

HOUSING AUTHORITY OF THE CITY OF SEDRO-WOOLLEY



MEETING MINUTES OF THE BOARD OF COMMISSIONERS

Thursday, December 15, 2016

10:45 am

Hillsview Apartments

Community Room

830 Township St, Sedro-Woolley, WA 98284

*****REVISED*****

Agenda

- | | | |
|-------|---|---|
| I. | Call to Order | |
| II. | Roll Call | |
| III. | Approval of Minutes | 1 |
| | A. October 20, 2016 Board of Commissioners' Meeting Minutes | |
| IV. | Consent Items | |
| | A. Approval of Voucher Report October 1 to November 30, 2016 | 2 |
| | B. Approval of the 2017 Board Meeting Schedule | 3 |
| V. | Resolution for Discussion & Approval | 4 |
| | A. Resolution No. 453: Acceptance of State Auditor's Office Financial Statement Report for the period January 1, 2015 through December 31, 2015 | |
| | B. Resolution No. 454: 2017 Comprehensive Operating and Capital Budget | |
| VI. | Financial Reports | 5 |
| | A. Financial Report for October 2016 | |
| X. | Housing Management Report | 6 |
| | A. Housing Management Report for October & November 2016 | |
| XI. | Construction Update | |
| XII. | New Business | |
| XIII. | Adjournment | |

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

Thursday, October 20, 2016

I. Call to Order

The meeting of the Board of Commissioners of the Sedro-Woolley Housing Authority was called to order by Chair Laurie Fellers at 10:47 a.m. on Thursday, October 20, 2016 in the Community Room of the Hillsvue Apartments, located at 830 Township Street, Sedro-Woolley, WA 98284.

II. Roll Call

Present: Commissioner Laurie Fellers (Chair), Commissioner Reta Stephenson (Vice-Chair), Commissioner Lee Elliot, Commissioner Kacy Johnson and Commissioner KB Johnson

III. Approval of Minutes

A. April 21, 2016 Board of Commissioners' Meeting Minutes

Commissioner Kacy Johnson moved for approval of the minutes, seconded by Commissioner Lee Elliot. The motion to approve the minutes unanimously passed.

IV. Consent Items

A. Approval of Voucher Report April 1 to May 31, 2016

B. Approval of Voucher Report June 1 to July 31, 2016

C. Approval of Voucher Report August 1 to September 30, 2016

The Voucher Reports were presented to the Board of Commissioners as contained in the meeting packets.

All questions raised by Commissioners were addressed by staff.

Commissioner Reta Stephenson moved for approval of the consent agenda items, seconded by Commissioner Kacy Johnson and the motion unanimously passed.

V. Resolution for Discussion & Approval

None.

VI. Financial Reports

A. Financial Report for April 2016

B. Financial Report for June 2016

C. Financial Report for August 2016

Jeff Friend, Financial Reporting Manager, briefed the board on the Financial Reports as was contained in the meeting packets.

All questions raised by Commissioners were addressed by staff.

VII. Housing Management Report

A. Housing Management Report for August 2016 & September 2016

Kimberly Sayavong, Property Manager, briefed the Board of Commissioners on the Housing Report for February and March 2015 as was contained in the meeting packets.

IX. Construction Update

None.

XI. New Business

None.

XII. Adjournment

There being no further business before the Board of Commissioners, the meeting was adjourned at 11:15 a.m.

THE HOUSING AUTHORITY OF THE
CITY OF SEDRO-WOOLLEY

LAURIE FELLERS, Chair
Board of Commissioners

STEPHEN J. NORMAN
Executive Director

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SEDRO-WOOLLEY HOUSING AUTHORITY

TO: Board of Commissioners
FROM: Linda Riley, Accounting Manager *LR*
DATE: December 1, 2016
RE: Approval of Vouchers October 1, 2016 to November 30, 2016

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

Linda Riley
Accounting Manager
December 1, 2016

Expenditures to Sedro-Woolley

Operations	
Directly to Cedar Grove	16,541.93
Directly to Hillsview	102,392.30
Total Expenditures	<u><u>\$118,934.23</u></u>

SEDRO-WOOLLEY HOUSING AUTHORITY
Accounts Payable Report
10/01/2016 TO 11/30/2016

Account No.	Major Account Description	Amount	Vendor Name	Voucher Description	Date	Check Number
CEDAR GROVE						
140000	Prepaid Insurance	1,444.00	HARRP	PROPERTY GENERAL LIABILITY	11/4/2016	306195
410000	Admin Supplies	7.37	OFFICE MAX	OFFICE SUPPLIES	11/4/2016	306182
411102	Computer Equip-Hardware Maint	4.49	CERIUM NETWORKS INC	AUDIO CODES MAINT RENEWAL	11/23/2016	306641
411103	Computer Equip-Software Maint	44.57	UNIT 4 BUSINESS SOFTWARE	ANNUAL MAINT	10/21/2016	305994
411103	Computer Equip-Software Maint	43.62	TENMAST SOFTWARE COMPANY	ANNUAL RENEWAL	10/14/2016	305904
411103	Computer Equip-Software Maint	0.63	CDW/COMPUTER CENTERS INC	CISCO SMARTNET	10/21/2016	305964
411200	Equip-Maint	0.06	KONICA MINOLTA	LEASE	11/4/2016	306213
411901	Equip-Other-Leased/Rented	0.04	KONICA MINOLTA	LEASE	10/14/2016	305858
411901	Equip-Other-Leased/Rented	0.04	KONICA MINOLTA	LEASE	11/10/2016	306341
420101	Professional Services-Auditing	951.76	STATE AUDITOR S OFFICE	AUDIT PERIOD 15-15	10/28/2016	306061
420908	Professional Services-Computers	0.57	HYLAND SOFTWARE, INC	INSTALLATION	10/7/2016	305750
420908	Professional Services-Computers	2.21	HYLAND SOFTWARE, INC	PROJECT DATABASE INSTALL SVCS	11/10/2016	306384
421904	Admin Contracts- Cloud Recovery Services	3.93	NET2VAULT LLC	MANAGED VAULTING	10/7/2016	305790
421904	Admin Contracts- Cloud Recovery Services	3.67	NET2VAULT LLC	MANAGED VAULTING	11/18/2016	306559
440100	Travel-Non-training Related-Local-Mileage	41.92	KIMBERLY SAYAVONG	8/4-9/29/16 MILEAGE	10/7/2016	305767
440100	Travel-Non-training Related-Local-Mileage	0.69	MARSHA PREMEL	10/4-28/16 MILEAGE	11/10/2016	306387
440100	Travel-Non-training Related-Local-Mileage	41.92	KIMBERLY SAYAVONG	10/4-11/10/16 MILEAGE	11/18/2016	306540
450002	Comm-Phones Lines-Service-Digital Voice	0.09	911 ETC INC	MONTHLY CHARGE	10/14/2016	305860
450002	Comm-Phones Lines-Service-Digital Voice	0.09	911 ETC INC	GATEWAY MONTHLY CHARGE	11/10/2016	306342
491000	Admin Exp-Criminal/Background Checks	12.69	WASHINGTON STATE PATROL	BACKGROUND CHECK	10/7/2016	305679
491000	Admin Exp-Criminal/Background Checks	7.08	WASHINGTON STATE PATROL	SEPT 2016 BACKGROUND CHECKS	10/21/2016	305967
491000	Admin Exp-Criminal/Background Checks	12.51	NATIONAL CREDIT REPORTING	CREDIT REPORT	11/10/2016	306338
491000	Admin Exp-Criminal/Background Checks	3.69	WASHINGTON STATE PATROL	BACKGROUND CHECK	11/18/2016	306467
493000	Other Admin Exp-Postage	5.05	HASLER TOTAL FUNDS	POSTAGE	10/7/2016	305722
493000	Other Admin Exp-Postage	9.33	MAIL ADVERTISING BUREAU INC	SEPT 2016 STATEMENTS	10/14/2016	305823
493000	Other Admin Exp-Postage	1.92	THE UPS STORE #3898	RENEWAL BUSINESS MAILBOX	11/4/2016	306214
493000	Other Admin Exp-Postage	9.40	MAIL ADVERTISING BUREAU INC	OCT 2016 STATEMENTS	11/18/2016	306448
493100	Other Admin Exp-Mail Handling	2.01	MAIL ADVERTISING BUREAU INC	SEPT 2016 STATEMENTS	10/14/2016	305823
493100	Other Admin Exp-Mail Handling	8.78	MAIL ADVERTISING BUREAU INC	OCT 2016 STATEMENTS	11/18/2016	306448
520104	Social Service Contracts-Interpretation	1.95	LANGUAGE LINE SERVICES, INC	INTERPRETATION	10/28/2016	306065
620006	Occup Exp-Maint Floor Covering	271.00	CEDAR BUILDING SERVICE INC	CARPET CLEANING	10/14/2016	305853
620013	Occup Exp-Maint Yard/Garden/Landscaping	1,925.00	NW PLAYGROUND EQUIPMENT	WOOD CHIPS	10/7/2016	305681
620013	Occup Exp-Maint Yard/Garden/Landscaping	4,036.00	GRAY OWL SERVICES INC	CEDAR GROVE TREE REMOVAL	11/23/2016	306634
620016	Occup Exp-Maint Hazardous Material	750.00	CONSTRUCTION GROUP INTER LLC	ASBESTOS ABATEMENT	10/14/2016	305864
620016	Occup Exp-Maint Hazardous Material	750.00	CONSTRUCTION GROUP INTER LLC	ASBESTOS ABATEMENT	10/14/2016	305864
660000	Occup Exp-Utilities-Water	96.56	PUBLIC UTILITY DISTRICT #1	W	11/18/2016	306519
660000	Occup Exp-Utilities-Water	80.01	PUBLIC UTILITY DISTRICT #1	W	11/18/2016	306519
660000	Occup Exp-Utilities-Water	62.32	PUBLIC UTILITY DISTRICT #1	W	11/18/2016	306519
660000	Occup Exp-Utilities-Water	108.97	PUBLIC UTILITY DISTRICT #1	W	11/18/2016	306519
660000	Occup Exp-Utilities-Water	108.97	PUBLIC UTILITY DISTRICT #1	W	11/18/2016	306519

