DECEMBER 31, 2017 AND JANUARY 1,  
2014 THROUGH DECEMBER 31, 2016**

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**WHEREAS**, the State of Washington, Office of the State Auditor, Division of Audit Services, has conducted fiscal and accountability audits of the Housing Authority of the City of Sedro-Woolley for the period January 1, 2017 through December 31, 2017, and January 1, 2014 through December 31, 2016, respectively, and has transmitted same to the Housing Authority; and

**WHEREAS**, a formal acceptance of the Audit is required by the Board of Commissioners;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS  
OF THE HOUSING AUTHORITY OF THE CITY OF SEDRO-WOOLLEY:**

Receipt of the official examinations of the Housing Authority of the City of Sedro-Woolley, Report on Financial Statements No. 1022304 for the period January 1, 2017 through December 31, 2017 and Accountability Audit Report No. 1022624 for the period January 1, 2014 through December 31, 2016 prepared and transmitted for filing by the State Auditor's Division of Municipal Corporations pursuant to RCW 43.09.260, is hereby acknowledged and formally accepted by the Board of Commissioners of the Housing Authority of the City of Sedro-Woolley.

**ADOPTED AT A REGULAR MEETING OF THE BOARD OF COMMISSIONERS  
OF THE HOUSING AUTHORITY OF THE CITY OF SEDRO-WOOLLEY THIS 20<sup>th</sup> DAY  
OF DECEMBER 2018.**

**THE HOUSING AUTHORITY OF THE  
CITY OF SEDRO-WOOLLEY, WASHINGTON**

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**Laurie Fellers, Chair**  
Board of Commissioners

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**STEPHEN J. NORMAN**  
Secretary-Treasurer



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

**Financial Statements Audit Report**  
**Housing Authority of the City of**  
**Sedro-Woolley**

**For the period January 1, 2017 through December 31, 2017**

**Published September 27, 2018**

**Report No. 1022304**





## Office of the Washington State Auditor

**Pat McCarthy**

September 27, 2018

Board of Commissioners  
Housing Authority of the City of Sedro-Woolley  
Sedro-Woolley, Washington

### **Report on Financial Statements**

Please find attached our report on the Housing Authority of the City of Sedro-Woolley's financial statements.

We are issuing this report in order to provide information on the Housing Authority's financial condition.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy".

Pat McCarthy  
State Auditor  
Olympia, WA



## TABLE OF CONTENTS

Independent Auditor's 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.....	4
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**INDEPENDENT AUDITOR'S 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**

**Housing Authority of the City of Sedro-Woolley  
January 1, 2017 through December 31, 2017**

Board of Commissioners  
Housing Authority of the City of Sedro-Woolley  
Sedro-Woolley, Washington

We have audited, 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 Housing Authority of the City of Sedro-Woolley, as of and for the year ended December 31, 2017, 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 September 18, 2018.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Housing Authority'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 the Housing Authority's financial statements are free from material misstatement, we performed tests of the Housing Authority's 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 Housing Authority'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 Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy

State Auditor

Olympia, WA

September 18, 2018

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **Housing Authority of the City of Sedro-Woolley January 1, 2017 through December 31, 2017**

Board of Commissioners  
Housing Authority of the City of Sedro-Woolley  
Sedro-Woolley, Washington

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the Housing Authority of the City of Sedro-Woolley, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 9.

#### **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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion 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. 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 auditor's 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 Housing Authority'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 Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Sedro-Woolley, as of December 31, 2017, and the changes in financial position and cash flows thereof 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.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Financial Data Schedule form is supplementary information required by HUD. This schedule is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2018 on our consideration of the 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 the Housing Authority's internal control over financial reporting and compliance.



Pat McCarthy  
State Auditor  
Olympia, WA

September 18, 2018

## **FINANCIAL SECTION**

### **Housing Authority of the City of Sedro-Woolley January 1, 2017 through December 31, 2017**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2017

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2017

Statement of Revenues, Expenses and Changes in Net Position – 2017

Statement of Cash Flows – 2017

Notes to Financial Statements - 2017

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Financial Data Schedule – 2017

# Housing Authority of the City of Sedro-Woolley

## Management's Discussion and Analysis

This first section of the annual financial report presents a discussion and analysis of the Housing Authority of the City of Sedro-Woolley's (SWHA) financial performance during the year ended December 31, 2017. It should be read in conjunction with the Authority's financial statements, which immediately follow this section.

Located in Skagit County, Washington, the city of Sedro-Woolley officially merged the neighboring towns of Sedro and Woolley when it incorporated over 100 years ago. With a local population of approximately 10,712, SWHA currently operates two public housing developments—Hillsview and Cedar Grove. These two developments total 80 units and serve a diversified population including senior, disabled and family households.

The King County Housing Authority (KCHA) has a long-standing contract to manage and assist the Sedro-Woolley Housing Authority. SWHA has its own Board of Commissioners, which is responsible for approving its operating and capital budgets and overseeing programs. SWHA is charged by KCHA for the direct operating expenses of the two public housing developments. In addition, KCHA also charges for administrative services provided. These indirect costs are allocated to SWHA using established allocation methods, generally based upon the number of units.

The financial statements included in this report are in conformance with Generally Accepted Accounting Principles for governments.

### 2017 Financial Highlights

- Total assets of the Authority exceeded total liabilities at December 31, 2017 by \$2,074,631.
- Total revenues (operating and non-operating) for 2017 were \$573,209. Total expenses (operating and non-operating) were \$598,279. The change in net position was a decrease of \$25,070.



## Overview of the Financial Statements

As required under the GASB 34 financial reporting standards, this annual report consist of two parts—the *basic financial statements*, and *required supplementary information*.

**The following *basic financial statements* are included in this report:**

*Statement of Net Position*—reports the Authority’s current financial resources (short-term expendable resources) with capital assets and long-term debt obligations.

*Statement of Revenues, Expenses and Changes in Net Position*—reports the operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.

*Statement of Cash Flows*—reports the Authority’s cash flows from operating, investing, capital and non-capital activities.

The statements identified above are followed by a section of required supplementary information that further explains and supports the information found in the financial statements.

## Financial Analysis of the Authority

### Statement of Net Position:

The *Statement of Net Position* presents the assets, liabilities, and net position of the Authority at the end of the year. The purpose of the statement is to provide a snapshot of the financial condition of the Authority at a certain point in time. Table A-1 presents the Authority’s *Condensed Statement of Net Position* for 2017 and 2016. Supplementary information is provided in the accompanying notes that further explain and support the data presented in table A-1.

**Table A-1, Condensed Statement of Net Position**

<b>Assets:</b>	<b>2017</b>	<b>2016</b>
Current and other assets	\$ 318,840	\$ 359,030
Capital assets	1,845,490	1,888,649
Total Assets	2,164,330	2,247,679
<b>Liabilities:</b>		
Current and other liabilities	89,667	147,946
Long-term debt, net of current	32	32
Total Liabilities	89,699	147,978
<b>Net Position:</b>		
Net investment in capital assets	1,845,458	1,888,617
Unrestricted	229,173	211,084
Total Net Position	\$ 2,074,631	\$ 2,099,701

Current and other assets, excluding capital assets, for the year ended December 31, 2017 total \$318,840 and are comprised of \$306,857 in cash and cash equivalents and \$3,795 in accounts receivables, and \$8,188 in other assets. Cash and cash equivalents decreased \$38,753 from 2016.

Capital assets for the year ended December 31, 2017 are \$1.8 million. Included in this category are land and improvements, buildings and improvements, personal property, and construction-in-progress. Capital asset additions of \$52,145 represent various unit upgrades at Hillsvie Apartments.

Total liabilities, excluding the non-current portion of long-term debt, totaled \$89,667 at December 31, 2017, a decrease of \$58,279 from 2016. The decrease is primarily due to payment of invoices outstanding at end of 2016 for installation of a new roof and smoking shelter Hillsvie Apartments.

The Authority's current ratio reflects the relationship between current assets and current liabilities and is a measure of the Authority's ability to pay short-term obligations. At December 31, 2017, the Authority's current ratio was 3.56:1 an increase from the previous year's current ratio of 2.39:1. This means that for every dollar in current liabilities there is \$3.56 in current assets.

Total net position decreased by \$25,070 during 2017. Net investment in capital assets decreased by \$43,159 primarily due to depreciation while unrestricted net position increased by \$18,089. Unrestricted net position increased by 8.5% primarily due to decrease in current and other liabilities.

