

Washington State Auditor's Office
Financial Statements and Federal Single Audit Report

Housing Authority City of Kennewick
Benton County

Audit Period
July 1, 2007 through June 30, 2008

Report No. 1001651

Issued **June 22, 2009**
Reissued **February 16, 2010**



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

February 16, 2010

Board of Commissioners
Housing Authority City of Kennewick
Kennewick, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Housing Authority City of Kennewick's financial statements and compliance with federal laws and regulations.

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

In addition to this work, we look at other areas of our audit client's operations for compliance with state laws and regulations. The results of that audit will be included in a separately issued accountability report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Federal Summary

Housing Authority City of Kennewick Benton County July 1, 2007 through June 30, 2008

The results of our audit of the Housing Authority City of Kennewick are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unqualified opinion was issued on the basic financial statements.

Internal Control Over Financial Reporting:

- **Significant Deficiencies:** We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- **Material Weaknesses:** We identified no significant deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Housing Authority.

FEDERAL AWARDS

Internal Control Over Major Programs:

- **Significant Deficiencies:** We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- **Material Weaknesses:** We identified no significant deficiencies that we consider to be material weaknesses.

We issued an unqualified opinion on the Housing Authority's compliance with requirements applicable to its major federal programs.

We reported no findings that are required to be disclosed under OMB Circular A-133.

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.850	Public and Indian Housing
14.871	Housing Choice Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The Housing Authority qualified as a low-risk auditee under OMB Circular A-133.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with *Government Auditing Standards*

**Housing Authority City of Kennewick
Benton County
July 1, 2007 through June 30, 2008**

Board of Commissioners
Housing Authority City of Kennewick
Kennewick, Washington

We have audited the basic financial statements of the Housing Authority City of Kennewick, Benton County, Washington, as of and for the year ended June 30, 2008, and have issued our report thereon dated June 4, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Housing Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, we performed tests of the Housing Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management, the Board of Commissioners, federal awarding agencies and pass-through entities. 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.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

June 4, 2009

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

**Housing Authority City of Kennewick
Benton County
July 1, 2007 through June 30, 2008**

Board of Commissioners
Housing Authority City of Kennewick
Kennewick, Washington

COMPLIANCE

We have audited the compliance of the Housing Authority City of Kennewick, Benton County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2008. The Housing Authority's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

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

In our opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2008.

INTERNAL CONTROL OVER COMPLIANCE

The management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of management, the Board of Commissioners, federal awarding agencies and pass-through entities. 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.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with a large initial "B" and "S".

BRIAN SONNTAG, CGFM
STATE AUDITOR

June 4, 2009

Independent Auditor's Report on Financial Statements

Housing Authority City of Kennewick Benton County July 1, 2007 through June 30, 2008

Board of Commissioners
Housing Authority City of Kennewick
Kennewick, Washington

We have audited the accompanying basic financial statements of the Housing Authority City of Kennewick, Benton County, Washington, as of and for the year ended June 30, 2008, as listed on page 8. These financial statements are the responsibility of the Housing Authority's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority City of Kennewick, as of June 30, 2008, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

The management's discussion and analysis on pages 9 through 14 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule and HUD forms are supplemental information required by HUD. These schedules are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial

statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" written in a larger, more prominent script than the last name "Sonntag".

BRIAN SONNTAG, CGFM
STATE AUDITOR

June 4, 2009

Financial Section

Housing Authority City of Kennewick Benton County July 1, 2007 through June 30, 2008

REQUIRED SUPPLEMENTAL INFORMATION

Management's Discussion and Analysis – 2008

BASIC FINANCIAL STATEMENTS

Statement of Net Assets – 2008

Statement of Revenues, Expenditures and Changes in Net Assets – 2008

Statement of Cash Flows – 2008

Notes to Financial Statements – 2008

SUPPLEMENTAL INFORMATION

Schedule of Expenditures of Federal Awards – 2008

Notes to the Schedule of Expenditures of Federal Awards – 2008

Financial Data Schedule – 2008

Actual Comprehensive Program Cost Certificate – WA19P01250104

Actual Comprehensive Program Cost Certificate – WA19P01250203

**HOUSING AUTHORITY CITY OF KENNEWICK
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**

The Housing Authority City of Kennewick (“the Authority”) management’s discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position, and (d) identify individual fund issues or concerns.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statements.

Financial Highlights

- The Authority’s net assets decreased by \$1,051,493 during FY 2007-2008; Section 8 program’s net assets decreased by \$822,553, Public Housing decreased net assets by \$204,007, HOPWA program increased \$1,173 and Business Activities net assets decreased by \$26,106.
- Net Assets were \$10.9 million and \$11.95 million for FYE 2008 and FYE 2007 respectively.
- Total Operating revenues increased by \$39,255; total HUD Operating Subsidies decreased by \$2,092,120; Other Governmental Grants decreased by \$8,662; and total Interest Income increased by \$16,597 for Section 8 restricted income and \$8,387 for all other programs.
- The total operating expenses of all Authority programs increased by \$366,582. Total expenses were \$3.96 million and \$3.60 million for 2008 and 2007 respectively.

USING THIS ANNUAL REPORT

The Report includes three major sections, the “Management’s Discussion and Analysis (MD&A)”, “Basic Financial Statements”, and “Other Supplementary Information”:

<i>MD&A</i> ~ <i>MANAGEMENT DISCUSSION AND ANALYSIS</i> ~

<i>BASIC FINANCIAL STATEMENTS</i> <i>AUTHORITY-WIDE FINANCIAL STATEMENTS NOTES TO FINANCIAL STATEMENTS</i>
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The primary focus of the Authority’s financial statement is on the Authority as a whole (Authority-wide).

AUTHORITY-WIDE FINANCIAL STATEMENTS

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into one column for the entire Authority.

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal “Net Assets”, formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current”.

The focus of the Statement of Net Assets (the “Unrestricted Net Assets”) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of Invested in Capital Assets, Net of Related Debt”, or “Restricted Net Assets”.

The Authority-wide financial statements also include a Statement of Revenues,

Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Assets is the “Change in Net Assets”, which is similar to Net Income or Loss.

THE AUTHORITY’S PROGRAMS

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority’s properties.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family’s rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants’ rent at 30% of household income.

Business Activities – Represents one local market rate unit, the six-plex Mitchell Manor project, Business Activities.

HOPWA-Housing Opportunities for Persons with Aids a pass-through grant program administered by Spokane County.

AUTHORITY-WIDE STATEMENTS

The following table reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged only in Business-Type Activities.

**TABLE 1
STATEMENT OF NET ASSETS**

	2008	2007
Current and Other Assets	3,340,582	3,990,472
Capital Assets (net)	\$ 8,428,841	\$ 8,778,336
Total Assets	\$ 11,769,424	\$ 12,768,808
Current and Other Liabilities	\$ 202,484	\$ 95,697
Long-Term Liabilities	\$ 660,941	\$ 715,617
Total Liabilities	\$ 863,425	\$ 811,315
Net Assets:		
Invested in Capital Assets		
Net of Related Debt	\$ 7,875,521	\$ 8,147,637
Restricted	\$ 2,024,199	\$ 2,872,109
Unrestricted	\$ 1,006,280	\$ 937,747
Total Net Assets	\$ 10,906,000	\$ 11,957,493

Major Factors Affecting the Statement of Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets present results of operations as well as non-operating revenues and expenses. Although grant revenues and subsidies are budgeted for operations, current accounting literature requires these revenue sources to be classified as non-operating. Accordingly, it is necessary to consider both operating and non-operating revenues and expenses to gauge the results of operations.

TABLE 2
CHANGE OF UNRESTRICTED NET ASSETS

Unrestricted Net Assets 06/30/2008	\$	1,006,280
Results of Operations	\$	1,079,168
Adjustments:		
Depreciation	\$	331,564
Capital Grants	\$	(195,083)
Other Capital Expenditures	\$	757,797
Adjust HCV Program	\$	(1,973,446)
Adjusted Results from Operations		
Unrestricted Net Assets 06/30/2007	\$	1,006.280

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets

(2) Funding provided for capital grants, pursuant to GASB 33, is presented as revenue. However, the revenue is absorbed by the associated capital expenditures and therefore does not increase Unrestricted Net Assets.

(3) Funding for the Housing Choice Voucher (HCV) program is listed as restricted assets, per GASB 34 and therefore, does not increase Unrestricted Net Assets.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer change in financial well-being.

The following table reflects the condensed Statement of Revenues, Expenses and Changes in Net Assets compared to prior year.

**TABLE 3
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**

The following schedule compares the operating and non-operating revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

	2008	2007
Revenues		
Tenant Revenue - Rents and Other	\$ 416,662	\$ 377,407
Operating Subsidies and Grants	\$ 2,100,972	\$ 4,130,328
Investment Income	\$ 154,414	\$ 129,430
Other Revenue	\$ 22,140	\$ 150,229
Total Revenue	\$ 2,694,188	\$ 4,787,394
Expenses		
Administrative	\$ 749,535	\$ 663,838
Utilities	\$ 124,287	\$ 127,683
Maintenance	\$ 350,447	\$ 315,955
General	\$ 36,804	\$ 80,841
Housing Assistance Payments	\$ 2,375,802	\$ 2,097,833
Depreciation	\$ 331,564	\$ 315,707
Total Expenses	\$ 3,968,439	\$ 3,601,857
Net Operating and Non-Operating Income (Loss) before Capital contributions	\$ (1,274,251)	\$ 1,185,537
HUD Capital Contributions	\$ 195,083	\$ 251,814
Change in Net Assets	\$ (1,079,168)	\$ 1,437,351
Prior Period Adjustments	(27,673)	(327,510)
Beginning Net Assets 06/30/2007	\$ 11,957,493	\$ 10,192,632
Ending Net Assets 06/30/2008	\$ 10,906,000	\$ 11,957,493

Major Factors Affecting the Statement of Revenue, Expenses and Changes in Fund Net Assets and analysis of financial position.