SEDRO-WOOLLEY HOUSING AUTHORITY
Accounts Payable Report
10/01/2016 TO 11/30/2016

Account No.	Major Account Description	Amount	Vendor Name	Voucher Description	Date	Check Number
660000	Occup Exp-Utilities-Water	71.74	PUBLIC UTILITY DISTRICT #1	W	11/18/2016	306519
660000	Occup Exp-Utilities-Water	52.13	PUBLIC UTILITY DISTRICT #1	W	11/23/2016	306617
660000	Occup Exp-Utilities-Water	97.29	PUBLIC UTILITY DISTRICT #1	W	11/23/2016	306617
660000	Occup Exp-Utilities-Water	122.30	PUBLIC UTILITY DISTRICT #1	W	11/23/2016	306617
660000	Occup Exp-Utilities-Water	147.31	PUBLIC UTILITY DISTRICT #1	W	11/23/2016	306617
660000	Occup Exp-Utilities-Water	88.94	PUBLIC UTILITY DISTRICT #1	W	11/23/2016	306617
660000	Occup Exp-Utilities-Water	97.29	PUBLIC UTILITY DISTRICT #1	W	11/23/2016	306617
660000	Occup Exp-Utilities-Water	101.45	PUBLIC UTILITY DISTRICT #1	W	11/23/2016	306617
660000	Occup Exp-Utilities-Water	65.43	PUBLIC UTILITY DISTRICT #1	W	11/23/2016	306617
660000	Occup Exp-Utilities-Water	84.78	PUBLIC UTILITY DISTRICT #1	W	11/23/2016	306617
660000	Occup Exp-Utilities-Water	84.78	PUBLIC UTILITY DISTRICT #1	W	11/23/2016	306617
660000	Occup Exp-Utilities-Water	113.96	PUBLIC UTILITY DISTRICT #1	W	11/23/2016	306617
660000	Occup Exp-Utilities-Water	92.43	PUBLIC UTILITY DISTRICT #1	W	11/23/2016	306617
660000	Occup Exp-Utilities-Water	84.15	PUBLIC UTILITY DISTRICT #1	W	11/23/2016	306617
660100	Occup Exp-Utilities-Sewer	371.34	CITY OF SEDRO WOOLLEY	SW	10/14/2016	305894
660100	Occup Exp-Utilities-Sewer	618.97	CITY OF SEDRO WOOLLEY	SW	10/14/2016	305894
660100	Occup Exp-Utilities-Sewer	247.76	CITY OF SEDRO WOOLLEY	SW	10/14/2016	305894
660100	Occup Exp-Utilities-Sewer	247.74	CITY OF SEDRO WOOLLEY	SW	11/10/2016	306369
660100	Occup Exp-Utilities-Sewer	618.97	CITY OF SEDRO WOOLLEY	SW	11/10/2016	306369
660100	Occup Exp-Utilities-Sewer	371.36	CITY OF SEDRO WOOLLEY	SW	11/10/2016	306369
660200	Occup Exp-Utilities-Electricity	38.95	PUGET SOUND ENERGY-BOT-01H	E	10/7/2016	305728
660200	Occup Exp-Utilities-Electricity	40.88	PUGET SOUND ENERGY-BOT-01H	E	10/7/2016	305728
660200	Occup Exp-Utilities-Electricity	74.01	PUGET SOUND ENERGY-BOT-01H	E	10/7/2016	305728
660200	Occup Exp-Utilities-Electricity	80.17	PUGET SOUND ENERGY-BOT-01H	E	10/28/2016	306112
660200	Occup Exp-Utilities-Electricity	41.28	PUGET SOUND ENERGY-BOT-01H	E	10/28/2016	306112
660200	Occup Exp-Utilities-Electricity	43.63	PUGET SOUND ENERGY-BOT-01H	E	10/28/2016	306112
660300	Occup Exp-Utilities-Natural Gas	28.14	CASCADE NATURAL GAS CO	GS	10/14/2016	305879
660300	Occup Exp-Utilities-Natural Gas	56.17	CASCADE NATURAL GAS CO	GS	11/10/2016	306361
660500	Occup Exp-Utilities-Surface Water Mgmt	12.25	CITY OF SEDRO WOOLLEY	ST	10/14/2016	305894
660500	Occup Exp-Utilities-Surface Water Mgmt	18.35	CITY OF SEDRO WOOLLEY	ST	10/14/2016	305894
660500	Occup Exp-Utilities-Surface Water Mgmt	30.59	CITY OF SEDRO WOOLLEY	ST	10/14/2016	305894
660500	Occup Exp-Utilities-Surface Water Mgmt	18.35	CITY OF SEDRO WOOLLEY	ST	11/10/2016	306369
660500	Occup Exp-Utilities-Surface Water Mgmt	12.24	CITY OF SEDRO WOOLLEY	ST	11/10/2016	306369
660500	Occup Exp-Utilities-Surface Water Mgmt	30.59	CITY OF SEDRO WOOLLEY	ST	11/10/2016	306369
660700	Occup Exp-Utilities-Garbage	131.71	CITY OF SEDRO WOOLLEY	GB	10/14/2016	305894
660700	Occup Exp-Utilities-Garbage	164.25	CITY OF SEDRO WOOLLEY	GB	10/14/2016	305894
660700	Occup Exp-Utilities-Garbage	397.37	CITY OF SEDRO WOOLLEY	GB	10/14/2016	305894
660700	Occup Exp-Utilities-Garbage	148.11	CITY OF SEDRO WOOLLEY	GB	11/10/2016	306369
660700	Occup Exp-Utilities-Garbage	142.49	CITY OF SEDRO WOOLLEY	GB	11/10/2016	306369
660700	Occup Exp-Utilities-Garbage	397.37	CITY OF SEDRO WOOLLEY	GB	11/10/2016	306369
	TOTAL CEDAR GROVE	16,541.93				

