KING COUNTY HOUSING AUTHORITY

FY 2010 MTW ANNUAL PLAN APPENDICES

TABLE OF CONTENTS

- ❑ **Appendix A**: Audit Report in compliance with OMB Circular A-133
- ❑ **Appendix B**: Disclosure of Lobbying Activities (HUD SF-LLL)
- ❑ **Appendix C**: Drug-Free Housing Certification (HUD 50070)
- ❑ **Appendix D**: Certification of Payments to Influence Federal Transactions (HUD 50071)
- ❑ **Appendix E**: Capital Fund P&E Reports for open fund years

Washington State Auditor's Office

Financial Statements and Federal Single Audit Report

Housing Authority of the County of King (King County Housing Authority)

Audit Period

July 1, 2007 through December 31, 2008

Report No. 1002161

Issue Date

September 28, 2009

WASHINGTON

BRIAN SONNTAG

STATE AUDITOR

Appendix A

Washington State Auditor
Brian Sonntag

September 28, 2009

Board of Commissioners
King County Housing Authority
Tukwila, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the King County Housing Authority'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.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

Insurance Building, P.O. Box 40021 • Olympia, Washington 98504-0021 • (360) 902-0370 • TDD Relay (800) 833-6388
FAX (360) 753-0646 • http://www.sao.wa.gov

Table of Contents

King County Housing Authority
July 1, 2007 through December 31, 2008

Federal Summary 1

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with *Government Auditing Standards* 3

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 5

Independent Auditor's Report on Financial Statements 7

Financial Section 9

Federal Summary

King County Housing Authority
July 1, 2007 through December 31, 2008

The results of our audit of the King County Housing Authority 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 financial statements of the business-type activities and the aggregate discretely presented component units.

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:

CFDA No.	Program Title
14.850	Public and Indian Housing
14.871	Housing Choice Vouchers
14.881	Moving to Work Demonstration Program

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was $3,000,000.

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*

King County Housing Authority
July 1, 2008 through December 31, 2008

Board of Commissioners
King County Housing Authority
Tukwila, Washington

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the King County Housing Authority, King County, Washington, as of and for the 18 months ended December 31, 2008, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated September 4, 2009. Our report was modified to include a reference to other auditors.

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. Other auditors audited the financial statements of the discretely presented component units. Those financial statements were not audited in accordance with *Government Auditing Standards*.

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 opinions 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.

BRIAN SONNTAG, CGFM
STATE AUDITOR

September 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

King County Housing Authority
July 1, 2007 through December 31, 2008

Board of Commissioners
King County Housing Authority
Tukwila, Washington

COMPLIANCE

We have audited the compliance of the King County Housing Authority, King 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 18 months ended December 31, 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 18 months ended December 31, 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.

BRIAN SONNTAG, CGFM
STATE AUDITOR

September 4, 2009

Independent Auditor's Report on Financial Statements

King County Housing Authority
July 1, 2007 through December 31, 2008

Board of Commissioners
King County Housing Authority
Tukwila, Washington

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the King County Housing Authority, King County, Washington, as of and for the 18 months ended December 31, 2008, which collectively comprise the Housing Authority's basic financial statements as listed on page 9. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the tax credit partnerships identified in Note 7, which represent 100 percent of the assets, net assets, revenues and expenses of the aggregate discretely presented component units of the Housing Authority. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the tax credit partnerships, is based solely on the reports of other auditors.

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. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*. 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 and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the King County Housing Authority, as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the 18 months 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 10 through 16 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*. This schedule is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The financial statements for The Pooled Housing Refunding Revenue Bonds, Series 1998A are also presented for purposes of additional analysis. These statements are not a required part of the basic financial statements. Such supplemental 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.

The Property Listing is not a required part of the basic financial statements but is supplementary information presented for the purposes of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statenments and, accordingly, we express no opinion on it.

BRIAN SONNTAG, CGFM
STATE AUDITOR

September 4, 2009

Financial Section

King County Housing Authority
July 1, 2007 through December 31, 2008

REQUIRED SUPPLEMENTAL INFORMATION

Management's Discussion and Analysis – 2008

BASIC FINANCIAL STATEMENTS

Balance Sheet – 2008
Statement of Revenues, Expenses and Changes in Net Assets – 2008
Statement of Cash Flows – 2008
Notes to Financial Statements – 2008

SUPPLEMENTAL INFORMATION

Schedule of Expenditures of Federal Awards and Notes – 2008
Pooled Housing Refunding Revenue Bonds, Series 1998A – Balance Sheet – 2008
Pooled Housing Refunding Revenue Bonds, Series 1998A – Statement of Revenues, Expenses and Changes in Net Assets – 2008
Pooled Housing Refunding Revenue Bonds, Series 1998A – Statement of Cash Flows – 2008
Pooled Housing Refunding Revenue Bonds, Series 1998A – Notes to the Financial Statements – 2008
Property Listing – 2008

HOUSING AUTHORITY OF THE COUNTY OF KING

MANAGEMENT'S DISCUSSION AND ANALYSIS

This first section of the annual financial report presents a discussion and analysis of King County Housing Authority's (KCHA) financial performance during the fiscal year ended December 31, 2008. It should be read in conjunction with the Authority's financial statements, which immediately follow this section.

KCHA administers a broad range of federally and locally financed housing programs serving an area of over 2,134 square miles, covering all of King County outside of the cities of Seattle and Renton. The King County Housing Authority owns or manages 8,396 units of housing and provides rental subsidies to over 7,600 additional households. The majority of KCHA's program participants have incomes below 20% of area median income. KCHA's inventory includes 2,539 units of public housing in King County and in the city of Olympia, which lies outside of King County. In addition, KCHA manages two public housing sites with 80 units via contract in the City of Sedro-Woolley.

The financial performance discussed in the following analyses does not include tax credit partnerships. The tax credit partnerships, with 20 sites and 2,599 units, are owned by separate limited partnerships/corporations with the Authority acting as general partner/managing member. The tax credit properties are fee managed by outside private property management firms with the exception of Harrison House, Valley Park, and Egis, which are managed by KCHA's Housing Management department. Because of the different corporate structure of the partnerships, their operations are not carried directly on the books of the Authority but are listed as component units on the Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets and are detailed in Note 7. With those exceptions, neither these units, nor their financial data, are included in the analysis and financial reports that follow.

FISCAL YEAR 2008 FINANCIAL HIGHLIGHTS

- The Authority continues to be a Moving to Work (MTW) Public Housing agency, allowing for certain financial flexibilities and empowering the Authority to waive certain parts of Section 8 and 9 of the Housing Act of 1937.

- The Authority changed fiscal years from a June 30 year end to December 31 resulting in a special 18-month reporting period running from July 1, 2007 until December 31, 2008. Accordingly, all operating data will be substantially higher than Fiscal Year 2007, which was a traditional 12-month period.

- Total assets of the Authority exceeded total liabilities at December 31, 2008 by $317 million.

- Total change in net assets for Fiscal Year 2008 was $70.4 million and includes $13.3 million in capital grants contributions.

- Restricted MTW reserves rose by $29.0 million during the year.

- Operating expenses were $174.4 million and include $91.1 million in housing assistance payments made to landlords, or 53% of operating expenses.

- A $20 million Hope VI grant was received from the Department of Housing and Urban Development for the rehabilitation of the Park Lake II public housing site.

- Several significant rehabilitation projects were undertaken or continued during the year including Greenbridge, Egis and Springwood. A mobile home park, Wonderland Estates, was purchased to preserve housing affordability for dozens of low-income seniors.

FUND FINANCIAL STATEMENTS

The operations of the Authority consist of proprietary funds, which are designed to ensure and demonstrate compliance with external financial requirements. The measurement focus for proprietary fund accounting is similar to that used in the private sector.

Many of the funds maintained by the Authority are required by the federal Department of Housing and Urban Development (HUD). Others are used to enhance accountability and control.

AUTHORITY-WIDE FINANCIAL STATEMENTS

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columnar format, presenting totals by category for the entire Authority.

These statements include a *Balance Sheet*. The Balance Sheet reports all financial and capital resources for the Authority. The Balance Sheet is presented in the format where assets equal liabilities plus "net assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "current" (generally, those assets convertible into cash within one year), and "non-current".

The Balance Sheet presents information about the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net assets are reported in three broad categories:

Net Assets, 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 external forces such as creditors (e.g. debt covenants), grantors, contributors, laws, regulations, etc., net of any offsetting, associated liabilities. Restrictions on assets imposed voluntarily by KCHA do not result in restricted net assets.

Unrestricted Net Assets: This component of net assets consists of net assets that do not meet the definition of "Net Assets 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 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 Net Assets is the "Change in Net Assets" which is similar to Net Income or Loss.

Finally, a *Statement of Cash Flows* is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, capital and related financing activities, and investing activities.

FINANCIAL ANALYSIS OF THE AUTHORITY

Condensed Balance Sheet:

Table A-1 presents the Authority's *Condensed Balance Sheet* for Fiscal Years 2008 and 2007. The purpose of the statement is to provide a snapshot of the financial condition of the Authority at a certain point in time. Presented are the assets, liabilities, and net assets of the Authority at the end of the fiscal year. Supplementary information is provided in the accompanying notes that further explain and support the data presented in table A-1.

Current and other assets, excluding capital assets, for the fiscal year ended December 31, 2008 total $419.5 million and are comprised of $115.6 million in cash, cash equivalents, and investments and $300.7 million in accounts, notes and financing lease receivables. The $125.4 million increase from the prior fiscal year is due primarily to a $29.0 million increase in MTW reserves and a $92.1 million increase in accounts, notes and financing leases receivable. The increase in receivables derives primarily from additional notes and financing leases received from a) bonds issued to the Soosette Creek LLC for $37.5 million, b) a $22.2 million financing lease to Soosette Creek, and c) a variable-rate bond issued to the Egis Partnership which is due in full in 2009

Capital assets for the fiscal year ended December 31, 2008 are $236.8 million. Included in this category are land and improvements, buildings and improvements, personal property, and construction-in-progress. The $14.9 million net increase in capital assets from fiscal year 2008 is attributable to the purchase or construction of $63.6 million additional capital assets, $44 million of which relate to the Greenbridge project, offset by $38.7 million of net capital assets sold or disposed and $10.0 million of additional accumulated depreciation. $30.5 million of net capital assets were sold under financing leases with $20.5 million pertaining to net assets sold to Nia LLC, $6.5 million sold to the Seola LLC, and $3.5 million associated with the former Springwood Apartments public housing development sold to Soosette Creek LLC.

Total liabilities, excluding the non-current portion of long-term debt, totaled $64.8 million at December 31, 2008, an increase of $44.2 million from 2007. This increase consists primarily of the current portion of $22.6 million of a revenue bond related to the Egis tax credit partnership. The increase also consists of the addition of a line of credit of $8.7 million related to the Wonderland Estates project and an $8.3 million line of credit related to the Egis tax credit partnership.

Total net assets increased by $70.3 million during fiscal year 2008. Net assets represent the Authority's equity, a portion of which is restricted for certain uses. The $5.4 million decrease in restricted net assets resulted primarily from the disbursements of $8.3 million line-of-credit proceeds obtained for the Egis properties' rehabilitation and the disbursement of $2.8 million from Nia bond reserves to fund construction, offset by the addition of $7 million of bond reserves to fund future Eastbridge construction. The $75.6 million increase in unrestricted net assets resulted primarily from a $39.8 million increase in unrestricted cash and investments and the $38.3 million increase in receivables, less a $1.3 million increase in non-capital asset related debt incurred on behalf of the tax credit properties.

Table A-1, Condensed Balance Sheet [(1)]

		FY 2008		FY 2007
Assets:				
Current and other assets	$	419,495,569	$	294,061,962
Capital assets		236,816,310		221,966,058
Total Assets	**$**	**656,311,879**	**$**	**516,028,020**
Liabilities:				
Current and other liabilities	$	64,819,139	$	20,572,289
Long-term debt, net of current		274,460,316		248,773,563
Total Liabilities		339,279,455		269,345,852
Net Assets:				
Invested in capital assets, net of related debt		88,311,880		88,219,031
Restricted		21,809,690		27,196,858
Unrestricted		206,910,853		131,266,279
Total Net Assets		317,032,423		246,682,168
Liabilities and Net Assets	**$**	**656,311,879**	**$**	**516,028,020**

(1) Component units are not included.

__Condensed Statement of Revenues, Expenses, and Changes in Net Assets:__

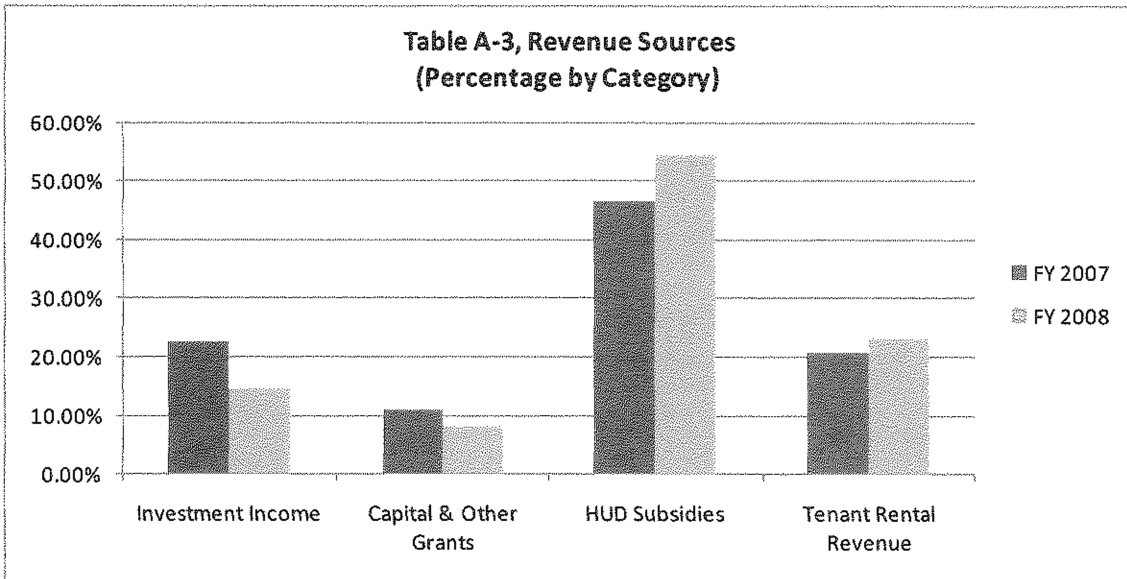
The purpose of the "Condensed Statement of Revenues, Expenses and Changes in Net Assets" is to present the revenues earned by the Authority (both operating and non-operating) and the expenses incurred (operating and non-operating), and any other revenues, expenses, gains and losses received or spent by the Authority. Table A-2 represents the Authority's _Condensed Statement of Revenues, Expenses, and Changes in Net Assets_ for fiscal years 2008 and 2007:

Table A-2, Condensed Statement of Revenues, Expense, and Changes in Net Assets [(1)]

	FY 2008 [(2)]	FY 2007
Operating Revenues	$ 60,166,754	$ 34,891,264
Nonoperating revenues	188,966,609	123,583,977
Total Revenues	249,133,363	158,475,241
Operating expenses	174,397,565	108,997,410
Nonoperating expenses	17,683,435	11,678,723
Total Expenses	192,081,000	120,676,133
Excess or deficiency before contributions	57,052,362	37,799,108
Capital grant contributions	13,297,893	10,827,050
Change in Net Assets	70,350,255	48,626,158
Beginning Net Assets	246,682,168	198,056,010
Ending Net Assets	$ 317,032,423	$ 246,682,168

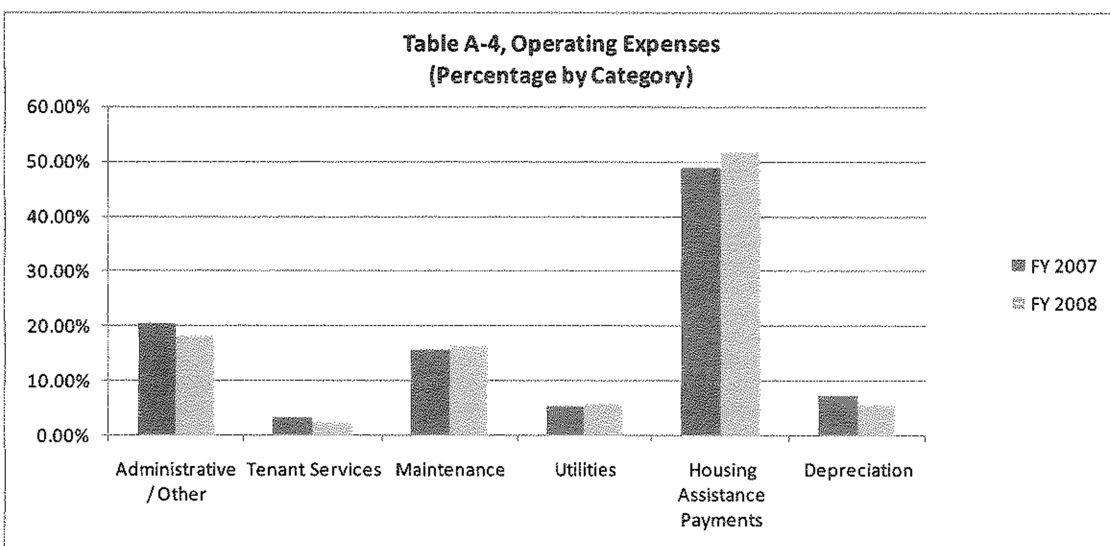
(1) Component units are not included.
(2) FY 2008 reflects an 18 month period.