Direct Grants and subsidies from HUD or HUD sponsored programs make up approximately 93% of revenue the Housing Authority receives. Accordingly, a major factor affecting our Statement of Revenues, Expenses, and Changes in Net Assets is Congress' continued appropriation and support of our programs. It should be noted there has been regulatory changes in the past few years which suggest that overall financial support for these programs will be reduced once again. The Housing Authority is in the process of determining other revenue producing options to counteract our deteriorating financial position, especially in the Public Housing program. The Housing Choice Voucher program had a increase in housing assistance programs this year due to several factors: higher local market rents and higher payment standards. The Housing Authority increased the payment standards from 90% to 110% in 2007. HUD Section 8 funding has been reduced in order to use the restricted reserves available.

**CAPITAL ASSETS AND DEBT ADMINISTRATION
Capital Assets**

As of year end, the Authority had \$8.42 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of \$349,495 from the end of last year.

**TABLE 4
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	2008	2007
Land	\$ 74,519	\$ 84,512
Buildings	\$ 13,479,557	\$ 13,118,765
Equipment - Administrative	\$ 254,128	\$ 250,978
Equipment - Dwelling	\$ 377,830	\$ 344,762
Accumulated Depreciation	\$ (6,166,048)	\$ (5,844,155)
Construction in Progress	\$ 408,615	\$ 823,474
Total	\$ 8,428,841	\$ 8,778,336

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in note 3 of the notes to the financial statements.

**TABLE 5
CHANGE IN CAPITAL ASSETS**

Beginning Balance, 06/30/2007	\$	8,778,336
Net Additions/(Decreases)	\$	(17,931)
Depreciation	\$	(331,564)
Ending Balance, 06/30/2008	\$	8,428,841

Debt Outstanding

As of year-end, the Authority had \$200,066 in conventional mortgages outstanding compared to \$271,802 prior year.

The Housing Authority also has a \$268,183 recoverable grant from the WA Housing Trust Fund for the Mitchell Manor project. This grant is conditional on the Housing Authority providing low-income disabled individuals with housing for a commitment period of forty (40) years. If the project is sold, refinanced, transferred, the use changes during the 40 year term of the commitment, or is out of compliance with the conditions of the contract, the award amount plus a proportional share of the appreciated value of the property will be due and payable to the Housing Trust Fund within 30 days of such event.

A forgivable loan in the amount of \$96,750 was also granted for the Mitchell Manor project from Benton Affordable Housing Association (Home Loan). This loan is forgivable at a rate of 5% per year if conditions of providing low-income disabled individuals with housing for a commitment period of fifteen (15) years are met. If the project is sold or refinanced, the total loan amount of \$96,750 will be due to the Tri Cities Home Loan Consortium.

Additionally, the Housing Authority received an \$84,000 recoverable grant in 2007 to provide funding for the Mitchell Manor development. The grant is contingent on Mitchell Manor providing low-income households with a disabled person, housing for a commitment period of fifteen (15) years. If the project is sold or refinanced prior to the end of the retention period, the full amount of the subsidy (\$84,000) shall be repaid directly to the Federal Home Loan Bank of Cincinnati.

In January 2008, the Housing Authority sold one of the market rate unit houses owned.

*See note 8 Long Term Debt and liabilities for additional information.

**TABLE 6
OUTSTANDING LONG TERM DEBT, AT YEAR-END**

	2008	2007
Current Portion of Mortgages	\$ 7,671	\$ 8,476
Mortgages	\$ 200,066	\$ 271,802
BAHA Home Loan Forgivable Loan	\$ 77,401	\$ 82,238
Compensated Absences	\$ 51,152	\$ 24,634
Total	\$ 336,290	\$ 387,150

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs
- Fluctuation in local area market rents

FINANCIAL CONTACT

The individual to be contacted regarding this report is Karlene Navarre, Executive Director for the Housing Authority City of Kennewick.

Specific requests may be submitted to:

Karlene Navarre, Executive Director,
Housing Authority City of Kennewick
1915 W 4th Place
Kennewick, WA 99336

MCAG # 1497

HOUSING AUTHORITY CITY OF KENNEWICK
STATEMENT OF NET ASSETS
June 30, 2008

	TOTAL
<u>ASSETS</u>	
Current Assets	
Cash & Cash Equivalents	\$1,060,427
Cash & Cash Equivalents - Restricted	\$2,124,396
Accounts Receivable, net	(\$4,981)
Accounts Receivable, Other Government	\$2,879
Accounts Receivable, HUD	\$45,070
Fraud Recovery	\$0
Prepays	\$12,751
TOTAL CURRENT ASSETS	<u>\$3,240,543</u>
Non-Current Assets:	
Land	\$74,759
Building and Improvements, net	\$13,479,557
Furniture, Equipment & Machinery - Dwellings	\$254,128
Furniture, Equipment & Machinery - Admin.	\$377,830
Accumulated Depreciation	(\$6,166,048)
Construction in Progress	\$408,615
Total Capital Assets (Net)	\$8,428,841
TOTAL NONCURRENT ASSETS	<u>\$8,428,841</u>
TOTAL ASSETS	<u>\$11,669,384</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$12,592
Compensated Absences	\$31,510
Tenant Security Deposits	\$34,490
Deferred Revenue	\$1,405
Current portion of LT Debt-Mortgage Revenue	\$7,671
Other current Liabilities	\$14,776
TOTAL CURRENT LIABILITIES	<u>\$102,443</u>
NonCurrent Liabilities:	
LT Debt, Net of Current-Capital Projects/Mortgage	\$200,066
LT Debt - Housing Trust Fund Recoverable Grant	\$268,183
LT Debt - Home Loan Forgivable Loan	\$77,401
Compensated Absences NonCurrent	\$19,642
Noncurrent Liabilities-Other	\$95,649
TOTAL NONCURRENT LIABILITIES	<u>\$660,941</u>
TOTAL LIABILITIES	<u>\$763,384</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$7,875,521
Restricted Net Assets	
FSS Program Restricted	\$33,099
L F Scholarship Program	\$8,129
Mitchell Manor Operating Reserve	\$8,516
HCV Program Restricted Cash	\$1,974,455
Unrestricted Net Assets	\$1,006,280
TOTAL NET ASSETS	<u>\$10,906,000</u>

The notes to the financial statements are an integral part of this statement

HOUSING AUTHORITY CITY OF KENNEWICK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

OPERATING REVENUES:	
Tenant Rent Revenue	\$354,627
Other Operating Revenue	\$62,034
Total Operating Revenues	<u>\$416,662</u>
OPERATING EXPENSES:	
Administrative Salaries	\$353,188
Auditing Fees	\$17,449
Compensated Absences	\$11,327
Employee Benefits Contribution	\$155,278
Other Operating - Administrative	\$165,876
Tenant Services - Other	\$15,112
Water	\$60,624
Electricity	\$27,539
Gas	\$3,333
Other Utilities Expense	\$32,791
Ordinary Maint & Oper - Labor	\$170,834
Ordinary Maint & Oper - Material/other	\$90,567
Ordinary Maint & Oper - Contract Costs	\$22,731
Ordinary Maint & Oper - Employee Benefits	\$66,315
Insurance Premiums	\$31,306
Other General Expense	\$2,753
Bad Debt - Tenants	\$17,350
Interest Expense	\$16,701
Depreciation	\$331,564
Housing Assistance Payments REACH/HOPWA	\$2,348,518
Housing Assistance Payments HCV Section 8	\$27,284
Total operating expenses	<u>\$3,968,439</u>
OPERATING INCOME (LOSS)	<u>(\$3,551,778)</u>
NONOPERATING REVENUES (EXPENSES):	
HUD Operating Subsidies	\$2,069,890
Other Government Grants	\$31,082
Interest and Dividend Income Non-restricted	\$43,571
Fraud Recovery	\$5,613
Gains (Losses) on Capital Asset Disposition	(\$5,111)
Other Nonoperating Revenue	\$21,638
Interest and Dividend Income Restricted	\$110,843
Total Nonoperating Revenues (Expenses)	<u>\$2,277,526</u>
Income Before Contributions, Transfers, Extraordinary and Special Items	(\$1,274,251) \$0
Capital Contributions	\$0
HUD Capital Grant	\$195,083
Extraordinary/Special Items	\$0
CHANGE IN NET ASSETS	<u>(\$1,079,168)</u>
Prior Period Adjustments	\$27,673
BEGINNING TOTAL NET ASSETS, 6/30/07	<u>\$11,957,495</u>
ENDING TOTAL NET ASSETS, 6/30/08	<u>\$10,906,000</u>