SEDRO-WOOLLEY HOUSING AUTHORITY
Accounts Payable Report
10/01/2016 TO 11/30/2016

Account No.	Major Account Description	Amount	Vendor Name	Voucher Description	Date	Check Number
HILLSVIEW						
140000	Prepaid Insurance	2,467.00	HARRP	PROPERTY GENERAL LIABILITY	11/4/2016	306195
170000	Work-In-Process	36.00	SEATTLE MEDIUM NEWSPAPER	HILLSVIEW APT ROOFING	10/7/2016	305712
170000	Work-In-Process	84,515.85	AXIS ROOF AND GUTTER INC	HILLSVIEW APT ROOFING	11/18/2016	306565
170000	Work-In-Process	30.00	NORTHWEST ASIAN WEEKLY	HILLSVIEW APTS ROOFING	11/18/2016	306468
200200	Contract Retentions	(4,225.79)	AXIS ROOF AND GUTTER INC	HILLSVIEW APT ROOFING	11/18/2016	306565
410000	Admin Supplies	22.12	OFFICE MAX	OFFICE SUPPLIES	11/4/2016	306182
411102	Computer Equip-Hardware Maint	14.38	CERIUM NETWORKS INC	AUDIO CODES MAINT RENEWAL	11/23/2016	306641
411103	Computer Equip-Software Maint	142.63	UNIT 4 BUSINESS SOFTWARE	ANNUAL MAINT	10/21/2016	305994
411103	Computer Equip-Software Maint	139.58	TENMAST SOFTWARE COMPANY	ANNUAL RENEWAL	10/14/2016	305904
411103	Computer Equip-Software Maint	2.00	CDW/COMPUTER CENTERS INC	CISCO SMARTNET	10/21/2016	305964
411200	Equip-Maint	0.17	KONICA MINOLTA	LEASE	11/4/2016	306213
411901	Equip-Other-Leased/Rented	0.11	KONICA MINOLTA	LEASE	10/14/2016	305858
411901	Equip-Other-Leased/Rented	0.11	KONICA MINOLTA	LEASE	11/10/2016	306341
420000	Professional Services-Legal	1,699.51	MONTGOMERY PURDUE BLANKINSHIP	LEGAL SVCS	10/21/2016	305942
420101	Professional Services-Auditing	2,855.27	STATE AUDITOR S OFFICE	AUDIT PERIOD 15-15	10/28/2016	306061
420908	Professional Services-Computers	1.84	HYLAND SOFTWARE, INC	INSTALLATION	10/7/2016	305750
420908	Professional Services-Computers	7.07	HYLAND SOFTWARE, INC	PROJECT DATABASE INSTALL SVCS	11/10/2016	306384
421904	Admin Contracts- Cloud Recovery Services	12.56	NET2VAULT LLC	MANAGED VAULTING	10/7/2016	305790
421904	Admin Contracts- Cloud Recovery Services	11.75	NET2VAULT LLC	MANAGED VAULTING	11/18/2016	306559
440100	Travel-Non-training Related-Local-Mileage	125.76	KIMBERLY SAYAVONG	8/4-9/29/16 MILEAGE	10/7/2016	305767
440100	Travel-Non-training Related-Local-Mileage	2.06	MARSHA PREMEL	10/4-28/16 MILEAGE	11/10/2016	306387
440100	Travel-Non-training Related-Local-Mileage	125.76	KIMBERLY SAYAVONG	10/4-11/10/16 MILEAGE	11/18/2016	306540
450002	Comm-Phones Lines-Service-Digital Voice	0.30	911 ETC INC	MONTHLY CHARGE	10/14/2016	305860
450002	Comm-Phones Lines-Service-Digital Voice	0.30	911 ETC INC	GATEWAY MONTHLY CHARGE	11/10/2016	306342
450100	Comm-Long Distance Charges	5.95	IMPACT TELECOM INC	MONTHLY CHGS	10/14/2016	305895
450100	Comm-Long Distance Charges	6.04	IMPACT TELECOM INC	MONTHLY CHARGES	11/4/2016	306250
491000	Admin Exp-Criminal/Background Checks	38.06	WASHINGTON STATE PATROL	BACKGROUND CHECK	10/7/2016	305679
491000	Admin Exp-Criminal/Background Checks	21.23	WASHINGTON STATE PATROL	SEPT 2016 BACKGROUND CHECKS	10/21/2016	305967
491000	Admin Exp-Criminal/Background Checks	37.52	NATIONAL CREDIT REPORTING	CREDIT REPORT	11/10/2016	306338
491000	Admin Exp-Criminal/Background Checks	11.06	WASHINGTON STATE PATROL	BACKGROUND CHECK	11/18/2016	306467
493000	Other Admin Exp-Postage	15.15	HASLER TOTAL FUNDS	POSTAGE	10/7/2016	305722
493000	Other Admin Exp-Postage	28.13	MAIL ADVERTISING BUREAU INC	SEPT 2016 STATEMENTS	10/14/2016	305823
493000	Other Admin Exp-Postage	5.76	THE UPS STORE #3898	RENEWAL BUSINESS MAILBOX	11/4/2016	306214
493000	Other Admin Exp-Postage	28.32	MAIL ADVERTISING BUREAU INC	OCT 2016 STATEMENTS	11/18/2016	306448
493100	Other Admin Exp-Mail Handling	6.06	MAIL ADVERTISING BUREAU INC	SEPT 2016 STATEMENTS	10/14/2016	305823
493100	Other Admin Exp-Mail Handling	26.46	MAIL ADVERTISING BUREAU INC	OCT 2016 STATEMENTS	11/18/2016	306448
520104	Social Service Contracts-Interpretation	5.84	LANGUAGE LINE SERVICES, INC	INTERPRETATION	10/28/2016	306065
620006	Occup Exp-Maint -Floor Covering	98.00	CEDAR BUILDING SERVICE INC	CARPET CLEANING	10/14/2016	305853
620008	Occup Exp-Maint -Alarm Testing/Monitoring	1,776.60	SIMPLEXGRINNELL LP	SVC CALL 5/9/16	10/7/2016	305663
620008	Occup Exp-Maint -Alarm Testing/Monitoring	64.50	SIMPLEXGRINNELL LP	ALARM & MONITORING	10/28/2016	306058

SEDRO-WOOLLEY HOUSING AUTHORITY
Accounts Payable Report
10/01/2016 TO 11/30/2016

Account No.	Major Account Description	Amount	Vendor Name	Voucher Description	Date	Check Number
660000	Occup Exp-Utilities-Water	1,265.39	PUBLIC UTILITY DISTRICT #1	W	11/18/2016	306519
660100	Occup Exp-Utilities-Sewer	3,707.92	CITY OF SEDRO WOOLLEY	SW	10/14/2016	305894
660100	Occup Exp-Utilities-Sewer	3,707.91	CITY OF SEDRO WOOLLEY	SW	11/10/2016	306369
660200	Occup Exp-Utilities-Electricity	1,012.50	PUGET SOUND ENERGY-BOT-01H	E	10/7/2016	305728
660200	Occup Exp-Utilities-Electricity	833.70	PUGET SOUND ENERGY-BOT-01H	E	10/28/2016	306112
660500	Occup Exp-Utilities-Surface Water Mgmt	183.27	CITY OF SEDRO WOOLLEY	ST	10/14/2016	305894
660500	Occup Exp-Utilities-Surface Water Mgmt	183.27	CITY OF SEDRO WOOLLEY	ST	11/10/2016	306369
660700	Occup Exp-Utilities-Garbage	663.28	CITY OF SEDRO WOOLLEY	GB	10/14/2016	305894
660700	Occup Exp-Utilities-Garbage	674.04	CITY OF SEDRO WOOLLEY	GB	11/10/2016	306369
TOTAL HILLSVIEW		102,392.30				
TOTAL SEDRO WOOLLEY		118,934.23				

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**SEDRO-WOOLLEY
HOUSING AUTHORITY**

Date: December 7, 2016

To: Board of Commissioners

From: Jessica Olives, Executive Assistant to CEO

Subject: Approval of the 2017 Board Meeting Schedule of the Housing Authority of Sedro-Woolley

The Bylaws of the Housing Authority of Sedro-Woolley, Article III: Meetings, (Section 2) call for the board to hold Regular bi-monthly meetings at the Hillview Apartments in the City of Sedro-Woolley on the third Thursday beginning at 10:45 a.m.

Additionally, Section 1 of Article III states the Board shall hold an Annual meeting on the same time in February as the Regular Board meeting.

Therefore, the 2017 Sedro-Woolley Housing Authority meeting schedule is attached for the Board's review and consideration.

2017 SWHA Board Meetings

JANUARY						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

FEBRUARY						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

MARCH						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

APRIL						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

MAY						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

JUNE						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

JULY						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

AUGUST						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

SEPTEMBER						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

OCTOBER						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

NOVEMBER						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

DECEMBER						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

10:45 a.m. SWHA Board Meeting
 SWHA Annual Meeting

Holiday (KCHA Offices Closed)

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**SEDRO-WOOLLEY
HOUSING AUTHORITY**

Date: December 6, 2016

To: Board of Commissioners

From: Craig Violante, Director of Finance

Subject: **Resolution No. 453:** Acceptance of State Auditor's Office Financial Statement Report for the period January 1, 2015 through December 31, 2015

The Washington State Auditor's Office issued Financial Statement Audit Report No.1017649 on September 29, 2016 and covers the period January 1, 2015 through December 31, 2015. An Accountability Audit was performed this year, but as of this writing has been yet been finalized. A copy of the financial audit report is 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.

There were no negative findings in the report.

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.



Washington State Auditor's Office

Government that works for citizens

Financial Statements Audit Report

Housing Authority of the City of Sedro-Woolley

Skagit County

For the period January 1, 2015 through December 31, 2015

Published September 29, 2016

Report No. 1017649





Washington State Auditor's Office

September 29, 2016

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 Authority's financial condition.