**Statement of Revenues, Expenses, and Changes in Net Position:**

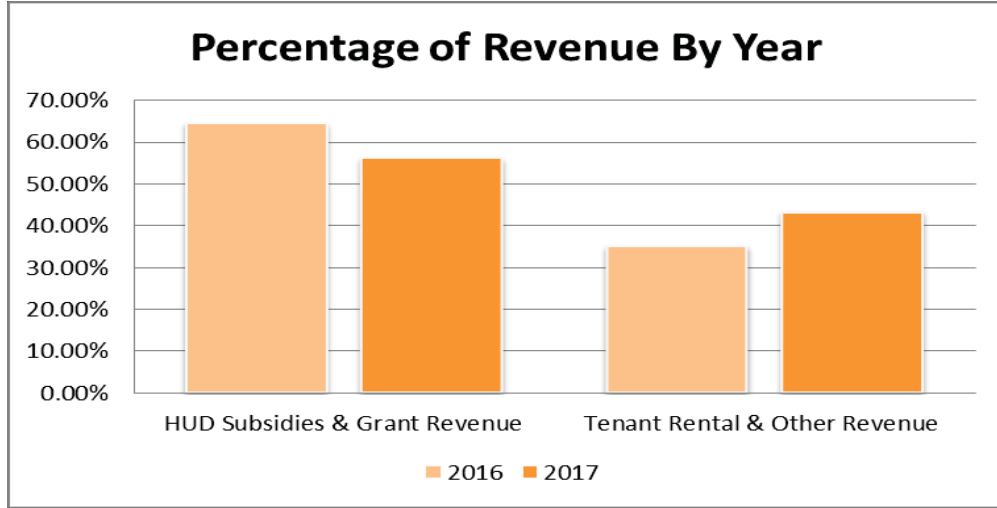
The purpose of the Statement of Revenues, Expenses and Changes in Net Position is to present the revenues earned by the Authority (both operating and non-operating) and the expenses incurred (operating and non-operating), and any other revenues, expenses, gains and losses received or spent by SWHA. Table A-2 represents the Authority's *Condensed Statement of Revenues, Expenses, and Changes in Net Position* for 2017 and 2016.

**Table A-2, Condensed Statement of Revenues, Expenses and Changes in Net Position**

	<u>2017</u>	<u>2016</u>
Operating Revenues	\$ 206,260	\$ 182,168
Net nonoperating revenues	310,523	343,562
Total Revenues	<u>516,783</u>	<u>525,730</u>
Operating expenses	598,279	610,073
Nonoperating expenses	-	381
Total Expenses	<u>598,279</u>	<u>610,454</u>
Excess or deficiency before contributions	(81,496)	(84,724)
Capital grant contributions	56,426	64,884
Change in Net Position	<u>(25,070)</u>	<u>(19,840)</u>
Beginning Net Position	<u>2,099,701</u>	<u>2,119,541</u>
Ending Net Position	<u>\$ 2,074,631</u>	<u>\$ 2,099,701</u>

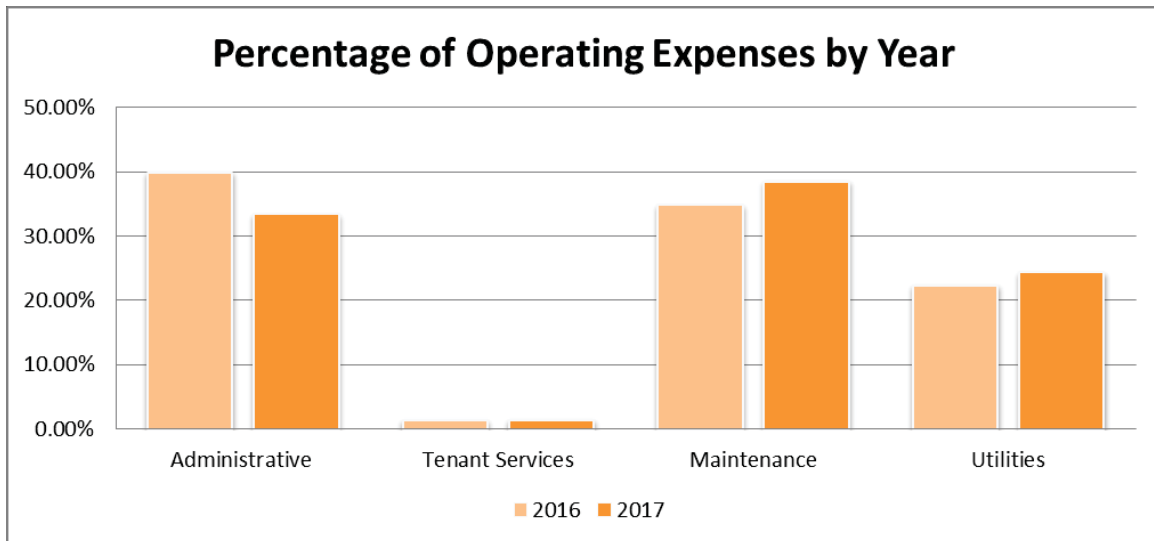
Revenues are classified as operating or non-operating. Table A-3 shows the sources of operating revenues for 2016 and 2017.

**Table A-3, Sources of Revenues for 2016 and 2017**



Operating expenses are amounts paid for providing housing to the Authority's tenants and administering the various programs. Total operating expenses (excluding depreciation), for 2017 were \$500,694. Costs included in operating expenses include; administrative, tenant services, maintenance, utilities, and other. Table A-4 illustrates the operating expense break down by category. Decrease in administrative expenses was due to the decrease in auditing expenses and eviction legal fees. Maintenance expenses increased as a result of an increase in unit upgrade projects as such projects are dependent on unit availability.

**Table A-4, Operating Expenses for 2016 and 2017**



## Capital Assets

The Housing Authority of the City of Sedro-Woolley is committed to the ongoing rehabilitation and modernization of its housing inventory. Hillsview and Cedar Grove were both built in 1971.

**Table A-5, Capital Assets for 2017 and 2016**

	<b>2017</b>	<b>2016</b>
Land	\$ 61,569	\$ 59,288
Buildings and Improvements	4,111,604	4,059,459
Construction-in-progress	0	0
	<u>4,173,173</u>	<u>4,118,747</u>
Total accumulated depreciation	<u>(2,327,683)</u>	<u>(2,230,098)</u>
Net Capital Assets	<u>\$ 1,845,490</u>	<u>\$ 1,888,649</u>

Information about the Authority's capital assets is further presented in the financial statements Note 4 – Capital Assets.

### **Economic Factors Affecting the Authority's Future**

The Authority receives the bulk of its operational funding from the United States Department of Housing and Urban Development (HUD) which, like all federal agencies, depends upon congressional appropriations. The current administration advocates severe funding cuts to programs administered by HUD; including completely defunding the Capital Fund Program. Much like the prior year, it is uncertain how much congress will appropriate.

### **Contacting the Authority's Financial Management**

This financial report is designed to provide our stakeholders with a general overview of the Housing Authority's finances and to demonstrate SWHA's accountability for its resources. Any questions about this report, or requests for additional information, should be directed to the Director of Finance of the King County Housing Authority.

**Housing Authority of The City of Sedro-Woolley**  
**Statement Of Net Position**  
As of December 31, 2017

**ASSETS:**

***Current Assets***

Cash and cash equivalents	\$ 297,682
Restricted cash and cash equivalents	9,175
Receivables, net	3,795
Other current assets	8,188
Total Current Assets	<u>318,840</u>

***Noncurrent Assets***

Land, Buildings, and Equipment, net	
Nondepreciable	61,569
Depreciable	1,783,921
Total Noncurrent Assets	<u>1,845,490</u>
Total Assets:	<u>2,164,330</u>

**LIABILITIES:**

***Current Liabilities***

Accounts payable	64,599
Accrued compensated absences	7,911
Tenant security deposits	9,175
Prepaid tenant rent	4,616
Other Current Liabilities	3,366
Total Current Liabilities	<u>89,667</u>

***Noncurrent Liabilities***

Long term debt, net of current	<u>32</u>
Total Noncurrent Liabilities	<u>32</u>
Total Liabilities	<u>89,699</u>

**NET POSITION:**

Net investment in capital assets	1,845,458
Restricted	-
Unrestricted	229,173
Total Net Position	<u>\$ 2,074,631</u>

The accompanying notes are an integral part of these financial statements.