Revenues are classified as operating, non-operating or capital grant contributions. Table A-3 shows the sources of revenues for fiscal years 2008 and 2007 as a percentage of all revenues. The overall relative contribution for each revenue type remained relatively constant from fiscal year 2007 to fiscal year 2008 when accounting for the subsequent period reflecting 18 months, although the steady decline in investment interest rates has made the Authority more reliant on HUD subsidies.



Operating expenses are amounts paid for providing housing services to the Authority's tenants and administering the various programs. Although total operating expenses for fiscal year 2008 were $174.4 million (refer to Table A-2), a $65.4 million increase compared to fiscal year 2007, most of this increase is due to the 18-month Fiscal Year 2008 reporting period as compared to the 12-month 2007 Fiscal Year. Housing assistance payments under the Housing Choice Voucher (HCV) program increased beyond that which was attributable to the extra six months. $11.1 million of the HCV program increase was due to higher rental costs in the Puget Sound area combined with the issuance of an additional 300 vouchers using KCHA's Moving to Work authority.

Table A-4 demonstrates that the mix of operating expenses as a percentage of total expenses has remained relatively static from Fiscal Year 2007 to 2008.



CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

During fiscal year 2008, capital assets increased a net amount of $15 million. $53.5 million of capital assets were purchased, representing primarily $44 million construction-in-process associated with the Greenbridge development project. Capital asset additions were partially offset by $38.7 million of net capital asset disposals. The capital asset disposals were primarily composed of $30.5 million of net capital assets sold under financing leases with $20.5 million pertaining to net assets sold to the NIA LLC and $6.5 million pertaining to net assets sold to the Seola LLC. Information about the Authority's capital assets is further presented in the financial statements Note 4 – Capital Assets.

Table A-5, Capital Assets, net of Accumulated Depreciation

	FY 2008	FY 2007
Land - Non Depreciable	$53,817,742	$45,508,201
Land Improvements	20,870,992	22,046,593
Land	74,688,734	67,554,794
Buildings and Improvements	200,517,396	205,259,631
Furniture, Equipment & Machinery	3,342,580	3,089,734
Construction in Progress	61,797,871	47,176,127
	340,346,581	323,080,286
Total accumulated depreciation	(103,530,271)	(101,114,228)
Net Capital Assets	**$236,816,310**	**$221,966,058**

LONG TERM DEBT & OTHER NONCURRENT LIABILITIES

The Authority has issued various forms of debt for the purpose of acquiring and rehabilitating projects located throughout King County. At fiscal year-end, the Authority had $297 million in net long-term bonds and notes outstanding (as shown in table A-6) which represents a $48 million increase over the prior fiscal year-end balance. The increase is mainly attributable to additional financing acquired to fund the Soosette Creek redevelopment. Information about the Authority's debt is further presented in the financial statements Note 5 – Long Term Debt Obligations. Included in the other noncurrent liabilities category are payments in lieu of taxes, and deferred revenues.

Table A-6, Long Term Debt & Other Noncurrent Liabilities

	FY 2008	FY 2007
Long-term, net of current portion	$274,460,316	$248,773,563
Other noncurrent liabilities	2,540,950	4,236,456
Total long-term debt & other noncurrent liabilities	**$277,001,266**	**$253,010,019**

ECONOMIC FACTORS AFFECTING THE AUTHORITY'S FUTURE

The Authority receives the bulk of its operational funding from the federal Department of Housing and Urban Development which, like all federal agencies, continues to experience budget constraints. Although KCHA's Moving to Work authority gives it substantial financial flexibility, future funding continues to depend upon Congressional appropriations.

The current recession, the worst in several decades, has severely impacted the ability of the Authority to gain access to funding sources for many of its rehabilitation projects. The tightening credit market, along with the difficulty of getting Low Income Housing Tax Credit program equity partners, has created a challenge that will require creative financing strategies.

The Authority continues to plan to convert the ownership structure on certain public housing complexes from Authority-owned to ownership by partnerships under the Low Income Housing Tax program. The financing generated through federal income tax credits that flows to the project in the form of partnership equity contributions helps fund the redevelopment and major renovation activities.

In early 2009, the Authority signed a new 10-year Moving to Work agreement with HUD. This agreement will allow KCHA to retain its financial flexibilities and be well-positioned for the future.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

HOUSING AUTHORITY OF THE COUNTY OF KING

BALANCE SHEET

As of December 31, 2008

	AUTHORITY	COMPONENT UNITS
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	$ 92,115,656	$ 3,711,058
Restricted cash and cash equivalents	16,718,697	36,295,791
Receivables, net	68,640,507	600,336
Restricted investments	1,960,054	20,012,338
Other current assets	471,454	536,343
Total Current Assets	179,906,368	61,155,866
NONCURRENT ASSETS:		
Restricted cash and cash equivalents	$ 518,627	$ -
Restricted investments	4,347,318	-
Land, buildings and equipment, net	236,816,310	324,227,731
Noncurrent receivables	232,049,755	-
Other noncurrent assets	2,673,502	3,661,742
Total Noncurrent Assets	476,405,511	327,889,473
TOTAL ASSETS	$ 656,311,879	$ 389,045,339
LIABILITIES and NET ASSETS:		
CURRENT LIABILITIES:		
Current portion of long term debt	$ 52,940,181	$ 3,224,226
Other current liabilities	9,338,009	10,574,417
Total Current Liabilities	62,278,189	13,798,643
LONG-TERM LIABILITIES:		
Long-term debt, net of current	274,460,316	295,505,502
Other noncurrent liabilities	2,540,950	5,561,937
Total Long-Term Liabilities	277,001,266	301,067,439
TOTAL LIABILITIES	339,279,455	314,866,082
NET ASSETS:		
Invested in capital assets, net of related debt	88,311,880	25,498,003
Restricted net assets	21,809,690	36,295,791
Unrestricted net assets	206,910,853	12,385,463
TOTAL NET ASSETS	317,032,423	74,179,257
TOTAL LIABILITIES and NET ASSETS	$ 656,311,879	$ 389,045,339

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

HOUSING AUTHORITY OF THE COUNTY OF KING

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the 18 Month Period Ended December 31, 2008

	AUTHORITY	COMPONENT UNITS
OPERATING REVENUES		
Tenant revenue	$ 44,223,523	$ 23,380,894
Other revenue	15,943,231	688,265
Total Operating Revenues	60,166,754	24,069,159
OPERATING EXPENSES		
Administrative	35,037,036	5,664,573
Tenant services	4,979,629	-
Maintenance	23,353,508	4,023,947
Utilities	8,023,983	2,891,468
Housing assistance payments	91,062,119	-
Depreciation	9,980,606	8,223,460
Other expenses	1,960,684	1,611,273
Total Operating Expenses	174,397,565	22,414,721
Operating Income (Loss)	(114,230,811)	1,654,438
NONOPERATING REVENUE (EXPENSE)		
HUD subsidies and grant revenue	134,453,734	-
Other government grants	16,186,175	310,000
Investment income	19,172,243	1,058,974
Interest expense	(17,683,435)	(9,031,252)
Net gain on disposal of capital assets	19,154,457	(261,317)
Net Nonoperating Revenues (Expenses)	171,283,173	(7,923,595)
INCOME (LOSS) before contributions	57,052,362	(6,269,157)
Capital grant contributions	13,297,893	27,467,179
CHANGE IN NET ASSETS	$ 70,350,255	$ 21,198,022
Total Net Assets -- beginning	246,682,168	52,981,235
Total Net Assets -- ending	$ 317,032,423	$ 74,179,257

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

HOUSING AUTHORITY OF THE COUNTY OF KING
STATEMENT OF CASH FLOWS
For the 18 Month Period Ended December 31, 2008

	AUTHORITY		COMPONENT UNITS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from tenants	$ 44,920,331		$ 22,989,363
Payments to employees	(25,368,409)		(3,354,616)
Payments to suppliers of goods and services	(46,705,144)		(23,075,692)
Payments to landlords	(86,253,412)		-
Payments received from (made to) other housing authorities	(2,793,163)		-
Other receipts (payments)	13,555,135		461,453
Net cash provided by (used in) operating activities	(102,644,662)		(2,979,492)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Receipts from HUD	139,951,623		-
Receipts from other governments	16,692,586		-
Net cash provided by noncapital financing activities	156,644,208		-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grant contributions	13,297,893		-
Capital contributions	-		27,521,679
Purchase of capital assets	(63,555,334)		(51,508,977)
Net proceeds capital asset disposal	-		(4,343)
Proceeds from issuance of capital debt	120,562,013		61,622,001
Principal payments on capital debt	(49,319,272)		(10,912,354)
Interest paid on capital debt	(18,224,669)		(5,802,821)
Other receipts (payments)	(1,434,219)		(891,074)
Net cash used in capital and related financing activities	1,326,410		20,024,111
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net sale (purchase) of investments	436,223		(9,648,880)
Investment in notes and financing leases	(65,481,811)	a)	
Payments received on notes and financing leases	5,288,195	b)	
Investment income -- notes and financing leases	8,063,539		
Investment income -- other	6,973,847		1,058,974
Other receipts (payments)	23,559,268		
Net cash provided by investing activities	(21,160,738)		(8,589,906)
Net Increase in Cash and Cash Equivalents	34,165,223		8,454,713
Cash and cash equivalents -- beginning of the year	75,187,756		31,552,136
Cash and cash equivalents -- end of the year	$ 109,352,979		$ 40,006,849
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(114,230,811)		1,654,438
Adjustment to reconcile operating income to net cash:			
Depreciation expense	9,980,606		8,223,460
Change in assets and liabilities:			
Receivables and other assets	854,882		(695,042)
Accounts and other payables	750,661		(12,162,348)
Net cash provided by (used in) operating activities	$ (102,644,662)		$ (2,979,492)

Non-cash transactions that would have been reported in the capital and investing sections if the transactions had involved a cash exchange.

a) *Excludes $37 million of notes and financing leases received in exchange for capital assets -- $24 million from Soosette Creek and $12.7 million from the Greenbridge Foundation, Nia. Also excludes $96 million of notes received as payment on financing leases receivable.*

b) *Excludes $34 million of lease payments financed through the issuance of notes.*

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

HOUSING AUTHORITY OF THE COUNTY OF KING
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

The following notes are an integral part of the financial statements of the Housing Authority of the County of King.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) THE AUTHORITY

The Housing Authority of the County of King (the "Authority") was created in 1939 as a municipal corporation under the provisions of the State Housing Authorities Law (RCW 35.82) and the Housing Cooperation Law (RCW 35.83) in response to the Federal Housing Act of 1937. The Act created the United States Housing Authority, empowering it to make loans and annual contributions to local public housing agencies to assist in the development, acquisition and administration of low rent projects. The programs authorized under the Act, as amended, are now administered by the Department of Housing and Urban Development (HUD). The Authority is not a component unit of King County.

The Authority operates in all of King County, except within the cities of Seattle and Renton, and in the city of Olympia. The Authority also serves as the management agent for the Housing Authority of the City of Sedro-Woolley in Skagit County. Of the State's 39 counties, King County ranks eleventh in geographical size and first in population. The County is the financial, economic and industrial center of the entire Pacific Northwest region. The Authority's jurisdiction encompasses an area of over 2,100 square miles and a population estimated at 1.7 million representing almost 30% of the state's total population. The Authority has its central office in Tukwila. A five-member Board of Commissioners appointed for five-year terms by the Metropolitan-King County Council governs the Authority. The Authority's commissioners serve without pay.

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

FEDERALLY ASSISTED HOUSING PROGRAMS
Low Rent Public Housing –The Authority owns, operates or maintains 50 housing projects consisting of 2,507 units of public housing of which 1,097 units are for the low-income elderly and disabled. The properties were acquired through bonds and notes guaranteed by HUD and through grants from HUD. Revenues consist of rents and other fees collected from tenants and an operating subsidy received from HUD. Typically residents pay 30% of their adjusted income in rents. Two thirds of public housing residents earn less than 20% of the area median income, with almost 80% having some form of entitlement payment as their main source of income. The Authority's subsidy is received under an Annual Contributions Contract to offset the cost of operating the units. HUD also provides funds to maintain and improve the public housing projects under the Capital Fund Program. Historically, all additions to land, structures and equipment of public housing are accomplished through these capital grant funds.

Tenant Based Housing Choice Vouchers–The Authority provides rental assistance payments to approximately 7,319 households who live in private rental housing. Funded by HUD pursuant to Section 8 of the U.S. Housing Act, this program allows participating families and individuals to choose their own housing with the use of a housing voucher. Generally the participant pays no more than 30% of income towards rent and the Authority pays the remainder. The Authority targets this program to the elderly, disabled households and families that are homeless or at the risk of homelessness. Program participants average 15% of area median income.

Project Based Section 8 Housing - The Authority owns seven developments with 446 units subsidized under the Section 8 program. Under this program, subsidies attach to qualifying housing units rather than to qualifying individuals or families. The Authority built three of these projects comprising 174 units under the Section 8 New Construction program. The Authority purchased the other four projects comprising 272 units under the Preservation Program to prevent loss of affordability upon their sale by private owners.

UNASSISTED LOCALLY FINANCED HOUSING PROGRAMS

Tax-Exempt Bond Financed - The Authority owns 14 apartment complexes totaling 2,087 units through the issuance of tax-exempt bonds. These properties receive no operating subsidy from the Federal government or any other State or local source. The Authority acquired the properties in order to place selected housing developments within the public domain so that rents could be maintained as low as possible over time. Typically these units have a broad mix of residents with the majority having income below 80% of area median.

Homeownership - The Authority owns three mobile home parks located in South King County comprising 430 manufactured home sites. Under this program, the residents own their manufactured homes and pay rent to the Authority for the land on which the home sits.

Tax Credit - In 1994, the Authority began partnering with limited partnerships and limited liability corporations (hereafter referred to as "partnerships") to acquire and develop additional affordable housing (see Note 7). The Authority is general partner/managing member (hereafter referred to as "general partner") in 20 partnerships representing 30 housing complexes comprising 2,299 units.

Miscellaneous Local Programs - The Authority has an inventory of 14 different housing developments comprising 165 units of housing. The units are generally leased to non-profit service providers for the benefit of the economically disadvantaged, developmentally disabled, transitional, homeless and other groups who have traditionally experienced barriers in finding housing.

OTHER PROGRAMS

Housing Repair and Weatherization. - The Authority receives federal and state money to provide housing rehabilitation loans and weatherization grants to low-income homeowners and renters. The Authority has been administering these types of programs since 1975. In fiscal year 2007, the Authority assisted 630 homes with structural upgrades, air quality improvements and energy efficiencies.

Human Service Programs -- The Authority serves a wide variety of people with special needs such as the elderly, the physically and developmentally disabled, the homeless and the mentally ill. The Authority provides resident focused programs in its developments by working in partnership with nearly 20 different agencies that provide human services programs including job/education training and self-sufficiency programs. For example, Head Start classrooms operate at two sites, Boys and Girls Club programs operate at six sites, and three career/computer centers are located in the Authority's developments. Counseling, educational, recreational, nutrition and transportation services are provided by community-based organizations like the YWCA, Senior Services, and Hopelink. These contracted services are partially funded using federal grants, which the Authority receives in a competitive process for periods of one to three years.

DEVELOPMENT

HOPE VI Redevelopment Project – The Authority was awarded a $35 million HOPE VI grant in November 2001 to revitalize Park Lake Homes public housing development in the unincorporated King County neighborhood of White Center. The project, named Greenbridge to symbolize the vision and character of the new community, will provide quality housing and homeownership opportunities for a diverse mixture of residents and newcomers. This quality new housing will include a range of housing types to suit seniors, adults with disabilities, large families, low- to moderate-income renters and first-time homebuyers and comprise 180 public housing units, 120 project based Section 8 units, 148 work-force units, and 479 for-sale-lots. As of June 30, 2007, the first housing development, Seola Crossing, was fully operational having achieved End of Initial Operating Period (EIOP) status during the year. Work is underway on the second development, Nia, which is being constructed to house the senior and young disabled population. Construction on two additional housing developments, Salmon Creek and Eastbridge, is planned to begin early in fiscal year 2009.