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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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
Skagit County
January 1, 2015 through December 31, 2015**

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, Skagit County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 23, 2016.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 Authority's financial statements are free from material misstatement, we performed tests of the 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 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 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.



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

September 23, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Housing Authority of the City of Sedro-Woolley Skagit County January 1, 2015 through December 31, 2015

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, Skagit County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the 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 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 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, 2015, 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 on pages 10 through 14 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 Authority's basic financial statements. The accompanying Actual Modernization Cost Certificates and Financial Data Schedules are supplementary information required by HUD. These schedules are 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 23, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

September 23, 2016

FINANCIAL SECTION

Housing Authority of the City of Sedro-Woolley Skagit County January 1, 2015 through December 31, 2015

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2015

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2015

Statement of Revenues, Expenses and Changes in Net Position – 2015

Statement of Cash Flows – 2015

Notes to Financial Statements – 2015

SUPPLEMENTARY AND OTHER INFORMATION

Financial Data Schedule – 2015

Actual Modernization Cost Certificate – WAI9P030501-09

Actual Modernization Cost Certificate – WAI9P030501-10

Actual Modernization Cost Certificate – WA19P030501-11

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, 2015. 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.

2015 Financial Highlights

- Total assets of the Authority exceeded total liabilities at December 31, 2015 by \$2,119,541.
- The Authority has \$13,235 of long-term debt outstanding of which \$6,199 is a current portion. This debt consists of a capital financing lease where the Authority is the lessee.
- Total revenues (operating and non-operating) for 2015 were \$635,203. Total expenses (operating and non-operating) were \$697,657. The change in net position was a decrease of \$62,454.

Overview of the Financial Statements

As required under the GASB 34 financial reporting standards, this annual report consist of three parts—*management's discussion and analysis* (this section), 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 2015 and 2014. Supplementary information is provided in the accompanying notes that further explain and support the data presented in table A-1.

Total current assets for the year ended December 31, 2015 are \$394,469 and are comprised of several categories. Included in total current assets are \$376,441 in cash and cash equivalents. Cash and cash equivalents comprise of approximately 95% of total current assets. Restricted cash and cash equivalents were \$9,350.

Long-term debt consists of a financing lease with a 3.9% interest rate. For more information on the long-term debt please see Footnote 5.

Total net position decreased by \$62,454 during 2015. Net investment in capital assets decreased by \$60,489 primarily due to depreciation while unrestricted net position decreased by \$1,965.

Table A-1, Condensed Statement of Net Position

Assets:	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 399,119	\$ 394,470
Capital assets	1,803,555	1,870,026
Total Assets	<u>2,202,674</u>	<u>2,264,496</u>
Liabilities:		
Current and other liabilities	76,097	69,246
Long-term debt, net of current	7,036	13,255
Total Liabilities	<u>83,133</u>	<u>82,501</u>
Net Position:		
Net investment in capital assets	1,790,320	1,850,809
Unrestricted	329,221	331,186
Total Net Position	<u>\$ 2,119,541</u>	<u>\$ 2,181,995</u>

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

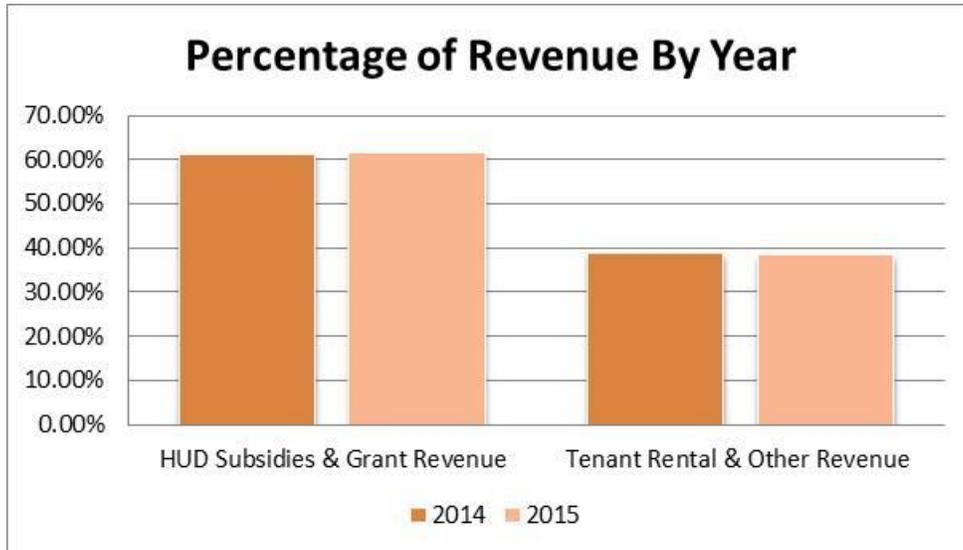
The purpose of the Statement of Revenues, Expenses and Changes in Net Position is to present the revenues earned by the Authority (both operating and non-operating) and the expenses incurred (operating and non-operating), and any other revenues, expenses, gains and losses received or spent by SWHA. Table A-2 represents the Authority's *Condensed Statement of Revenues, Expenses, and Changes in Net Position* for 2015 and 2014.

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

	<u>2015</u>	<u>2014</u>
Operating Revenues	\$ 183,093	\$ 182,539
Net nonoperating revenues	295,155	289,731
Total Revenues	<u>478,248</u>	<u>472,270</u>
Operating expenses	697,014	692,155
Nonoperating expenses	643	954
Total Expenses	<u>697,657</u>	<u>693,109</u>
Excess or deficiency before contributions	(219,409)	(220,819)
Capital grant contributions	156,955	86,113
Change in Net Position	<u>(62,454)</u>	<u>(134,706)</u>
Beginning Net Position	2,181,995	2,316,701
Ending Net Position	<u>\$ 2,119,541</u>	<u>\$ 2,181,995</u>

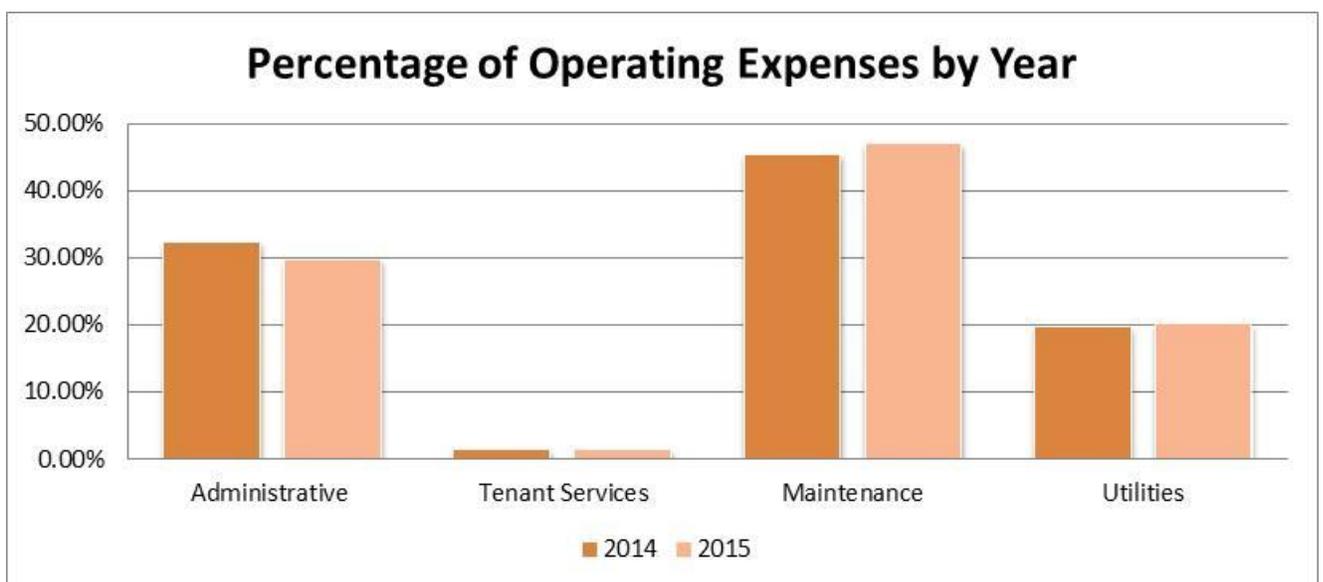
Revenues are classified as operating or non-operating. Table A-3 shows the sources of operating revenues for 2014 and 2015.

