

**CONSOLIDATED AREA HOUSING
AUTHORITY OF SUTTER COUNTY
CALIFORNIA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
MARCH 31, 2008**

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**CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2008**

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INTRODUCTORY SECTION

-
- **List of Officials**

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CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
BOARD OF COMMISSIONERS
FOR THE YEAR ENDED MARCH 31, 2008

Leslie McBride	December 2010
Stan Cleveland	January 2011
Melinda Russell	December 2008
Diane Hodges	November 2009
Kay Mitchell	July 2008
Satwant Takhar	December 2009
Alka Kumar	August 2009

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FINANCIAL SECTION

-
- **Independent Auditor's Report**
 - **Management's Discussion and Analysis**
 - **Basic Financial Statements**
 - **Required Supplementary Information**
 - **Combining and Individual Fund Statements and Schedules**

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INDEPENDENT AUDITOR'S REPORT

To The Board of Commissioners
Consolidated Area Housing Authority of Sutter County
Yuba City, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Consolidated Area Housing Authority of Sutter County, California (Authority), as of and for the year ended March 31, 2008, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Authority as of March 31, 2008, and the respective changes in financial position and, cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2008, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters that could have a direct and material effect on a major HUD assisted program. 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 important for assessing the results of our audit.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, Schedule of Funding Progress, and Budgetary Comparison Schedules as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Introductory Section and Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary 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 introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.



Smith & Newell CPA's
Yuba City, California
December 16, 2008

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Consolidated Area Housing Authority of Sutter County, California, we offer readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the fiscal year ended March 31, 2008. We encourage readers to consider the information presented here in conjunction with additional information in our financial statements.

FINANCIAL HIGHLIGHTS

Entity-wide:

- ☐ The Housing Authority's total net assets were \$5,200,412 as of March 31, 2008. Of this total, \$4,502,301 were governmental assets and \$698,111 were business-type assets.
- ☐ Entity-wide governmental revenues include program revenues of \$7,280,456 and general revenues and transfers of \$360,875 for a total of \$7,641,311.
- ☐ Entity-wide Governmental expenses were \$6,824,582.
- ☐ Entity-wide Business-type program, interest, and other revenues were \$1,514,205 while Business-type expenses were \$1,396,537.

Fund Level:

- ☐ Governmental Fund balance increased to \$3,012,133 in fiscal year 2008, up \$983,617 from the prior year.
- ☐ Governmental Fund revenues were \$7,729,403 in fiscal year 2008, up \$517,808 from the prior year. Of this increase, intergovernmental revenues decreased \$394,744, while all other types of revenues reflected a general increase.
- ☐ Governmental Fund expenditures increased to \$6,745,786 in fiscal year 2008, up \$85,757 from the prior year. Of this increase, the majority was from debt service expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements, commonly referred to as the Housing Authority's Basic Financial Statements. Management's Discussion and Analysis introduces these statements and includes two different views of the Housing Authority's financial activities and position: (1) Government-Wide Financial Statements provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances; (2) Fund Financial Statements provide detailed information about the individual functions of Housing Authority programs, telling how services were financed in the short-term as well as what remains for future spending.

Each set of statements presents the Housing Authority's finances in a distinct way. To assist the reader in understanding the differences between them, a brief discussion of each follows, including the relationship of these statements to each other and the significant differences in the information they provide.

Government-Wide Financial Statements

The Government-Wide Financial Statements provide a broad overview of Housing Authority finances in a manner similar to private sector business. These statements separate the Housing Authority's activities into two areas:

- **Governmental Activities** – these services are principally supported by intergovernmental revenues. Most of the Housing Authority's basic services are considered to be governmental activities including public assistance and general administration.
- **Business-Type Activities** – these services rely upon user fees and charges to help cover all or most of their costs. The Housing Authority's property rentals are reported here.

Within the framework of these activities, a Statement of Net Assets and a Statement of Activities report information about the Housing Authority as a whole. These statements include all assets and liabilities of the Housing Authority (i.e., infrastructure and long-term debt) and use the accrual basis of accounting in which all the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

The two statements can be generally described as follows:

- **The Statement of Net Assets** presents information on all the Housing Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Housing Authority is improving or deteriorating.

• **The Statement of Activities** presents information showing how the Housing Authority's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows.