Springwood Redevelopment – Springwood Apartments is the Authority's largest remaining public housing complex containing 324 units of public housing. The site needs significant rehabilitation. To finance the upgrades, the site has been sold to the Soosette Creek LLC. Equity contributions from the LLC, bond proceeds, and other financing vehicles will be used to fund the major remodel which is planned to begin early in fiscal year 2009. Approval for disposition of the units has been obtained from HUD. During 2008, the complex was renamed "Birch Creek". Rehabilitation is well underway with some families returning to their units.

b) BASIS OF ACCOUNTING

Accounting records are maintained according to the proprietary fund model that is similar to private business enterprises. The Authority applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. As allowed by GASB reporting standards, the Authority has elected not to apply FASB Statements and Interpretations, APB opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989.

c) ACCOUNTS ORGANIZED BY FUNDS

The accounts of the Authority are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Each fund is, with limited exceptions, an independent fund and is restricted by contract or regulation from assisting or being assisted financially by any other fund. A list of developments is provided in Appendix A. The Authority administers the Housing Authority of the City of Sedro-Woolley. Its financial statements are audited separately and are not combined with the Authority's statements.

d) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

e) COMPONENT UNITS

The Authority serves as general partner in several partnerships (see Note 7). These partnerships constitute component units of the Authority as defined by GASB Statement 14 because they are separate legal entities and subject to the Authority's will and financial accountability. As the general partner/managing member, the Authority has issued bonds and other debt instruments to finance the purchase and renovation of rental housing on behalf of the partnerships. The Authority also oversees the day-to-day operation of these properties.

For Federal tax purposes, all of the partnerships have a calendar year-end. Each partnership is audited separately. Copies of the audited statements can be obtained by contacting the Authority.

f) REVENUES AND EXPENSES

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

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

g) CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash consists of Federal Depository Insurance Corporation (FDIC) insurable deposits with original maturities of less than three months. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Investments include deposits with original maturities exceeding three months, and securities and other assets held by trustees. Most assets held by trustees are restricted for specific uses including capital additions and improvements and debt service. Restricted accounts at December 31, 2008 include the following:

	RESTRICTED		
	Cash & Cash Equivalents	Investments	Total
Capital improvements	$ 12,573,440	$ 272,076	$ 12,845,516
Debt service	$ 538,051	$ 5,292,582	$ 5,830,633
Tenant security deposits	$ 1,239,684	$ -	$ 1,239,684
Other	$ 2,886,149	$ 742,714	$ 3,628,863
	$ 17,237,324	$ 6,307,372	$ 23,544,696

h) RECEIVABLES

Receivables consist primarily of rents due from tenants, cost reimbursements due from grantors, and loans and accrued interest due from the tax credit properties. Annually, tenant receivables are analyzed and the allowance for doubtful accounts adjusted. Other receivable allowances are established for uncertain collectibles. No allowances existed at December 31 other than the allowance for tenant accounts receivable.

i) INVENTORIES

Inventory consists of supplies purchased primarily for use in maintenance of the rental units. The perpetual method is used to account for inventory. As such, purchases are recorded into the inventory account and, as items are used, the inventory account is reduced and the expense account is charged. Periodically throughout the year, physical counts are taken of all supplies on hand and the inventory records are adjusted. The weighted average method is used to value the inventory.

j) CAPITAL ASSETS

Capital assets are recorded at historical cost in the land, structures, and equipment accounts and at appraised fair market value at date of receipt if contributed. The Authority defines capital assets as tangible items with an initial individual cost of at least $5,000 if the item is equipment and $100,000 if the item is real property or a capital improvement. Capital assets are depreciated using the straight-line method with depreciation commencing in the acquisition year and ceasing in the disposal year. Capital project costs clearly associated with the acquisition, development, and construction of a real estate project, including indirect costs and interest, are capitalized as a cost of that project. As such, all costs directly associated with the Greenbridge redevelopment project have been capitalized, including $800,182 in interest for fiscal year 2008. See Note 4 for the capital asset components and balances at December 31, 2008 and fiscal year activity.

Depreciable lives for the capital asset categories follow:

Land	no depreciation
Buildings and land improvements	12-60 years
Personal property	3-10 years
Construction-in-progress	no depreciation

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

k) TAX LIABILITY

The Authority is by law exempt from all federal, state, and local taxes and assessments. Several developments make a Payment in Lieu of Taxes (PILOT) based on contracts with local jurisdictions.

l) COMPENSATED ABSENCES

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

m) INTERFUND ACCOUNTS

The Authority maintains a master paying and receiving account (King-Public Housing Fund). All cash receipts and disbursements flow through this master account, except for disbursements to landlords under the Section 8 Voucher program, which flows through a separate checking account (Section 8 Fund). Interfund payables and receivables (due to/from relationships) are created and used to account for ownership of the funds.

n) DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of interest rate swap agreements (See Note 6) is determined by dealer quote. These values represent the estimated amount the Authority would receive or pay to terminate the agreements taking into consideration current interest rates.

o) COMMITMENTS

The Authority has entered into various long-term contracts for the development of the Greenbridge and other housing projects. As of December 31, 2008, the Authority was obligated under these contracts to purchase approximately $13.23 million of goods and services.

p) CHANGE IN FISCAL YEAR END

The Authority has changed its fiscal year end from June 30 to December 31. As a result, fiscal year 2008 reflects an 18 month period. The change in fiscal year end was initiated in order for the Authority's fiscal year end to coincide with that of its component units. It should be noted that the financial information presented in the financial statements for the component units reflect a 12 month period for 2008 in contrast to the Authority's 18 months.

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

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

Insurance and Collateralization

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

Interest Rate Risk

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

Credit Risk

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

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

In addition to the above, non-federal funds and federal funds subject to the Authority's Moving To Work Agreement with HUD may be invested in the following which are allowed by the State of Washington:

1) Banker's acceptances purchased on the secondary market.
2) Commercial paper.
3) Bonds of the State of Washington or any local government of the State of Washington that have one of the three highest credit ratings of a nationally recognized rating agency.
4) General obligation bonds of a state other than the State of Washington and general obligation bonds of a local government of a state other than the State of Washington that have one of the three highest credit ratings of a nationally recognized rating agency.
5) Utility revenues bonds or warrants of any city of town in the State of Washington.
6) Bonds or warrants of a local improvement district that is within the protection of the local improvement guaranty fund law.

Concentration of Credit Risk
The Authority diversifies its investments by security type and institution. The investment policy states: "With the exception of U.S. Treasury securities, investment agreements for trustee held funds, and authorized pools, no more than 15% of the Authority's total investment portfolio will be invested in a single security type or with a single financial institution. There is no custodial credit risk for cash and investments.

Other Information:
The Authority has established arrangements with the Bank of America for safekeeping of investments.

Valuation and Classification

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

Cash equivalents include an investment in a Local Government Investment Pool (the Pool). The Pool is not registered with the Securities and Exchange Commission (SEC), but adheres to SEC Rule 2(a)(7) of the Investment Company Act of 1940 that requires portfolio diversification, divestiture considerations and action if the market value of the portfolio deviates more than .5 percent from the amortized costs. Government pools that adhere to the SEC rule can report their investments at amortized costs if the remaining maturities of the debt securities are 90 days or less. As of December 31, 2008, the pool had an average days-to-maturity of 63 days and therefore is reported at cost. Government securities are reported at fair value.

A summary of cash and investments at December 31, 2008 follows.

	UNRESTRICTED	RESTRICTED	TOTAL
CASH and CASH EQUIVALENTS:			
Cash on hand	$ 8,177	$ -	$ 8,177
Depository accounts	77,850,297	1,239,684	79,089,981
Washington State Investment Pool	8,397,408	1,855,404	10,252,813
Westdeutsche Landesbank Collateralized Repurchase Agreement, 5.27%	5,031,713	-	5,031,713
U.S. Treasury money market	828,060	10,441,867	11,269,928
Other money market	-	3,700,368	3,700,368
TOTAL CASH AND CASH EQUIVALENTS	$ 92,115,656	$ 17,237,324	$ 109,352,979
INVESTMENTS:			
Certificates of deposit, 3.25% to 5.06%, 11/9/2007 to 5/1/2017, 2.8 years weighted average maturity.	$ -	$ 795,725	$ 795,725
U.S. Treasury money market	-	114,770	114,770
Repurchase agreement	-	377,497	377,497
Private Debt Obligations:			
Westdeutshe Landesbank Gironzentrale, 5.42%, 7/1/2028	-	2,269,308	2,269,308
Bank of America 6.1% 7/1/2028	-	1,022,033	1,022,033
GNMA passthrough certificate, 6.25%, 9/15/2012	-	1,728,041	1,728,041
TOTAL INVESTMENTS	-	6,307,372	6,307,372
TOTAL	$ 92,115,656	$ 23,544,696	$ 115,660,352

NOTE 3 –NOTE AND FINANCING LEASE RECEIVABLES

The notes and financing leases held by the Authority are primarily the result of the Authority's transactions with the tax credit partnerships. At December 31, 2008, all of the financing leases and developer fee notes, and $167.2 million of the other notes were receivable from tax credit partnerships. The notes are received for fees earned by the Authority from developing the rental properties and for funds advanced to the partnerships to purchase and rehabilitate the properties. The notes earn interest at varying rates up 8.5% per annum. The Authority acquires financing leases when it purchases or develops rental properties then transfers substantially all of the risks and benefits of ownership to the partnerships under financing lease. See Note 7 - Tax Credit Partnerships, for further discussion of the Authority's financial relationship with the partnerships.

A summary of the notes and direct financing leases receivable at December 31, 2008 follows.

	Beginning Balance	Additions	Payments	Ending Balance	*Current Portion*
Notes					
Tax credit properties:					
Developer fee notes	$ 11,201,394	$ 2,200,000	$ (3,407,909)	$ 9,993,485	*$ 1,520,161*
Other notes	79,503,449	91,186,538	(2,289,151)	168,400,836	*32,443,489*
Total Notes	90,704,843	93,386,538	(5,697,059)	178,394,321	*33,963,650*
Financing Leases, net	102,286,950	34,915,122	(25,295,861)	111,906,211	*28,764,387*
NOTES & FINANCING LEASES RECEIVABLE	$ 192,991,793	$ 128,301,660	$ (30,992,921)	$ 290,300,532	*$ 62,728,037*

The sale of the Springwood Apartments to Soossette Creek LLC under a Low Income Housing Tax Credit transaction resulted in the $2.2 million addition to the developer fee notes, a $45.7 million addition to the other notes receivable and a $22.2 million net addition to the financing lease receivables. A net addition to other notes receivable of $31.8 million resulted from notes related to the Egis Limited Partnership and the redevelopment of the Egis property. Construction related to the Greenbridge/NIA project resulted in a $12.7 million addition to financing leases and a $6.5 million addition to other notes receivable. In addition, a lease payment of $22.8 million was made on the Seola lease. See Note 7 for further information on the tax credit properties.

The maturity schedule for notes receivable follows.

FISCAL YEAR	*PRINCIPAL*	*INTEREST ***	*TOTAL*
2009	$ 33,963,650	$ 3,829,561	$ 37,793,211
2010	24,681,113	3,768,658	28,449,771
2011	2,617,945	5,359,353	7,977,297
2012	4,206,731	3,517,862	7,724,593
2013	5,720,292	3,539,585	9,259,877
2014-2018	19,516,547	15,434,997	34,951,544
2019-2023	13,039,475	11,873,178	24,912,653
2024-2028	9,079,048	9,407,917	18,486,965
2029-2033	9,859,830	7,892,396	17,752,226
2034-2038	21,672,080	5,743,328	27,415,408
2039-2043	14,469,530	4,022,169	18,491,699
2044-2048	5,284,839	233,203	5,518,042
2049-2053	2,469,805	56,484	2,526,289
2054-2058	4,049,900	492,338	4,542,238
2059-2063	7,925,000	-	7,925,000
TOTAL	178,555,786	75,171,029	253,726,814
Unamortized original issue discount	(161,466)		(161,466)
NOTE RECEIVABLE BALANCE	$ 178,394,321	$ 75,171,029	$ 253,565,348

** On amortizing notes.

The maturity schedule for financing leases receivable follows:

FISCAL YEAR	*PRINCIPAL*	*INTEREST ***	*TOTAL*
2009	$ 28,764,387	$ 4,963,127	$ 33,727,514
2010	23,032,784	2,225,572	25,258,356
2011	909,838	2,177,054	3,086,892
2012	952,045	2,124,912	3,076,957
2013	1,019,414	2,068,647	3,088,061
2014-2018	6,048,028	9,372,656	15,420,684
2019-2023	9,537,255	6,953,345	16,490,600
2024-2028	26,271,407	4,231,234	30,502,641
2029-2033	6,678,099	1,174,493	7,852,592
2034-2038	1,172,633	452,928	1,625,561
2039-2043	906,003	129,557	1,035,560
2044-2048	6,626,755	32,964	6,659,719
2049-2053	254,235	21,608	275,842
Total lease payments	112,172,883	35,928,097	148,100,980
Unamortized original issue discount	(266,672)		(266,672)
FINANCING LEASE RECEIVABLE	$ 111,906,211	$ 35,928,097	$ 147,834,308

** Unearned interest.

NOTE 4 – CAPITAL ASSETS

The components and fiscal year activity of land, structures and equipment follow.

	Beginning Balances	Additions	Disposals / Adjustments	Transfers In (Out)	Ending Balances
NONDEPRECIABLE:					
Land	$ 45,508,201	$ 9,593,925	$ (1,284,384)	$ -	$ 53,817,742
Construction-in-progress:					
Greenbridge Project	43,959,382	44,233,172	(30,055,678)	-	58,136,876
Other	3,216,745	5,945,982	(4,146,901)	(1,354,831)	3,660,995
Total Nondepreciable	92,684,328	59,773,079	(35,486,963)	(1,354,831)	115,615,613
DEPRECIABLE:					
Land improvements	22,046,593	-	(1,175,601)	-	20,870,992
Buildings	205,259,631	3,408,319	(9,479,386)	1,328,832	200,517,396
Equipment	3,089,734	373,936	(147,089)	25,999	3,342,580
Total Depreciable	230,395,958	3,782,255	(10,802,076)	1,354,831	224,730,968
TOTAL CAPITAL ASSETS:	323,080,286	63,555,334	(46,289,039)	-	340,346,581
Accumulated depreciation	(101,114,228)	(9,985,891)	7,569,848	-	(103,530,271)
NET CAPITAL ASSETS	$ 221,966,058	$ 53,569,443	$ (38,719,191)	$ -	$ 236,816,310

Capital asset activity resulted primarily from transactions associated with the Greenbridge redevelopment project, the purchase of Wonderland Estates and Pacific Court Apartments, and the sale of Springwood Apartments to Soosette Creek LLC.

Of the $53.5 million of additions to the capital assets, approximately $44 million was attributable to the Greenbridge project construction in process. Other major additions to capital assets were primarily the purchase of Wonderland Estates for $8.4 million and Pacific Court Apartments for $3.5 million.

The $38.7 million net capital asset disposal represents 1) $30.5 million of net capital assets sold under financing leases with $20.5 million pertaining to net assets sold to the Nia LLC and $6.5 million pertaining to net assets sold to the Seola LLC and 2) a $3.5 million net capital asset disposal associated with the former Springwood Apartments public housing development sold to Soosette Creek LLC.

NOTE 5 - LONG TERM DEBT OBLIGATIONS

The Authority has issued various forms of debt for the purpose of acquiring and rehabilitating projects located throughout King County. The debt is secured by revenue pledges and deeds of trust on property and equipment. Compliance with all indentures has been met. During the year, revenue bonds were issued to help finance the rehabilitation of Soosette Creek and construction of Greenbridge-Salmon Creek and Greenbridge-Eastbridge Apts. Credit lines totaling $8.2 million were used as interim financing for Soosette Creek. The components of outstanding debt at December 31, 2008 and the fiscal year activity are stated below.