**Housing Authority of The City of Sedro-Woolley**  
**Statement of Revenues, Expenses and Changes in Net Position**  
For the 12 Month Period Ending December 31, 2017

<b>Operating Revenues</b>	
Tenant revenue	\$ 196,492
Other revenue	9,768
Total Operating Revenues	<u>206,260</u>
<b>Operating Expenses</b>	
Administrative	169,023
Tenant services	7,293
Maintenance	191,319
Utilities	122,008
Depreciation	97,585
Other expenses	11,051
Total Operating Expenses	<u>598,279</u>
Operating Gain (Loss)	(392,019)
<b>Nonoperating Revenues (Expenses)</b>	
HUD subsidies and grant revenue	307,902
Investment income	1,995
Interest expense	-
Gain (loss) on disposal of assets	626
Total Nonoperating Revenues (Expenses)	<u>310,523</u>
INCOME (LOSS) before contributions	(81,496)
Capital grant contributions	<u>56,426</u>
CHANGE IN NET POSITION	(25,070)
Beginning Net Position	2,099,701
Ending Net Position	<u>\$ 2,074,631</u>

The accompanying notes are an integral part of these financial statements.

**Housing Authority of The City of Sedro-Woolley**  
**Statement of Cash Flows**  
For the 12 Month Period Ending December 31, 2017

**Cash Flows from Operating Activities:**

Receipts from tenants	\$ 194,389
Payments to employees	(110,687)
Payments to suppliers of goods and services	(419,740)
Other payments	9,768
Net cash provided by (used in) operating activities	<u>(326,270)</u>

**Cash Flows from Noncapital Financing Activities:**

Receipts from HUD	<u>308,741</u>
Net cash provided by noncapital financing activities	<u>308,741</u>

**Cash Flows from Capital and Related Financing Activities:**

Capital grant contributions	56,426
Purchases of capital assets	(54,426)
Other receipts (payments)	626
Net cash provided by capital and related financing activities	<u>2,626</u>

**Cash Flows from Investing Activities:**

Investment income	1,995
Other receipts (payments)	(25,845)
Net cash provided (used in) by investing activities	<u>(23,850)</u>

Net increase (decrease) in cash and cash equivalents (38,753)

Cash and cash equivalents -- beginning of the year 345,610

Cash and cash equivalents -- end of the year \$ 306,857

**Reconciliation of operating income (loss) to net cash provided (used) by operating activities:**

Operating income (loss)	(392,019)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	97,585
Change in assets and liabilities:	
Receivables	(242)
Inventories and other	840
Accounts payable	(28,867)
Other current liabilities	(3,567)
Net cash provided by (used in) operating activities	<u>\$ (326,270)</u>

The accompanying notes are an integral part of these financial statements.

## **Note 1 – Reporting Entity and Summary of Significant Accounting Policies**

### **Reporting Entity**

#### **Primary Government**

The Housing Authority of the City of Sedro-Woolley (the “Authority”) was created as a municipal corporation under the provisions of the State Housing Authorities Law (RCW 35.82) and the Housing Cooperation Law (RCW 35.83) in response to the Federal Housing Act of 1937. The Act created the United States Housing Authority, empowering it to make loans and annual contributions to local public housing agencies to assist in the development, acquisition and administration of low rent projects. The programs authorized under the Act, as amended, are now administered by the Department of Housing and Urban Development (HUD).

The King County Housing Authority (KCHA) has a long-standing contract to manage and assist the Authority. The Authority has its own Board of Commissioners, which is responsible for approving its operating and capital budgets and overseeing programs. The Authority is charged by KCHA for the direct operating expenses of the two public housing developments. In addition, KCHA also charges a fee for administrative services provided.

The Authority has been granted a broad range of powers to provide housing assistance to low-income households. The nationally recognized definition of a low-income family is a household earning less than 80 percent of the area’s median income, adjusted for family size. The Authority administers programs that serve housing needs.

### **Summary of Significant Accounting Policies**

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

#### **Basis of Accounting**

Accounting records are maintained according to the proprietary fund model that is similar to private business enterprises. The Authority applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

#### **Accounts Organized by Funds**

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenditures. Each fund is, with limited exceptions, an independent fund and is restricted by contract or regulation from assisting or being assisted financially by any other fund.



**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 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 income and expenses during the reporting period. Actual results could differ from those estimates.

**Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are tenant revenues. Operating expenses for proprietary funds include the cost of maintenance and repairs, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The basis for recognition of revenues and expenses is the accrual basis of accounting. Revenues are recorded when earned. Expenses are recorded when incurred. Revenue from operating subsidies and grants is classified as non-operating revenue. Revenue from capital grants is classified as capital grant contributions.

**Cash, Cash Equivalents and Investments**

Cash consists of Federal Depository Insurance Corporation (FDIC) insurable deposits with original maturities of less than three months. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Investments include deposits with original maturities exceeding three months, securities and other assets that are held primarily for the purpose of obtaining income or profit. Restricted cash and cash equivalents as of December 31, 2017 include \$9,175 of tenant security deposits.

**Receivables**

Receivables consist primarily of rents due from tenants. Annually, tenant receivables are analyzed and the allowance for doubtful accounts is appropriately adjusted. No allowances existed at December 31, 2017 other than the allowance for tenant accounts receivable.

**Capital Assets**

Capital assets are recorded at historical cost in the land, structures, and equipment accounts and at appraised fair market value at date of receipt if contributed. The Authority defines capital assets as tangible items with an initial individual cost of at least \$5,000 if the item is equipment and \$50,000 if the item is real property or a capital improvement. Capital assets are depreciated using the straight-line method with depreciation commencing in the acquisition year and ceasing in the disposal year. Capital project costs clearly associated with the acquisition, development, and construction of a real estate project, including indirect costs and interest, are capitalized as a cost of that project.

Depreciable lives for the capital asset categories follow:

Land	No depreciation
Buildings	20 – 40 years
Improvements	15 years
Equipment	3 – 10 years
Construction-in-process	No depreciation

Maintenance and repairs are charged to expense when incurred. Management reviews land, structures, and equipment for possible impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If there is an indication of impairment, management prepares an estimate of future cash flows expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value. Preparation of estimated expected future cash flows is inherently subjective and is based on management's best estimate of assumptions concerning expected future conditions.

### **Tax Liability**

The Authority is by law exempt from all federal, state, and local taxes and assessments.

### **Compensated Absences**

It is the Authority's policy to pay 100% of accumulated annual leave when an employee terminates employment from the Authority. As such, the value of annual leave earned but not used at year-end is accrued. Sick leave does not vest and is only paid to those separating from the Authority as retirees as defined by the state pension system. Because the amount of such payments is difficult to estimate, an accrual is made only when the actual payment amount is known.

### **Note 2 - Cash Deposits and Investments**

The Authority is restricted in its cash deposits and investments to those allowed by RCW 35.82.070(6). In general, deposits must be made with qualified financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC).

### **Insurance and Collateralization**

Deposits that are in excess of the \$250,000 insured amount must be continuously and fully (100%) secured. Collateral, comprised of identifiable U.S. Government securities as prescribed by HUD, are pledged or set aside to secure these deposits. The Public Deposit Protection Act in effect in the State of Washington set up a multiple financial institution collateral pool to insure public deposits. This protection is in the form of securities pledged as collateral to the Public Deposit Protection Commission (PDPC) by all qualified depositories. In 1994, the Authority received a waiver from HUD that enabled it to make deposits in excess of \$100,000 in a qualified public depository because HUD determined that there were "adequate safeguards against the loss of Public Housing Authority funds."

### **Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the maximum maturity of an investment to not greater than three years. Exceptions may be made for collateralization of repurchase agreements using investments not exceeding 30 years, for the investment of reserve funds, which can be invested up to 30 years if matched to an anticipated future cash flow, and for "step-investments" that increase interest payments at pre-defined times.

### **Credit Risk**

The Department of Housing and Urban Development (HUD), Washington State law, and the Authority's investment policy all limit the instruments in which the Authority may invest. Not all Authority funds have the same restrictions. Following are some of the instruments in which any Authority funds, including Federal funds, may be invested:

- 1) Direct obligations of the Federal government backed by the full faith and credit of the United States
  - a) U.S. Treasury Bills.
  - b) U.S. Treasury Notes and Bonds.
- 2) Obligations of Federal government agencies, such as:
  - a) Government National Mortgage Association (GNMA) mortgage-backed securities.
  - b) GNMA participation securities.
  - c) Maritime Administration Bonds.
  - d) Small Business Administration Bonds.
- 3) Securities of Government Sponsored Agencies, such as:
  - a) Federal Home Loan Mortgage Corporation (FHLMC) notes and bonds.
  - b) Federal National Mortgage Association (FNMA) notes and bonds.
  - c) Federal Home Loan Bank (FHLB) notes and bonds.
  - d) Federal Farm Credit Bank (FFCB) notes and bonds.
  - e) Student Loan Marketing Association (SLMA) notes and bonds.
- 4) Demand and savings accounts.
- 5) Money Market Deposit accounts.
- 6) Certain mutual funds.