Notably, these statements differ from the Fund Financial Statements in that they include all assets of the Housing Authority (including infrastructure) and all liabilities (including long-term debt) and exclude certain interfund receivables, payables and other interfund activity as prescribed by GASB Statement No. 34. For additional reference, reconciliation between the two is provided on pages 11 and 13 of this report.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the Housing Authority's most significant funds – not the Housing Authority as a whole. Management establishes funds to help control and manage money for particular purposes. There are three categories of funds: governmental, proprietary and fiduciary.

• **Governmental Funds** – most of the Housing Authority's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the Housing Authority's general government operations and the basic services it provides. This information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Housing Authority's programs. We describe the relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds in reconciliation at the bottom of the fund financial statements.

The Housing Authority's major governmental funds are the Conventional, Rural Development, and Housing Choice Vouchers funds. All other funds are combined in a single, aggregated presentation. Individual data for each of these non-major governmental funds is provided in the form of combining statements beginning on page 38 of this report.

• **Proprietary Funds** – when the Housing Authority charges customers for services it provides, whether outside customers or to other units of the Housing Authority, these services are generally reported in proprietary funds. Proprietary funds provide the same type of information as shown in the government-wide financial statements (i.e., business-type activities), only in more detail. The Housing Authority uses enterprise funds to account for its property rental operations.

• **Fiduciary Funds** – the Housing Authority is the trustee, or fiduciary, for certain funds held on behalf of external parties. The Housing Authority's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. These activities are excluded from the Housing Authority's other financial statements because the resources of the funds are not available to support the Housing Authority's own programs. The Housing Authority is responsible for ensuring that the assets reported in these funds are used for the intended purposes.

NOTES TO BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report presents the following required supplementary information: Schedule of Funding Progress, budgetary comparisons for the Housing Authority's Conventional, Rural Development, and Housing Choice Vouchers funds, and a description of the Housing Authority's accounting policies with regard to the annual budget.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

Analysis of Net Assets

	Governmental Activities		Business-Type Activities		Total	Total	Total	
	2008	2007	2008	2007	2008	2007	Dollar Change	% Change
Assets:								
Current and other assets	\$ 3,445,883	\$ 2,491,148	\$ 860,948	\$ 1,011,634	\$ 4,306,831	\$ 3,502,782	\$ 804,049	22.95
Capital assets	3,346,167	4,312,180	4,992,079	4,786,307	8,338,246	9,098,487	(760,241)	(8.36)
Total Assets	6,792,050	6,803,328	5,853,027	5,797,941	12,645,077	12,601,269	43,808	0.04
Liabilities:								
Current and other	433,750	470,540	73,273	85,078	507,023	555,618	(48,595)	(8.75)
Noncurrent liabilities	1,855,999	1,923,092	5,081,643	5,132,420	6,937,642	7,055,512	(117,870)	(1.67)
Total Liabilities	2,289,749	2,393,632	5,154,916	5,217,498	7,444,665	7,611,130	(166,465)	(2.19)
Net Assets								
Invested in capital assets, net of related debt	1,647,385	2,513,167	(71,462)	(328,375)	1,575,923	2,184,792	(608,869)	(27.87)
Unrestricted	2,854,916	1,896,529	769,573	908,818	3,624,489	2,805,347	819,142	29.20
Total Net Assets	<u>\$ 4,502,301</u>	<u>\$ 4,409,696</u>	<u>\$ 698,111</u>	<u>\$ 580,443</u>	<u>\$ 5,200,412</u>	<u>\$ 4,990,139</u>	<u>\$ 210,273</u>	<u>4.21</u>

Net assets represent the difference between the Housing Authority's resources and its obligations. At March 31, 2008, the largest portion of the Housing Authority's total net assets, 30 percent, reflect the investment in capital assets, less related debt outstanding used to acquire the capital assets. These capital assets are used by the Housing Authority to provide services to the citizens. These assets are not available for future spending. Additional capital asset information can be found in the Capital Asset and Debt Administration section of this MD&A. The unrestricted balance of net assets may be used at the Housing Authority's discretion.