	Beginning Balance	Additions	Reclass	Retirements/ Payments	Ending Balance	*Current Portion*
Revenue bonds	$ 99,185,204	$ 79,420,000	$ (4,250,000)	$ (4,568,726)	$ 169,786,477	*$ 30,418,655*
Demand bonds	87,225,000	-	4,250,000	(1,475,000)	90,000,000	*1,033,906*
Mortgage notes	5,209,803	-	-	(810,339)	4,399,463	*517,605*
Financing lease	3,656,297	-	-	(1,151,231)	2,505,066	*234,418*
Lines of credit	42,313,750	20,352,212	-	(10,023,578)	52,642,384	*20,727,541*
Notes	18,567,702	250,000	-	(10,750,596)	8,067,106	*8,054*
	$ 256,157,756	$ 100,022,212	$ -	$ (28,779,471)	$ 327,400,497	*$ 52,940,181*

Details of each issuance of long-term obligations follow:

	Fiscal Year Issued	Amount Issued	Interest Rates	Fiscal Year Maturity	Amount Outstanding	Current Portion
Revenue Bonds:						
Tax Credit:						
Somerset	2000	$ 3,605,000	5.00%	2010	$ 3,605,000	$ 3,605,000
Cascadian	1995	8,385,000	4.00-6.50%	2025	6,259,150	225,000
Fairwood	1996	5,260,000	3.80-5.60%	2026	3,958,664	140,000
Woodridge Park	1995	4,860,000	4.50-6.35%	2026	3,655,720	130,000
Rural Housing	1998	2,230,000	4.50-5.75%	2028	1,812,009	50,000
Laurelwood	1998	2,500,000	4.40-6.00%	2028	1,989,464	60,000
Windsor Heights	1999	10,650,000	4.00-5.40%	2029	8,590,548	250,000
Heritage Park	1999	4,950,000	4.15-5.60%	2030	4,090,015	110,000
Somerset (Kv)	2000	2,535,000	4.80-6.80%	2031	2,199,355	50,000
Alpine Ridge	2000	2,875,000	4.25-6.40%	2031	2,440,423	60,000
Colonial Gardens	1999	4,950,000	3.75-6.20%	2031	4,200,000	110,000
Southwood Square	2002	5,000,000	3.25-6.20%	2032	4,366,514	95,000
Somerset	2002	3,895,000	2.25-6.00%	2033	3,510,000	75,000
Eastwood Square	2002	4,000,000	5.35-5.45%	2041	3,770,000	45,000
Seola Crossing 1	2006	1,650,000	6.38%	2047	1,645,075	6,157
Seola Crossing 2	2006	5,050,000	6.38%	2047	5,034,925	18,843
Greenbridge - Nia	2007	3,000,000	5.41-5.87%	2037	3,000,000	-
Egis	2008	8,000,000	4.00%	2027	8,000,000	670,000
Egis	2008	22,550,000	1.60%	2009	22,550,000	22,550,000
Soosette Creek	2008	37,500,000	0.00-0.65%	2058	37,500,000	655,000
Total tax credit		$ 143,445,000			$ 132,176,862	$ 28,905,000
Other:						
Condos	1992	$ 325,000	5.25-7.35%	2010	$ 60,000	$ 30,000
Meadows	2006	1,570,989	4.61%	2010	1,393,666	63,971
Northlake House	1980	1,170,000	8.00%	2012	205,409	97,713
Spiritwood / Newport	1993	5,705,000	3.50-6.50%	2013	1,755,000	400,000
Central Office Building	2001	2,000,000	4.35-5.32%	2016	1,151,790	136,971
1998 Pool	1999	32,955,000	4.35-5.49%	2029	25,923,750	785,000
Greenbridge - Eastbridge Apts.	2008	7,120,000	5.65%	2029	7,120,000	-
Total other		$ 50,845,989			$ 37,609,615	$ 1,513,655
Total revenue bonds		$ 194,290,989			$ 169,786,477	$ 30,418,655
Demand Bonds:						
Tax Credit:						
Overlake	2001	$ 23,725,000	1.10-2.61%	2043	$ 23,625,000	$ 65,000
Total tax credit		$ 23,725,000			$ 23,625,000	$ 65,000
Other:						
2005 Pool	2005	$ 46,290,000	2.56%	2035	$ 43,775,000	$ 868,906
Greenbridge - Salmon Creek Redevelopme	2008	4,250,000	1.10-2.61%	2048	4,250,000	-
Landmark	2003	18,500,000	1.00-2.56%	2043	18,350,000	100,000
Total other		$ 69,040,000			$ 66,375,000	$ 968,906
Total demand bonds		$ 92,765,000			$ 90,000,000	$ 1,033,906
Mortgage Notes:						
Tax Credit:						
Rural Housing	1998	$ 1,350,949	7.25%	2033	$ 1,199,066	$ 20,963
Total tax credit		$ 1,350,949			$ 1,199,066	$ 20,963
Other:						
Spiritwood	1993	918,829	3.00%	2009	17,503	17,503
Parkway	1995	446,523	8.50%	2010	54,093	50,583
Newport - 2	1993	707,400	6.50%	2012	205,992	51,415
Spiritwood - 2	1993	5,000,200	6.50%	2012	1,456,010	363,421
Parkway - 2	1995	1,568,000	9.25%	2035	1,466,800	13,721
Total other		$ 8,640,952			$ 3,200,397	$ 496,642
Total mortgage notes		$ 9,991,901			$ 4,399,463	$ 517,605

Details of each issuance of long-term obligations – continued.

	Fiscal Year Issued	Amount Issued	Interest Rates	Fiscal Year Maturity	Amount Outstanding	Current Portion
Financing Lease:						
Other:						
ESCO	2005	3,900,000	3.90%	2018	2,505,066	234,418
Total financing leases		$ 3,900,000			$ 2,505,066	$ 234,418
Lines of Credit:						
Tax Credit:						
Egis	2007	$ 8,300,000	4.90-5.51%	2009	$ 8,300,000	$ 8,300,000
Soosette Creek	2008	6,870,609	1.25%	2010	6,870,609	-
Soosette Creek	2008	1,367,422	1.86%	2010	1,367,422	-
Total tax credit		$ 16,538,032			$ 16,538,032	$ 8,300,000
Other:						
Meadows	2006	$ 1,447,845	4.35-1.26%	2008	$ 1,447,845	$ -
Enumclaw	2005	294,984	4.35-1.26%	2008	294,984	-
Greenbridge - LOC	2006	13,930,000	5.41%	2010	13,930,000	-
Pacific Court	2008	3,437,700	0.00%	2018	3,437,700	3,437,700
Wonderland Estates	2008	10,000,000	2.00%	2009	8,676,480	8,676,480
Greenbridge - Nia	2007	3,814,976	5.41-5.87%	2010	6,429,648	-
Burien Park / Northwood	2007	3,688,549	4.41%	2014	1,887,696	313,361
Total other		$ 36,614,053			$ 36,104,352	$ 12,427,541
Total lines of credit		$ 53,152,085			$ 52,642,384	$ 20,727,541
Notes Payable:						
Tax Credit:						
Somerset - Bellevue	2000	$ 700,000	1.00%	2030	$ 700,000	$ -
Somerset	2001	400,000	1.00%	2032	375,411	3,182
Eastwood Square	2002	600,000	6.95%	2041	573,695	4,872
Overlake - 2, 3	2002	1,456,000	3.42%	2042	750,000	-
Greenbridge - Nia	2008	328,000	0.00%	2022	328,000	-
Seola Crossing Ii	2008	250,000	6.38%	2058	250,000	-
Overlake - 4	2001	1,500,000	1.00%	2050	1,500,000	-
Overlake - 5	2001	500,000	1.00%	2050	500,000	-
Southwood Square	2002	380,000	1.00%	2053	380,000	-
Total tax credit		$ 6,114,000			$ 5,357,106	$ 8,054
Other:						
Enumclaw	2007	1,010,000	0.00-1.26%	2057	1,010,000	-
Enumclaw	2007	132,336	0.00-1.26%	2046	132,336	-
Enumclaw	2007	467,664	1.00%	2046	467,664	-
Housing Choice Vouchers	2004	625,000	4.75%	2014	-	-
Hidden Village - Bellevue	1993	200,000	5.00%	2042	200,000	-
Spiritwood - Bellevue	1993	400,000	5.00%	2042	400,000	-
Hidden Village - State	1993	292,157	5.00%	2044	292,157	-
Spiritwood - State	1993	207,843	5.00%	2043	207,843	-
Greenbridge - HTF	2007	350,178	1.00%	2058	-	-
Total other		$ 3,685,178			$ 2,710,000	$ -
Total notes payable		$ 9,799,178			$ 8,067,106	$ 8,054
TOTAL LONG-TERM OBLIGATIONS		$ 363,899,153			$ 327,400,497	$ 52,940,181

The schedule of debt service payments follows:

Debt Service - Total	Revenue Bonds	Demand Bonds	Mortgage Notes	Financing Lease	Lines of Credit	Notes	Total
2009	$ 38,118,538	$ 3,681,650	$ 837,389	$ 329,462	$ 21,705,824	$ 64,183	$ 64,737,045
2010	12,737,552	2,284,623	771,433	327,945	32,812,045	64,221	48,997,818
2011	13,899,860	2,339,623	766,594	327,945	-	75,413	17,409,435
2012	12,368,873	2,344,623	750,772	327,945	-	113,930	15,906,143
2013	11,839,727	2,354,623	255,942	327,945	-	113,930	14,892,167
2014 - 2018	60,095,095	11,923,113	1,279,712	1,354,118	-	766,828	75,418,865
2019 - 2023	51,768,878	13,188,113	1,279,712	-	-	1,210,976	67,447,678
2024 - 2028	45,739,861	13,938,113	1,261,532	-	-	998,645	61,938,150
2029 - 2033	20,156,335	14,958,113	1,099,755	-	-	1,214,280	37,428,483
2034 - 2038	13,093,751	55,877,286	297,655	-	-	835,592	70,104,285
2039 - 2043	3,318,784	34,914,913	-	-	-	1,533,156	39,766,852
2044 - 2048	1,565,737	1,005,000	-	-	-	354,991	2,925,728
2049 - 2053	-	-	-	-	-	2,240,098	2,240,098
2054 - 2059	-	-	-	-	-	1,315,960	1,315,960
	284,702,992	158,809,789	8,600,496	2,995,361	54,517,868	10,902,201	520,528,708
Unamoritzed:							
Original issue discoun	(476,988)	-	-	-	-	-	(476,988)
Deferred defeasance	(1,002,399)	-	-	-	-	-	(1,002,399)
Total	$ 283,223,604	$ 158,809,789	$ 8,600,496	$ 2,995,361	$ 54,517,868	$ 10,902,201	$ 519,049,320

The schedule of principal payments follows:

Debt Service - Principal	Revenue Bonds	Demand Bonds	Mortgage Notes	Financing Lease	Lines of Credit	Notes	Total
2009	$ 30,418,655	$ 1,033,906	$ 517,605	$ 234,418	$ 20,727,541	$ 8,054	$ 52,940,181
2010	5,152,104	75,000	483,631	242,149	31,914,843	8,425	37,876,151
2011	4,896,933	130,000	512,897	251,762	-	8,819	5,800,411
2012	5,240,504	135,000	376,322	261,758	-	25,701	6,039,285
2013	5,084,215	145,000	47,723	272,150	-	19,026	5,568,114
2014 - 2018	30,103,454	875,000	305,920	1,242,829	-	261,959	32,789,162
2019 - 2023	29,955,000	2,140,000	458,715	-	-	750,290	33,304,006
2024 - 2028	32,145,000	2,890,000	670,655	-	-	535,401	36,241,055
2029 - 2033	14,275,000	3,910,000	830,324	-	-	754,982	19,770,306
2034 - 2038	10,120,000	48,191,094	195,671	-	-	565,627	59,072,391
2039 - 2043	2,480,000	29,470,000	-	-	-	1,403,010	33,353,010
2044 - 2048	1,395,000	1,005,000	-	-	-	287,869	2,687,869
2049 - 2053	-	-	-	-	-	2,177,943	2,177,943
2054 - 2059	-	-	-	-	-	1,260,000	1,260,000
	171,265,865	90,000,000	4,399,463	2,505,066	52,642,384	8,067,106	328,879,885
Unamortized:							
Original issue discoun	(476,988)	-	-	-	-	-	(476,988)
Deferred defeasance	(1,002,399)	-	-	-	-	-	(1,002,399)
Total	$ 169,786,477	$ 90,000,000	$ 4,399,463	$ 2,505,066	$ 52,642,384	$ 8,067,106	$ 327,400,497

The schedule of interest payments follows:

Debt Service - Interest	Revenue Bonds	Demand Bonds	Mortgage Notes	Financing Lease	Lines of Credit	Notes	Total
2009	$ 7,699,883	$ 2,647,744	$ 319,784	$ 95,043	$ 978,282	$ 56,129	$ 11,796,864
2010	7,585,448	2,209,623	287,802	85,797	897,202	55,796	11,121,667
2011	9,002,928	2,209,623	253,697	76,183	-	66,594	11,609,024
2012	7,128,369	2,209,623	374,450	66,188	-	88,228	9,866,857
2013	6,755,512	2,209,623	208,219	55,795	-	94,904	9,324,053
2014 - 2018	29,991,641	11,048,113	973,792	111,289	-	504,869	42,629,703
2019 - 2023	21,813,878	11,048,113	820,996	-	-	460,685	34,143,672
2024 - 2028	13,594,861	11,048,113	590,877	-	-	463,245	25,697,095
2029 - 2033	5,881,335	11,048,113	269,432	-	-	459,298	17,658,177
2034 - 2038	2,973,751	7,686,193	101,985	-	-	269,965	11,031,894
2039 - 2043	838,784	5,444,913	-	-	-	130,146	6,413,842
2044 - 2048	170,737	-	-	-	-	67,121	237,858
2049 - 2053	-	-	-	-	-	62,155	62,155
2054 - 2059	-	-	-	-	-	55,960	55,960
Total	$ 113,437,127	$ 68,809,789	$ 4,201,033	$ 490,295	$ 1,875,484	$ 2,835,095	$ 191,648,823

NOTE 6-DEMAND BONDS

The Authority had $85.66 million in outstanding variable rate demand bonds on two separate projects and one 8-project bond pool. The Landmark Apartments (Landmark) project had $18.275 million, the Village at Overlake Station (Overlake) had $23.610 million, and the 2005 bond pool (comprised of the Carriage House, Cottonwood, Newporter, Timberwood, Cove East, Woodside East, Aspen Ridge and Bellepark East projects) had $43.775 million outstanding, respectively, at December 31, 2008. The bonds for each have the following common characteristics:

- Credit enhancements have been obtained for each of the bond issuances. For Overlake and Landmark, the credit enhancement is in the form of a Letter of Credit (LOC) and is equal to the outstanding bond balance plus one interest payment, priced at .20% and .40% of the facility, respectively. For the 2005 Pool, the credit enhancement is in the form of a direct pay credit enhancement agreement issued by the Federal Home Loan Mortgage Corporation priced at .30% of the facility.
- The credit enhancements are intended to not only provide security to bondholders, but also to pay periodic interest payments for which the Authority regularly reimburses the credit enhancement providers.
- The Banc of America Securities LLC acts as remarketing agent, reselling at market rates any bonds sold by bondholders. It has committed to repurchasing bonds for its own portfolio if the bonds cannot be resold on the open market.
- Interest rates are recalculated weekly, based on the rate at which bonds can be remarketed.
- The bonds are subject to an annual remarketing fee of .05% of the outstanding amount of the bonds or $5,000 whichever is greater.
- Underlying source of repayment for the bonds is the revenues produced by the respective properties.
- In conjunction with the sale of these bonds, the Authority entered into interest rate swap agreements as a cash flow hedge to reduce the volatility related to variable rate interest debt.
- Bonds are convertible to fixed rate at the Authority's option.

The Landmark bonds mature in 2042. At December 31, 2008 the variable interest rate on the bonds was 1.20%. The Letter of Credit is renewable automatically in one-year increments until 2009 and supports the variable rate bonds only. In 2009 the Authority will either convert all existing bonds to fixed or refinance the project. Under the swap contract terms, the Authority pays a fixed rate of 3.88% and receives a variable rate equal to 67% of the 1 Month USD-LIBOR-BBA on the declining notional amount. As of December 31, 2008, the notional amount was $18,275,000 and the fair market value of the swap contract was ($327,654).

The Overlake bonds mature in 2040. At December 31, 2008 the variable rates on the bonds was 1.20%. The Letter of Credit will expire in 2010 and supports the variable rate bonds only. In 2010 the Authority will either convert all existing variable rate bonds to fixed bonds or refinance the project. Under the swap contract terms, the Authority pays a fixed rate of 4.11% and receives a variable rate equal to 70% of the 1 Month USD-LIBOR-BBA on the declining notional amount. As of December 31, 2008, the notional amount was $22,925,000 and the fair market value of the swap contract was ($2,467,074).

The 2005 bond pool bonds mature in 2035. At December 31, 2008 the variable rate on the bonds was 1.20%. The credit enhancement agreement is for a fixed term of 15 years and, upon maturity of the credit facility, the Authority will either refinance the bond issue or obtain another credit enhancement. The Authority has entered into three swap contracts with respect to the bonds. Under the swap contract terms, the Authority pays a fixed rate of 3.87%; 3.459%; and 3.609% and receives a variable rate equal to the weekly weighted average of SIFMA resets for the respective period on the applicable notional amounts. As of June 30, 2007, the notional amounts were $23,725,000, $10,415,162, and $9,489,000 respectively and the aggregate fair market value of the swaps was ($4,337,520).

NOTE 7 -TAX CREDIT PROPERTIES

Low Income Housing Tax Credit (LIHTC)

The tax credit program is the result of Federal legislation, which allows investors certain tax incentives for investing in low-income housing. Investors also are allowed to deduct any losses passed through to them from the partnerships. Under terms of the tax code, the buildings must continue to serve the targeted population for 15 years. The Authority has the option to purchase them at the expiration of this compliance period.

The Authority currently is a general partner in the following tax credit partnerships: Cascadian (Bellevue), Woodridge (Riverton), Fairwood (Renton), Laurelwood (Federal Way), the Rural Preservation projects (Enumclaw and North Bend), Windsor Heights (Sea Tac), Heritage Park (Bothell), Colonial Gardens (Shoreline), Alpine Ridge (Bothell), Somerset Gardens (Bellevue), Overlake Station (Redmond), Southwood Square (Kent), Arbor Heights (White Center), Harrison House (Kent) and Green River (aka Valley Park) (Auburn), Seola Crossing (White Center), Egis (scattered sites), and Soosette Creek (Kent).