### **Concentration of Credit Risk**

The Authority diversifies its investments by security type and institution. SWHA follows the investment policy of KCHA which states: "With the exception of U.S. Treasury securities, investment agreements for trustee held funds, and authorized pools, no more than 15% of the Authority's total investment portfolio will be invested in a single security type or with a single financial institution.

### **Valuation and Classification**

Cash equivalents include deposits and investments that are readily convertible to cash. Instruments with an original maturity date of over 3 months are classified as investments. Cash and investments held for the future payment of long-term liabilities are classified as non-current assets. Cash and investments legally or contractually restricted as to use are classified as restricted.

Cash equivalents include an investment in the Washington State Local Government Investment Pool (the Pool). The Pool is not registered with the Securities and Exchange Commission (SEC), but adheres to SEC Rule 2(a) (7) of the Investment Company Act of 1940 that requires portfolio diversification, divestiture considerations and action if the market value of the portfolio deviates more than .5 percent from the amortized costs. Government pools that adhere to the SEC rule can report their investments at amortized costs if the remaining maturities of the debt securities are 90 days or less. As of December 31, 2017, the pool had an average days-to-maturity of 37 days and therefore is reported at cost. Government securities are reported at fair value. A summary of cash and investments at December 31, 2017 follows.

	Unrestricted	Restricted	Total
<b>Cash and Cash Equivalents:</b>			
Depository	\$ 5,000	\$ -	\$ 5,000
Local Government Investment Pool	292,682	9,175	301,857
Total Cash And Cash Equivalents	<u>\$ 297,682</u>	<u>\$ 9,175</u>	<u>\$ 306,857</u>

### **Note 3 – Capital Assets**

The components and capital activity of land, structures and equipment follow.

	Beginning Balances	Additions and Transfers-in	Disposals and Transfers-out	Ending Balances
<b>Nondepreciable:</b>				
Land	\$ 59,288	\$ -	\$ -	\$ 59,288
Construction-in-progress	-	2,281	-	2,281
Total Nondepreciable	<u>59,288</u>	<u>2,281</u>	<u>-</u>	61,569
<b>Depreciable:</b>				
Building and improvements	4,059,459	52,145	-	4,111,604
Total Depreciable	<u>4,059,459</u>	<u>52,145</u>	<u>-</u>	4,111,604
<b>Total Capital Assets:</b>	4,118,747	54,426	-	4,173,173
Less: Accumulated depreciation	(2,230,098)	(97,585)	-	(2,327,683)
	<u>\$ 1,888,649</u>	<u>\$ (43,159)</u>	<u>\$ -</u>	\$ 1,845,490

Capital assets additions were primarily due to capitalization of the Hillview roofing project.

### **Note 4 – Long Term Debt Obligations**

In 2006, the Authority assumed \$70,351 of long term debt for the purpose of installing energy conservation improvement equipment. The cost of the improvements will be recovered through subsidy from HUD.

	Beginning Balance	Additions	Retirements/ Payments	Ending Balance	Current Portion
<b>Financing lease</b>	\$ 32	-	-	\$ 32	\$ -

## **Note 5 - Risk Management**

Sedro-Woolley Housing Authority (SWHA) has the responsibility to systematically and continuously identify potential exposure to losses in terms of frequency and severity probability, and to apply sound risk control and financing techniques to minimize the impact of those potential losses. KCHA Risk Management has implemented programs to protect the Housing Authority against accidental and criminal losses that would significantly affect personnel, property, or budget by using a combination of loss control programs, purchased commercial insurance, voluntary self-insurance, participation in a risk-sharing pool or group, and contractual risk transfer via indemnification agreements.

KCHA secures third-party liability insurance primarily through the Housing Authority Insurance Group (HAIG), a national housing authority risk-sharing pool. The General Liability limit, including Washington Stop-Gap/Employer's Liability, is \$5,000,000 per occurrence with a \$1,000 deductible. Automobile Liability insurance is carried with \$5,000,000 in total limits provided through a combination of Continental Western Insurance Company with a \$1,000,000 combined single limit and excess liability of \$4,000,000 provided by Philadelphia Insurance.

Property insurance, including Rental Income coverage, for Public Housing is placed through the Housing Authority Risk & Retention Pool (HARRP) on a replacement cost basis. The property insurance deductible is \$25,000 per loss. The Authority also has secured Fidelity coverage through HARRP for \$100,000 per occurrence for all employees, and \$500,000 for employees with greater exposure.

An Excess Liability policy of \$15,000,000 is provided over all of the above liability coverage except the Contractors Pollution, which brings total liability coverage to a limit of \$20,000,000. This coverage is placed with Lexington Insurance Company.

Public Officials Errors and Omissions and Employment Practices Liability is provided on all properties with a \$5,000,000 aggregate limit and a 50,000 self-insured retention for employment practices and other covered claims from Ironshore Specialty Insurance Company.

No active claims are anticipated to exceed the applicable limits of insurance secured from any of the listed providers. Settled claims have not exceeded coverage purchased during the past five years

Housing Authority of the City of Sedro-Woolley  
Financial Data Schedule (FDS)

Statement of Net Position

As of December 31, 2017

Line #	Account Description	Cedar Grove		Hillsview	Total Authority
		WA030000103	WA030000155	WA030000155	
111	Cash - unrestricted	\$ 103,468	\$ 194,213	\$ 297,682	
114	Cash - tenant security deposits	3,800	5,375	9,175	
100	Total cash	107,268	199,588	306,857	
121	AR - PHA projects	-	-	-	
122	AR - HUD other projects	-	1,785	1,785	
126	Accounts receivable- tenants	952	1,398	2,349	
126.1	Allowance for doubtful accounts - tenants	(206)	(134)	(340)	
120	Total receivables, net of allowances	746	3,049	3,795	
142	Prepaid expenses and other assets	2,252	5,936	8,188	
150	Total Current Assets	110,266	208,573	318,840	
161	Land	-	59,287	59,287	
162	Buildings	382,968	3,208,744	3,591,713	
166	Accumulated depreciation	(343,170)	(1,984,513)	(2,327,683)	
167	Work in progress	-	2,282	2,282	
168	Infrastructure	383,139	136,753	519,891	
160	Total capital assets, net of depreciation	422,937	1,422,553	1,845,490	
180	Total Noncurrent Assets	422,937	1,422,553	1,845,490	
190	Total Assets	533,203	1,631,126	2,164,330	
200	Deferred Outflows of Resources	-	-	-	
290	Total Assets and Deferred Outflows of Resources	\$ 533,203	\$ 1,631,127	\$ 2,164,330	
312	Accounts payable < 90 days	\$ 18,276	\$ 46,322	\$ 64,599	
321	Accrued wage/payroll taxes payable	924	2,443	3,366	
322	Accrued compensated absences	2,271	5,640	7,911	
341	Tenant security deposits	3,800	5,375	9,175	
342	Unearned revenue	1,751	2,865	4,616	
310	Total Current Liabilities	27,022	62,645	89,667	
351	Long-term debt, net of current - capital projects	11	21	32	
350	Total Noncurrent Liabilities	11	21	32	
300	Total Liabilities	27,033	62,666	89,699	
400	Deferred Inflows of Resources	-	-	-	
508.4	Net Investment in Capital Assets	422,926	1,422,532	1,845,458	
511.4	Restricted Net Position	-	-	-	
512.4	Unrestricted Net Position	83,245	145,930	229,173	
513	Total Equity - Net Assets/Position	506,171	1,568,461	2,074,631	
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 533,204	\$ 1,631,127	\$ 2,164,330	

Housing Authority of the City of Sedro-Woolley  
Financial Data Schedule (FDS)  
Statement of Revenues, Expenses, and Changes in Net Position  
For the 12 Month Period Ending December 31, 2017