Statement of Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total		Total	
	2008	2007	2008	2007	2008	2007	Dollar Change	% Change
Revenues:								
Program Revenues:								
Charges for services	\$ 1,347,038	\$ 1,264,013	\$ 1,471,365	\$ 1,390,927	\$ 2,818,403	\$ 2,654,940	\$ 163,463	6.16
Operating grants and contributions	5,288,683	5,480,989	-	-	5,288,683	5,480,989	(192,306)	(3.51)
Capital grants and contributions	644,735	57,685	-	-	644,735	57,685	587,050	2120.46
General Revenues:								
Interest and investment earnings	15,085	72,354	42,840	63,835	57,925	136,189	(78,264)	57.47
Miscellaneous	345,790	424,628	-	-	345,790	424,628	(78,838)	(18.57)
Total Revenues	7,641,331	7,299,669	1,514,205	1,454,762	9,155,536	8,754,431	401,105	4.58
Expenses:								
Public Assistance	6,799,961	6,697,127	-	-	6,799,961	6,697,127	102,834	1.54
Interest on long-term debt	24,621	22,541	-	-	24,621	22,541	2,080	9.23
LC-35	-	-	214,664	134,142	214,664	134,142	80,522	60.03
Butte View Estates	-	-	320,623	262,825	320,623	262,825	57,798	21.99
Kingwood Commons Apt.	-	-	804,830	769,687	804,830	769,687	35,143	0.46
Trailer Park	-	-	16,916	27,282	16,916	27,282	(10,366)	(38.00)
Percy Avenue	-	-	39,504	51,705	39,504	51,705	(12,201)	(23.60)
Total Expenses	6,824,582	6,719,668	1,396,537	1,245,641	8,221,119	7,965,309	255,810	3.21
Excess Revenues Over (Under) Expenses	816,749	580,001	117,668	209,121	934,417	789,122	145,295	18.41
Transfers	-	-	-	-	-	-	-	-
Change in Net Assets	\$ 816,749	\$ 580,001	\$ 117,668	\$ 209,121	\$ 934,417	\$ 789,122	\$ 145,295	18.41

Revenue

The Housing Authority's total revenue was \$9.2 million for the fiscal year ended March 31, 2008. Revenue from governmental activities totaled \$7.5 million and revenue from business-type activities total \$1.5 million. Charges for services provided 31 percent of the total revenue received during the 2007/08 fiscal year. Intergovernmental revenues provided 65 percent of total revenues received during the fiscal year.

Expenses

Expenses of the Housing Authority for the year totaled \$8.2 million. Governmental activity expenses totaled \$6.8 million or 83 percent of total expenses. Business-type activity expenses totaled \$1.4 million or 17 percent of total expenses.

Governmental Activities

Program revenue of the Housing Authority's governmental activities totaled \$7.3 million. Expenses of governmental activities were \$6.8 million. The cost of capital improvements are reported as capital assets in the statement of net assets, rather than as expenses in the statement of activities.

Business-type Activities

Program revenue of the Housing Authority's business-type activities totaled \$1.5 million. Expenses of business-type activities were \$1.4 million. The cost of capital improvements are reported as capital assets in the statement of net assets, rather than as expenses in the statement of activities.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The Housing Authority uses fund accounting to assure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the Housing Authority government, reporting the Housing Authority's operation in more detail than the government-wide statements. The Housing Authority's governmental funds provide information on near-term inflows, outflows and balances of spendable resources. The Housing Authority's governmental funds reported combined fund balances at March 31, 2008 of \$3,012,133, an increase of \$983,617 over the previous fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Housing Authority's investment in capital assets for its governmental and business-type activities as of March 31, 2008, was \$8,338,246 (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, and equipment. Net additions to capital assets were \$638,221 and net additions to accumulated depreciation were \$1,398,462. Therefore the Housing Authority's net investment in capital assets decreased \$760,241 from March 31, 2006.

Long-term Debt

At the end of the current fiscal year, the Housing Authority had total long-term obligations outstanding or \$6,937,642, a decrease of \$117,870 from March 31, 2007.

The following table shows the composition of the Housing Authority's total outstanding debt for governmental and proprietary funds.

Consolidated Area Housing Authority of Sutter County
Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenue Bonds	\$ -	\$ -	\$ 3,635,030	\$ 3,683,909	\$ 3,635,030	\$ 3,683,909
Loans Payable	1,397,750	1,492,326	1,347,947	1,347,460	2,745,697	2,839,786
Notes Payable	301,032	306,688	80,564	83,313	381,596	390,001
Compensated Absences	157,217	124,078	18,102	17,738	175,319	141,816
Total Long-Term Debt	\$ 1,855,999	\$ 1,923,092	\$ 5,081,643	\$ 5,132,420	\$ 6,937,642	\$ 7,055,512

ECONOMIC FACTORS

The Housing Authority is dependent upon HUD, Rural Development and several Housing Authority owned properties for the funding of operations. Therefore, the Housing Authority is affected by the federal budget as well as state or local economic conditions.