Typically, at the time of closing, the Authority will earn a developer's fee for its role in bringing the project to fruition. Developer fees are paid primarily from available cash flows and development proceeds. Under the various partnership agreements, any outstanding developer fees are generally required to be paid within 10 to 15 years of the project's placed-in-service date and may accrue interest on unpaid balances. Certain tax credit projects also incur a management fee and sometimes a construction management fee owed to the general partner. These incurred fees and interest are reflected in the Authority's operating income and totaled $2,200,000 in fiscal year 2008.

The Cascadian, Woodridge Park and Fairwood Limited Partnerships were financed as a direct sale of property to the partnerships. The Authority borrowed the funds to purchase the projects, lent the funds to the partnerships that then purchased the buildings. The Authority carries the related debt on its books, offset by notes receivable from the partnerships. The partnerships make all payments on the bonds and other acquisition debt although the Authority remains contingently liable for them. Both the debt interest expense and an offsetting amount of interest income are reflected on the Authority's books and totaled $3,407,909 for the fiscal year.

The financing for the remaining tax credit partnerships was structured as direct financing leases from the Authority to the partnerships. Upon issuance of the bonds, the Authority purchases the projects. The Authority retains ownership of the buildings, and leases them to the partnerships under terms of a long term financing lease, which is treated as a sale for tax purposes. Payments from the partnerships are sufficient to pay the outstanding bonds, but the Authority remains contingently liable for their payment. The debt interest expense and an offsetting amount of interest income are reflected on the Authority's books and total $3,741,905 for the fiscal year.

Although the bonds are the primary source of funds for the purchase of the developments, other funding is usually required. Lines of credit, both taxable and non-taxable, are secured by the Authority to pay some of the acquisition costs and most of the rehabilitation costs. These lines are retired primarily using proceeds from the sale of Low Income Housing Tax Credits to the limited partners usually within two to three years of the partnership's inception. The Authority also may receive grant funds or other loans to assist in purchasing the properties and in preserving affordability within the projects. Because of limitations posed by the Internal Revenue Service, all such funds are lent to the partnerships. These advances are accounted for as part of the financing lease if the proceeds are used for purchasing the property and are accounted for as notes receivable from the partnerships if the proceeds are used for rehabilitating the property. A summary of the Authority's long-term debt is reflected in Note 5. A summary of notes receivable and investments in direct financing leases with the partnerships is reflected in Note 3.

In February 2008 and August 2008, limited liability corporations, Salmon Creek LLC and Eastbridge Apartments LLC were formed respectively to receive the second Greenbridge housing development upon its completion. No transactions occurred between the Authority and either the Salmon Creek LLC or Eastbridge Apartments LLC in fiscal year 2008.

In April 2008, the Springwood Apartments were sold to the Soosette Creek LLC through a Low Income Housing Tax Credit transaction. A summary of the transaction follows:

	Gain On Sale	Financing Lease Receivable
Springwood sale proceeds / financing lease	$ 24,675,000	$ 24,675,000
Net book value of Springwood assets sold	(3,552,352)	-
	$ 21,122,648	$ 24,675,000

In addition, the Authority earned a $863,625 developer fee from the Soosette Creek transaction and received a developer fee note receivable as consideration.

Summarized partnership information for the year ended December 31, 2008 is as follows:

Partnership Name	Alpine Ridge	Cascadian	Colonial Gardens	Cones	Egis	Fairwood
Fiscal Year Acquired / Sold	1999	1994	1999	2003	2007	1995
ASSETS, LIABILITIES AND NET ASSETS:						
ASSETS						
Cash and investments	$ 600,068	$ 2,107,469	$ 874,760	$ 588,764	$ 12,445,982	$ 889,321
Receivables and other	68,275	154,843	101,153	14,514	1,148,005	114,309
Capital assets, net	3,246,078	8,031,370	5,648,486	9,624,536	69,230,270	5,237,224
Total Assets	$ 3,914,421	$ 10,293,682	$ 6,624,399	$ 10,227,814	$ 82,824,257	$ 6,240,854
LIABILITIES						
Current liabilities	$ 214,468	$ 782,799	$ 350,800	$ 194,766	$ 1,837,203	$ 354,662
Long-term liabilities	2,857,392	6,329,983	4,634,739	5,385,195	71,781,618	4,252,995
NET ASSETS	842,561	3,180,900	1,638,860	4,647,853	9,205,436	1,633,197
Total Liabilities & Net Assets	$ 3,914,421	$ 10,293,682	$ 6,624,399	$ 10,227,814	$ 82,824,257	$ 6,240,854
REVENUE, EXPENSES AND CHANGE IN NET ASSETS:						
OPERATING REVENUES	$ 496,539	$ 2,119,394	$ 828,828	$ 828,797	$ 1,907,472	$ 1,435,131
OPERATING EXPENSES						
Administrative	28,549	355,317	118,230	196,144	787,231	270,911
Operating and maintenance	218,086	651,846	307,640	266,077	986,035	700,390
Depreciation	126,600	233,110	200,418	300,545	1,187,160	167,740
Total Operating Expense	373,235	1,240,273	626,288	762,766	2,960,426	1,139,041
Total Operating Income	123,304	879,121	202,540	66,031	(1,052,954)	296,090
NONOPERATING REVENUES (EXPENSES)						
Grant Revenue	-	-	-	-	-	-
Investment income	23,170	75,585	21,496	10,757	612,976	35,445
Interest expense	(159,270)	(478,258)	(260,251)	(183,831)	(1,862,116)	(275,392)
Gain (loss) on disposal of assets	-	(6,674)	-	-	-	-
Total nonoperating revenues (expenses)	(136,100)	(409,347)	(238,755)	(173,074)	(1,249,140)	(239,947)
Total Net Income (Loss)	(12,796)	469,774	(36,215)	(107,043)	(2,302,094)	56,143
Contributions (distributions)	-	-	-	(5,464)	11,279,288	-
CHANGE IN NET ASSETS	(12,796)	469,774	(36,215)	(112,507)	8,977,194	56,143
Beginning Net Assets	855,357	2,711,126	1,675,075	4,760,360	228,242	1,577,054
Total Ending Net Assets	$ 842,561	$ 3,180,900	$ 1,638,860	$ 4,647,853	$ 9,205,436	$ 1,633,197

Continued - Summarized partnership information for the year ended December 31, 2008:

Partnership Name	Green River Homes	Greenbridge Foundation	Harrison House Apts.	Heritage Park	Kona Village
Fiscal Year Acquired / Sold	2004	2007	2004	1999	1999
ASSETS, LIABILITIES AND NET ASSETS:					
ASSETS					
Cash and investments	$ 403,124	$ 719,543	$ 500,514	$ 875,215	$ 1,478,854
Receivables and other	86,051	243,842	123,818	128,408	180,757
Capital assets, net	8,285,576	9,793,161	7,860,301	5,942,714	15,067,765
Total Assets	$ 8,774,751	$10,756,546	$ 8,484,633	$ 6,946,337	$16,727,376
LIABILITIES					
Current liabilities	$ 163,557	$ 226,522	$ 184,604	$ 260,761	$ 503,902
Long-term liabilities	4,717,608	10,742,251	5,912,069	4,790,155	12,648,776
NET ASSETS	3,893,586	(212,227)	2,387,960	1,895,421	3,574,698
Total Liabilities & Net Assets	$ 8,774,751	$10,756,546	$ 8,484,633	$ 6,946,337	$16,727,376
REVENUE, EXPENSES AND CHANGE IN NET ASSETS:					
OPERATING REVENUES	$ 567,203	$ 259,920	$ 589,301	$ 806,113	$ 1,721,359
OPERATING EXPENSES					
Administrative	188,232	80,766	199,252	129,608	307,346
Operating and maintenance	159,550	129,307	140,505	241,007	583,802
Depreciation	391,424	256,876	411,866	198,811	430,599
Total Operating Expense	739,206	466,949	751,623	569,426	1,321,747
Total Operating Income	(172,003)	(207,029)	(162,322)	236,687	399,612
NONOPERATING REVENUES (EXPENSES)					
Grant Revenue	-	130,560	-	-	-
Investment income	-	15,188	-	21,487	30,601
Interest expense	(170,292)	(111,071)	(229,644)	(230,712)	(702,146)
Gain (loss) on disposal of assets	-	-	-	-	-
Total nonoperating revenues (expenses)	(170,292)	34,677	(229,644)	(209,225)	(671,545)
Total Net Income (Loss)	(342,295)	(172,352)	(391,966)	27,462	(271,933)
Contributions (distributions)	-	-	-	-	-
CHANGE IN NET ASSETS	(342,295)	(172,352)	(391,966)	27,462	(271,933)
Beginning Net Assets	4,235,881	(39,875)	2,779,926	1,867,959	3,846,631
Total Ending Net Assets	$ 3,893,586	$ (212,227)	$ 2,387,960	$ 1,895,421	$ 3,574,698

Continued - Summarized partnership information for the year ended December 31, 2008:

Partnership Name	Laurelwood Gardens	Nia	Overlake TOD Housing	Rural Housing	Seatac
Fiscal Year Acquired / Sold	1997	2008	2000	1997	1998
ASSETS, LIABILITIES AND NET ASSETS:					
ASSETS					
Cash and investments	$ 876,224	$ 125,776	$ 1,734,680	$ 732,315	$ 2,977,072
Receivables and other	56,843	292,015	559,679	102,470	103,659
Capital assets, net	3,819,220	20,460,094	34,452,583	4,409,991	15,047,127
Total Assets	$ 4,752,287	$ 20,877,885	$ 36,746,942	$ 5,244,776	$ 18,127,858
LIABILITIES					
Current liabilities	$ 123,524	$ 868,770	$ 524,401	$ 252,951	$ 1,100,802
Long-term liabilities	3,161,164	20,662,268	29,186,586	3,774,570	11,679,484
NET ASSETS	1,467,599	(653,153)	7,035,955	1,217,255	5,347,572
Total Liabilities & Net Assets	$ 4,752,287	$ 20,877,885	$ 36,746,942	$ 5,244,776	$ 18,127,858
REVENUE, EXPENSES AND CHANGE IN NET ASSETS:					
OPERATING REVENUES	$ 824,574	$ 136,786	$ 3,190,807	$ 753,928	$ 2,444,694
OPERATING EXPENSES					
Administrative	171,473	238,538	513,060	224,841	504,251
Operating and maintenance	298,645	172,050	707,850	278,107	844,693
Depreciation	185,076	138,714	1,109,892	217,269	578,485
Total Operating Expense	655,194	549,302	2,330,802	720,217	1,927,429
Total Operating Income	169,380	(412,516)	860,005	33,711	517,265
NONOPERATING REVENUES (EXPENSES)					
Grant Revenue	-	-	-	-	-
Investment income	-	9,352	33,707	12,314	85,851
Interest expense	(156,767)	(235,489)	(1,271,286)	(142,008)	(514,901)
Gain (loss) on disposal of assets	-	-	-	-	-
Total nonoperating revenues (expenses)	(156,767)	(226,137)	(1,237,579)	(129,694)	(429,050)
Total Net Income (Loss)	12,613	(638,653)	(377,574)	(95,983)	88,215
Contributions (distributions)	-	(14,500)	-	-	-
CHANGE IN NET ASSETS	12,613	(653,153)	(377,574)	(95,983)	88,215
Beginning Net Assets	1,454,986	-	7,413,529	1,313,238	5,259,357
Total Ending Net Assets	$ 1,467,599	$ (653,153)	$ 7,035,955	$ 1,217,255	$ 5,347,572

Continued - Summarized partnership information for the year ended December 31, 2008:

Partnership Name	Seola Crossing	South-wood Square	Soosette Creek	Woodridge Park	GRAND TOTAL
Fiscal Year Acquired / Sold	2007	2001	2008	1995	
ASSETS, LIABILITIES AND NET ASSETS:					
ASSETS					
Cash and investments	$ 694,699	$ 905,503	$ 29,437,749	$ 1,051,555	$ 60,019,187
Receivables and other	536,393	106,601	575,892	100,894	4,798,421
Capital assets, net	39,048,577	7,729,042	47,095,784	4,197,832	324,227,731
Total Assets	$ 40,279,669	$ 8,741,146	$ 77,109,425	$ 5,350,281	$ 389,045,339
LIABILITIES					
Current liabilities	$ 333,080	$ 316,646	$ 4,782,305	$ 422,120	$ 13,798,643
Long-term liabilities	18,358,920	5,988,723	69,671,050	4,531,893	301,067,439
NET ASSETS	21,587,669	2,435,777	2,656,070	396,268	74,179,257
Total Liabilities & Net Assets	$ 40,279,669	$ 8,741,146	$ 77,109,425	$ 5,350,281	$ 389,045,339
REVENUE, EXPENSES AND CHANGE IN NET ASSETS:					
OPERATING REVENUES	$ 1,585,394	$ 968,321	$ 1,101,257	$ 1,503,341	$ 24,069,159
OPERATING EXPENSES					
Administrative	276,790	207,578	543,780	322,676	5,664,573
Operating and maintenance	620,915	308,726	196,700	789,960	8,601,891
Depreciation	1,302,071	209,814	348,477	228,513	8,223,460
Total Operating Expense	2,199,776	726,118	1,088,957	1,341,149	22,489,924
Total Operating Income	(614,382)	242,203	12,300	162,192	1,579,235
NONOPERATING REVENUES (EXPENSES)					
Grant Revenue	-	-	-	-	130,560
Investment income	866	37,153	969	32,057	1,058,974
Interest expense	(1,069,594)	(324,666)	(372,862)	(280,696)	(9,031,252)
Gain (loss) on disposal of assets	-	-	-	-	(6,674)
Total nonoperating revenues (expenses)	(1,068,728)	(287,513)	(371,893)	(248,639)	(7,848,392)
Total Net Income (Loss)	(1,683,110)	(45,310)	(359,593)	(86,447)	(6,269,157)
Contributions (distributions)	13,197,820	(5,628)	3,015,663	-	27,467,179
CHANGE IN NET ASSETS	11,514,710	(50,938)	2,656,070	(86,447)	21,198,022
Beginning Net Assets	10,072,959	2,486,715	-	482,715	52,981,235
Total Ending Net Assets	$ 21,587,669	$ 2,435,777	$ 2,656,070	$ 396,268	$ 74,179,257

NOTE 8 – SUPPLEMENTAL FINANCIAL INFORMATION

Following are details of selected financial statement line items.

Other Revenue:				
Portability administrative fee from other authorities	$	1,859,006		
Developer fees		9,436,030		
Other		4,648,195	$	15,943,231
Net Gain (Loss) on Disposal of Capital Assets:				
Net proceeds from property sales:				
Public housing property to Egis, LP	$	872,064		
Wiley Center to Greenbridge Foundation		548,022		
Net disposal of fixed assets and other		17,734,372	$	19,154,457
Current Receivables:				
Grants: HUD, Section 8 program	$	25,313		
Grants: HUD, other programs		456,466		
Grants: Other		697,551		
Notes and financing leases		62,728,037		
Interest: Notes and financing lease		3,899,322		
Tenants		321,965		
Other		511,853	$	68,640,507
Other Current Assets:				
Prepaid insurance and other	$	185,790		
Materials & mobile home inventory		285,665	$	471,454
Noncurrent Receivables:				
Notes and financing leases	$	227,572,494		
Noncurrent interest		4,477,261	$	232,049,755
Other Noncurrent Assets:				
Unamortized bond issuance costs	$	2,021,091		
Investment in tax credit properties and other		652,411	$	2,673,502
Other Current Liabilities:				
Accounts payable	$	2,668,193		
Interest payable		2,152,534		
Accrued compensated absences		1,559,679		
Tenant security deposits		1,143,263		
Accrued wages and benefits		902,564		
Family Self Sufficiency escrow		591,742		
Prepaid revenue and other		320,034	$	9,338,009
Other Noncurrent Liabilities:				
Contract retention	$	1,849,462		
Deferred revenue		453,488		
Noncurrent interest		235,204		
Payment in lieu of taxes and other		2,795	$	2,540,950

NOTE 9 - PENSION PLAN

Substantially all (district) 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 Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and Statement No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27.*

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 defined benefit plan with a defined contribution component.

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating 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 irrevocable 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. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement 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 benefit is two percent of the average final compensation (AFC) per year of service, capped at 60 percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months.) Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option.

A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an optional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of 2 percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire 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 three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three 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 one percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or they may retire at age 55 with 10 years of service. Plan 3 members who retire 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 three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. 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 1,190 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	71,244
Terminated Plan Members Entitled to but not yet Receiving Benefits	26,583
Active Plan Members Vested	105,447
Active Plan Members Non-vested	52,575
TOTAL	**255,849**

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 six percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. 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. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. 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 December 31, 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 0.16%.
** The employer rate for state elected officials is 12.39% for Plan 1 and 8.31% for Plan 2 and Plan 3.
*** Plan 3 defined benefit portion only.
**** The employee rate for state elected officials is 7.50% for Plan 1 and 5.45% for Plan 2.
***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Please contact the Department of Retirement for participating and current rate information.