Table A-3, Sources of Revenues for 2014 and 2015



Operating expenses are amounts paid for providing housing to the Authority's tenants and administering the various programs. Total operating expenses for 2015 were \$558,512 (excluding depreciation). Costs included in operating expenses include; administrative, tenant services, maintenance, utilities, and other. Table A-4 illustrates the operating expense break down by category.

Table A-4, Operating Expenses for 2014 and 2015



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 2015 and 2014

	<u>2015</u>	<u>2014</u>
Land	\$ 59,288	\$ 59,288
Buildings and Improvements	3,808,821	3,808,821
Construction-in-progress	<u>72,030</u>	<u> </u>
	3,940,139	3,868,109
Total accumulated depreciation	<u>(2,136,584)</u>	<u>(1,998,083)</u>
Net Capital Assets	<u>\$ 1,803,555</u>	<u>\$ 1,870,026</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. As 2016 is a presidential election year it is unknown what impact a new administration will have on congressional priorities and appropriations.

The Federal Reserve raised interest rates slightly in December 2015. Though it has been forecast that the Federal Reserve may raise interest rates again in 2016, it remains uncertain that rates will be increased. Nevertheless, increased housing costs should result in increased demand for public housing.

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, 2015

Assets:

Cash and cash equivalents	\$ 376,441
Restricted cash and cash equivalents	9,350
Receivables, net	7,310
Other current assets	6,018
Land, Buildings, and Equipment, net	
Nondepreciable	131,318
Depreciable	<u>1,672,237</u>
Total Assets:	<u>2,202,674</u>

Liabilities:

Accounts payable	23,925
Accrued compensated absences	4,386
Tenant security deposits	9,350
Prepaid tenant rent	8,230
Current portion of long term debt	6,199
Accrued Wage/Payroll Taxes Payable	2,895
Contract Retentions	21,113
Long term debt, net of current	<u>7,036</u>
Total Liabilities	<u>83,133</u>

Net Position:

Net investment in capital assets	1,790,320
Restricted	-
Unrestricted	<u>329,221</u>
Total Net Position	<u>\$ 2,119,541</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, 2015

Operating Revenues

Tenant revenue	\$ 182,852
Other revenue	241
Total Operating Revenues	<u>183,093</u>

Operating Expenses

Administrative	162,857
Tenant services	7,416
Maintenance	260,853
Utilities	112,198
Depreciation	138,501
Other expenses	15,189
Total Operating Expenses	<u>697,014</u>
Operating Loss	(513,921)

Nonoperating Revenues (Expenses)

HUD subsidies and grant revenue	294,552
Investment income	603
Interest expense	(643)
Total Nonoperating Revenues (Expenses)	<u>294,512</u>

NET LOSS before contributions (219,409)

Capital grant contributions 156,955

CHANGE IN NET POSITION (62,454)

Beginning Net Position 2,181,995

Ending Net Position \$ 2,119,541

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, 2015

Cash Flows from Operating Activities:

Receipts from tenants	\$ 184,543
Payments to employees	(109,257)
Payments to suppliers of goods and services	(447,766)
Other receipts	242
Net cash provided by (used in) operating activities	<u>(372,238)</u>

Cash Flows from Noncapital Financing Activities:

Receipts from HUD	302,337
Net cash provided by noncapital financing activities	<u>302,337</u>

Cash Flows from Capital and Related Financing Activities:

Capital grant contributions	156,954
Purchases of capital assets	(72,030)
Debt service	(6,624)
Other receipts (payments)	758
Net cash provided by capital and related financing activities	<u>79,058</u>

Cash Flows from Investing Activities:

Investment income	603
Net cash provided by investing activities	<u>603</u>

Net increase in cash and cash equivalents 9,760

Cash and cash equivalents -- beginning of the year	376,031
Cash and cash equivalents -- end of the year	<u>\$ 385,791</u>

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

Operating loss	(513,921)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	138,501
Change in assets and liabilities:	
Receivables	5,283
Inventories and other	274
Accounts payable	4,980
Other current liabilities	(7,355)
Net cash provided by (used in) operating activities	<u>\$ (372,238)</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, 2015 include \$9,350 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 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 3 - Cash Deposits and Investments with Financial Institutions

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 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, 2015, the pool had an average days-to-maturity of 35 days and therefore is reported at cost. Government securities are reported at fair value. A summary of cash and investments at December 31, 2015 follows.

	Unrestricted	Restricted	Total
Cash and Cash Equivalents:			
Depository	\$ 5,000	\$ -	\$ 5,000
Local Government Investment Pool	371,441	9,350	380,791
Total Cash And Cash Equivalents	<u>\$ 376,441</u>	<u>\$ 9,350</u>	<u>\$ 385,791</u>

Note 4 – Capital Assets

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

	Beginning Balances	Additions	Disposals	Ending Balances
Nondepreciable:				
Land	\$ 59,288	\$ -	\$ -	\$ 59,288
Construction-in-progress	-	72,030		72,030
Total Nondepreciable	<u>59,288</u>	<u>72,030</u>	<u>-</u>	<u>131,318</u>
Depreciable:				
Building and improvements	3,808,821	-	-	3,808,821
Total Depreciable	<u>3,808,821</u>	<u>-</u>	<u>-</u>	<u>3,808,821</u>
Total Capital Assets:	3,868,109	72,030	-	3,940,139
Less: Accumulated	(1,998,083)	(138,501)	-	(2,136,584)
	<u>\$ 1,870,026</u>	<u>\$ (66,471)</u>	<u>\$ -</u>	<u>\$ 1,803,555</u>

Note 5 – 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
Financing lease	\$ 19,217	-	(5,982)	\$ 13,235	\$ 6,199

A schedule of principal and interest debt service payments at 3.9% follows:

Fiscal Year	Principal	Interest	Total
2016	6,199	425	6,624
2017	6,445	179	6,624
2018	591	5	596
	<u>\$ 13,235</u>	<u>\$ 609</u>	<u>\$ 13,844</u>

Note 6 - Risk Management

The Sedro-Woolley Housing Authority 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. The King County Housing Authority Risk Management department 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.

For Public Housing, KCHA secures third-party liability insurance primarily through the Housing Authority Insurance Group (HAIG), a public entity risk-sharing pool. The General Liability limit, including Washington Stop-Gap or Employer's Liability, is \$5,000,000 per occurrence on an occurrence basis with a \$1,000 deductible. Contractor's Pollution Liability and Errors & Omissions limit is \$1,000,000 on a claims-made basis with a \$5,000 per claim deductible provided through Crum & Forster Specialty Insurance Company. Automobile Liability insurance is \$5,000,000 in total limits provided through a combination of Continental Western Insurance Company with \$1,000,000 liability limit and excess liability of \$4,000,000 provided by Ohio Casualty Insurance Company. Property insurance including Rental Income coverage is placed through the Housing Authority Risk & Retention Pool (HARRP) which a standard limit of \$3,000,000 replacement cost basis, with higher limits available upon request. Property deductible is \$25,000 per loss. The Authority has secured Fidelity coverage through HARRP for \$100,000 per occurrence for all employees, and \$500,000 for employees with greater exposure.

Excess Liability limit 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 limit and a \$75,000 deductible for employment practices claims and a 50,000 deductible for all 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.

Housing Authority of the City of Sedro-Woolley
Financial Data Schedule (FDS)
Statement of Net Position
As of December 31, 2015

Line Item #	Account Description	Cedar Grove WA030000103	Hillsview WA030000155	Total Authority
111	Cash - unrestricted	\$ 227,000	\$ 149,442	\$ 376,441
114	Cash - tenant security deposits	3,800	5,550	9,350
100	Total Cash	230,800	154,992	385,791
122	AR - HUD other projects	-	2,660	2,660
126	Accounts receivable- tenants	2,737	2,036	4,772
126.1	Allowance for doubtful accounts - tenants	(108)	(14)	(122)
120	Total receivables, net of allowances	2,630	4,681	7,310
142	Prepaid expenses and other assets	1,698	4,320	6,018
150	Total Current Assets	235,128	163,993	399,120
161	Land	-	59,287	59,287
162	Buildings	382,968	2,905,961	3,288,929
166	Accumulated depreciation	(287,453)	(1,849,132)	(2,136,585)
167	Work in progress	-	72,030	72,030
168	Infrastructure	383,139	136,754	519,893
160	Net fixed assets	478,655	1,324,900	1,803,555
180	Total Noncurrent Assets	478,655	1,324,900	1,803,555
190	Total Assets	\$ 713,782	\$ 1,488,893	\$ 2,202,674
200	Deferred Outflows of Resources	-	-	-
	Total Assets and Deferred Outflows of Resources	\$ 713,782	\$ 1,488,893	\$ 2,202,674
312	Accounts payable < 90 days	\$ 4,838	\$ 19,087	\$ 23,925
321	Accrued wage/payroll taxes payable	818	2,077	2,895
322	Accrued compensated absences	1,232	3,153	4,386
341	Tenant security deposits	3,800	5,550	9,350
342	Deferred revenue	5,735	2,495	8,230
343	Current portion of L-T debt - capital projects	2,049	4,150	6,199
345	Other current liabilities	-	21,113	21,113
310	Total Current Liabilities	18,472	57,625	76,097
351	Long-term debt, net of current - capital projects	2,500	4,536	7,036
350	Total Noncurrent Liabilities	2,500	4,536	7,036
300	Total Liabilities	20,973	62,160	83,133
400	Deferred Inflows of Resources	-	-	-
508.4	Net investment in capital assets	474,105	1,316,216	1,790,320
511.1	Restricted net position	-	-	-
512.4	Unrestricted net position	218,704	110,517	329,221
513	Total Equity - Net Assets/Position	692,809	1,426,732	2,119,541
600	Total Liabilities, Deferred Inflow of Resources, and Equity - Net Assets/Position	\$ 713,782	\$ 1,488,892	\$ 2,202,674