Changes in HUD subsidy affects the number of households that can be assisted under the Section 8 Housing Choice Voucher program which is federally funded on an ongoing basis. It is anticipated that funding for the Public Housing program will decrease over the next fiscal year, whereas, the Housing Choice Voucher program will increase only by a small percentage. Due to the continually increasing need for affordable housing, it is expected that all funds received under these programs will be fully utilized.

At this time, Kingwood Commons, a complex owned by the Housing Authority, is undergoing additional rehabilitation to help decrease operating expenses. The Housing Authority is currently working with the City of Yuba City to obtain funding either through grants or low-interest loans.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest in the Housing Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, at the Consolidated Area Housing Authority of Sutter County, P.O. Box 631, Yuba City, California, 95992.

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

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CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
STATEMENT OF NET ASSETS
MARCH 31, 2008

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and investments	\$ 2,325,572	\$ 324,863	\$ 2,650,435
Cash with fiscal agent	-	540,492	540,492
Accounts receivable (net of allowance)	345,128	27,478	372,606
Interest receivable	3	4	7
Internal balances	400,534	(400,534)	-
Due from external parties	18,125	-	18,125
Restricted assets:			
Cash and investments	356,521	-	356,521
Cash with fiscal agent	-	368,645	368,645
Total restricted assets	<u>356,521</u>	<u>368,645</u>	<u>725,166</u>
Capital assets:			
Non-depreciable assets	932,787	832,211	1,764,998
Depreciable assets, net of depreciation	<u>2,413,380</u>	<u>4,159,868</u>	<u>6,573,248</u>
Total capital assets	<u>3,346,167</u>	<u>4,992,079</u>	<u>8,338,246</u>
Total Assets	<u>6,792,050</u>	<u>5,853,027</u>	<u>12,645,077</u>
<u>LIABILITIES</u>			
Accounts payable	292,999	37,971	330,970
Prepaid tenant rent	5,571	3,239	8,810
Accrued salaries and benefits	34,477	4,427	38,904
Security deposits payable	49,354	27,636	76,990
Escrow accounts payable	51,349	-	51,349
Long-term liabilities:			
Due within one year	117,028	79,068	196,096
Due in more than one year	<u>1,738,971</u>	<u>5,002,575</u>	<u>6,741,546</u>
Total Liabilities	<u>2,289,749</u>	<u>5,154,916</u>	<u>7,444,665</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,647,385	(71,462)	1,575,923
Unrestricted	<u>2,854,916</u>	<u>769,573</u>	<u>3,624,489</u>
Total Net Assets	<u>\$ 4,502,301</u>	<u>\$ 698,111</u>	<u>\$ 5,200,412</u>

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

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008

FUNCTIONS/PROGRAMS	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			Capital Grants and Contributions
Public assistance	\$ 6,799,961	\$ 1,347,038	\$ 5,288,683
Interest on long-term debt	24,621	-	\$ 644,735
Total Governmental Activities	6,824,582	1,347,038	5,288,683
Business-type activities:			644,735
LC-35	214,664	304,833	-
Butte View Estates	320,623	246,227	-
Kingwood Commons Apartments	804,830	852,588	-
Trailer Park	16,916	35,286	-
Percy Avenue	39,504	32,431	-
Total Business-type Activities	1,396,537	1,471,365	-
Total Primary Government	\$ 8,221,119	\$ 2,818,403	\$ 5,288,683
			\$ 644,735
General revenues:			
Interest and investment earnings			
Miscellaneous			
Total General Revenues			
Change in Net Assets			
Net Assets - Beginning			
Prior period adjustment			
Net Assets - Beginning, Restated			
Net Assets - Ending			

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

**Net (Expense) Revenue and
Changes in Net Assets**

Governmental Activities	Business Type Activities	Total
\$ 480,495	\$ -	\$ 480,495
(24,621)	-	(24,621)
<u>455,874</u>	<u>-</u>	<u>455,874</u>
-	90,169	90,169
-	(74,396)	(74,396)
-	47,758	47,758
-	18,370	18,370
-	(7,073)	(7,073)
<u>-</u>	<u>74,828</u>	<u>74,828</u>
<u>455,874</u>	<u>74,828</u>	<u>530,702</u>
15,085	42,840	57,925
345,790	-	345,790
<u>360,875</u>	<u>42,840</u>	<u>403,715</u>
<u>816,749</u>	<u>117,668</u>	<u>934,417</u>
4,409,696	580,443	4,990,139
(724,144)	-	(724,144)
<u>3,685,552</u>	<u>580,443</u>	<u>4,265,995</u>
<u>\$ 4,502,301</u>	<u>\$ 698,111</u>	<u>\$ 5,200,412</u>