Line Item #	Account Description	Cedar Grove WA030000103		Hillsview WA030000155		Total Authority
		14,850 Public and Indian Housing	14,872 Public Housing Capital Fund	14,850 Public and Indian Housing	14,872 Public Housing Capital	
REVENUE:						
70300	Net tenant rental revenue	\$ 33,446	\$ -	\$ 156,442	\$ -	\$ 189,888
70400	Tenant revenue - other	1,481	-	5,123	-	6,604
70500	Total tenant revenue	34,928	-	161,565	-	196,492
70600	HUD PHA Operating Grants	101,864	40,414	165,623	-	307,901
70610	Capital Grants	-	-	-	56,426	56,426
70700	Total Fee Revenue	-	-	-	-	-
71500	Other Revenue	255	-	10,139	-	10,394
72000	Investment income - restricted	642	-	1,354	-	1,995
70000	TOTAL REVENUE	137,688	40,414	338,681	56,426	573,209
EXPENSES:						
Administrative						
91100	Administrative salaries	16,524	-	35,271	-	51,795
91200	Auditing fees	3,150	-	9,450	-	12,600
91300	Management fees	12,264	-	36,588	-	48,852
91400	Advertising and Marketing	137	-	411	-	548
91500	Employee benefit contributions - administrative	6,495	-	13,572	-	20,067
91600	Office Expenses	546	-	1,719	-	2,264
91700	Legal expense	907	-	544	-	1,451
91800	Travel	393	-	1,178	-	1,570
91900	Other	3,551	-	13,445	-	16,996
91000	Total Operating - Administrative	43,966	-	112,177	-	156,141
92000	Asset Management Fee	2,400	-	7,200	-	9,600
Tenant services						
92400	Tenant services - other	1,823	-	5,469	-	7,293
92500	Total Tenant Services	1,823	-	5,469	-	7,293
Utilities						
93100	Water	13,274	-	8,948	-	22,222
93200	Electricity	1,991	-	15,496	-	17,486
93300	Gas	1,297	-	-	-	1,297
93600	Sewer	15,112	-	45,267	-	60,379
93800	Other utilities expense	9,580	-	11,044	-	20,624
93000	Total Utilities	41,254	-	80,755	-	122,008
Ordinary maintenance & operation						
94100	Ordinary maintenance and operations - labor	14,014	-	42,528	-	56,541
94200	Ordinary maintenance and operations - material and other	11,083	40,414	19,122	-	70,620
94300	Ordinary maintenance and operations - contracts	9,359	-	33,031	-	42,390
94500	Employee benefit contributions - ordinary maintenance	5,508	-	16,261	-	21,769
94000	Total Maintenance	39,964	40,414	110,942	-	191,319
General expenses						
96110	Property Insurance	1,816	-	3,108	-	4,924
96120	Liability Insurance	1,571	-	4,557	-	6,127
96130	Workmen's compensation	577	-	1,914	-	2,491
96100	Total Insurance Premiums	3,964	-	9,578	-	13,542
96200	Other General Expenses	-	-	-	-	-
96210	Compensated absences	227	-	563	-	791
96000	Total Other General Expenses	227	-	563	-	791
96720	Interest on notes payable (short and long term)	-	-	-	-	-
96700	Total interest expense and amortization cost	-	-	-	-	-
96900	TOTAL OPERATING EXPENSES	133,599	40,414	326,684	-	500,695
97000	EXPENSES	4,090	-	11,997	56,426	72,514
97100	Extraordinary maintenance	-	-	-	-	-
97400	Depreciation expense	27,858	-	69,726	-	97,585
90000	TOTAL EXPENSES	161,456	40,414	396,409	-	598,279
OTHER FINANCING SOURCES (USES)						
10010	Operating transfers in	-	-	-	-	-
10020	Operating transfers out	-	-	-	-	-
10100	TOTAL OTHER FINANCING SOURCES	-	-	-	-	-
	(UNDER) TOTAL EXPENSES	\$ (23,768)	-	\$ (57,729)	\$ 56,426	\$ (25,070)
MEMO ACCT INFORMATION						
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	\$ 529,939	-	\$ 1,569,762	-	\$ 2,099,701
11040	Prior period adjustments and error corrections	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	236	-	718	-	954
11210	Number of unit months leased	236	-	709	-	945
11270	Excess cash	\$ 69,860	-	\$ 112,769	-	\$ 182,628
11610	Land Purchases	-	-	-	-	-
11620	Building Purchases	-	-	-	\$ 56,426	\$ 56,426
11630	Furniture and Equipment - dwelling purchases	-	-	-	-	-

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

<b>Contact information for the State Auditor's Office</b>	
<b>Public Records requests</b>	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
<b>Main telephone</b>	(360) 902-0370
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>





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

**Accountability Audit Report**

**Housing Authority of the City of  
Sedro-Woolley**

**For the period January 1, 2014 through December 31, 2016**

**Published December 13, 2018**

**Report No. 1022624**





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

December 13, 2018

Board of Commissioners  
Housing Authority of the City of Sedro-Woolley  
Sedro-Woolley, Washington

**Report on Accountability**

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Housing Authority operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the Housing Authority's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

Pat McCarthy  
State Auditor  
Olympia, WA

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## AUDIT SUMMARY

### Results in brief

In the areas we audited, Housing Authority operations complied with applicable requirements and provided adequate safeguarding of public resources. The Housing Authority also complied with state laws and regulations and its own policies and procedures in the areas we examined.

### About the audit

This report contains the results of our independent accountability audit of the Housing Authority of the City of Sedro-Woolley from January 1, 2014 through December 31, 2016.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the Housing Authority's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Financial condition and fiscal sustainability
- Procurement – bidding, change orders and prevailing wages for the Hillsvew roof replacement project
- Management fees – allowability of costs
- Contracts and agreements – contract with King County Housing Authority

## RELATED REPORTS

### **Financial**

Our opinion on the Housing Authority's financial statements is provided in a separate report, which includes the Housing Authority's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE HOUSING AUTHORITY

The Housing Authority of the City of Sedro-Woolley was established by the City of Sedro-Woolley and is managed under contract by the King County Housing Authority. The Housing Authority's jurisdiction encompasses the city of Sedro-Woolley. The Housing Authority's purpose is to provide housing assistance to low-income households. To accomplish this objective, the Housing Authority administers a federally-subsidized public housing program.

A five-member Board of Commissioners, appointed by the Mayor of the City of Sedro-Woolley, oversees the Housing Authority. The Housing Authority has no employees. In fiscal year 2016, the Housing Authority's operating revenue was \$182,168.

<b>Contact information related to this report</b>	
Address:	Housing Authority of the City of Sedro-Woolley 830 Township Street Sedro-Woolley, WA 98284
Contact:	Craig Violante, Director of Finance
Telephone:	(206) 574-1274
Website:	<a href="http://www.sedrowoolleyha.org">www.sedrowoolleyha.org</a>

*Information current as of report publish date.*

### **Audit history**

You can find current and past audit reports for the Housing Authority of the City of Sedro-Woolley at <http://portal.sao.wa.gov/ReportSearch>.

## ABOUT THE STATE AUDITOR'S OFFICE

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# SEDRO-WOOLLEY HOUSING AUTHORITY

**TO:** Board of Commissioners

**FROM:** Craig Violante, Finance Director

**DATE:** December 7, 2018

**RE:** Resolution No. **463:** 2019 Comprehensive Operating and Capital Budget

---

The King County Housing Authority (KCHA) has prepared this budget (see Exhibit A, page 5) for consideration by the Sedro-Woolley Housing Authority (SWHA) Board of Commissioners. This budget estimates the income and expenses that will be needed to support both operations and capital improvements.

## **Executive Summary**

Operating revenues of SWHA are derived from two main sources: tenant revenues and Operating Fund Subsidy received from the Department of Housing and Urban Development (HUD). Operating expenses, such as property management services, maintenance costs, utilities, insurance, etc., are paid out of these combined revenue sources.

Below is a snapshot of the 2019 operating budget, compared to 2018.

	2018	2019	
	<u>Budget</u>	<u>Budget</u>	<u>Change</u>
<b><i>Operating Revenues</i></b>			
Tenant Revenues	\$193,750	\$199,945	\$6,195
Operating Fund Subsidy	254,938	301,063	46,125
CFP Used for Operating Purposes	15,300	0	(15,300)
Other Operating Revenue	3,991	2,000	(1,991)
Total Operating Income	<u>467,979</u>	<u>503,008</u>	<u>35,029</u>
<b><i>Operating Expenses</i></b>			
Salaries and Benefits	(169,789)	(157,320)	12,469
Property and Other Admin Expenses	(298,189)	(291,699)	6,490
Total Operating Expenses	<u>(467,978)</u>	<u>(449,019)</u>	<u>18,959</u>
 Net Operating Income/(Loss)	 <u>\$1</u>	 <u>\$53,989</u>	 <u>\$53,988</u>

Capital projects at Hillsvew and Cedar Grove are funded primarily through Capital Fund Program (CFP) grants from HUD, but can also be funded with draws from reserves. At this time, the 2019 capital budget does not include any such reserve draws. Below is a summary of the 2019 Capital Budget with a comparison to the 2018 budget.