Both (authority) and the employees made the required contributions. The (authority's) required contributions for the years ended December 31 were as follows:

	PERS Plan 1	***PERS Plan 2***	***PERS Plan 2***
2008	$ 66,324	$662,006	$109,401
2007	$65,139	$728,697	$92,655
2006	$37,119	$361,419	$46,174

NOTE 10 - CONDUIT DEBT OBLIGATIONS

The Authority has issued debt instruments for the purpose of providing capital financing for specific non-governmental corporations that are not part of the Authority's financial reporting entity. In general, the Authority issues such conduit debt, but the Authority is not responsible for the payment of the original debt. That debt is secured solely by payments received by the Authority from the various non-governmental corporations, and by the Deeds of Trust to the underlying properties. Owners of the debt have no recourse to any other revenues of the Authority.

Non-governmental Corporation	Project Description	Date of Issue	Dec 31 Balance
Baptist Rest Home Association	Refinancing of an existing 82 unit building known as Fred Lind Manor, located in Seattle, WA	May 1, 1997	$3,790,000
Auburn North Associates Limited Partnership	Purchase of land and construction of a 296-unit complex for elderly or disabled, low-income persons in Auburn Washington, known as Auburn Court Apartments.	December 1, 1997	$11,445,000
Manufactured Housing Community Preservationists	Acquisition and rehabilitation of a 93-unit mobile home park in the city of Redmond, Washington, known as Avon Villa Mobile Home Park.	December 2, 1997	$2,400,000*
Seaview Apartments Limited Partnership	Acquisition and rehabilitation of a 72-unit multifamily development in Des Moines, Washington.	December 1, 1998	$2,180,000
St. Andrews Housing Group	Acquisition of a 59-unit apartment complex located on Mercer Island, Washington, known as Ellsworth House.	October 20, 1999	$2,840,176
Vashon Island Community Care	Construction of a 40-unit assisted living and 30-bed skilled nursing facility on Vashon Island to be known as Vashon Community Care Center.	September 1, 2001	$6,650,000

*Original Issue Amount

Continued – Conduit Debt Obligations:

Non-governmental Corporation	Project Description	Date of Issue	Dec 31 Balance
Evergreen Court Associates Ltd	Acquisition and rehabilitation of 111-unit Washington Court assisted living in Bellevue to be rehabilitated into a 82-unit complex known as Evergreen Court	September 7, 2001	$6,359,296
Angle Lake Apartments	Construction of an 80-unit independent living, senior housing facility located in SeaTac.	November 14, 2002	$5,000,000*
Radcliffe Place, LLC	Construction of a 135 unit senior housing facility located in Kent know as Radcliffe Place Senior Apartments	December 22, 2004	$10,029,269
Wild Garden Housing LLC-DASH	Refinancing of three affordable housing projects owned by DASH that comprise a total of 136 apartment units in Bellevue known as Glendale, Wildwood Court and Garden Grove.	August 1, 2005	$7,249,649
Summerfield	Acquisition of an existing 52 unit affordable apartment complex in the City of Bellevue known as Summerfield Apartments	September 1, 2005	$3,420,000
Eernisse Apartments	Construction of a 26 unit affordable rental townhouse project on Vashon Island known as Eernisse Apartments.	December 20, 2005	$1,657,063
Young Women's Association of Seattle, King and Snohomish County (YWCA)	Acquisition, rehabilitation, or construction of housing for persons of low income to be located on multiple sites within King County, Snohomish County, and the City of Seattle	June 27,2007	$15,040,000
280 Clark Limited Partnership	To finance or refinance a portion of the costs of acquiring, constructing and rehabilitating the 280 Clark Apartments to provide housing for low-income persons in King County	November 1, 2007	$4,500,000*

*Original Issue Amount

NOTE 11 - RISK MANAGEMENT

The Authority is exposed to perils commonly associated with the ownership and rental of real property. Perils including bodily injury to individuals; property damage by fire and forces of nature; loss of assets from theft and employee dishonesty; and liability for public officials' and employees' conduct are handled through a combination of purchased commercial insurance, voluntary self-insurance, participation in a risk-sharing pool or group, and contractual risk transfer via indemnification agreements.

For Public Housing, the Authority secures third-party liability insurance primarily through the Housing Authority Risk Retention Pool (HAARP), a public entity risk-sharing pool. The General Liability limit, including Washington Stop-Gap or Employer's Liability, is $2,000,000 per occurrence on an occurrence basis with a $1,000 deductible. Contractor's Pollution Liability limit is $1,000,000 claims-made basis with a $10,000 per claim self-insured retention provided through CRC. Automobile Liability insurance is $5,000,000 total limits provided through Liberty Northwest Insurance Company. Property insurance including Rental Income coverage through HARRP has a standard limit of $3,000,000 replacement cost basis, with higher limits available upon request. Property deductible is $50,000 per loss. The Authority has secured Fidelity coverage through HARRP for $100,000 per occurrence for all employees, and $500,000 for employees with greater exposure.

Bond Financed Projects are covered for property insurance through HARRP. The general liability is covered through the Housing Authority Risk Retention Group (HARRG) with $5,000,000 per occurrence limit. Additionally, liability sub-limits are provided for fire damage liability and athletic sports liability, at $50,000 and $250,000, respectively.

Tax Credit Partnership properties are covered for general liability with total limits of $6,000,000 per occurrence basis provided by Great American Specialty Insurance ($1,000,000 each occurrence, $2,000,000 general aggregate) on the primary level, and $5,000,000 aggregate limit on the umbrella level, with a $10,000 self-insured retention. Lexington Landmark provides property insurance for building values on replacement cost basis are provided with a $25,000 deductible, with Contents and Business Income including Extra Expense covered according to reported values.

Excess Liability over all of the above liability coverages is provided to raise the limits noted above to a total of $10 million. This coverage is with Lexington Insurance Company.

Public Officials and Employment Practices Liability are provided on all properties with a $5 million limit with a $75,000 Self-Insured Retention with Lexington Insurance Company.

No closed claims are known to have exceeded the applicable limits of insurance secured from any of the mentioned providers.

NOTE 12 – SUBSEQUENT EVENTS

Pepper Tree Apartments

In April, the Authority purchased Pepper Tree Apartments for $2.4 million. The purchase was financed primarily through a line of credit. Pepper Tree Apartments contains 30 housing units.

HOUSING AUTHORITY OF THE COUNTY OF KING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Eighteen Months Ended December 31, 2008

GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	OTHER ID NUMBER	PASS THROUGH ENTITY	CURRENT YEAR EXPENDITURES	DEBT LIABILITY BALANCE
DIRECT ASSISTANCE					
U.S. DEPARTMENT OF AGRICULTURE					
RURAL RENTAL HOUSING LOANS:					
RAINIER I	10.415	LOAN		$ -	$ 427,980
RAINIER II	10.415	LOAN		-	596,883
SI VIEW	10.415	LOAN		-	172,437
TOTAL - U.S. DEPARTMENT OF AGRICULTURE				-	1,197,300
U.S. DEPARTMENT OF JUSTICE					
INSTITUTE OF LAW & JUSTICE:					
PUBLIC HOUSING SAFETY INITIATIVE	16.595	39.71		331,441	-
TOTAL - U.S. DEPARTMENT OF JUSTICE				331,441	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)					
SECTION 8 NEW CONSTRUCTION:					
BURIEN PARK	14.182	WA19-8023-007		958,930	-
NORTHLAKE HOUSE	14.182	WA19-0049-002		341,662	-
NORTHWOOD	14.182	WA19-8023-006		370,610	-
MULTIFAMILY HOUSING SERVICE COORDINATOR:					
SENIOR HOUSING (2002)	14.191	WA19HS00003		91,503	-
SENIOR HOUSING (2004)	14.191	WA19HS02005		139,376	-
SECTION 8 HAP PROGRAM SPECIAL ALLOCATIONS:					
HIDDEN VILLAGE	14.195	WA19M000184		636,665	-
NEWPORT	14.195	WA19M000179		187,836	205,992
PARKWAY	14.195	WA19M000203		521,525	1,520,892
SPIRITWOOD	14.195	WA19M000182		1,256,546	1,473,513
ECONOMIC DEVELOPMENT INITIATIVE:					
HUD TRANSPORTATION GRANT EDI	14.251	B06NOWA1131		1,485,000	-
PUBLIC AND INDIAN HOUSING:					
OPERATING SUBSIDY	14.850			12,694,388	-
SECTION 8 MODERATE REHABILITATION:					
TITUSVILLE	14.856	S0023K		118,958	-
REVITALIZATION SEVERLY DISTRESSED PUBLIC HOUSING:					
HOPE VI	14.866	WA19URD002I101		3,058,691	-
RESIDENT OPPORTUNITY AND SELF SUFFICIENCY:					
NEIGHBORHOOD NETWORKS (AUBURN)	14.870	WA002RNN041A005		92,042	-
NEIGHBORHOOD NETWORK (GREENBRIDGE)	14.870	WA002RNN009A006		141,315	-
NEIGHBORHOOD NETWORK (SPRINGWOOD)	14.870	WA002REF015A006		117,306	-
REFUGEE WOMENS ALLIANCE	14.870	WA002REF014A007		34,547	-
HOUSING CHOICE VOUCHERS:					
HOUSING ASSISTANCE PAYMENTS	14.871	S023V		118,612,629	-
PUBLIC HOUSING CAPITAL FUND PROGRAM:					
CFP - 2004	14.872	WA19P00250104		406,609	-
CFP - 2005	14.872	WA19P00250105		519,255	-
CFP - 2006	14.872	WA19P00250106		1,416,303	-
CFP - 2006	14.872	WA19P00250206		159,438	-
CFP - 2007	14.872	WA19P00250107		3,372,760	-
RHF - 2007	14.872	WA19R00250108		332,780	-
CFP - 2008	14.872	WA19P00250108		555,246	-
MOVING TO WORK DEMONSTRATION PROGRAM:					
BLOCK GRANT	14.881			3,735,514	-
TOTAL - U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)				151,357,434	3,200,397
SUBTOTAL DIRECT ASSISTANCE				151,688,875	4,397,697

HOUSING AUTHORITY OF THE COUNTY OF KING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Eighteen Months Ended December 31, 2008

GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	OTHER ID NUMBER	PASS THROUGH ENTITY	CURRENT YEAR EXPENDITURES	DEBT LIABILITY BALANCE
PASS-THROUGH ASSISTANCE					
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)					
CDBG ENTITLEMENT GRANT:					
BELLEVUE HOUSING REPAIR (2006)	14.218	CDBG 199	1	148,081	-
BELLEVUE HOUSING REPAIR (2007)	14.218	CDBG 209	1	451,209	-
BELLEVUE HOUSING REPAIR (2008)	14.218	CDBG 218	1	391,116	-
KING COUNTY HOUSING REPAIR (2003)	14.218	C03461	2	122,835	-
TOTAL - U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)				**1,113,241**	**-**
U.S DEPARTMENT OF ENERGY					
WEATHERIZATION ASSISTANCE FOR LOW INCOME PERSONS:					
2007	81.042	F07-43103-413 DOE	3	329,214	-
2008	81.042	F08-43103-413 DOE	3	367,033	-
2007	81.042	F07-446-413 BPA	3	78,558	-
TOTAL - U.S. DEPARTMENT OF ENERGY				**774,805**	**-**
U.S. DEPARTMENT OF HUMAN AND HEALTH SERVICES					
LOW-INCOME HOME ENERGY ASSISTANCE:					
2007	93.568	F07-431-413 HHS	3	892,659	-
2008	93.568	F09-43101-413 HHS	3	103,436	-
TOTAL U.S. DEPARTMENT OF HUMAN AND HEALTH SERVICES				**996,095**	**-**
AMERICORPS					
AMERICORPS - (2006-2007)	94.006	ESD 07-010-G	4	8,353	-
AMERICORPS - (2007-2008)	94.006	ESD K11	4	76,461	-
AMERICORPS - (2008-2009)	94.006	ESD K501	4	39,779	-
TOTAL - AMERICORPS				**124,593**	**-**
SUBTOTAL PASS-THROUGH ASSISTANCE				**3,008,734**	**-**
TOTAL ASSISTANCE				**154,697,609**	**$ 4,397,697**

Pass Through Entity:

1 City of Bellevue, WA
2 King County, Washington
3 Washington State Department of CTED
4 Washington State Employment Security Department

NOTE 1 - BASIS OF ACCOUNTING

The Schedule of Financial Assistance is prepared on the same basis of accounting as the King County Housing Authority's financial statements. (See Note 1 in the Notes to the Financial Statements.)

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal portion of the program costs. Entire program costs, including The Authority's portion, may be more than shown.

POOLED HOUSING REFUNDING REVENUE BONDS, SERIES 1998A
A PROPRIETARY FUND OF THE HOUSING AUTHORITY OF THE COUNTY OF KING
BALANCE SHEET
As of December 31, 2008

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 7,675,521
Restricted cash and cash equivalents	1,246,160
Receivables, net	68,563
Restricted investments	3,291,340
Other current assets	235,873
Total Current Assets	12,517,457
NONCURRENT ASSETS:	
Land, buildings and equipment, net	21,933,392
Other noncurrent assets	792,730
Total Noncurrent Assets	22,726,122
TOTAL ASSETS	$ 35,243,579
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Accounts payable	$ 116,171
Tenants' security deposits	371,064
Accrued interest payable	702,334
Other current liabilities	-
Current portion of long-term debt	785,000
Total Current Liabilities	1,974,568
LONG-TERM LIABILITIES:	
Deferred revenue	-
Long-term debt, net	
Notes payable	492,157
Bonds payable, net	25,138,750
Total Long-Term Liabilities	
TOTAL LIABILITIES	27,605,476
NET ASSETS:	
Invested in capital assets	(4,482,515)
Restricted	4,166,436
Unrestricted	7,954,183
TOTAL NET ASSETS	7,638,104
TOTAL LIABILITIES AND NET ASSETS	$ 35,243,579

The accompanying notes are an integral part of these financial statements

POOLED HOUSING REFUNDING REVENUE BONDS, SERIES 1998A
A PROPRIETARY FUND OF THE HOUSING AUTHORITY OF THE COUNTY OF KING
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Eighteen Months Ended December 31, 2008

OPERATING REVENUES	
Rent	$ 9,639,234
Other	613,496
Total Operating Revenues	10,252,730
OPERATING EXPENSES	
Administrative	557,651
Payroll	1,243,260
Operating and maintenance	2,747,198
Utilities	1,410,741
Insurance	155,184
Depreciation	849,460
Amortization	59,151
Collection losses	53,108
Property management	386,647
Asset management	-
Total Operating Expenses	7,462,399
Operating Income (Loss)	2,790,331
NONOPERATING REVENUE (EXPENSE)	
HUD contributions	636,665
Grant revenue	52,534
Investment income	752,360
Other nonoperating revenue	-
Interest expense	(2,211,175)
Net Nonoperating Revenue (Expense)	(769,616)
INCOME (LOSS) before transfers	2,020,716
Transfer of funds to agency	(5,210,000)
CHANGE IN NET ASSETS	$ (3,189,284)
Total Net Assets -- beginning	10,827,388
Total Net Assets -- ending	$ 7,638,104

The accompanying notes are an integral part of these financial statements

POOLED HOUSING REFUNDING REVENUE BONDS, SERIES 1998A
A PROPRIETARY FUND OF THE HOUSING AUTHORITY OF THE COUNTY OF KING
STATEMENT OF CASH FLOWS
For the Eighteen Months Ended December 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from tenants	$ 9,956,854
Receipts from homeowners	201,693
Payments to employees	(1,239,963)
Payments to suppliers of goods and services	(5,432,993)
Other receipts (payments)	-
Net cash provided by operating activities	3,485,591
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating subsidies from HUD	636,665
Grant revenue	45,662
Transfer of funds to agency	(5,210,000)
Net cash provided by noncapital financing activities	(4,527,673)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal payments on capital debt	(1,115,000)
Interest paid on capital debt	(2,197,777)
Net fixed asset transfers / (additions)	-
Net proceeds capital asset disposal	-
Net cash used in capital and related financing activities	(3,312,777)
CASH FLOW FROM INVESTING ACTIVITIES:	
Net withdrawals (deposits) to reserves	302,958
Net (purchase) sale of investments	-
Investment income	759,743
Net cash provided by (used in) investing activities	1,062,701
Net increase (decrease) in cash and cash equivalents	(3,292,157)
Cash and cash equivalents -- beginning	12,213,838
Cash and cash equivalents -- ending	$ 8,921,681
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	2,790,331
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Depreciation	849,460
Amortization	59,150
Change in assets and liabilities:	
(Increase) decrease in receivables and other current assets	(4,370)
Increase (decrease) in accounts payable and accrued liabilities	(208,980)
Net cash provided by (used in) operating activities	$ 3,485,591

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE COUNTY OF KING

Pooled Housing Refunding Revenue Bonds, Series 1998A
NOTES TO FINANCIAL STATEMENTS
December 31,2008

The following notes are an integral part of the financial statements of the Housing Authority of the County of King, Pooled Housing Refunding Revenue Bonds, Series 1998A.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) GENERAL

The Pooled Housing Refunding Revenue Bonds, Series 1998A (the Fund) were issued in September 1998, by the Housing Authority of the County of King (the Authority) to refinance five multifamily housing projects comprised of 573 units and three mobile home parks comprised of 321 spaces. The projects are Walnut Park Apartments (140 units), Auburn Square Apartments (160 units), Woodland North Apartments (105 units), Parkwood Apartments (90 units), Hidden Village Apartments (78 units), Vantage Glen Mobile Home Park (164 spaces), Rainier View Mobile Home Park (31 spaces) and Tall Cedars Mobile Home Park (126 spaces). The eight projects (the Projects) are owned by the Authority and are located throughout King County, Washington. These financial statements represent only the accounts of the Fund and are not intended to present fairly the financial position, results of operations and cash flows of the Authority taken as a whole.

b) BASIS OF ACCOUNTING

Accounting records are maintained according to the proprietary fund model that is similar to private business enterprises. The Authority applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. As allowed by GASB reporting standards, the Authority has elected not to apply FASB Statements and Interpretations, APB opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989.

c) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

d) REVENUES AND EXPENSES

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

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

e) CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash consists of Federal Depository Insurance Corporation (FDIC) insurable deposits with original maturities of less than three months. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Investments include deposits with original maturities exceeding three months, and securities and other assets held by trustees. Most assets held by trustees are restricted for specific uses including capital additions and improvements and debt service.

f) RECEIVABLES

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

g) CAPITAL ASSETS

Capital assets are recorded at historical cost in the land, structures, and equipment accounts and at appraised fair market value at date of receipt if contributed. The Authority defines capital assets as tangible items with an initial individual cost of at least $5,000 if the item is equipment and $100,000 if the item is real property or a capital improvement. Capital assets are depreciated using the straight-line method with depreciation commencing in the acquisition year and ceasing in the disposal year. Capital project costs clearly associated with the acquisition, development, and construction of a real estate project, including indirect costs and interest, are capitalized as a cost of that project. See Note 4 for the capital asset components and balances at June 30, 2007 and fiscal year activity.