The notes to the financial statements are an integral part of this statement

Housing Authority City of Kennewick
Statement of Cash Flows
For the Year Ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants	\$434,989
Payments to suppliers	(\$465,140)
Payments to employees	(\$772,785)
Payments for Housing Assistance	(\$2,375,802)
Net cash provided/(used) by operating activities	-3,178,738

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Operating subsidies and grants	\$2,069,890
Other government grants	\$26,231
Other	\$21,886
Net cash provided/(used) from noncapital finance activities	\$2,118,007

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital grants received	174,093
Purchases of capital assets	27,598
Principal/Interest paid on capital debt	-49,154
Net cash provided /(used) from capital financing activities	\$152,537

CASH FLOWS FROM INVESTING ACTIVITIES

Tenant Security Deposit Increase	\$960
Interest on deposits	\$154,414
Net cash provided (used) from investing activities	\$155,374

Net increase (decrease) in cash and cash equivalents (\$752,820)

Cash & cash equivalents at beginning of year \$3,937,643
Cash & cash equivalents at end of year \$3,184,823

Reconciliation of operating income to net cash provided by operating activities:

Adjustment to reconcile operating income to net cash provided by operating activities:

Operating income/(loss)	-3,551,778
Cash Provided (used) by operating activities:	
Depreciation expense	331,564
Changes in assets and liabilities:	
Accounts receivable Net of Allowance Doubtful Acct	18,327
Accounts Payable	6,939
Prepays/Deferred Revenue	367
Compensated Absences	10,095
Wages/Payroll Taxes Payable	5,748
Net cash provided by operating activities:	-3,178,738

The notes to the financial statements are an integral part of this statement

Housing Authority City of Kennewick
Notes to the Financial Statements
For the Year Ended June 30, 2008

These notes are an integral part of the accompanying financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Housing Authority City of Kennewick conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In June 1999, GASB approved Statement 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments*. This and consecutive statements are reflected in the accompanying financial statements (including notes to financial statements). The following is a summary of the most significant policies (including identification of those policies which result in departures from generally accepted accounting principles.)

a. Reporting Entity

The Housing Authority City of Kennewick is a municipal corporation governed by an appointed six-member board. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. (The Housing Authority City of Kennewick has no component units.)

b. Basis Of Accounting And Presentation

The accounting records of the Housing Authority are maintained and reported in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW and the Federal Department of Housing and Urban Development. The authority must report using GAAP; however, it has the option to use either the single enterprise proprietary fund or special purpose governmental fund model.

The Housing Authority has elected to report as a single-enterprise proprietary fund and uses the accrual basis of accounting. The measurement focus is on the flow of economic resources. The proprietary fund is composed of a number of programs. These programs are designed to provide low income individuals with housing.

Programs

The Housing Authority reports the following major enterprise programs:

The Low Income Housing program is comprised of 190 HUD subsidized public housing units.

The Capital Fund Program is an annual fund for modernization of selected public housing units and other capital needs for public housing.

The Local Program is comprised of 1 market rate unit owned by the Housing Authority and the 6 unit Mitchell Manor project.

The HOPWA (Housing Opportunities for Persons With Aids).

The Section 8 program has 542 Housing Choice Vouchers.

Proprietary funds are used to account for activities that are operated in a manner similar to private enterprise business. Under this method revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized and long-term liabilities are accounted for in the fund.

The Housing Authority City of Kennewick applies GASB pronouncements and has not elected to apply Financial Accounting Standard Board (FASB) statements and Accounting Principles Board (APB) pronouncements issued after November 30, 1989.

c. Cash and Cash Equivalents

It is the Housing Authority's policy to invest all temporary cash surpluses. At June 30, 2008, the Housing Authority was holding \$3,937,643 in short-term residual investments of surplus cash. This amount is classified on the statement of net assets as cash and cash equivalents.

For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

d. Capital Assets and Depreciation See Note 4

e. Restricted Assets

In accordance with bond resolutions (and certain related agreements) separate restricted accounts are required to be established. The assets held in these accounts are restricted for specific uses, including (construction,) debt service and other reserve requirements. Restricted resources currently include the following:

	Ending Balance
Cash and Investments - Family Self Sufficiency Scholarship	\$33,099
Cash and Investments - Section 8 HCV Program	\$1,974,455
Mitchell Manor Operating Reserve	\$8,129
Mitchell Manor Replacement Reserves	\$8,516
Total	\$2,024,199

f. Receivables

Tenant accounts receivable consist of amounts owed from tenants for housing services including amounts owed for which billings have not been prepared and an accounts receivable allowance amount creating a credit balance this fiscal year. When all efforts to collect directly from the tenant fail, the account is turned over to a collection agency and the account is charged to collection loss.

g. Inventories

Inventories are valued by the FIFO method which approximates the market value.

h. Investments - See Note 3

i. Operating Revenues/Expenses

The Authority reports operating revenues as defined in GASB 9. Operating Revenues result from fees and charges in providing services in connection with the ongoing operations of providing low income housing. Operating subsidies and grants are reported as non-operating revenues and are presented as cash flows from non-capital financing activities in the statement of cash flows. Operating expenses are those expenses that are directly incurred in the operation of providing low income housing.

j. Compensated Absences

Compensated absences are absences for which Exempt employees may be paid vacation leave. The Housing Authority records unpaid leave for compensated absences as an expense when incurred and a liability at year end for accrued compensated absences due.

Sick pay is accrued at the rate of 8 hours per month for each full-time employee (exempt or non-exempt). Sick leave may accumulate up to 90 hours. Upon resignation, any outstanding sick leave is lost.

j. Cont. Vacation pay accumulates according to the following schedule:

Non-exempt employee	1-5 years	8 hrs./mo.	(to maximum of 96 hrs.)
	6-10 years	10 hrs./mo.	(to maximum of 120 hrs.)
	11-15 years	12 hrs./mo.	(to maximum of 144 hrs.)
	15+ years	14 hrs./mo.	(to maximum of 168 hrs.)
Exempt employee	1-15 years	12 hrs./mo.	(No Maximum)
	15+ years	14 hrs./mo.	(No Maximum)

Vacation pay is only payable to Exempt employees at the Executive Director's discretion upon resignation, if leaving the Housing Authority in good standing, retirement, or death. Non-Exempt employees are not entitled to vacation pay out at termination.

Note 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There were no violations of finance-related, legal or contractual provisions.

Note 3 - DEPOSITS AND INVESTMENTS

A. Deposits

The Housing Authority's deposits and certificates of deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institutions collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

B. Investments

The Housing Authority's investments are recorded at fair market value, which approximates historical cost.

The Housing Authority's savings and certificates of deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institutions collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). Per HUD directives, there is an executed general depository agreement (HUD form -51999 kept on file for each bank the Housing Authority deposits with).

As of the year ended June 30, 2008, the Housing Authority had no funds considered investments.

Note 4 - CAPITAL ASSETS AND DEPRECIATION

A. Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Board Resolution #865 (10/26/2004) established a capitalization policy amount of \$3,000. Maintenance repairs and minor renewals are accounted for as expenses when incurred. Obligations under capital leases are disclosed in Note 7.

All capital assets are valued at historical cost or estimated historical cost, where historical cost is not known assets are recorded at estimated historical cost. Donations are recorded at fair market value at the time of donation or the appraised value.

The Housing Authority has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the Housing Authority has sufficient legal interest to accomplish the purposes for which the assets were acquired, and has included such assets within the applicable account.

Depreciation expense is charged to operations to allocate the cost of capital assets over their estimated useful lives, using the straight-line method with useful lives of 3 to 40 years.

B. Capital asset activity for the year ended June 30, 2008 was as follows.

	Beginning Balance 9/30/2007	Increases	Decreases	Ending Balance 6/30/2008
Capital assets, not being depreciated:				
Land	\$84,512	0	9,753	74,759
Construction in Progress	\$823,474	0	414,859	408,615
Total capital assets, not being depreciated	\$907,986	\$0	\$424,612	\$483,374
Capital assets, being depreciated:				
Buildings	\$13,118,765	360,792		13,479,557
Furn, Equip & Mach-Dwellings	\$250,978	3,150		254,128
Furn, Equip & Mach-Administration	\$344,762	33,068		377,830
Total capital assets being depreciated	\$13,714,505	397,010	0	14,111,515
Less accumulated depreciation for:				
Buildings				0
Furn, Equip & Mach	-\$5,844,155	-331,564	9,671	-6,166,048
Total accumulated depreciation	-\$5,844,155	-331,564	9,671	-6,166,048
Total capital assets, being depreciated, net	\$7,870,350	\$0	-\$9,671	\$7,945,467
				0
TOTAL CAPITAL ASSETS, NET	\$8,778,336	\$65,446	\$414,941	\$8,428,841

Note 5 - CONSTRUCTION IN PROGRESS

Construction in progress represents expenses to date on Public Housing Capital Fund projects whose authorizations total \$408,615. Of the committed balance of \$408,615, the authority will be required to raise \$0 in future financing.

Note 6 - SHORT TERM DEBT

The Housing Authority did not have any short term debt.