	2018 Budget	2019 Budget
<b>Sources</b>		
CFP Used for Capital Purposes	\$103,211	\$93,211
Draw from Reserves	0	0
Total Sources	103,211	93,211
<b>Uses</b>		
Unit Upgrades	(93,211)	(93,211)
Other Special Projects	(10,000)	0
Total Capital Budget	(103,211)	(93,211)
Excess/(Deficit)	\$0	\$0

### **Operating Budget Overview**

#### **Operating Income**

##### **TENANT REVENUES**

Tenant income is comprised two separate components: monthly tenant rental income and ancillary tenant income.

	2018 Budget	2019 Budget	Change
Tenant Rental Income-Hillsview	\$158,000	\$159,995	\$1,995
Tenant Rental Income-Cedar Grove	31,000	35,500	4,500
Ancillary Tenant Income	4,750	4,450	(300)
	\$193,750	\$199,945	\$6,195

Tenant Rental Income at Hillsview is forecast to rise 1.3%, partially, reflecting the 2.8% rise in social security benefits. Rental income at Cedar Grove is increasing to more closely match the revenue stream from current residents.

##### **OPERATING FUND SUBSIDY**

Eligibility for the 2019 Public Housing Operating Fund Subsidy is based on 2018's HUD-approved levels which were significantly higher than the 2018 budget. The main drivers of this variance include:

- The portion of the Subsidy designed to reimburse public housing properties for utility costs was budgeted to decline by 7% based on preliminary HUD guidance. Final funding actually reflected a 5.4% increase over the prior year, a positive funding swing of nearly \$20,000.
- Reimbursement for audit costs rose by \$7,000 as the 2016 audit included both financial and accountability components.
- The 2018 prorate was budgeted at 90% while the actual prorate has been 93.39% resulting in \$9,600 of additional funding,

SWHA HUD Operating Fund Subsidy			
	Cedar Grove	Hillsview	Total
2018 Budgeted Subsidy	\$97,597	\$157,341	\$254,938
2018 Actual Subsidy	\$114,748	\$181,711	\$296,459
<b>2019 Budgeted Subsidy</b>	<b>\$115,818</b>	<b>\$185,245</b>	<b>\$301,063</b>

Key assumptions used in the creation of the 2019 subsidy budget include:

- 7% rise in utility reimbursement based on actual costs incurred during the previous 12 month period
- Prorate of 90%
- Reduction of \$5,000 for audit reimbursement as 2017 costs audit returned to normal levels

### **Operating Expenses**

#### **EMPLOYEES**

The 2019 budget includes a total of 1.83 Full Time Equivalent (FTE) employees charged to SWHA, down from 1.93 in the 2018 budget.

Staffing Comparisons-Full-Time Equivalents (FTEs)		
	2018 Budget	2019 Budget
Property Management & Administration	0.80	0.70
Maintenance Staff	1.00	1.00
Central Applications Center	0.13	0.13
<b>Total</b>	<b>1.93</b>	<b>1.83</b>

Although the amounts charged to the SWHA for staffing is being reduced, actual staffing levels have not changed and will continue to reflect a full-time maintenance mechanic, a half-time property specialist, and a property manager or assistant property manager on site at least once per week.

#### **EMPLOYEE BENEFITS**

A 3.6% Cost of Living Adjustment (COLA) wage increase was awarded to all employees in November 2018, and an estimated COLA of 2.5% is included after November 2019.

Fixed employee benefits include medical, dental and life insurance and are charged to each property based upon their number of employees. Variable benefits include FICA, Medicare, worker's compensation and contributions for retirement to the state Public Employees Retirement System (PERS). The PERS rate rose to 12.83% effective September 1, 2018 and is expected to remain unchanged throughout 2019. Medical insurance premiums are rising modest 1.6% in 2019.

Employee Benefits		
	2018 Budget	2019 Budget
Fixed Benefits	\$14,323	\$14,556
Variable Benefits-FICA/Medicare	7.65%	7.65%
Variable Benefits-Retirement	12.70%	12.83%

**OTHER OPERATING COSTS**

Other operating costs are budgeted at levels similar to 2018, reflecting a slight 2% decline.

**Capital Improvements Budget**

Planned capital improvements for 2019 are limited to three unit upgrades, one at Cedar Grove and two at Hillsvie. The actual mix of properties to receive the upgrades will depend upon unit availability. Capital Fund Program (CFP) grants will fund these upgrades, and it is estimated that there will be approximately \$320,000 of unspent CFP funds to roll into 2019. Since inception of the unit upgrade program, 31 out of SWHA’s 80 units have been upgraded, 25 at Hillsvie and 6 at Cedar Grove.

**Cash Reserves**

Cash reserves are forecast to be approximately \$343,000 at the end of 2019. Minimum HUD-required cash reserves are equal to six months of operating expenses. Using the HUD-prescribed formula, this equates to a balance of \$235,000. As the issue regarding the denial of SWHA’s participation in the KCHA-sponsored Energy Performance Contract is not yet resolved, staff believes it is prudent to maintain current reserve levels.

**Summary**

The Sedro-Woolley Housing Authority continues to have sufficient revenue to meet its ongoing obligations and maintain a reserve level of six months of operating expenses.

**SEDRO-WOOLLEY HOUSING AUTHORITY**  
**2019 Budget**

**EXHIBIT A**

	Cedar Grove	Hillsview	2019 Proposed Combined
<b><i>Beginning Balance, Unrestricted Cash</i></b>	<b>\$83,607</b>	<b>\$198,932</b>	<b>\$282,539</b>
<b><i>Revenues</i></b>			
Tenant Revenue	36,300	163,645	199,945
Operating Fund Subsidy from HUD	114,638	181,706	296,344
Other Operating Revenue	1,200	800	2,000
<b>Total Operating Revenues</b>	<b>152,138</b>	<b>346,151</b>	<b>498,289</b>
<b><i>Expenses</i></b>			
Salaries & Benefits	(39,911)	(117,409)	(157,320)
Routine Maintenance, Utilities, Taxes & Insurance	(62,062)	(119,211)	(181,274)
Other Social Service Support Expenses & HAP	(2,150)	(5,800)	(7,950)
Administrative Support Expenses	(25,483)	(76,992)	(102,476)
<b>Total Operating Expenses</b>	<b>(129,607)</b>	<b>(319,412)</b>	<b>(449,019)</b>
<b>Operating Net Income</b>	<b>22,531</b>	<b>26,739</b>	<b>49,270</b>
Non-operating Revenue	40,813	59,443	100,256
Non-operating Expenses	0	0	0
<b>Net Income</b>	<b>63,344</b>	<b>86,182</b>	<b>149,526</b>
<b><i>Other Sources/(Uses) of Cash</i></b>			
Capital Projects and Acquisitions	(38,734)	(54,477)	(93,211)
<b>Total Other Sources/(Uses) of Cash</b>	<b>(38,734)</b>	<b>(54,477)</b>	<b>(93,211)</b>
<b>Net Change in Unrestricted Cash</b>	<b>24,610</b>	<b>31,705</b>	<b>56,315</b>
<b><i>Ending Balance, Unrestricted Cash</i></b>	<b>\$108,217</b>	<b>\$230,637</b>	<b>\$338,854</b>

**THE HOUSING AUTHORITY OF THE CITY OF SEDRO-WOOLLEY**

**RESOLUTION NO. 463**

**AUTHORIZING APPROVAL OF THE COMPREHENSIVE OPERATING  
BUDGET FOR FISCAL YEAR BEGINNING JANUARY 1, 2019**

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**WHEREAS**, the Executive Director has submitted a Comprehensive Operating Budget for the Calendar Year beginning January 1, 2019 (Calendar Year 2019); and

**WHEREAS**, the Board of Commissioners has determined that the proposed expenditures are necessary for the efficient and economical operations of the Housing Authority for the purpose of serving low-income families; and

**WHEREAS**, the budget indicates sources of funding adequate to cover all proposed expenditures; and

**WHEREAS**, all proposed rental charges and expenditures will be consistent with provisions of the Washington State Housing Authority law (RCW 35.82) and the Annual Contributions Contract (where applicable); and

**WHEREAS**, the Authority hereby certifies that no employee of the Housing Authority is serving in a variety of positions which will exceed 100% of his/her time. This certification includes the proration of an employee's time between the various programs administered by the Housing Authority of the City of Sedro-Woolley; and

**WHEREAS**, the Authority certifies that a drug-free workplace is provided to employees as required by the Drug-Free Workplace Act of 1988; and

**WHEREAS**, the Authority certifies that no Federally appropriated funds will be paid on behalf of the Housing Authority to any persons for influencing or attempting to influence an officer or employee of any agency, a member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any

Federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement; and,

**NOW THEREFORE, BE IT RESOLVED, BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF SEDRO-WOOLLEY, THAT:**

**Section 1:** Operating expenditures of \$449,019 and capital expenditures of \$93,211 are hereby authorized for the Calendar Year beginning January 1, 2019.