Depreciable lives for the capital asset categories follow:

Land	no depreciation
Buildings and land improvements	22-60 years
Personal property	3-10 years
Construction-in-progress	no depreciation

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

h) TAX LIABILITY

The Authority is by law exempt from all federal, state, and local taxes and assessments. Several developments make a Payment in Lieu of Taxes (PILOT) based on contracts with local jurisdictions.

i) COMPENSATED ABSENCES

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

j) ECONOMIC CONCENTRATIONS

The Projects are located in King County, Washington. Changes in the economic or other conditions in that geographical area or the demand for housing could affect future operations.

NOTE 2 – INVENTORIES

Inventory consists of supplies purchased primarily for use in maintenance of the rental units. The perpetual method is used to account for inventory. As such, purchases are recorded into the inventory account and, as items are used, the inventory account is reduced and the expense account is charged. Periodically throughout the year, physical counts are taken of all supplies on hand and the inventory records are adjusted. The weighted average method is used to value the inventory.

The mobile home inventory represents homes held for sale to eligible senior citizens under the Home Ownership Program. The seniors purchase the homes and lease the underlying land from the Authority. The buyers are obligated to sell the mobile home back to the Authority for the original purchase price net of adjustments for improvements or deterioration.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

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

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

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

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

7) Direct obligations of the Federal government backed by the full faith and credit of the United States
    a) U.S. Treasury Bills.
    b) U.S. Treasury Notes and Bonds.
8) Obligations of Federal government agencies, such as:
    a) Government National Mortgage Association (GNMA) mortgage-backed securities.
    b) GNMA participation securities.
    c) Maritime Administration Bonds.
    d) Small Business Administration Bonds.

9) Securities of Government Sponsored Agencies, such as:
   a) Federal Home Loan Mortgage Corporation (FHLMC) notes and bonds.
   b) Federal National Mortgage Association (FNMA) notes and bonds.
   c) Federal Home Loan Bank (FHLB) notes and bonds.
   d) Federal Farm Credit Bank (FFCB) notes and bonds.
   e) Student Loan Marketing Association (SLMA) notes and bonds.
10) Demand and savings accounts.
11) Money Market Deposit accounts.
12) Certain mutual funds.

In addition to the above, non-federal funds and federal funds subject to the Authority's Moving To Work Agreement with HUD may be invested in the following which are allowed by the State of Washington:

1) Banker's acceptances purchased on the secondary market.
2) Commercial paper.
3) Bonds of the State of Washington or any local government of the State of Washington that have one of the three highest credit ratings of a nationally recognized rating agency.
4) General obligation bonds of a state other than the State of Washington and general obligation bonds of a local government of a state other than the State of Washington that have one of the three highest credit ratings of a nationally recognized rating agency.
5) Utility revenues bonds or warrants of any city of town in the State of Washington.
6) Bonds or warrants of a local improvement district that is within the protection of the local improvement guaranty fund law.

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

Other Information:
The Authority has established arrangements with the Bank of America for safekeeping of investments.

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

Cash equivalents include an investment in a Local Government Investment Pool (the Pool). The Pool is not registered with the Securities and Exchange Commission (SEC), but adheres to SEC Rule 2(a)(7) of the Investment Company Act of 1940 that requires portfolio diversification, divestiture considerations and action if the market value of the portfolio deviates more than .5 percent from the amortized costs. Government pools that adhere to the SEC rule can report their investments at amortized costs if the remaining maturities of the debt securities are 90 days or less. As of December 31, 2008, the pool had an average days-to-maturity of 63 days and therefore is reported at cost. Government securities are reported at fair value.

A summary of cash and investments at December 31, 2008 follows.

	Unrestricted	Restricted	Total
CASH AND CASH EQUIVALENTS:			
Uncategorized:			
Cash on hand	$ 1,250	$ -	$ 1,250
Depository accounts	3,304,368	318,932	3,623,299
Westdeutsche Landesbank Collateralized Repurchase Agreement, 5.27%	4,369,904	-	4,369,904
U.S. Treasury - Money Market	-	7,514	7,514
Other money market	-	919,714	919,714
TOTAL CASH AND CASH EQUIVALENTS	$ 7,675,521	$ 1,246,160	$ 8,921,681
INVESTMENTS:			
Westdeutshe Landesbank Gironzentrale, 5.42%, 7/1/2028	$ -	$ 2,269,307	$ 2,269,307
Bank of America 6.1% 7/1/2028	-	1,022,033	1,022,033
TOTAL INVESTMENTS	-	3,291,340	3,291,340
TOTAL	$ 7,675,521.17	$ 4,537,499.76	$ 12,213,020.93

NOTE 4 – CAPITAL ASSETS

The components and fiscal year activity of land, structures and equipment follow.

	Beginning Balances	Additions	Disposals / Adjustments	Ending Balances
NONDEPRECIABLE:				
Land	$ 6,299,523	$ -	$ -	$ 6,299,523
Total Nondepreciable	6,299,523	-	-	6,299,523
DEPRECIABLE:				
Land Improvements	362,874		-	362,874
Buildings and improvements	24,957,006		-	24,957,006
Equipment	68,622		(15,260)	53,362
Total Depreciable	25,388,502	-	(15,260)	25,373,242
TOTAL CAPITAL ASSETS:	31,688,025	-	(15,260)	31,672,765
Accumulated depreciation	(8,905,174)	(849,460)	15,262	(9,739,373)
NET CAPITAL ASSETS	$ 22,782,851	$ (849,460)	$ 2	$ 21,933,392

NOTE 5 – LONG TERM DEBT OBLIGATIONS

The components of outstanding debt at June 30, 2007 and the fiscal year activity are stated below.

	Beginning Balance	Additions	Retirements/ Payments	Ending Balance	*Current Portion*
Notes	$ 492,157	$ -	$ -	$ 492,157	*$ -*
Series 1998A Bonds	26,967,458	-	(1,043,708)	25,923,750	*785,000*
	$ 27,459,615	$ -	$ (1,043,708)	$ 26,415,907	*$ 785,000*

Notes
Deferred loans were obtained from the State of Washington and the City of Bellevue to acquire Hidden Village Apartments. The amount due the State of Washington is $292,157 and is repayable commencing in the year 2024 for a twenty-year term. Interest will not accrue until the year 2024 and the rate thereafter will be 5%. The amount due the City of Bellevue is $200,000 payable commencing in the year 2012 for a thirty-year term with interest at the rate of 5% commencing as of that date.

Series 1998A Bonds
In September 1998, the Authority issued its Pooled Housing Refunding Revenue Bonds, Series 1998A with principal amounts totaling $32,955,000. The Authority is required to make, and has made, all payments required under the trust indenture. The bonds mature in varying amounts through July 1, 2028 and have stated interest rates that vary from 3.85% to 5.25% per annum. The bonds were issued at a discount of $480,155. The discount is amortized as interest expense over the life of the debt. The unamortized balance is reported as a reduction to the outstanding bonds payable. The amortized discount charged to interest expense for the period totaled $6,095. The bonds are secured with a deed of trust on the Projects' rental property, equipment and net operating income. Remaining debt service payments are due as follows:

Year	Principal	Interest
2009	$ 785,000	$ 1,394,946
2010	825,000	1,354,799
2011	870,000	1,312,505
2012	910,000	1,268,065
2013	965,000	1,221,479
2014-2018	5,620,000	5,297,620
2019-2023	7,405,000	3,629,325
2024-2028	9,595,000	1,439,156
TOTAL	$ 26,975,000	$ 16,917,895
Unamortized original issue discount	(48,850)	
Unamortized deferred defeasance	(1,002,399)	
BALANCE OF OUTSTANDING DEBT	$ 25,923,750	
Due in one year or less	$ 785,000	
Due in over one year	$ 25,138,750	

The bond proceeds paid the cost of refunding all of the Authority's outstanding revenue bonds that had been previously issued to acquire the Projects. The purpose of the advanced refunding was to consolidate the issues, reduce the overall interest rate, allow for a longer maturity and permit cross collateralization of the Projects.

Deferred Defeasance
GASB Statement No. 23 states that in an advanced refunding of debt, the difference between the reacquisition price of the new debt and the net carrying amount of the old debt be deferred and amortized as a component of interest expense, a non-cash transaction, in a systematic and rational manner over the original remaining life of the old debt or the new debt whichever is shorter. The advanced refunding resulted in a deferred defeasance loss of $1,827,791 in September 1998. The deferred defeasance loss of $1,002,399 at December 31, 2008 is reported on the Statement of Net Assets as a reduction from the new debt liability. Amortization of deferred defeasance for the period was $48,573 and is included with interest expense. The current deferred defeasance balance is amortized as follows:

Fiscal Year	Amortization
2009	44,433
2010	47,992
2011	50,658
2012	54,217
2013	58,165
2014-2018	353,003
2019-2023	393,929
	$1,002,399

NOTE 6 - PENSION PLANS

Substantially all (district) 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 Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and Statement No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27.*

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 defined benefit plan with a defined contribution component.

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating 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 irrevocable 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. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement 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 benefit is two percent of the average final compensation (AFC) per year of service, capped at 60 percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months.) Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option.

A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an optional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of 2 percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire 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 three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three 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 one percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or they may retire at age 55 with 10 years of service. Plan 3 members who retire 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 three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. 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 1,190 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	71,244
Terminated Plan Members Entitled to but not yet Receiving Benefits	26,583
Active Plan Members Vested	105,447
Active Plan Members Non-vested	52,575
TOTAL	**255,849**

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 six percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. 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. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. 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 December 31, 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 0.16%.
** The employer rate for state elected officials is 12.39% for Plan 1 and 8.31% for Plan 2 and Plan 3.
*** Plan 3 defined benefit portion only.
**** The employee rate for state elected officials is 7.50% for Plan 1 and 5.45% for Plan 2.
***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Please contact the Department of Retirement for participating and current rate information.

Both (authority) and the employees made the required contributions. The (authority's) required contributions for the years ended December 31 were as follows:

	PERS Plan 1	*PERS Plan 2*	*PERS Plan 2*
2008	$ 66,324	$662,006	$109,401
2007	$65,139	$728,697	$92,655
2006	$37,119	$361,419	$46,174

NOTE 7 - RISK MANAGEMENT

The Authority is exposed to perils commonly associated with the ownership and rental of real property. Perils including bodily injury to individuals; property damage by fire and forces of nature; loss of assets from theft and employee dishonesty; and liability for public officials' and employees' conduct are handled through a combination of purchased commercial insurance, voluntary self-insurance, participation in a risk-sharing pool or group, and contractual risk transfer via indemnification agreements.

For Public Housing, the Authority secures third-party liability insurance primarily through the Housing Authority Risk Retention Pool (HAARP), a public entity risk-sharing pool. The General Liability limit, including Washington Stop-Gap or Employer's Liability, is $2,000,000 per occurrence on an occurrence basis with a $1,000 deductible. Contractor's Pollution Liability limit is $1,000,000 claims-made basis with a $10,000 per claim self-insured retention provided through Rockhill Insurance Company. Automobile Liability insurance is $5,000,000 total limits provided through Philadelphia Indemnity and Princeton E & S. Property insurance including Rental Income coverage through HARRP has a standard limit of $3,000,000 replacement cost basis, with higher limits available upon request. Property deductible is $50,000 per loss. The Authority has secured Fidelity coverage through HARRP for $100,000 per occurrence for all employees, and $500,000 for employees with greater exposure.

Bond Financed Projects are covered for property insurance through HARRP. The general liability is covered through the Housing Authority Risk Retention Group (HARRG) with $5,000,000 per occurrence limit. Additionally, liability sub-limits are provided for fire damage liability and athletic sports liability, at $50,000 and $250,000, respectively.

Excess Liability over all of the above liability coverage is provided to raise the limits noted above to a total of $10 million. This coverage is with Illinois Union.

Public Officials and Employment Practices Liability are provided on all properties with a $5 million limit with a $75,000 Self-Insured Retention with Lexington Insurance Company.

No closed claims are known to have exceeded the applicable limits of insurance secured from any of the mentioned providers.

NOTE 8 – SUBSEQUENT EVENTS

There have been no material events subsequent to December 31, 2008 to report.

HOUSING AUTHORITY OF THE COUNTY OF KING
Appendix A
Fiscal Year 2008
PROPERTY LISTING

		Development Name	Year Built/ Acquired	Number of Units
		Federally Assisted Housing:		
		Low Rent Public Housing:		
	1.	Green River Homes	1958	60
	2.	Park Lake Homes II	1964	165
	3.	Cascade Apartments	1968	108
	4.	Valli Kee Homes	1968	114
	5.	Wayland Arms	1968	67
	6.	Ballinger Homes	1969	110
	7.	Boulevard Manor	1969	70
	8.	Northridge House I	1969	70
a)	9.	Paramount House	1969	70
	10.	Riverton Terrace	1969	30
a)		Riverton Terrace Sr	1969	30
	11.	Avondale Manor	1970	20
	12.	Briarwood	1970	70
	13.	Brittany Park	1970	43
a)	14.	Casa Juanita	1970	80
	15.	Forest Glen	1970	40
	16.	Mardis Gras	1970	61
a)	17.	Southridge House	1970	80
	18.	Yardley Arms	1970	67
	19.	Burndale Homes	1971	50
	20.	Firwood Circle	1971	50
	21.	Munro Manor	1971	60
a)	22.	Plaza Seventeen	1971	70
a)	23.	Eastridge House	1972	40
	24.	The Lake House	1972	70
	25.	Casa Madrona	1973	70
a)	26.	Northridge House II	1975	70
	27.	Eastside Terrace	1980	50
	28.	Pickering Court	1980	30
	29.	Cedarwood	1981	25
	30.	College Place	1981	51
	31.	Evergreen Court	1981	30
	32.	Forest Grove	1981	25
	33.	Glenview Heights	1981	10
	34.	Kings Court	1981	30
	35.	Gustaves Manor	1982	35
a)	36.	Juanita Court	1982	30
	37.	Greenleaf	1983	27
	38.	Juanita Trace	1983	39
	39.	Kirkwood Terrace	1983	28
	40.	Wellswood	1983	30
	41.	Campus Court	1991	13
	42.	Victorian Woods	1993	15
	43.	Federal Way Homes	1993	3
	44.	Bellevue 8	1994	8
	45.	Shoreham	1995	18
	46.	Vista Heights	1995	30
	47.	Youngs Lake	1997	28
	48.	Seola Crossing I	2007	40
b)	49.	Seola Crossing II	2007	37
	50.	Nia Apartments	2008	40
	51.	Paicif Court	2008	32
				2,539
c)		***Tenant Based Housing Choice Vouchers:***		7,319
		Section 8 New Construction:		
	1.	Northlake House	1981	38
	2.	The Northwood	1983	34
	3.	Burien Park	1983	102
				174
		Preservation of Affordable Housing:		
	1.	Spiritwood Manor	1992	130
	2.	Newport	1992	23
	3.	Hidden Village	1992	78
	4.	Parkway Apartments	1995	41
				272