Note 7 - LEASE COMMITMENTS

The Housing Authority of Kennewick is committed under various leases for 2008. These leases are considered operating leases for accounting purposes. Lease expenses for the year ended 6/30/2008 amounted to \$ 8,907. Future minimum rental commitments for these leases are as follows:

<u>Fiscal year ending</u>	
2008	\$8,907
2009	\$8,907
2010	\$7,324
Total	\$25,137

Note 8 - LONG-TERM DEBT AND LIABILITIES

A. Long-Term Debt

- a.) \$268,183 - WA Housing Trust recoverable Grant
(WA Housing Trust recoverable grant is conditional on Mitchell Manor project providing low-income households with physically disabled individuals who at the time of initial occupancy have gross annual incomes at or below 50% of the median income for the Tri-Cities MSA, as adjusted annually by HUD. Rents charged to tenants may not exceed 30% of the monthly income of the target population. The length of commitment to serve the target population will be forty years.)
- b.) The Mitchell Manor project has an outstanding note payable to Housing Authority's Business Activities in the amount of \$64,800, payable in increments of \$5,400/year.
- c.) The Housing Authority has the following Other Non Current Liabilities:
 - \$ 2,201 Unclaimed Property
 - \$5,122 - A/R REACH Program
 - \$47,715 Section 8 FSS Escrow Program
 - \$26,813 Pension Liability
 - \$13,798 - Mitchell Manor Reserves

(A capital contribution, in the form of a recoverable grant, was received from Federal Home Loan Bank of Cincinnati, in the amount of \$84,000 contingent on the Mitchell Manor providing low-income households with a disabled person in the household and who at the initial occupancy have gross annual income at or below the Tri Cities, WA, MSA adjusted for family size, as estimated by HUD, for a commitment period of fifteen (15) years.)

- d.) Real Estate Mortgages
The Authority has long term loans secured by capital assets. These loans were used to acquire capital assets that provide low income housing. They are being repaid from revenues generated by the authority.

Purpose	Original Amt	Issue Date	Interest Rate	Amount Outstanding
120 S Benton St	\$136,000	7/1/2004	5.495	\$130,567
912 S Date	\$73,663	10/01/02	7.00	\$69,500
Home Forgivable	\$96,750	01/21/04	0.00	\$77,401
Total	\$306,413			\$277,467

The \$96,750 Home Loan is forgivable at a rate of 5% (\$4,837) per year, contingent on KHA to provide housing to low-income households who have a disabled person in the household who at initial occupancy have gross annual incomes at or below 50% of the local area median income for the Tri-Cities MSA adjusted for family size, as estimated from time to time by HUD, for a commitment period of twenty (20) years.

- e.) Service Requirements to maturity for mortgages are as follows:

Year Ending June 30	Principal	Interest
2009	7,816	13,816
2010	7,873	13,759
2011	8,090	13,542
2012	8,137	13,333
2013	8,161	13,495
2014-2018	43,500	19,344
2018-2022	45,600	17,844
2023-2027	47,201	16,743
2028-2032	48,918	15,026
2033-2038	52,172	14,532
Total	277,467	151,434

(Arbitrage does not apply)

f.) Changes in Long Term Liabilities

During the year ended June 30, 2008, the following changes occurred in long-term liabilities:

	Beg Bal 7/1/07	Additions 2007-2008	Reductions 2007-2008	Ending Balance	Due Within One Year
Home-Forgivable loan	\$87,075	\$0	\$4,837	\$82,238	\$4,837
Mitchell Manor Mortgage	\$133,794	\$0	\$1,546	\$132,248	\$1,681
Date Street House	\$71,726	\$0	\$1,074	\$70,652	\$1,152
9th Place House *	\$69,921	\$0	\$69,921	\$0	\$0
Compensated Absences	\$24,634	\$0	\$4,992	\$19,642	\$0
Total	\$387,150	\$0	\$82,370	\$304,780	\$7,670

* The 9th place house was sold in the fiscal year ended 6/31/08

Note 9 - PENSION PLANS

Substantially all Housing Authority's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380. The following disclosures are made pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*.

Public Employees' Retirement System (PERS) Plans 1, 2, and 3

Plan Description

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees (not in national higher education retirement programs); judges of district and municipal courts; and employees of local governments.

PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. PERS defined benefit retirement benefits are financed from a combination of investments earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual pension is 2 percent of the average final compensation per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. If qualified, after reaching the age of 66 a cost-of-living allowance is granted based on years of service credit and is capped at 3 percent annually.

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including twelve months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,155 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2006:

Retirees and Beneficiaries Receiving Benefits	70,201
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	25,610
Active Plan Members	105,215
Active Plan Members Nonvested	49,812
Total	250,838

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent and do not vary from year to year. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature.

PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS Plan 3 do not contribute to the defined benefit portion of PERS Plan 3. The Employee Retirement Benefits Board set Plan 3 employee contribution rates. Six rates options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of June 30, 2008, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	8.31%	8.31%	8.31%
Employee	6.00%	5.45%	***

* The employer rates include the employer administrative expense fee currently set at 0.22%

** Plan 3 defined benefit portion only.

*** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both the Housing Authority and the employees made the required contributions. The Housing Authority's required contributions for the years indicated were as follows:

	PERS Plan 1		PERS Plan 2		PERS Plan 3	
6/30/2008	\$	2,856.42	\$	28,472.89		\$0.00
6/30/2007	\$	2,369.16	\$	25,742.06		\$0.00
6/30/2006	\$	1,268.09	\$	13,259.46		\$0.00

Note 10 - MAJOR COMPONENT UNIT INFORMATION

There were no major component units

Note 11 - MATERIAL RELATED PARTY TRANSACTIONS

There were no related party transactions for the year.

Note 12 - ACCOUNTING CHANGES

No significant changes

Note 13 - PRIOR PERIOD ADJUSTMENTS And CORRECTION OF ERRORS

\$27,673 Prior period adjustment for the Capital Fund Program grants received in 2007, but not recorded until 2008.

Note 14 - CONTINGENCIES AND LITIGATION

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

Note 15 - SUBSEQUENT EVENTS

None.

Note 16 - JOINT VENTURES

None.

Note 17 - RISK MANAGEMENT

A. HARRP (Housing Authorities Risk Retention Pool)

The Housing Authority of the City Kennewick is a member of the Housing Authorities Risk Retention Pool (HARRP).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Inter local Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purposes of providing a pooling mechanism for jointly purchasing insurance, jointly self insuring, and/or jointly contracting for risk management services. HARRP currently has a total of ninety members, of which thirty-seven are Washington entities.

New members originally contract for a three year term, and thereafter automatically renew on an annual basis. Members may quit (after completion of the three year commitment) upon giving notice to HARRP prior to their renewal date. HARRP can terminate the members after giving a sixty (60) day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

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

Coverage limits for General Liability, Errors & Omissions and Property are \$3,000,000 per occurrence and \$3,000,000 annual aggregate. (Some members have chosen greater Property limits for higher valued properties.) Property fidelity and crime are reinsured for losses of \$1,700,000 in excess of \$300,000 for each Housing Authority. Limits for Automobile Liability are \$2,000,000/\$2,000,000. HARRP Self insures \$300,000 per claim, purchases reinsurance for the remaining casualty limits and for \$1,700,000 of the property limits. The remaining property limits are purchases from Saint Paul Travelers Insurance Company. The HARRP Board of Directors determines the limits and coverage terms, in its sole discretion.

HARRP provides loss control services, claim investigation and adjusting, litigation management and defense with in-house staff and retained third party contractors.

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

Unpaid Losses and Loss Adjustment Expenses and Incurred but not Reported Claims *

	2007	2006
Unpaid losses and loss adjustment expenses at beginning of year	<u>\$ 2,674,690</u>	<u>\$ 4,349,219</u>
Incurred losses and loss adjustment expenses:		
Provision for insured events of the current year	3,022,076	3,069,987
Increase (decrease) in provision for insured events of prior years	<u>24,751</u>	<u>(508,202)</u>
Total incurred losses and loss adjustment expenses	<u>3,046,827</u>	<u>2,561,785</u>
Payments:		
Losses and loss adjustment expenses attributable to insured events of the current year	1,107,512	1,546,696
Losses and loss adjustment expenses attributable to insured events of prior years	<u>1,758,306</u>	<u>2,689,618</u>
Total payments	<u>2,865,818</u>	<u>4,236,314</u>
Total unpaid losses and loss adjustment at end of year	<u>\$ 2,855,699</u>	<u>\$ 2,674,690</u>

* from HAARPS (Housing Authority Risk Retention Pool and Subsidiary) 2007 Annual Report

MCAG # 1497

Housing Authority City of Kennewick

Notes to the Schedule of Expenditures of Federal Awards

July 1, 2007 through June 30, 2008

NOTE 1 - BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting full-accrual basis of accounting: revenues are recognized when earned; and expenses are recognized when incurred.

NOTE 2 – PROGRAM COSTS

program costs. Entire program costs, including the Housing Authority's portion, may be more than shown.