Housing Authority of the City of Sedro-Woolley
 Financial Data Schedule (FDS) (continued)
 For the Period Ending December 31, 2015

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 Fund	
70300	Net tenant rental revenue	\$ 39,447	\$ -	\$ 139,202	\$ -	\$ 178,649
70400	Tenant revenue - other	426	-	3,776	-	4,202
70500	Total tenant revenue	39,874	-	142,978	-	182,852
70600	HUD PHA Operating Grants	112,079	28,344	182,473	66,612	389,508
70610	Capital Grants	-	(0)	-	61,999	61,999
71500	Other Revenue	237	-	4	-	241
72000	Investment income - restricted	382	-	221	-	603
70000	TOTAL REVENUE	152,572	28,344	325,676	128,611	635,203
91100	Administrative salaries	13,625	-	29,751	-	43,376
91200	Auditing fees	2,515	-	7,544	-	10,059
91300	Management fees	11,873	-	35,618	-	47,491
91310	Book-keeping Fee	1,800	-	5,400	-	7,200
91400	Advertising and Marketing	622	-	1,866	-	2,489
91500	Employee benefit contributions - administrative	5,965	-	15,902	-	21,867
91600	Office Expenses	536	-	1,996	-	2,532
91700	Legal expense	7	-	171	-	178
91800	Travel	314	-	1,557	-	1,871
91900	Other	3,718	-	12,476	-	16,194
91000	Total Operating - Administrative	40,975	-	112,282	-	153,257
92000	Asset Management Fee	2,400	-	7,200	-	9,600
92400	Tenant services - other	1,817	-	5,599	-	7,416
92500	Total Tenant Services	1,817	-	5,599	-	7,416
93100	Water	11,456	-	7,437	-	18,894
93200	Electricity	1,994	-	12,896	-	14,891
93300	Gas	1,073	-	-	-	1,073
93600	Sewer	14,598	-	43,775	-	58,373
93800	Other utilities expense	9,015	-	9,952	-	18,968
93000	Total Utilities	38,137	-	74,061	-	112,198
94100	Ordinary maintenance and operations - labor	16,592	-	44,271	-	60,863
94200	Ordinary maintenance and operations - material and other	4,448	28,344	14,251	66,612	113,654
94300	Ordinary maintenance and operations - contracts	16,944	-	47,466	-	64,411
94500	Employee benefit contributions - ordinary maintenance	5,980	-	15,946	-	21,925
94000	Total Maintenance	43,963	28,344	121,934	66,612	260,853
96110	Property Insurance	1,531	-	2,631	-	4,162
96120	Liability Insurance	1,428	-	3,529	-	4,957
96130	Workmen's compensation	742	-	2,248	-	2,989
96140	All other insurance	-	-	0	-	-
96100	Total Insurance Premiums	3,700	-	8,409	-	12,109
96210	Compensated Absences	661	-	2,419	-	3,080
96000	Total Other General Expenses	661	-	2,419	-	3,080
96720	Interest on notes payable (short and long term)	221	-	422	-	643
96730	Amortization of bond issue costs	-	-	-	-	-
96700	Total interest expense and amortization cost	221	-	422	-	643
96900	TOTAL OPERATING EXPENSES	131,875	28,344	332,326	66,612	559,156
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	20,697	-	(6,650)	61,999	76,046
97400	Depreciation expense	27,859	-	110,643	-	138,501
90000	TOTAL EXPENSES	159,733	28,344	442,969	66,612	697,657
	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	\$ (7,162)	\$ -	\$ (117,293)	\$ 61,999	\$ (62,454)
	MEMO ACCT INFORMATION					
11020	Required annual debt principal payments	1,971	-	3,763	-	5,734
11030	Beginning of year equity	699,968	-	1,482,027	-	2,181,995
11190	Unit Months Available	240	-	720	-	960
11210	Number of unit months leased	239	-	714	-	953
11270	Excess cash	203,967	-	74,355	-	278,322
11610	Land Purchases	-	-	-	-	-
11620	Building Purchases	-	-	-	61,999	61,999

Actual Modernization Cost Certificate

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 1/31/2017)

Comprehensive Improvement Assistance Program (CIAP)
Comprehensive Grant Program (CGP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

HA Name: H.A. CITY OF SEDRO WOOLLEY	Modernization Project Number: WA19P030501-09
---	--

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	\$ 148,392.00
B. Funds Disbursed	\$ 148,392.00
C. Funds Expended (Actual Modernization Cost)	\$ 148,392.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

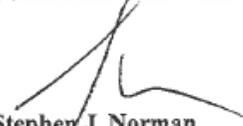
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

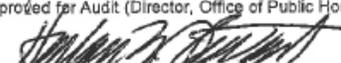
Signature of Executive Director & Date:

X  **Stephen J. Norman** 7/30/2015

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator) Date: 08/25/2015

X 

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official) Date:

X

Approved: (Director, Office of Public Housing / ONAP Administrator) Date:

X

form HUD-53001 (1/2014)

**Actual Modernization
Cost Certificate**

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 1/31/2017)

Comprehensive Improvement Assistance Program (CIAP)
Comprehensive Grant Program (CGP)

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HA Name: H.A. CITY OF SEDRO WOOLLEY	Modernization Project Number: WA19P030501-10
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The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	\$ 146,478.00
B. Funds Disbursed	\$ 146,478.00
C. Funds Expended (Actual Modernization Cost)	\$ 146,478.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Executive Director & Date:

X 
Stephen J. Norman
7/30/2015

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

Date:

X  08-25-2015

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X

form HUD-53001 (1/2014)

Actual Modernization Cost Certificate

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 1/31/2017)

Comprehensive Improvement Assistance Program (CIAP) Comprehensive Grant Program (CGP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

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HA Name: H.A. CITY OF SEDRO WOOLLEY	Modernization Project Number: WA19P030501-11
---	--

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	\$ 126,287.00
B. Funds Disbursed	\$ 126,287.00
C. Funds Expended (Actual Modernization Cost)	\$ 126,287.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Executive Director & Date:

X 
Stephen J. Norman 7/30/2015

For HUD Use Only

The Cost Certificate is approved for audit:
Approved for Audit (Director, Office of Public Housing / ONAP Administrator) Date: 8-25-2015

The audited costs agree with the costs shown above:
Verified: (Designated HUD Official) Date:

X
Approved: (Director, Office of Public Housing / ONAP Administrator) Date:

X

form HUD-53001 (1/2014)

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.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov

THE HOUSING AUTHORITY OF THE CITY OF SEDRO-WOOLLEY

RESOLUTION NO. 453

**ACKNOWLEDGING RECEIPT OF AUDIT EXAMINATION FOR
THE PERIOD JANUARY 1, 2015 THROUGH DECEMBER 31, 2015**

WHEREAS, the State of Washington, Office of the State Auditor, Division of Audit Services, has conducted a fiscal audit of the Housing Authority of the City of Sedro-Woolley for the period January 1, 2015 through December 31, 2015; 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; THAT:**

Receipt of the official examination of the Housing Authority of the City of Sedro-Woolley, Report on Financial Statements No. 1017649 for the period January 1, 2015 through December 31, 2015 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 15th DAY
OF DECEMBER 2016.**

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

Laurie Fellers, Chair
Board of Commissioner

STEPHEN J. NORMAN
Secretary-Treasurer

SEDRO-WOOLLEY HOUSING AUTHORITY

TO: Board of Commissioners
FROM: Craig Violante, Finance Director
DATE: December 8, 2016
RE: **Resolution No. 454: 2017 Comprehensive Operating and Capital Budget**

The King County Housing Authority (KCHA) has prepared this budget 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 are comprised of two main components: rental and ancillary income received directly from tenants, 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.