**Section 2:** Full property budgets as found in Exhibit A are incorporated into this resolution and hereby adopted.

**ADOPTED AT A REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF SEDRO-WOOLLEY THE 20<sup>TH</sup> DAY OF DECEMBER 2018.**

**THE HOUSING AUTHORITY OF  
THE CITY OF SEDRO-WOOLLEY**

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**LAURIE FELLERS** , Chair  
Board of Commissioners

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**STEPHEN J. NORMAN**  
Secretary-Treasurer

**SEDRO-WOOLLEY HOUSING AUTHORITY**  
**2019 Budget**

**EXHIBIT A**

	Cedar Grove	Hillsview	2019 Proposed Combined
<b><i>Beginning Balance, Unrestricted Cash</i></b>	<b>\$82,808</b>	<b>\$181,216</b>	<b>\$264,023</b>
<b><i>Revenues</i></b>			
Tenant Revenue	36,300	163,645	199,945
Operating Fund Subsidy from HUD	114,638	181,706	296,344
Other Operating Revenue	1,200	800	2,000
<b>Total Operating Revenues</b>	<b>152,138</b>	<b>346,151</b>	<b>498,289</b>
<b><i>Expenses</i></b>			
Salaries & Benefits	(39,912)	(117,412)	(157,324)
Routine Maintenance, Utilities, Taxes & Insurance	(62,062)	(119,211)	(181,274)
Other Social Service Support Expenses & HAP	(2,150)	(5,800)	(7,950)
Administrative Support Expenses	(25,483)	(76,992)	(102,476)
<b>Total Operating Expenses</b>	<b>(129,608)</b>	<b>(319,416)</b>	<b>(449,023)</b>
<b>Operating Net Income</b>	<b>22,530</b>	<b>26,735</b>	<b>49,266</b>
Non-operating Revenue	40,813	59,443	100,256
Non-operating Expenses	0	0	0
<b>Net Income</b>	<b>63,343</b>	<b>86,178</b>	<b>149,522</b>
<b><i>Other Sources/(Uses) of Cash</i></b>			
Capital Projects and Acquisitions	(38,734)	(54,477)	(93,211)
<b>Total Other Sources/(Uses) of Cash</b>	<b>(38,734)</b>	<b>(54,477)</b>	<b>(93,211)</b>
<b>Net Change in Unrestricted Cash</b>	<b>24,609</b>	<b>31,701</b>	<b>56,311</b>
<b><i>Ending Balance, Unrestricted Cash</i></b>	<b><u>\$107,417</u></b>	<b><u>\$212,917</u></b>	<b><u>\$320,334</u></b>



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# SEDRO-WOOLLEY HOUSING AUTHORITY

## INTEROFFICE MEMORANDUM

**TO:** The Board of Commissioners  
**FROM:** Windy Epps, Assistant Director of Finance  
**DATE:** December 12, 2018  
**RE:** October 2018 Financial Report

Attached for your review is the unaudited year-to-date financial report as of October 31, 2018. This report shows year-to-date actual results, budgets and variances expressed in both dollars and percentages. The report, in cash format, details operating revenues and expenses, net non-operating revenue or expense, and changes in assets and liabilities. Reports in this format will reconcile the year-to-date changes in cash and both the beginning and ending cash balances are displayed

### EXECUTIVE SUMMARY

Year-to-date operating revenues are 12.7% over budget and operating expenses 9.9% under budget.

<i>Operating Revenue</i>	<i>Favorable (Unfavorable)</i>			<i>Operating Expenses</i>	<i>Favorable (Unfavorable)</i>		
	<i>\$ Variance</i>	<i>% Variance</i>			<i>\$ Variance</i>	<i>% Variance</i>	
Tenant Revenue	\$8,218	5.1%	●	Salaries and Benefits	\$21,787	16.4%	●
Federal Operating Support	37,726	17.8%	●	Administrative Expenses	(6,876)	3.7%	●
Other Revenue	1,835	55.2%	●	Maintenance Expenses, Utilities, Taxes	3,755	7.9%	●
				Other Programmatic Expenses	252	4.4%	●
<b>Total Operating Revenue</b>	<b>47,780</b>	<b>12.7%</b>	●	<b>Total Operating Expenses</b>	<b>18,919</b>	<b>9.9%</b>	●

- Green are positive variances
- Yellow are negative variances of less than 5%
- Red are negative variances greater than 5%

### OPERATING REVENUE

Year-to-date operating revenues are over target by \$47.8K or 12.7% and are primarily attributable to increases in federal operating support (“subsidy”) and tenant revenues at Cedar Grove. The portion of the subsidy designed to reimburse public housing properties for utility costs was budgeted to decline by 7% based on preliminary HUD guidance but actually reflects a 5.4% increase over 2017. The subsidy calculation also includes a reimbursement of prior year audit costs and was greater than budgeted. Lastly, the interim proration level of 93.39% through October is above the budgeted 90% proration level which also results in an increase in subsidy.

### OPERATING EXPENSE

Salaries, Wages, and Benefits are under budget. A region-wide reorganization has resulted in fewer personnel charged to SWHA, these savings will be offset by the addition of an assistant property manager which was hired in September.

### CHANGE IN UNRESTRICTED CASH

Unrestricted cash has decreased by \$51.2K over the year primarily due to an increase in grant receivables and a decrease in accounts payable, both of which have negatively affected unrestricted cash, offset by an increase of operating revenue.

**Sedro-Woolley Housing Authority**  
**Statements of Financial Position**  
**As of October 31, 2018**

	<u>Cedar Grove</u>	<u>Hillsview</u>	<u>Combined</u>
<b>Assets</b>			
Cash-Unrestricted	\$82,808	\$163,216	\$246,024
Cash-Designated	0	0	0
Cash-Restricted	3,750	5,175	8,925
Accounts Receivable	39,998	52,853	92,851
Other Short-term Assets	122	893	1,015
Long-term Receivables	0	0	0
Capital Assets	485,748	1,423,473	1,909,221
Other Assets	0	0	0
Total Assets	<u>\$612,426</u>	<u>\$1,645,610</u>	<u>\$2,258,036</u>
<b>Liabilities and Equity</b>			
Short-term Liabilities	\$19,839	\$48,109	\$67,948
Current Portion of Long-term Debt	0	0	0
Long-term Debt	11	21	32
Other Long-term Liabilities	0	0	0
Total Liabilities	<u>19,850</u>	<u>48,130</u>	<u>67,980</u>
Equity	592,576	1,597,480	2,190,056
Total Liabilities and Equity	<u>\$612,426</u>	<u>\$1,645,610</u>	<u>\$2,258,036</u>

Sedro-Woolley Housing Authority  
Cash Reconciliation Report  
Through October 31, 2018