Cyan - Colored Cells are Self - Populating
 Yellow - Colored Cells are Detail Links
 Gray - Colored Cells are Disallowed Entry

Line Item No.	Row Number	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
Balance Sheet								
111	7	Cash-unrestricted	\$ 851,541	\$ 208,886	\$ -	\$ 1,060,427		\$ 1,060,427
112	8	Cash-restricted-modernization and development	\$ -	\$ -	\$ -	\$ -		\$ -
113	9	Cash-other restricted	\$ 32,206	\$ 2,092,191	\$ -	\$ 2,124,397		\$ 2,124,397
114	10	Cash-tenant security deposits	\$ -	\$ -	\$ -	\$ -		\$ -
115	11	Cash - Restricted for payment of current liability	\$ -	\$ -	\$ -	\$ -		\$ -
100	12	Total Cash	\$ 883,747	\$ 2,301,077	\$ -	\$ 3,184,824	\$ -	\$ 3,184,824
121	14	Accounts receivable - PHA projects	\$ -	\$ -	\$ -	\$ -		\$ -
122-010	15	Accounts receivable - HUD other projects - Operating Subsidy	\$ -	\$ -	\$ -	\$ -		\$ -
122-020	16	Accounts receivable - HUD other projects - Capital fund	\$ 30,546	\$ -	\$ -	\$ 30,546		\$ 30,546
122-030	17	Accounts receivable - HUD other projects - Other	\$ -	\$ -	\$ -	\$ -		\$ -
122	18	Accounts receivable - HUD other projects	\$ 30,546	\$ 14,523	\$ -	\$ 45,069		\$ 45,069
124	19	Account receivable - other government	\$ -	\$ 2,879	\$ -	\$ 2,879		\$ 2,879
125-010	20	Account receivable - miscellaneous - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
125-020	21	Account receivable - miscellaneous - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
125-030	22	Account receivable - miscellaneous - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
125-040	23	Account receivable - miscellaneous - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
125-050	24	Account receivable - miscellaneous - Other	\$ -	\$ 5,123	\$ -	\$ 5,123		\$ 5,123
125-060		Other - Comment						
125	26	Account receivable - miscellaneous	\$ -	\$ 5,123	\$ -	\$ 5,123		\$ 5,123
126	27	Accounts receivable - tenants	\$ 4,458	\$ -	\$ -	\$ 4,458		\$ 4,458
126.1	28	Allowance for doubtful accounts - tenants	\$ (14,562)	\$ -	\$ -	\$ (14,562)		\$ (14,562)
126.2	29	Allowance for doubtful accounts - other	\$ -	\$ -	\$ -	\$ -		\$ -
127	30	Notes, Loans, & Mortgages Receivable - Current	\$ -	\$ -	\$ -	\$ -		\$ -
128	31	Fraud recovery	\$ -	\$ -	\$ -	\$ -		\$ -
128.1	32	Allowance for doubtful accounts - fraud	\$ -	\$ -	\$ -	\$ -		\$ -
129	33	Accrued interest receivable	\$ -	\$ -	\$ -	\$ -		\$ -
120	34	Total receivables, net of allowance for doubtful accounts	\$ 20,442	\$ 22,525	\$ -	\$ 42,967	\$ -	\$ 42,967
131	36	Investments - unrestricted	\$ -	\$ -	\$ -	\$ -		\$ -
132	37	Investments - restricted	\$ -	\$ -	\$ -	\$ -		\$ -
135	38	Investments - Restricted for payment of current liability	\$ -	\$ -	\$ -	\$ -		\$ -
142	39	Prepaid expenses and other assets	\$ 8,927	\$ 3,824	\$ -	\$ 12,751		\$ 12,751
143	40	Inventories	\$ -	\$ -	\$ -	\$ -		\$ -
143.1	41	Allowance for obsolete inventories	\$ -	\$ -	\$ -	\$ -		\$ -
144	42	Inter program - due from	\$ -	\$ -	\$ -	\$ -		\$ -
145	43	Assets held for sale	\$ -	\$ -	\$ -	\$ -		\$ -
150	44	Total Current Assets	\$ 913,117	\$ 2,327,426	\$ -	\$ 3,240,543	\$ -	\$ 3,240,543
161	46	Land	\$ 50,247	\$ 24,512	\$ -	\$ 74,759		\$ 74,759
162	47	Buildings	\$ 12,628,245	\$ 851,312	\$ -	\$ 13,479,557		\$ 13,479,557
163	48	Furniture, equipment and machinery - dwellings	\$ 254,128	\$ -	\$ -	\$ 254,128		\$ 254,128
164	49	Furniture, equipment and machinery - administration	\$ 357,292	\$ 20,538	\$ -	\$ 377,830		\$ 377,830
165	50	Leasehold improvements	\$ -	\$ -	\$ -	\$ -		\$ -
166	51	Accumulated depreciation	\$ (6,039,937)	\$ (126,110)	\$ -	\$ (6,166,047)		\$ (6,166,047)
167	52	Construction in progress	\$ 408,615	\$ -	\$ -	\$ 408,615		\$ 408,615
168	53	Infrastructure	\$ -	\$ -	\$ -	\$ -		\$ -
160	54	Total capital assets, net of accumulated depreciation	\$ 7,658,590	\$ 770,252	\$ -	\$ 8,428,842	\$ -	\$ 8,428,842
171-010	56	Notes, Loans, & mortgages receivable - Non-current - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
171-020	57	Notes, Loans, & mortgages receivable - Non-current - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
171-030	58	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
171-040	59	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
171-050	60	Notes, Loans, & mortgages receivable - Non-current - Other	\$ -	\$ -	\$ -	\$ -		\$ -
171-060		Other - Comment						
171	62	Notes, Loans, & mortgages receivable - Non-current	\$ -	\$ -	\$ -	\$ -		\$ -
172-010	63	Notes, Loans, & mortgages receivable - Non-current - past due - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
172-020	64	Notes, Loans, & mortgages receivable - Non-current - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
172-030	65	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
172-040	66	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
172-050	67	Notes, Loans, & mortgages receivable - Non-current - Other	\$ -	\$ -	\$ -	\$ -		\$ -
172-060		Other - Comment						
172	69	Notes, Loans, & mortgages receivable - Non-current - past due	\$ -	\$ -	\$ -	\$ -		\$ -

Line Item No.	Row Number	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
173	70	Grants receivable – Non-current	\$ -	\$ -	\$ -	\$ -		\$ -
174-010	71	Other assets - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
174-020	72	Other assets - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
174-030	73	Other assets - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
174-040	74	Other assets - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
174-050	75	Other assets - Other	\$ -	\$ -	\$ -	\$ -		\$ -
174-060		Other - Comment						
174	77	Other assets	\$ -	\$ -	\$ -	\$ -		\$ -
176-010	78	Investment in Joint venture - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
176-020	79	Investment in Joint venture - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
176-030	80	Investment in Joint venture - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
176-040	81	Investment in Joint venture - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
176-050	82	Investment in Joint venture - Other	\$ -	\$ -	\$ -	\$ -		\$ -
176-060		Other - Comment						
176	84	Investment in joint venture	\$ -	\$ -	\$ -	\$ -		\$ -
180	85	Total Non-current Assets	\$ 7,658,590	\$ 770,252	\$ -	\$ 8,428,842	\$ -	\$ 8,428,842

190	87	Total Assets	\$ 8,571,707	\$ 3,097,678	\$ -	\$ 11,669,385	\$ -	\$ 11,669,385
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311	89	Bank overdraft	\$ -	\$ -	\$ -	\$ -		\$ -
312	90	Accounts payable <= 90 days	\$ 9,595	\$ 2,998	\$ -	\$ 12,593		\$ 12,593
313	91	Accounts payable > 90 days past due	\$ -	\$ -	\$ -	\$ -		\$ -
321	92	Accrued wage/payroll taxes payable	\$ -	\$ -	\$ -	\$ -		\$ -
322	93	Accrued compensated absences - current portion	\$ 13,095	\$ 18,415	\$ -	\$ 31,510		\$ 31,510
324	94	Accrued contingency liability	\$ -	\$ -	\$ -	\$ -		\$ -
325	95	Accrued interest payable	\$ -	\$ -	\$ -	\$ -		\$ -
331-010	96	Accounts payable - HUD PHA Programs - Operating Subsidy	\$ -	\$ -	\$ -	\$ -		\$ -
331-020	97	Accounts payable - HUD PHA Programs - Capital fund	\$ -	\$ -	\$ -	\$ -		\$ -
331-030	98	Accounts payable - HUD PHA Programs - Other	\$ -	\$ -	\$ -	\$ -		\$ -
331	99	Accounts payable - HUD PHA Programs	\$ -	\$ -	\$ -	\$ -		\$ -
332	100	Accounts payable - PHA Projects	\$ -	\$ -	\$ -	\$ -		\$ -
333	101	Accounts payable - other government	\$ -	\$ -	\$ -	\$ -		\$ -
341	102	Tenant security deposits	\$ 32,790	\$ 1,700	\$ -	\$ 34,490		\$ 34,490
342-010	103	Deferred revenue - Operating Subsidy	\$ -	\$ -	\$ -	\$ -		\$ -
342-020	104	Deferred revenue - Capital fund	\$ -	\$ -	\$ -	\$ -		\$ -
342-030	105	Deferred revenue - Other	\$ 1,405	\$ -	\$ -	\$ 1,405		\$ 1,405
342	106	Deferred revenue	\$ 1,405	\$ -	\$ -	\$ 1,405		\$ 1,405
343-010	107	CFFP	\$ -	\$ -	\$ -	\$ -		\$ -
343-020	108	Capital Projects/ Mortgage Revenue	\$ -	\$ -	\$ -	\$ -		\$ -
343	109	Current portion of long-term debt - capital projects/mortgage revenue bonds	\$ -	\$ 7,671	\$ -	\$ 7,671		\$ 7,671
344	110	Current portion of long-term debt - operating borrowings	\$ -	\$ -	\$ -	\$ -		\$ -
345	111	Other current liabilities	\$ 13,616	\$ 1,160	\$ -	\$ 14,776		\$ 14,776
346	112	Accrued liabilities - other	\$ -	\$ -	\$ -	\$ -		\$ -
347	113	Inter program - due to	\$ -	\$ -	\$ -	\$ -		\$ -
348-010	114	Loan liability - current - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
348-020	115	Loan liability - current - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
348-030	116	Loan liability - current - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
348-040	117	Loan liability - current - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
348-050	118	Loan liability - current - Other	\$ -	\$ -	\$ -	\$ -		\$ -
348-060		Other - Comment						
348	120	Loan liability - current	\$ -	\$ -	\$ -	\$ -		\$ -
310	121	Total Current Liabilities	\$ 70,501	\$ 31,944	\$ -	\$ 102,445	\$ -	\$ 102,445