	Development Name	Year Built/ Acquired	Number of Units
	Unassisted Locally Financed Housing:		
	Tax-Exempt Bond Program:		
1.	Carriage House	1991	236
2.	Cottonwood	1991	75
3.	Newporter	1991	120
4.	Cove East	1992	190
5.	Parkwood	1992	90
6.	Timberwood	1992	240
7.	Walnut Park	1992	140
8.	Woodland North	1992	105
9.	Aurburn Square	1993	160
10.	Woodside East	1993	244
11.	Aspen Ridge	1996	88
12.	Landmark Apartments	2001	191
13.	Bellepark East	2001	118
14.	Meadows at Lea Hill	2006	90
			2,087
	Home Ownership Program:		
1.	Vantage Glen	1985	164
2.	Rainier View	1989	31
3.	Tall Cedars	1993	126
4.	Wonderland Estates	2008	109
			430
	Miscellaneous Local Programs:		
1.	Campus Green	1981	15
2.	Echo Cove	1981	4
3.	Harbor Villa	1981	5
4.	Slater Park	1981	5
5.	Brookside	1983	16
6.	Shadrack	1984	9
7.	Shelcor	1985	8
8.	Nike	1990	31
9.	Anita Vista	1991	14
10.	Federal Way Duplexes	1992	4
11.	Avondale House	1992	16
12.	Sunnydale	1992	16
13.	Vet's Housing	1997	6
14.	Enumclaw 4-plex	2005	16
			165
	Memo: Tax Credit Developments:		
1.	Cascadian	1994	198
2.	Woodridge	1995	201
3.	Fairwood	1995	176
4.	Laurelwood Gardens	1997	91
5.	Rainier View I	1997	48
	Rainier View II	1997	36
6.	Si View	1997	20
7.	Windsor Heights	1998	326
8.	Heritage Park	1999	77
9.	Colonial Gardens	1999	72
10.	Alpine Ridge	1999	42
11.	Somerset Village	1999	198
12.	Overlake Station	2000	308
13.	Southwood Square	2001	104
14.	Arbor Heights	2002	97
15.	Harrison House	2004	94
16.	Valley Park	2004	60
17.	Seola Crossing I	2007	42
18.	Seola Crossing II	2007	68
19.	Nia	2008	41
			2,299

Summary

Total housing units owned or managed by the Authority	7,966
Tenant based housing choice voucher	7,319
Households served	15,285

a) Public housing properties sold to the Egis LP in May 2007 under the tax credit program.
b) Public housing units owned by the Seola Crossing LLC under the tax credit program.
c) Excludes tenants transferring, or "porting in", to the Authority from other jurisdictions.

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.

State Auditor	**Brian Sonntag, CGFM**
Chief of Staff	**Ted Rutt**
Deputy Chief of Staff	**Doug Cochran**
Chief Policy Advisor	**Jerry Pugnetti**
Director of Audit	**Chuck Pfeil, CPA**
Director of Special Investigations	**Jim Brittain, CPA**
Director for Legal Affairs	**Jan Jutte, CPA, CGFM**
Director of Quality Assurance	**Ivan Dansereau**
Local Government Liaison	**Mike Murphy**
Communications Director	**Mindy Chambers**
Public Records Officer	**Mary Leider**
Main number	**(360) 902-0370**
Toll-free Citizen Hotline	**(866) 902-3900**

Web Site	**www.sao.wa.gov**
Subscription Service	**https://www.sao.wa.gov/EN/News/Subscriptions/**

DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

(See reverse for public burden disclosure.)

Approved by OMB
0348-0046

1. Type of Federal Action:	2. Status of Federal Action:	3. Report Type:
[b] a. contract b. grant c. cooperative agreement d. loan e. loan guarantee f. loan insurance	[na] a. bid/offer/application b. initial award c. post-award	[a] a. initial filing b. material change **For Material Change Only:** year ________ quarter ________ date of last report ____________

4. Name and Address of Reporting Entity:	5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime:
☒ Prime ☐ Subawardee Tier ______, *if known*: **Congressional District**, *if known*: 4c	 **Congressional District**, *if known*:
6. Federal Department/Agency: U.S. Department of Housing and Urban Development	**7. Federal Program Name/Description:** MTW Annual Plan CFDA Number, *if applicable*: ____________
8. Federal Action Number, *if known*:	**9. Award Amount,** *if known*: $
10. a. Name and Address of Lobbying Registrant (*if individual, last name, first name, MI*): N/A	**b. Individuals Performing Services** (*including address if different from No. 10a*) (*last name, first name, MI*): N/A
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.	Signature: ____________ Print Name: Stephen Norman Title: Executive Director Telephone No.: 206-574-1100 Date: 10-14-2009
Federal Use Only:	Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)

Appendix B

Certification for a Drug-Free Workplace

U.S. Department of Housing and Urban Development

Applicant Name

King County Housing Authority

Program/Activity Receiving Federal Grant Funding

MTW Activities-Public Housing Capital Fund-Public Housing -Section 8 Housing Voucher-Section 8 Project-based programs

Acting on behalf of the above named Applicant as its Authorized Official, I make the following certifications and agreements to the Department of Housing and Urban Development (HUD) regarding the sites listed below:

I certify that the above named Applicant will or will continue to provide a drug-free workplace by:

a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

b. Establishing an on-going drug-free awareness program to inform employees ---

(1) The dangers of drug abuse in the workplace;

(2) The Applicant's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph a.;

d. Notifying the employee in the statement required by paragraph a. that, as a condition of employment under the grant, the employee will ---

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

e. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph d.(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federalagency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

f. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph d.(2), with respect to any employee who is so convicted ---

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs a. thru f.

2. **Sites for Work Performance.** The Applicant shall list (on separate pages) the site(s) for the performance of work done in connection with the HUD funding of the program/activity shown above: Place of Performance shall include the street address, city, county, State, and zip code. Identify each sheet with the Applicant name and address and the program/activity receiving grant funding.)

Check here ☐ if there are workplaces on file that are not identified on the attached sheets.

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)

Name of Authorized Official	Title
Stephen Norman	Executive Director
Signature X	Date 10-14-2009

Appendix C

OMB Approval No. 2577-0157 (Exp. 3/31/2010)

Certification of Payments to Influence Federal Transactions

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

Applicant Name

King County Housing Authority

Program/Activity Receiving Federal Grant Funding

MTW Program Activities - Public Housing Capital Fund - Public Housing - Section 8 Housing Choice Vouchers - Section 8 Project-based programs

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

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)

Name of Authorized Official	Title
Stephen Norman	Executive Director
Signature	Date (mm/dd/yyyy)
	10-14-2009

Previous edition is obsolete

form HUD 50071 (3/98)
ref. Handboooks 7417.1, 7475.13, 7485.1, & 7485.3

Appendix D

Part I: Summary

PHA Name: King County Housing Authority	Grant Type and Number Capital Fund Program Grant No: WA19P002501-08 Replacement Housing Factor Grant No: Date of CFFP:	FFY of Grant: 2008 FFY of Grant Approval:

Type of Grant
☐ Original Annual Statement ☐ Reserve for Disasters/Emergencies ☐ Revised Annual Statement (revision no:)
☒ Performance and Evaluation Report for Period Ending: ☐ Final Performance and Evaluation Report

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost [1]	
		Original	Revised[2]	Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations (may not exceed 20% of line 21) [3]				
3	1408 Management Improvements				
4	1410 Administration (may not exceed 10% of line 21)				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment—Nonexpendable				
12	1470 Non-dwelling Structures				
13	1475 Non-dwelling Equipment				
14	1485 Demolition				
15	1492 Moving to Work Demonstration	5,552,459.00	5,552,459.00	555,245.90	555,245.90
16	1495.1 Relocation Costs				
17	1499 Development Activities [4]				

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Appendix E

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 4/30/2011

Part I: Summary

PHA Name: King County Housing Authority	**Grant Type and Number** Capital Fund Program Grant No: WA19P002501-08 Replacement Housing Factor Grant No: Date of CFFP:	**FFY of Grant:2008** **FFY of Grant Approval:**

Type of Grant

☐ **Original Annual Statement** ☐ **Reserve for Disasters/Emergencies** ☐ **Revised Annual Statement (revision no:)**

☒ **Performance and Evaluation Report for Period Ending:** ☐ **Final Performance and Evaluation Report**

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost [1]	
		Original	Revised [2]	Obligated	Expended
18a	1501 Collateralization or Debt Service paid by the PHA				
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment				
19	1502 Contingency (may not exceed 8% of line 20)				
20	Amount of Annual Grant:: (sum of lines 2 - 19)	5,552,459.00	5,552,459.00	555,245.90	555,245.90
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				

Signature of Executive Director	**Date** 10/19/09	**Signature of Public Housing Director**	**Date**

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 4/30/2011

Part I: Summary

PHA Name: King County Housing Authority

Grant Type and Number
Capital Fund Program Grant No: WA19P002501-07
Replacement Housing Factor Grant No:
Date of CFFP:

FFY of Grant: 2007
FFY of Grant Approval:

Type of Grant
☐ **Original Annual Statement** ☐ **Reserve for Disasters/Emergencies** ☐ **Revised Annual Statement (revision no:)**
☒ **Performance and Evaluation Report for Period Ending:** ☐ **Final Performance and Evaluation Report**

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost [1]	
		Original	Revised[2]	Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations (may not exceed 20% of line 21) [3]				
3	1408 Management Improvements				
4	1410 Administration (may not exceed 10% of line 21)				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment—Nonexpendable				
12	1470 Non-dwelling Structures				
13	1475 Non-dwelling Equipment				
14	1485 Demolition				
15	1492 Moving to Work Demonstration	5,262,486.00	5,262,486.00	4,611,553.00	3,292,668.00
16	1495.1 Relocation Costs				
17	1499 Development Activities [4]				

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Part I: Summary

PHA Name:	Grant Type and Number	FFY of Grant
King County Housing Authority	Capital Fund Program Grant No: WA19P002501-07 Replacement Housing Factor Grant No: Date of CFFP:	**FFY of Grant:2007** **FFY of Grant Approval:**

Type of Grant

☐ **Original Annual Statement** ☐ **Reserve for Disasters/Emergencies** ☐ **Revised Annual Statement (revision no:)**

☒ **Performance and Evaluation Report for Period Ending:** ☐ **Final Performance and Evaluation Report**

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost[1]	
		Original	Revised[2]	Obligated	Expended
18a	1501 Collateralization or Debt Service paid by the PHA				
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment				
19	1502 Contingency (may not exceed 8% of line 20)				
20	Amount of Annual Grant:: (sum of lines 2 - 19)	5,262,486.00	5,262,486.00	4,611,553.00	3,292,668.00
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				

Signature of Executive Director	Date 10/14/09	Signature of Public Housing Director	Date

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 4/30/2011

Part I: Summary

PHA Name: King County Housing Authority

Grant Type and Number
Capital Fund Program Grant No: WA19P002501-06
Replacement Housing Factor Grant No:
Date of CFFP:

FFY of Grant: 2006
FFY of Grant Approval:

Type of Grant
☐ **Original Annual Statement** ☐ **Reserve for Disasters/Emergencies** ☐ **Revised Annual Statement (revision no:)**
☒ **Performance and Evaluation Report for Period Ending:** ☐ **Final Performance and Evaluation Report**

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost [1]	
		Original	Revised[2]	Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations (may not exceed 20% of line 21) [3]				
3	1408 Management Improvements				
4	1410 Administration (may not exceed 10% of line 21)				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment—Nonexpendable				
12	1470 Non-dwelling Structures				
13	1475 Non-dwelling Equipment				
14	1485 Demolition				
15	1492 Moving to Work Demonstration	4,849,613.00	4,849,613.00	4,849,613.00	2,843,143.78
16	1495.1 Relocation Costs				
17	1499 Development Activities [4]				

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Part I: Summary

PHA Name: King County Housing Authority	Grant Type and Number	FFY of Grant:2006
	Capital Fund Program Grant No: WA19P002501-06 Replacement Housing Factor Grant No: Date of CFFP:	FFY of Grant Approval:

Type of Grant

☐ Original Annual Statement ☐ Reserve for Disasters/Emergencies ☐ Revised Annual Statement (revision no:)

☒ Performance and Evaluation Report for Period Ending: ☐ Final Performance and Evaluation Report

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost[1]	
		Original	Revised[2]	Obligated	Expended
18a	1501 Collateralization or Debt Service paid by the PHA				
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment				
19	1502 Contingency (may not exceed 8% of line 20)				
20	Amount of Annual Grant:: (sum of lines 2 - 19)	4,849,613.00	4,849,613.00	4,849,613.00	2,843,143.78
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				

Signature of Executive Director	Date 12/14/09	Signature of Public Housing Director	Date

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Part I: Summary

PHA Name: King County Housing Authority	Grant Type and Number Capital Fund Program Grant No: WA19P002501-05 Replacement Housing Factor Grant No: Date of CFFP:	FFY of Grant: 2005 FFY of Grant Approval:

Type of Grant
☐ Original Annual Statement ☐ Reserve for Disasters/Emergencies ☐ Revised Annual Statement (revision no:)
☒ Performance and Evaluation Report for Period Ending: ☐ Final Performance and Evaluation Report

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost[1]	
		Original	Revised[2]	Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations (may not exceed 20% of line 21)[3]				
3	1408 Management Improvements				
4	1410 Administration (may not exceed 10% of line 21)				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment—Nonexpendable				
12	1470 Non-dwelling Structures				
13	1475 Non-dwelling Equipment				
14	1485 Demolition				
15	1492 Moving to Work Demonstration	6,118,426.00	6,118,426.00	6,118,426.00	5,813,757.73
16	1495.1 Relocation Costs				
17	1499 Development Activities[4]				

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Part I: Summary

PHA Name: **King County Housing Authhority**	**Grant Type and Number** Capital Fund Program Grant No: WA19P002501-05 Replacement Housing Factor Grant No: Date of CFFP:	**FFY of Grant:2005** **FFY of Grant Approval:**

Type of Grant

☐ **Original Annual Statement** ☐ **Reserve for Disasters/Emergencies** ☐ **Revised Annual Statement (revision no:)**
☒ **Performance and Evaluation Report for Period Ending:** ☐ **Final Performance and Evaluation Report**

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost [1]	
		Original	Revised [2]	Obligated	Expended
18a	1501 Collateralization or Debt Service paid by the PHA				
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment				
19	1502 Contingency (may not exceed 8% of line 20)				
20	Amount of Annual Grant:: (sum of lines 2 - 19)	6,118,426.00	6,118,426.00	6,118,426.00	5,813,757.73
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				

Signature of Executive Director	**Date** 1/14/09	**Signature of Public Housing Director**	**Date**

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 4/30/2011

Part I: Summary

PHA Name: King County Housing Authority	**Grant Type and Number** Capital Fund Program Grant No: WA19P002501-04 Replacement Housing Factor Grant No: Date of CFFP:	**FFY of Grant: 2004** **FFY of Grant Approval:**

Type of Grant
☐ **Original Annual Statement** ☐ **Reserve for Disasters/Emergencies** ☐ **Revised Annual Statement (revision no:)**
☒ **Performance and Evaluation Report for Period Ending:** ☐ **Final Performance and Evaluation Report**

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost[1]	
		Original	Revised[2]	Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations (may not exceed 20% of line 21)[3]				
3	1408 Management Improvements				
4	1410 Administration (may not exceed 10% of line 21)				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment—Nonexpendable				
12	1470 Non-dwelling Structures				
13	1475 Non-dwelling Equipment				
14	1485 Demolition				
15	1492 Moving to Work Demonstration	6,379,738.00	6,379,738.00	6,379,738.00	6,379,738.00
16	1495.1 Relocation Costs				
17	1499 Development Activities[4]				

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 4/30/2011

Part I: Summary

PHA Name: King County Housing Authority	**Grant Type and Number** Capital Fund Program Grant No: WA19P002501-04 Replacement Housing Factor Grant No: Date of CFFP:	**FFY of Grant:2004** **FFY of Grant Approval:**

Type of Grant
☐ **Original Annual Statement** ☐ **Reserve for Disasters/Emergencies** ☐ **Revised Annual Statement (revision no:)**
☒ **Performance and Evaluation Report for Period Ending:** ☐ **Final Performance and Evaluation Report**

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost [1]	
		Original	Revised [2]	Obligated	Expended
18a	1501 Collateralization or Debt Service paid by the PHA				
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment				
19	1502 Contingency (may not exceed 8% of line 20)				
20	Amount of Annual Grant:: (sum of lines 2 - 19)	6,379,738.00	6,379,738.00	6,379,738.00	6,379,738.00
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				

Signature of Executive Director	**Date** 10/14/09	**Signature of Public Housing Director**	**Date**

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.