	Cedar Grove				Hillsview				Combined			
	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance
<b>BEGINNING UNRESTRICTED/PROGRAM CASH</b>	<b>\$103,468</b>				<b>\$194,214</b>				<b>\$297,682</b>			
<i>Rental Revenue and Subsidy</i>												
Tenant Revenue	\$35,351	\$26,750	\$8,601	32.2%	\$134,326	\$134,709	(\$383)	-0.3%	\$169,677	\$161,459	\$8,218	5.1% (1)
Federal Operating Support	96,832	81,331	15,501	19.1%	153,343	131,118	22,225	17.0%	250,175	212,449	37,726	17.8% (2)
<i>Total Rental Revenue and Federal Support</i>	<u>132,183</u>	<u>108,081</u>	<u>24,102</u>	<u>22.3%</u>	<u>287,669</u>	<u>265,827</u>	<u>21,842</u>	<u>8.2%</u>	<u>419,852</u>	<u>373,908</u>	<u>45,944</u>	<u>12.3%</u>
<i>Other Operating Revenue</i>												
Other Revenue	1,661	317	1,344	424.1%	3,499	3,008	491	16.3%	5,160	3,325	1,835	55.2% (3)
<i>Total Other Operating Revenue</i>	<u>1,661</u>	<u>317</u>	<u>1,344</u>	<u>424.1%</u>	<u>3,499</u>	<u>3,008</u>	<u>491</u>	<u>16.3%</u>	<u>5,160</u>	<u>3,325</u>	<u>1,835</u>	<u>55.2%</u>
<i>Total Operating Revenue</i>	<u>133,845</u>	<u>108,398</u>	<u>25,447</u>	<u>23.5%</u>	<u>291,168</u>	<u>268,835</u>	<u>22,333</u>	<u>8.3%</u>	<u>425,012</u>	<u>377,233</u>	<u>47,779</u>	<u>12.7%</u>
<i>Operating Expenses</i>												
Salaries and Benefits	(29,152)	(38,811)	9,659	24.9%	(86,998)	(99,126)	12,128	12.2%	(116,150)	(137,937)	21,787	15.8% (4)
Administrative Expenses	(30,077)	(28,717)	(1,360)	-4.7%	(67,477)	(61,961)	(5,516)	-8.9%	(97,554)	(90,678)	(6,876)	-7.6%
Maintenance Expenses, Utilities, Taxes	(46,867)	(51,467)	4,601	8.9%	(105,793)	(104,948)	(845)	-0.8%	(152,660)	(156,415)	3,755	2.4%
Other Programmatic Expenses	(1,513)	(1,692)	179	10.6%	(4,710)	(4,784)	74	1.5%	(6,224)	(6,476)	252	3.9%
<i>Total Operating Expenses</i>	<u>(107,610)</u>	<u>(120,687)</u>	<u>13,077</u>	<u>10.8%</u>	<u>(264,978)</u>	<u>(270,819)</u>	<u>5,841</u>	<u>2.2%</u>	<u>(372,588)</u>	<u>(391,506)</u>	<u>18,918</u>	<u>4.8%</u>
<i>Net Operating Income</i>	<u>26,235</u>	<u>(12,289)</u>	<u>38,524</u>	<u>313.5%</u>	<u>26,190</u>	<u>(1,984)</u>	<u>28,174</u>	<u>1420.1%</u>	<u>52,424</u>	<u>(14,273)</u>	<u>66,697</u>	<u>467.3%</u>
<i>Non Operating Income/(Expense)</i>												
Other Non-operating Income/(Expense)	83,694	46,778	36,916	78.9%	82,225	51,978	30,247	58.2%	165,919	98,756	67,163	68.0% (5,6)
<i>Total Non Operating Income/(Expense)</i>	<u>83,694</u>	<u>46,778</u>	<u>36,916</u>	<u>78.9%</u>	<u>82,225</u>	<u>51,978</u>	<u>30,247</u>	<u>58.2%</u>	<u>165,919</u>	<u>98,756</u>	<u>67,163</u>	<u>68.0%</u>
<i>Capital Activity</i>												
Capital Project Expenditures	(86,337)	(32,278)	(54,059)	-167.5%	(84,073)	(45,398)	(38,675)	-85.2%	(170,411)	(77,676)	(92,735)	-119.4% (5)
<i>Total Change in Capital Assets, net of Direct Funding and Debt</i>	<u>(86,337)</u>	<u>(32,278)</u>	<u>(54,059)</u>	<u>-167.5%</u>	<u>(84,073)</u>	<u>(45,398)</u>	<u>(38,675)</u>	<u>-85.2%</u>	<u>(170,411)</u>	<u>(77,676)</u>	<u>(92,735)</u>	<u>-119.4%</u>
<i>Change in Other Assets/Liabilities</i>												
Change in Designated/Restricted Cash	50	-	50	n/a	200	-	200	n/a	250	-	250	n/a
Change in Short-term Assets	(37,122)	-	(37,122)	n/a	(44,759)	-	(44,759)	n/a	(81,880)	-	(81,880)	n/a (7)
Change in Short-term Liabilities	(7,180)	-	(7,180)	n/a	(10,780)	-	(10,780)	n/a	(17,960)	-	(17,960)	n/a (8)
<i>Change in Other Assets/Liabilities</i>	<u>(44,252)</u>	<u>-</u>	<u>(44,252)</u>	<u>n/a</u>	<u>(55,339)</u>	<u>-</u>	<u>(55,339)</u>	<u>n/a</u>	<u>(99,590)</u>	<u>-</u>	<u>(99,590)</u>	<u>n/a</u>
<i>Change in Unrestricted/Program Cash</i>	<u>(\$20,661)</u>	<u>\$2,211</u>	<u>(\$22,872)</u>	<u>-1034.4%</u>	<u>(\$30,997)</u>	<u>\$4,596</u>	<u>(\$35,593)</u>	<u>-774.4%</u>	<u>(51,658)</u>	<u>\$6,807</u>	<u>(\$58,465)</u>	<u>-858.9%</u>
<b>ENDING UNRESTRICTED/PROGRAM CASH</b>	<b><u>\$82,808</u></b>				<b><u>\$163,217</u></b>				<b><u>\$246,024</u></b>			
<b>BEGINNING DESIGNATED/RESTRICTED CASH</b>	<b>\$3,800</b>				<b>\$5,375</b>				<b>\$9,175</b>			
Change in Replacement Reserves	-	-	-	n/a	-	-	-	n/a	-	-	-	n/a
Change in Debt Service Reserves	-	-	-	n/a	-	-	-	n/a	-	-	-	n/a
Change in Other Reserves	(50)	-	(50)	n/a	(200)	-	(200)	n/a	(250)	-	(250)	n/a
<i>Change in Designated/Restricted Cash</i>	<u>(50)</u>	<u>-</u>	<u>(50)</u>	<u>n/a</u>	<u>(200)</u>	<u>-</u>	<u>(200)</u>	<u>n/a</u>	<u>(250)</u>	<u>-</u>	<u>(250)</u>	<u>n/a</u>
<b>ENDING DESIGNATED/RESTRICTED CASH</b>	<b><u>\$3,750</u></b>				<b><u>\$5,175</u></b>				<b><u>\$8,925</u></b>			

1) Tenant revenue is greater than budgeted due to increase in tenant income at Cedar Grove.

2) Operating subsidy is greater than anticipated due to better than expected proration level and utility inflation factor that exceeded HUD's original guidance.

3) Other revenue, mainly in the form of interest income, is higher than budgeted due to continued gradual interest rate increases.

4) A region-wide reorganization has resulted in a lower cost distribution percentage for the property manager. This savings is expected to be offset by an assistant property manager, however that position was not filled until September causing lower than planned salaries and benefits.

5) Site improvement project costs totaling \$146K was unbudgeted, this amount is mostly offset as three unit upgrades were budgeted through October, but only one unit was completed. The net increase in CFP expense resulted in higher than anticipated draw from capital fund grant.

6) CFP Revenue was budgeted higher than CFP expenditures resulting in a smaller budget to actual variance for revenue than expenditures.

7) The change in short-term assets is due to an increase in grant receivables.

8) The change in short-term liabilities is due to a decrease in accounts payable.

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# SEDRO-WOOLLEY HOUSING AUTHORITY

## Housing Management Report

### October and November 2018

#### Vacancy Report

	Vacates	Housings	Completed Upgrades
Hillsview	0	2	0
Cedar Grove	1	0	0

#### Average Unit Turnover Rates

The current Unit Turnover Rate (UTO) is 8 days.

- The last unit upgrade for Hillsview was housed on November 1<sup>st</sup>.
- A Hillsview resident received a Section 8 voucher from the Hawaii Public Housing Authority. This unit was previously upgraded and rehoused in 14 days.
- The vacant Cedar Grove unit is expected to be housed in mid December. A 4-bedroom overhoused unit will be transferring to the 3-bedroom vacancy. Subsequently, this vacancy will be a unit upgrade for next year.

#### Current Applications of Wait List as of December 3, 2018

Hillsview	Applicants Claiming Preference	Elderly/Disabled Claiming Preference	Non-Preference Applicants	Total
1 Bedroom	129	107	60	189

Cedar Grove	Preference	Non-Preference	Total
2 Bedrooms	122	19	141
3 Bedrooms	34	4	38
4 Bedrooms	1	0	1
Total	157	23	180

Preference Definitions:

1. Rent burden – person is paying more than 50% of income in rent
2. Family lives in substandard housing - homeless or condition of unit substandard
3. Involuntary displacement – disaster, government action, housing owner action, domestic violence, etc.

#### Work Orders

	Routine	Inspection	Emergency	Vacate	RA	Total
Hillsview	74	15	5	2	0	96
Cedar Grove I	13	2	0	0	0	15
Cedar Grove II	10	3	0	0	0	13
Cedar Grove III	10	0	0	0	0	10
<b>Total</b>	<b>107</b>	<b>20</b>	<b>5</b>	<b>2</b>	<b>0</b>	<b>134</b>

#### Resident Functions

In October Community Action came to Hillsview to help residents sign up for energy assistance.

# SEDRO-WOOLLEY HOUSING AUTHORITY

## Housing Management Report

### **Staffing**

The assistant property manager position remains open and the vacancy will be posted in January.

### **Previous Meeting Concerns**

- None

### **Resident Issues**

- We are in the legal process for one Cedar Grove resident for failure to comply with their settlement agreement.
- We are in the legal process for one Hillsvievw resident for nonpayment of rent.