351-010	123	Long-term debt - CFFP	\$ -	\$ -	\$ -	\$ -		\$ -
351-020	124	Long-term - Capital Projects/ Mortgage Revenue	\$ -	\$ -	\$ -	\$ -		\$ -
351	125	Capital Projects/ Mortgage Revenue Bonds	\$ -	\$ 545,650	\$ -	\$ 545,650		\$ 545,650
352	126	Long-term debt, net of current - operating borrowings	\$ -	\$ -	\$ -	\$ -		\$ -
353	127	Non-current liabilities - other	\$ 2,201	\$ 66,635	\$ -	\$ 68,836		\$ 68,836
354	128	Accrued compensated absences- Non-current	\$ 19,642	\$ -	\$ -	\$ 19,642		\$ 19,642
355-010	129	Loan liability - Non-current - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
355-020	130	Loan liability - Non-current - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
355-030	131	Loan liability - Non-current - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
355-040	132	Loan liability - Non-current - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
355-050	133	Loan liability - Non-current - Other	\$ -	\$ -	\$ -	\$ -		\$ -
355-060		Other - Comment						
355	135	Loan liability – Non-current	\$ -	\$ -	\$ -	\$ -		\$ -
356	136	FASB 5 Liabilities	\$ -	\$ -	\$ -	\$ -		\$ -
357	137	Accrued Pension and OPEB Liability	\$ 17,160	\$ 9,652	\$ -	\$ 26,812		\$ 26,812
350	138	Total Non-current liabilities	\$ 39,003	\$ 621,937	\$ -	\$ 660,940	\$ -	\$ 660,940

300	140	Total Liabilities	\$ 109,504	\$ 653,881	\$ -	\$ 763,385	\$ -	\$ 763,385
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Line Item No.	Row Number	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
508.1	142	Invested in capital assets, net of related debt	\$ 7,658,590	\$ 216,932	\$ -	\$ 7,875,522		\$ 7,875,522
511.1		Restricted Net Assets	\$ -	\$ 2,024,199	\$ -	\$ 2,024,199		\$ 2,024,199
512.1		Unrestricted Net Assets	\$ 842,450	\$ 163,829	\$ -	\$ 1,006,279		\$ 1,006,279
513	145	Total Equity/Net Assets	\$ 8,501,040	\$ 2,404,960	\$ -	\$ 10,906,000	\$ -	\$ 10,906,000
600	147	Total Liabilities and Equity/Net assets	\$ 8,610,544	\$ 3,058,841	\$ -	\$ 11,669,385	\$ -	\$ 11,669,385

Line Item No.	Row Number	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
Income Statement								
70300	152	Net tenant rental revenue	\$ 341,095	\$ 13,532	\$ -	\$ 354,627		\$ 354,627
70400	153	Tenant revenue - other	\$ 48,000	\$ 14,034	\$ -	\$ 62,034		\$ 62,034
70500	154	Total Tenant Revenue	\$ 389,095	\$ 27,566	\$ -	\$ 416,661	\$ -	\$ 416,661
70600-010	11	Housing assistance payments	\$ -	\$ 1,405,304	\$ -	\$ 1,405,304		\$ 1,405,304
70600-020	12	Ongoing administrative fees earned	\$ -	\$ 319,691	\$ -	\$ 319,691		\$ 319,691
70600-030	13	Hard to house fee revenue	\$ -	\$ -	\$ -	\$ -		\$ -
70600-031	14	FSS Coordinator	\$ -	\$ -	\$ -	\$ -		\$ -
70600-040	15	Actual independent public accountant audit costs	\$ -	\$ -	\$ -	\$ -		\$ -
70600-050	16	Total preliminary fees earned	\$ -	\$ -	\$ -	\$ -		\$ -
70600-060	17	All other fees	\$ -	\$ -	\$ -	\$ -		\$ -
70600-070	18	Admin fee calculation description	\$ -	\$ -	\$ -	\$ -		\$ -
70600	164	HUD PHA operating grants	\$ 399,315	\$ 1,724,995	\$ -	\$ 2,124,310		\$ 2,124,310
70610	166	Capital grants	\$ 106,356	\$ -	\$ -	\$ 106,356		\$ 106,356
70710	168	Management Fee	\$ -	\$ -	\$ -	\$ -		\$ -
70720	169	Asset Management Fee	\$ -	\$ -	\$ -	\$ -		\$ -
70730	170	Book-Keeping Fee	\$ -	\$ -	\$ -	\$ -		\$ -
70740	171	Front Line Service Fee	\$ -	\$ -	\$ -	\$ -		\$ -
70750	172	Other Fees	\$ -	\$ -	\$ -	\$ -		\$ -
70700	173	Total Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70800	175	Other government grants	\$ -	\$ 65,399	\$ -	\$ 65,399		\$ 65,399
71100-010	176	Housing Assistance Payment	\$ -	\$ -	\$ -	\$ -		\$ -
71100-020	177	Administrative Fee	\$ -	\$ -	\$ -	\$ -		\$ -
71100	178	Investment income - unrestricted	\$ 36,431	\$ 7,130	\$ -	\$ 43,561		\$ 43,561
71200	179	Mortgage interest income	\$ -	\$ -	\$ -	\$ -		\$ -
71300	180	Proceeds from disposition of assets held for sale	\$ -	\$ -	\$ -	\$ -		\$ -
71310	181	Cost of sale of assets	\$ -	\$ -	\$ -	\$ -		\$ -
71400-010	182	Housing Assistance Payment	\$ -	\$ 2,468	\$ -	\$ 2,468		\$ 2,468
71400-020	183	Administrative Fee	\$ -	\$ 2,468	\$ -	\$ 2,468		\$ 2,468
71400	184	Fraud recovery	\$ 678	\$ 4,936	\$ -	\$ 5,614		\$ 5,614
71500	185	Other revenue	\$ 16,800	\$ 4,838	\$ -	\$ 21,638		\$ 21,638
71600	186	Gain or loss on sale of capital assets	\$ -	\$ (5,111)	\$ -	\$ (5,111)		\$ (5,111)
72000-010	187	Housing Assistance Payment	\$ -	\$ 110,843	\$ -	\$ 110,843		\$ 110,843
72000-020	188	Administrative Fee	\$ -	\$ -	\$ -	\$ -		\$ -
72000	189	Investment income - restricted	\$ -	\$ 110,843	\$ -	\$ 110,843		\$ 110,843
70000	190	Total Revenue	\$ 948,675	\$ 1,940,596	\$ -	\$ 2,889,271	\$ -	\$ 2,889,271
91100	192	Administrative salaries	\$ 186,977	\$ 170,931	\$ -	\$ 357,908		\$ 357,908
91200	193	Auditing fees	\$ 11,033	\$ 6,417	\$ -	\$ 17,450		\$ 17,450
91300	194	Management Fee	\$ -	\$ -	\$ -	\$ -		\$ -
91310	195	Book-Keeping Fee	\$ -	\$ -	\$ -	\$ -		\$ -
91400	196	Advertising and Marketing	\$ -	\$ -	\$ -	\$ -		\$ -
91500	197	Employee benefit contributions - administrative	\$ 81,928	\$ 73,350	\$ -	\$ 155,278		\$ 155,278
91600	198	Office Expenses	\$ -	\$ 50,285	\$ -	\$ 50,285		\$ 50,285
91700	199	Legal Expense	\$ 251	\$ 567	\$ -	\$ 818		\$ 818
91800	200	Travel	\$ 11,034	\$ 673	\$ -	\$ 11,707		\$ 11,707
91810	201	Allocated Overhead	\$ -	\$ -	\$ -	\$ -		\$ -
91900	202	Other	\$ 67,892	\$ 41,030	\$ -	\$ 108,922		\$ 108,922
91000	203	Total Operating-Administrative	\$ 359,115	\$ 343,253	\$ -	\$ 702,368	\$ -	\$ 702,368
92000	205	Asset Management Fee	\$ -	\$ -	\$ -	\$ -		\$ -
92100	207	Tenant services - salaries	\$ 9,213	\$ -	\$ -	\$ 9,213		\$ 9,213
92200	208	Relocation Costs	\$ -	\$ -	\$ -	\$ -		\$ -
92300	209	Employee benefit contributions - tenant services	\$ -	\$ -	\$ -	\$ -		\$ -
92400	210	Tenant services - other	\$ -	\$ -	\$ -	\$ -		\$ -
92500	211	Total Tenant Services	\$ 9,213	\$ -	\$ -	\$ 9,213	\$ -	\$ 9,213
93100	213	Water	\$ 57,755	\$ 2,869	\$ -	\$ 60,624		\$ 60,624
93200	214	Electricity	\$ 27,238	\$ 301	\$ -	\$ 27,539		\$ 27,539
93300	215	Gas	\$ 3,060	\$ 273	\$ -	\$ 3,333		\$ 3,333
93400	216	Fuel	\$ -	\$ -	\$ -	\$ -		\$ -
93500	217	Labor	\$ -	\$ -	\$ -	\$ -		\$ -
93600	218	Sewer	\$ -	\$ -	\$ -	\$ -		\$ -
93700	219	Employee benefit contributions - utilities	\$ -	\$ -	\$ -	\$ -		\$ -
93800	220	Other utilities expense	\$ -	\$ -	\$ -	\$ -		\$ -
93000	221	Total Utilities	\$ 88,053	\$ 3,443	\$ -	\$ 91,496	\$ -	\$ 91,496
94100	223	Ordinary maintenance and operations - labor	\$ 165,181	\$ 5,652	\$ -	\$ 170,833		\$ 170,833