Following is a summary of the 2017 operating budget, compared to 2016:

<i>Operations</i>	2016 Budget	2017 Budget
Operating Revenues	\$479,392	\$500,032
Operating Expenses	(456,758)	(451,602)
ESCo Debt Payment	(6,869)	(6,624)
Net Operating Income (Loss)	\$15,765	\$41,806

Capital projects at Hillsvew and Cedar Grove are funded primarily though Capital Fund Program (CFP) grants from HUD, but can also be funded with draws from reserves. At this time, the 2017 capital budget does not include such a reserve draw.

<i>Capital Projects</i>	2016 Budget	2017 Budget
CFP Draws	205,581	67,744
Reserve Draw	40,000	0
Capital Projects	(245,581)	(67,744)
Excess (Deficit)	\$0	\$0

Operating Revenues

TENANT REVENUES

The 2017 budget for tenant income, comprised of tenant rent and ancillary income, is \$187,100, up slightly from the 2016 budget of \$185,590.

OPERATING FUND SUBSIDY

Eligibility for Public Housing Operating Fund Subsidy is based on the estimated gap between rental income from tenants and operating expenses. 2016 actual funding will surpass that which was budgeted for two reasons. First, the 2016 prorate level is higher than originally forecast in the budget—90.21% vs. the budgeted 83.5%. Second, there was a significant reduction in average tenant income at Cedar Grove, resulting in higher subsidy payments.

Although the 2016 actual prorate was 90.21%, affordable housing industry groups are currently projecting lower funding levels in 2017, and an 86.0% prorate has been used in the 2017 budget.

SWHA HUD Operating Fund Subsidy			
	Cedar Grove	Hillsview	Total
2016 Budgeted Subsidy	\$111,984	\$181,818	\$293,802
2016 Actual Subsidy	\$123,962	\$211,272	\$335,234
2017 Budgeted Subsidy*	\$116,775	\$196,157	\$312,932

*A proration level of 86% means SWHA would receive \$50,942 less subsidy than for which it is eligible under the funding formula

Operating Expenses

EMPLOYEES

The 2017 budget includes a total of 1.93 Full Time Equivalent (FTE) employees assigned to SWHA, unchanged from 2016.

Staffing Comparison-Full Time Equivalents (FTEs)		
	2016 Budget	2017 Budget
Property Management & Administration	0.80	0.80
Maintenance Staff	1.00	1.00
Central Applications Center	0.13	0.13
Total	1.93	1.93

In 2017 Hillsview and Cedar Grove will continue to share a half-time property management specialist, a full-time maintenance mechanic, and 30% of a property manager.

EMPLOYEE BENEFITS

A 2.3% Cost of Living Adjustment (COLA) wage increase was awarded to all non-represented employees in November 2016, and an estimated COLA of 2.5% is included after November 2017.

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 will rise to 12.52% effective July 1, 2017, and a blended rate of 11.85% has been used in the 2017 budget. Medical insurance costs are rising 11.6% in 2017.

Employee Benefits		
	2016 Budget	2017 Budget
Fixed Benefits	12,670	14,143
Variable Benefits-FICA/Medicare	7.65%	7.65%
Variable Benefits-Retirement	11.00	11.85

OTHER OPERATING COSTS

Other operating costs will see a modest uptick in 2017. The 2017 budget for property-related expenses, including maintenance, utilities and insurance, is \$243,274 essentially unchanged from \$243,358 in 2016. Administrative support expenses are forecast to be lower in 2017 with a budget of \$94,777, down from \$108,023 in 2016. The decline is due in part to a reduction in audit fees as the accountability audit is only performed biennially, and in part due to reduced vehicle maintenance and operating costs.

Capital Improvements

Planned capital improvements for 2017 are limited to three unit upgrades, with one forecast at Cedar Grove and two at Hillsvew. 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 \$240,000 of unspent CFP funds to roll into 2018. Since inception of the unit upgrade program, 25 out of SWHA’s 80 units have been upgraded, 21 at Hillsvew and 4 at Cedar Grove.

Reserves

Working capital (defined as the difference between current assets and current liabilities) is forecast to be approximately \$298,000 and \$328,000 at the end of 2016 and 2017, respectively. As the “safe-harbor” reserve levels are \$287,000, actual levels will be watched closely throughout 2017, and it may be recommended to pay for some unit upgrade work out of operations to bring the reserve levels down.

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
2017 Budget
EXHIBIT A

	Cedar Grove	Hillsview	Combined
Revenues			
Tenant Revenues	\$ 42,050	\$ 145,050	\$ 187,100
Operating Fund Subsidy from HUD	116,775	196,157	312,932
Other Revenues	27,536	43,123	70,659
Total revenues	186,361	384,330	570,691
Expenses			
Salaries & Benefits	31,380	74,226	105,606
Routine Maintenance, Utilities, Taxes & Insurance	73,561	169,713	243,274
Other Social Service Support Expenses & HAP	2,145	5,800	7,945
Administrative Support Expenses	23,582	71,195	94,777
Other Expenses	62	118	180
Total expenses	130,730	321,052	451,782
Net Income	55,631	63,278	118,909
Other sources (uses) of working capital			
Acquisition of Capital Assets	(26,880)	(60,864)	(87,744)
(Decrease) in Long-Term Debt	(377)	(721)	(1,098)
Total Other Sources/(Uses) of Working Capital	(27,257)	(61,585)	(88,842)
Net Change in Working Capital	28,374	1,693	30,067
Projected Working Capital, 12/31/2016	192,347	105,429	297,776
Projected Working Capital, 12/31/2017	\$ 220,721	\$ 107,122	\$ 327,843

THE HOUSING AUTHORITY OF THE CITY OF SEDRO-WOOLLEY

RESOLUTION NO. 454

**AUTHORIZING APPROVAL OF THE COMPREHENSIVE OPERATING
BUDGET FOR FISCAL YEAR BEGINNING JANUARY 1, 2017**

WHEREAS, the Executive Director has submitted a Comprehensive Operating Budget for the Calendar Year beginning January 1, 2017 (Calendar Year 2017); 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.

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 \$458,226 and capital expenditures of \$67,744 are hereby authorized for the Calendar Year beginning January 1, 2017.

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 15TH DAY OF DECEMBER 2016.

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

LAURIE FELLERS , Chair
Board of Commissioners

STEPHEN J. NORMAN
Secretary-Treasurer

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SEDRO-WOOLLEY HOUSING AUTHORITY

INTEROFFICE MEMORANDUM

To: The Board of Commissioners
Date: November 22, 2016
From: Jeff Friend, Financial Reporting Manager
Subject: October 2016 Financial Report

Attached for your review is an unaudited year-to-date financial report as of October 31, 2016. This report shows year-to-date actual results, budgets and variances expressed in both dollars and percentages. The report, in a working capital format, details revenues, expenses, and other sources/uses of working capital. Working capital is defined as current assets minus current liabilities and is a metric that is used to measure the ability of an organization to meet its near-term obligations (less than one year). Each report in this format will reconcile the current period working capital to that of the prior period.

Summary: Year-to-date operating revenues and operating expenses are 9.2% over budget and 2.2% under budget, respectively.

Operating Revenue Variances

	Variance (\$)	Variance (%)
Dwell Rent	\$ (2,388)	-1.5%
Operating Fund Subsidy	32,945	13.5%
Other Misc. Income	6,234	2722%
	\$ 36,791	9.2%

Operating Expense Variances

	\$ Var	% Var
Salaries, Wages & Benefits	\$ (3,674)	-4.6%
Occupancy Expenses	(4,812)	-2.4%
Admin Support Expenses	388	0.4%
Other Misc. Expenses	(315)	-4.9%
	\$ (8,413)	-2.2%

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

Operating Revenue: Operating revenues were over target primarily due to a difference in budgeted and actual operating subsidy received from HUD. The amount of subsidy requested for 2016 is greater than anticipated in the budget. Also, the budget estimated that the Authority would receive a prorated of 83.5% while the actual interim prorated is currently 89.7%. In November, HUD determined the final prorated to be 90.21%. Other Miscellaneous Income is also over-target due to an unbudgeted reimbursement from KCHA for vehicle maintenance fees billed in error in 2015.

Operating Expense: Operating Expenses were under target due to fewer floor coverings purchases than anticipated in the budget due to lack of unit turnover, less regional staff expense than anticipated due to lack of need of painting services, and the cost of employee medical benefits being less than anticipated in the budget.