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BASIC FINANCIAL STATEMENTS

Fund Financial Statements

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CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2008

	<u>Conventional</u>	<u>Rural Development</u>	<u>Rehabilitation Agency</u>	<u>Housing Choice Vouchers</u>
<u>ASSETS</u>				
Cash and investments	\$ 46,032	\$ -	\$ 73,149	\$ 2,156,572
Accounts receivable - tenants, net	9,144	3,862	-	711
Accounts receivable - operating reimbursement	-	156,775	-	-
Accounts receivable - grants	-	-	10	-
Interest receivable	3	-	-	-
Due from other funds	635,582	275,621	-	260,678
Restricted assets:				
Cash and investments	-	305,172	-	51,349
Total Assets	<u>\$ 690,761</u>	<u>\$ 741,430</u>	<u>\$ 73,159</u>	<u>\$ 2,469,310</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts payable	\$ 180,973	\$ 55,337	\$ 2,608	\$ 12,407
Prepaid tenant rent	3,321	2,250	-	-
Accrued salaries and benefits	9,314	11,617	3,003	7,156
Security deposits payable	34,354	15,000	-	-
Escrow accounts payable	-	-	-	51,349
Due to other funds	-	185,184	420,322	-
Total Liabilities	<u>227,962</u>	<u>269,388</u>	<u>425,933</u>	<u>70,912</u>
<u>FUND BALANCES</u>				
Reserved	-	305,172	-	-
Unreserved, reported in:				
Special revenue funds				
Undesignated	462,799	166,870	(352,774)	2,398,398
Total Fund Balances	<u>462,799</u>	<u>472,042</u>	<u>(352,774)</u>	<u>2,398,398</u>
Total Liabilities and Fund Balances	<u>\$ 690,761</u>	<u>\$ 741,430</u>	<u>\$ 73,159</u>	<u>\$ 2,469,310</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 49,819	\$ 2,325,572
-	13,717
87,096	243,871
87,530	87,540
-	3
61,689	1,233,570
-	356,521
<u>\$ 286,134</u>	<u>\$ 4,260,794</u>

\$ 41,674	\$ 292,999
-	5,571
3,387	34,477
-	49,354
-	51,349
<u>209,405</u>	<u>814,911</u>
<u>254,466</u>	<u>1,248,661</u>

-	305,172
<u>31,668</u>	<u>2,706,961</u>
<u>31,668</u>	<u>3,012,133</u>
<u>\$ 286,134</u>	<u>\$ 4,260,794</u>

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
MARCH 31, 2008

Total Fund Balances - Total Governmental Funds	\$ 3,012,133
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	3,346,167
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Loans payable	(1,397,750)
Notes payable	(301,032)
Compensated absences	<u>(157,217)</u>
Net Assets of Governmental Activities	<u>\$ 4,502,301</u>

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

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CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Conventional</u>	<u>Rural Development</u>	<u>Rehabilitation Agency</u>	<u>Housing Choice Vouchers</u>
<u>REVENUES</u>				
Use of money and property	\$ 687,698	\$ 661,243	\$ -	\$ 13,182
Intergovernmental	151,360	570,514	117,224	4,046,692
Other revenues	122,341	224,406	-	20
Total Revenues	<u>961,399</u>	<u>1,456,163</u>	<u>117,224</u>	<u>4,059,894</u>
<u>EXPENDITURES</u>				
Current:				
Public assistance	1,069,921	1,427,735	228,703	3,122,060
Capital outlay	124,534	106,612	-	-
Debt service				
Principal	5,655	94,575	-	-
Interest and other charges	9,960	14,661	-	-
Total Expenditures	<u>1,210,070</u>	<u>1,643,583</u>	<u>228,703</u>	<u>3,122,060</u>
Excess of Revenue Over (Under) Expenditures	<u>(248,671)</u>	<u>(187,420)</u>	<u>(111,479)</u>	<u>937,834</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	613,942	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>613,942</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>365,271</u>	<u>(187,420)</u>	<u>(111,479)</u>	<u>937,834</u>
Fund Balances - Beginning	<u>97,528</u>	<u>659,462</u>	<u>(241,295)</u>	<u>1,460,564</u>
Fund Balances - Ending	<u><u>\$ 462,799</u></u>	<u><u>\$ 472,042</u></u>	<u><u>\$ (352,774)</u></u>	<u><u>\$ 2,398,398</u></u>