Line Item No.	Row Number	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
94200	224	Ordinary maintenance and operations - materials and other	\$ 89,660	\$ 907	\$ -	\$ 90,567		\$ 90,567
94300-010	225	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	\$ 31,705	\$ 1,086	\$ -	\$ 32,791		\$ 32,791
94300-020	226	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	\$ -	\$ -	\$ -	\$ -		\$ -
94300-030	227	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	\$ -	\$ -	\$ -	\$ -		\$ -
94300-040	228	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	\$ 5,534	\$ -	\$ -	\$ 5,534		\$ 5,534
94300-050	229	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	\$ -	\$ -	\$ -	\$ -		\$ -
94300-060	230	Ordinary Maintenance and Operations Contracts - Unit Turnaround Contracts	\$ 2,800	\$ -	\$ -	\$ 2,800		\$ 2,800
94300-070	231	Ordinary Maintenance and Operations Contracts - Electrical Contracts	\$ -	\$ -	\$ -	\$ -		\$ -
94300-080	232	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	\$ -	\$ -	\$ -	\$ -		\$ -
94300-090	233	Ordinary Maintenance and Operations Contracts - Extermination Contracts	\$ 1,060	\$ -	\$ -	\$ 1,060		\$ 1,060
94300-100	234	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	\$ -	\$ -	\$ -	\$ -		\$ -
94300-110	235	Ordinary Maintenance and Operations Contracts - Routine Maintenance Contracts	\$ -	\$ -	\$ -	\$ -		\$ -
94300-120	236	Ordinary Maintenance and Operations Contracts - Misc Contracts	\$ 8,975	\$ 2,057	\$ -	\$ 11,032		\$ 11,032
94300	237	Ordinary Maintenance and Operations Contracts	\$ 50,074	\$ 3,143	\$ -	\$ 53,217		\$ 53,217
94500	238	Employee benefit contribution - ordinary maintenance	\$ 64,734	\$ 1,582	\$ -	\$ 66,316		\$ 66,316
94000	239	Total Maintenance	\$ 369,649	\$ 11,284	\$ -	\$ 380,933	\$ -	\$ 380,933
95100	241	Protective services - labor	\$ -	\$ -	\$ -	\$ -		\$ -
95200	242	Protective services - other contract costs	\$ 2,305	\$ -	\$ -	\$ 2,305		\$ 2,305
95300	243	Protective services - other	\$ -	\$ -	\$ -	\$ -		\$ -
95500	244	Employee benefit contributions - protective services	\$ -	\$ -	\$ -	\$ -		\$ -
95000	245	Total Protective Services	\$ 2,305	\$ -	\$ -	\$ 2,305	\$ -	\$ 2,305
96110	247	Property Insurance	\$ 16,613	\$ 1,094	\$ -	\$ 17,707		\$ 17,707
96120	248	Liability Insurance	\$ 6,475	\$ 3,393	\$ -	\$ 9,868		\$ 9,868
96130	249	Workmen's Compensation	\$ -	\$ -	\$ -	\$ -		\$ -
96140	250	All other Insurance	\$ 2,537	\$ 1,196	\$ -	\$ 3,733		\$ 3,733
96100	251	Total Insurance Premiums	\$ 25,625	\$ 5,683	\$ -	\$ 31,308	\$ -	\$ 31,308
96200	253	Other general expenses	\$ 219	\$ 2,534	\$ -	\$ 2,753		\$ 2,753
96210	254	Compensated absences	\$ 6,646	\$ -	\$ -	\$ 6,646		\$ 6,646
96300	255	Payments in lieu of taxes	\$ -	\$ -	\$ -	\$ -		\$ -
96400	256	Bad debt - tenant rents	\$ 16,346	\$ 1,004	\$ -	\$ 17,350		\$ 17,350
96500	257	Bad debt - mortgages	\$ -	\$ -	\$ -	\$ -		\$ -
96600	258	Bad debt - other	\$ -	\$ -	\$ -	\$ -		\$ -
96800	259	Severance expense	\$ -	\$ -	\$ -	\$ -		\$ -
96000	260	Total Other General Expenses	\$ 23,211	\$ 3,538	\$ -	\$ 26,749	\$ -	\$ 26,749
96710	262	Interest of Mortgage (or Bonds) Payable	\$ -	\$ 16,701	\$ -	\$ 16,701		\$ 16,701
96720	263	Interest on Notes Payable (Short and Long Term)	\$ -	\$ -	\$ -	\$ -		\$ -
96730	264	Amortization of Bond Issue Costs	\$ -	\$ -	\$ -	\$ -		\$ -
96700	265	Total Interest Expense and Amortization Cost	\$ -	\$ 16,701	\$ -	\$ 16,701	\$ -	\$ 16,701
96900	267	Total Operating Expenses	\$ 877,171	\$ 383,902	\$ -	\$ 1,261,073	\$ -	\$ 1,261,073
97000	269	Excess Revenue Over Operating Expenses	\$ 71,504	\$ 1,556,694	\$ -	\$ 1,628,198	\$ -	\$ 1,628,198
97100	271	Extraordinary maintenance	\$ -	\$ -	\$ -	\$ -		\$ -
97200	272	Casualty losses- Non-capitalized	\$ -	\$ -	\$ -	\$ -		\$ -
97300-010	273	Mainstream 1 & 5 year	\$ -	\$ 182,918	\$ -	\$ 182,918		\$ 182,918
97300-020	274	Home-Ownership	\$ -	\$ -	\$ -	\$ -		\$ -
97300-025	275	Litigation	\$ -	\$ -	\$ -	\$ -		\$ -
97300-030	276	Hope IV	\$ -	\$ -	\$ -	\$ -		\$ -
97300-035	277	Moving to Work	\$ -	\$ -	\$ -	\$ -		\$ -
97300-040	278	Tenant Protection	\$ -	\$ -	\$ -	\$ -		\$ -
97300-050	279	All Other	\$ -	\$ 2,165,600	\$ -	\$ 2,165,600		\$ 2,165,600
97300	280	Housing assistance payments	\$ -	\$ 2,348,518	\$ -	\$ 2,348,518		\$ 2,348,518
97350		HAP Portability-in	\$ -	\$ -	\$ -	\$ -		\$ -
97400	282	Depreciation expense	\$ 303,187	\$ 28,377	\$ -	\$ 331,564		\$ 331,564
97500	283	Fraud losses	\$ -	\$ -	\$ -	\$ -		\$ -
97800	284	Dwelling units rent expense	\$ -	\$ 27,284	\$ -	\$ 27,284		\$ 27,284
90000	285	Total Expenses	\$ 1,180,358	\$ 2,788,081	\$ -	\$ 3,968,439	\$ -	\$ 3,968,439