Non-Operating Revenue and Expense: Non-operating revenues which consist of grant funds received to cover capital work are under target as four unit upgrades were budgeted evenly throughout the year but only one has been completed through October due to lack of vacancies. The smoking shelter and key scan/monitoring system projects were budgeted for January and April, respectively but as of this writing aren't expected to occur until December. A small amount of funding was drawn to close out the 2012 and 2014 capital grants.

Non-operating revenue is expected to remain under budget. The Authority's reserves will be used to fund the Hillsview roofing project and a unit upgrade in lieu of capital grants due to the Authority's working capital balance exceeding HUD-advised levels. Funding these projects with the Authority's excess reserves will bring the Authority's working capital balance in line with HUD expectations.

Working Capital: The year-to-date working capital balance is \$389,195; the equivalent of approximately 11 months of operating expenses.

Housing Authority of the City of Sedro-Woolley
Statements of Financial Position

	<u>Sedro Combined</u>	<u>Cedar Grove</u>	<u>Hillsview</u>
Working Capital Assets			
Cash-Unrestricted	\$ 420,401	\$ 258,389	\$ 162,012
Accounts Receivables	2,013	1,458	555
Prepaid Assets & Inventory	2,012	568	1,444
Total Working Capital Assets	<u>424,426</u>	<u>260,415</u>	<u>164,011</u>
Liabilities Offsetting Working Capital Assets			
Accounts Payable	(18,883)	-	(18,883)
Payroll Liabilities	(6,314)	(1,773)	(4,541)
Accrued Liabilities	(4,072)	(4,072)	-
Current Portion of Long-term debt	(5,962)	(2,049)	(3,913)
Total Offsetting Liabilities	<u>(35,231)</u>	<u>(7,894)</u>	<u>(27,337)</u>
Working Capital	<u>389,195</u>	<u>252,521</u>	<u>136,674</u>
Other Assets			
Cash-Restricted	9,100	3,650	5,450
Capital Assets	1,654,468	455,441	1,199,027
Work-in-Process	104,413	-	104,413
Total Other Assets	<u>1,767,981</u>	<u>459,091</u>	<u>1,308,890</u>
TOTAL ASSETS (net of WC offsets)	<u>\$ 2,157,176</u>	<u>\$ 711,612</u>	<u>\$ 1,445,564</u>
LIABILITIES & EQUITY			
Other Liabilities			
Deferrals-Related to Restr Cash	\$ 9,250	\$ 3,800	\$ 5,450
Debt	2,632	905	1,727
	11,882	4,705	7,177
Equity			
Equity	2,145,294	706,907	1,438,387
	<u>2,145,294</u>	<u>706,907</u>	<u>1,438,387</u>
TOTAL LIAB & EQ (net of curr liab)	<u>\$ 2,157,176</u>	<u>\$ 711,612</u>	<u>\$ 1,445,564</u>

Housing Authority of the City of Sedro-Woolley
Working Capital Budget vs. Actual Report
For the Period Ended 10/31/2016

	Actuals Through 10/31/2016	Budget Through 10/31/2016	YTD Variance	(n/m= not meaningful) Percent YTD Variance	2016 Annual Budget	Remainder to Receive/ Spend	(n/m= not meaningful) Percent of Annual Budget
Revenues							
Tenant Revenue	\$ 152,270	\$ 154,658	\$ (2,388)	(1.5%)	\$ 185,590	\$ 33,320	82.0%
Operating Fund Subsidy from HUD	277,780	244,835	32,945	13.5%	293,802	16,022	94.5% (1)
Section 8 Subsidy from HUD	0	0	0	n/m	0	0	n/m
Other Operating Revenue	6,463	229	6,234	2722.3%	275	(6,188)	2350.2% (2)
Non-operating Revenue	59,099	189,839	(130,740)	(68.9%)	206,241	147,142	28.7% (3)
Total Revenues	495,612	589,561	(93,949)	(15.9%)	685,908	190,296	72.3%
Expenses							
Salaries & Benefits	76,200	79,874	(3,674)	(4.6%)	97,960	21,760	77.8%
Routine Maintenance, Utilities, Taxes & Insurance	193,461	198,273	(4,812)	(2.4%)	243,352	49,891	79.5%
Direct Social Service Salaries & Benefits	0	0	0	n/m	0	0	n/m
Other Social Service Support Expenses & HAP	6,068	6,383	(315)	(4.9%)	7,850	1,782	77.3%
Administrative Support Expenses	91,265	90,877	388	0.4%	107,596	16,331	84.8%
Non-operating Expenses	1,892	355	1,537	433.0%	425	(1,467)	445.2%
Total Expenses	368,886	375,762	(6,876)	(1.8%)	457,183	88,297	80.7%
Net Income	126,726	213,799	(87,073)	(40.7%)	228,725	101,999	55.4%
Other Sources/(Uses) of Working Capital							
(Increase) in Restricted/Designated Cash	0	0	0	n/m	0	0	n/m
Decrease in Restricted/Designated Cash	250	0	250	n/m	0	(250)	n/m
(Increase) in LT Receivables	0	0	0	n/m	0	0	n/m
Decrease in LT Receivables	0	0	0	n/m	0	0	n/m
Acquisition of Capital Assets	(32,383)	(115,770)	83,387	(72.0%)	(117,359)	(84,976)	27.6%
Maintenance Projects	(25,601)	(113,519)	87,918	(77.4%)	(128,222)	(102,621)	20.0%
Acquisition of Capital Assets	(57,984)	(229,289)	171,305	(74.7%)	(245,581)	(187,597)	23.6% (3)
Disposition of Capital Assets	0	0	0	n/m	0	0	n/m
Change in Suspense	0	0	0	n/m	0	0	n/m
Change in Other Assets	0	0	0	n/m	0	0	n/m
Change in Other Deferrals	(100)	0	(100)	n/m	0	100	n/m
Increase in LT Debt	0	0	0	n/m	0	0	n/m
(Decrease) in LT Debt	(4,641)	(5,370)	729	(13.6%)	(6,444)	(1,803)	72.0%
Total Other Sources/(Uses) of Working Capital	(62,474)	(234,659)	172,185	(73.4%)	(252,025)	(189,551)	24.8%
Net Change in Working Capital	\$ 64,252	\$ (20,860)	\$ 85,112	n/m	\$ (23,300)	\$ (87,552)	n/m
Working Capital, 12/31/2015	324,943						
Working Capital, 10/31/2016	\$ 389,195						

- 1) Public Housing subsidy was higher than target due to an interim proration that was higher than anticipated. The budget assumed a prorate of 83.5% while the interim has been 89.7%.
- 2) Due to adjustment of vehicle maintenance and management fee overcharged in 2015.
- 3) Four unit upgrades were budgeted evenly throughout the year but only one unit has been completed through October. Upgrades are dependent upon unit availability. The non-operating revenue variance was partially offset by unbudgeted draws of \$16K made to close out/obligate the 2012 and 2014 CFP grants. Smoking shelter and key scan/monitoring system projects were budgeted in January and April, respectively. However, the projects are expected to occur in December.

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SEDRO-WOOLLEY HOUSING AUTHORITY

Housing Management Report

October and November 2016

Vacancy Report

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

Average Unit Turnover Rates for Hillsview

The current UTO is 10 days. There have been six new housings at Hillsview, one of which was upgraded, and one at Cedar Grove for the year to date. There are currently no units on notice.

Current Applications of Wait List as of December 1, 2016

Hillsview	Applicants Claiming Preference	Eld/Dis Claiming Preference	Non-Preference Applicants	Total
1 Bedroom	65	46	46	111

Cedar Grove	Preference	Non-Preference	Total
2 Bedrooms	71	13	84
3 Bedrooms	29	2	31
4 Bedrooms	2	2	4
Total	102	17	221

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	28	21	10	0	0	59
Cedar Grove I	4	0	0	0	0	4
Cedar Grove II	7	1	0	0	0	8
Cedar Grove III	2	2	0	0	0	4
Total	41	24	10	0	0	75

Resident Functions

The Community Action event held on October 25, 2016 was a success. Two representatives were processing applications with residents all day.

Staffing

We are 100% staffed in Sedro-Woolley.

SEDRO-WOOLLEY HOUSING AUTHORITY

Housing Management Report

Previous Meeting Concerns

A tree had fell on to the roof of Cedar Grove I shop and community room. The tree was removed and the proposals for the building repairs are in process. The community room ceiling had a major leak. With the completion of the new roof, there have not been reports of any leaks so far.

Resident Issues.

A three day notice was served to a Hillsvievw resident for maintaining a nuisance. In response to the notice served, an informal meeting was held with the regional and property manager. Based on information received in the meeting and follow-up from the Sedro-Woolley Police, the notice was rescinded.