Line Item No.	Row Number	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
10010	287	Operating transfer in	\$ -	\$ -	\$ -	\$ -		\$ -
10020	288	Operating transfer out	\$ -	\$ -	\$ -	\$ -		\$ -
10030-010	289	Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
10030-020	290	Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
10030-030	291	Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
10030-040	292	Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
10030-050	293	Other	\$ -	\$ -	\$ -	\$ -		\$ -
10030-060		Other - Comment						
10030	295	Operating transfers from / to primary government	\$ -	\$ -	\$ -	\$ -		\$ -
10040	296	Operating transfers from / to component unit	\$ -	\$ -	\$ -	\$ -		\$ -
10070	297	Extraordinary items, net gain/loss	\$ -	\$ -	\$ -	\$ -		\$ -
10080	298	Special items, net gain/loss	\$ -	\$ -	\$ -	\$ -		\$ -
10091	299	Inter Project Excess Cash Transfer In	\$ -	\$ -	\$ -	\$ -		\$ -
10092	300	Inter Project Excess Cash Transfer Out	\$ -	\$ -	\$ -	\$ -		\$ -
10093	301	Transfers between Programs and Projects - in	\$ -	\$ -	\$ -	\$ -		\$ -
10094	302	Transfers between Programs and Projects - out	\$ -	\$ -	\$ -	\$ -		\$ -
10100	303	Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10000	305	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ (231,683)	\$ (847,485)	\$ -	\$ (1,079,168)	\$ -	\$ (1,079,168)
11020	307	Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -		\$ -
11030	309	Beginning equity	\$ 8,705,047	\$ 3,252,448	\$ -	\$ 11,957,495		\$ 11,957,495
11040-010	311	Prior Error for CFP funds not accrued	\$ 27,673	\$ -	\$ -	\$ 27,673		\$ 27,673
11040-020	312	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -		\$ -
11040-030	313	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -		\$ -
11040-040	314	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -		\$ -
11040-050	315	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -		\$ -
11040-060	316	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -		\$ -
11040-070	317	Equity Transfers	\$ -	\$ -	\$ -	\$ -		\$ -
11040-080	318	Equity Transfers	\$ -	\$ -	\$ -	\$ -		\$ -
11040-090	319	Equity Transfers	\$ -	\$ -	\$ -	\$ -		\$ -
11040-100	320	Equity Transfers	\$ -	\$ -	\$ -	\$ -		\$ -
11040-110	321	Equity Transfers	\$ -	\$ -	\$ -	\$ -		\$ -
11040	322	Prior period adjustments, equity transfers, and correction of errors	\$ 27,673	\$ -	\$ -	\$ 27,673		\$ 27,673
11170-001	324	Administrative Fee Equity- Beginning Balance	\$ -	\$ (43,687)	\$ -	\$ (43,687)		\$ (43,687)
11170-010	325	Administrative Fee Revenue	\$ -	\$ 319,691	\$ -	\$ 319,691		\$ 319,691
11170-020	326	Hard to House Fee Revenue	\$ -	\$ -	\$ -	\$ -		\$ -
11170-021		FSS Coordinator Grant	\$ -	\$ -	\$ -	\$ -		\$ -
11170-030	328	Audit Costs	\$ -	\$ -	\$ -	\$ -		\$ -
11170-040	329	Investment Income	\$ -	\$ -	\$ -	\$ -		\$ -
11170-045	330	Fraud Recovery Revenue	\$ -	\$ 2,468	\$ -	\$ 2,468		\$ 2,468
11170-050	331	Other Revenue	\$ -	\$ -	\$ -	\$ -		\$ -
11170-051	332	Comment for Other Revenue						
11170-060	333	Total Admin Fee Revenues	\$ -	\$ 322,159	\$ -	\$ 322,159		\$ 322,159
11170-080	334	Total Operating Expenses	\$ -	\$ 325,889	\$ -	\$ 325,889		\$ 325,889
11170-090	335	Depreciation	\$ -	\$ -	\$ -	\$ -		\$ -
11170-095		Housing Assistance Portability In	\$ -	\$ -	\$ -	\$ -		\$ -
11170-100	337	Other Expenses	\$ -	\$ -	\$ -	\$ -		\$ -
11170-101	338	Comment for Other Expense						
11170-110	339	Total Expenses	\$ -	\$ 325,889	\$ -	\$ 325,889		\$ 325,889
11170-002	340	Net Administrative Fee	\$ -	\$ (3,730)	\$ -	\$ (3,730)		\$ (3,730)
11170-003	341	Administrative Fee Equity- Ending Balance	\$ -	\$ (47,417)	\$ -	\$ (47,417)		\$ (47,417)
11170	342	Administrative Fee Equity	\$ -	\$ (47,417)	\$ -	\$ (47,417)		\$ (47,417)
11180-001	199	Housing Assistance Payments Equity - Beginning Balance	\$ -	\$ 2,839,686	\$ -	\$ 2,839,686		\$ 2,839,686
11180-010		Housing Assistance Payment Revenues	\$ -	\$ 1,405,304	\$ -	\$ 1,405,304		\$ 1,405,304
11180-015		Fraud Recovery Revenue	\$ -	\$ 2,468	\$ -	\$ 2,468		\$ 2,468
11180-020	204	Other Revenue	\$ -	\$ 11,080	\$ -	\$ 11,080		\$ 11,080
11180-021		Comment for Other Revenue						
11180-025		Investment Income	\$ -	\$ 110,843	\$ -	\$ 110,843		\$ 110,843
11180-030	207	Total HAP Revenues	\$ -	\$ 1,529,695	\$ -	\$ 1,529,695		\$ 1,529,695
11180-080	208	Housing Assistance Payments	\$ -	\$ 2,348,518	\$ -	\$ 2,348,518		\$ 2,348,518
11180-090	209	Other Expenses	\$ -	\$ -	\$ -	\$ -		\$ -
11180-091	210	Comments for Other Expenses						
11180-100	211	Total Housing Assistance Payments Expenses	\$ -	\$ 2,348,518	\$ -	\$ 2,348,518		\$ 2,348,518
11180-002	210	Net Housing Assistance Payments	\$ -	\$ (818,823)	\$ -	\$ (818,823)		\$ (818,823)
11180-003	211	Housing Assistance Payments Equity-Ending Balance	\$ -	\$ 2,020,863	\$ -	\$ 2,020,863		\$ 2,020,863
11180	357	Housing Assistance Payments Equity	\$ -	\$ 2,020,863	\$ -	\$ 2,020,863		\$ 2,020,863

Line Item No.	Row Number	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
11190-210		Total ACC HCV Units	0	6504	0	6504		6504
11190-220		Unfunded Units	0	0	0	0		0
11190-230		Other Adjustments	0	0	0	0		0
11190	362	Unit Months Available	2268	6504	0	8772		8772
11210	363	Unit Months Leased	2216	6399	0	8615		8615
11270	365	Excess Cash	\$ 801,483	\$ -	\$ -	\$ 801,483		\$ 801,483
11610	367	Land Purchases	\$ -	\$ -	\$ -	\$ -		\$ -
11620	368	Building Purchases	\$ -	\$ -	\$ -	\$ -		\$ -
11630	369	Furniture & Equipment-Dwelling Purchases	\$ 5,415	\$ -	\$ -	\$ 5,415		\$ 5,415
11640	370	Furniture & Equipment-Administrative Purchases	\$ 10,941	\$ -	\$ -	\$ 10,941		\$ 10,941
11650	371	Leasehold Improvements Purchases	\$ 90,000	\$ -	\$ -	\$ 90,000		\$ 90,000
11660	372	Infrastructure Purchases	\$ -	\$ -	\$ -	\$ -		\$ -
13510	373	CFFP Debt Service Payments	\$ -	\$ -	\$ -	\$ -		\$ -
13901	374	Replacement Housing Factor Funds	\$ -	\$ -	\$ -	\$ -		\$ -

**Actual Comprehensive Grant
Cost Certificate**
Comprehensive Grant Program (CGP)

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

OMB Approval No. 2577-0157
(Exp. 11/30/2008)

PHA/PIHA Name Housing Authority City of Kennewick	Comprehensive Grant Number WA 19 P 012-501-04
	FFY of Grant Approval 2004

The PHA/PIHA 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 Comprehensive Grant, is as shown below:

A. Original Funds Approved	\$ 358,470
B. Revised Funds Approved	\$ 346,158
C. Funds Advanced	\$ 0
D. Funds Expended (Actual Modernization Cost)	\$ 346,158
E. Amount to be Recaptured (A-D)	\$ 0
F. Excess of Funds Advanced (C-D)	\$ 0

- That all modernization work in connection with the Comprehensive Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
- 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
- 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 <i>Kathleen A. Malone Executive Director</i>	Date 4/16/08
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For HUD Use Only	
The Cost Certificate is approved for audit.	
Approved for Audit Director, Public Housing Division <i>[Signature]</i>	Date 5/2/08
The audited costs agree with the costs shown above.	
Verified (Director, Public Housing Division)	Date
Approved (Field Office Manager)	Date

Form HUD-52839 (2/92)
ref Handbook 7485.3

**Actual Comprehensive Grant
Cost Certificate**
Comprehensive Grant Program (CGP)

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

OMB Approval No. 2577-0157
(Exp. 09/30/2005)

PHA/PIHA Name Kennebec Housing Authority	Comprehensive Grant Number WA 19 P 01250103
	FFY of Grant Approval 2003

The PHA/PIHA 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 Comprehensive Grant, is as shown below:

A. Original Funds Approved	\$ 298,900 ⁰⁰
B. Revised Funds Approved	\$ 298,900 ⁰⁰
C. Funds Advanced	\$ 298,900 ⁰⁰
D. Funds Expended (Actual Modernization Cost)	\$ 298,900 ⁰⁰
E. Amount to be Recaptured (A-D)	\$
F. Excess of Funds Advanced (C-D)	\$

- That all modernization work in connection with the Comprehensive Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
- 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
- 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 <i>Karlene McNamee / Executive Director</i>	Date 8/16/07
--	-----------------

For HUD Use Only

The Cost Certificate is approved for audit.

Approved for Audit (Director, Public Housing Division) <i>[Signature]</i>	Date 8/31/07
--	-----------------

The audited costs agree with the costs shown above.

Verified (Director, Public Housing Division)	Date
Approved (Field Office Manager)	Date

form HUD-52839 (2/92)
ref Handbook 7485.3



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.

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. 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.

The State Auditor's Office employees are located around the state to deliver our services effectively and efficiently.

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 and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

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

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Deputy Chief of Staff
Chief Policy Advisor
Director of Audit
Director of Special Investigations
Director for Legal Affairs
Director of Quality Assurance
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