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

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,362,123
1,047,628	5,933,418
87,095	433,862
<u>1,134,723</u>	<u>7,729,403</u>
541,370	6,389,789
-	231,146
-	100,230
-	24,621
<u>541,370</u>	<u>6,745,786</u>
<u>593,353</u>	<u>983,617</u>
-	613,942
<u>(613,942)</u>	<u>(613,942)</u>
<u>(613,942)</u>	<u>-</u>
(20,589)	983,617
<u>52,257</u>	<u>2,028,516</u>
<u>\$ 31,668</u>	<u>\$ 3,012,133</u>

**CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008**

Net Change in Fund Balances - Total Governmental Funds	\$ 983,617
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital outlay	231,146
Depreciation expense	(473,015)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Principal retirements	100,230
Some revenues reported in the statement of activities will not be collected for several months after the Authority's year end and do not provide current financial resources and therefore are not reported in the governmental funds.	
Change in accounts receivable	(88,072)
Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in accounts payable	95,980
Change in compensated absences	(33,137)
Change in Net Assets of Governmental Activities	<u>\$ 816,749</u>

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

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
MARCH 31, 2008

	Business-Type Activities - Enterprise Funds			
	Butte View Estates	Spencer Arms Apartments	Other Enterprise Funds	Totals
<u>ASSETS</u>				
Current Assets:				
Cash and investments	\$ 178,354	\$ 99,463	\$ 47,046	\$ 324,863
Cash with fiscal agent	-	540,492	-	540,492
Accounts receivable - tenants, net	568	22,935	3,683	27,186
Accounts receivable - operating reimbursement	-	-	292	292
Interest receivable	-	-	4	4
Due from other funds	-	-	266,096	266,096
Total Current Assets	178,922	662,890	317,121	1,158,933
Restricted Assets:				
Cash with fiscal agent	-	368,645	-	368,645
Total Restricted Assets	-	368,645	-	368,645
Noncurrent Assets:				
Nondepreciable assets	221,880	320,000	290,331	832,211
Depreciable assets, net	793,839	3,042,984	323,045	4,159,868
Total Noncurrent Assets	1,015,719	3,362,984	613,376	4,992,079
Total Assets	1,194,641	4,394,519	930,497	6,519,657
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable	18,348	14,748	4,875	37,971
Prepaid tenant rent	-	2,205	1,034	3,239
Accrued salaries and benefits	1,048	2,484	895	4,427
Security deposits payable	7,195	16,741	3,700	27,636
Due to other funds	16,037	548,031	102,562	666,630
Compensated absences payable	3,720	10,709	3,673	18,102
Loans payable	3,478	-	-	3,478
Notes payable	-	-	2,917	2,917
Bonds payable	11,484	43,087	-	54,571
Total Current Liabilities	61,310	638,005	119,656	818,971
Noncurrent Liabilities:				
Loans payable - net of current portion	519,469	825,000	-	1,344,469
Notes payable - net of current portion	-	-	77,647	77,647
Bonds payable - net of current portion	696,379	2,884,080	-	3,580,459
Total Noncurrent Liabilities	1,215,848	3,709,080	77,647	5,002,575
Total Liabilities	1,277,158	4,347,085	197,303	5,821,546
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	(215,091)	(389,183)	209,767	(394,507)
Unrestricted	132,574	436,617	523,427	1,092,618
Total Net Assets	\$ (82,517)	\$ 47,434	\$ 733,194	698,111

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

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	Business-Type Activities - Enterprise Funds			
	Butte View Estates	Kingwood Commons Apartments	Other Enterprise Funds	Totals
<u>OPERATING REVENUES</u>				
Dwelling rents	\$ 244,698	\$ 445,558	\$ 114,691	\$ 804,947
Other tenant revenue	-	5,253	3,048	8,301
Other revenue	1,529	401,777	254,811	658,117
Total Operating Revenues	246,227	852,588	372,550	1,471,365
<u>OPERATING EXPENSES</u>				
Salaries and benefits	50,391	100,107	165,798	316,296
Utilities	35,579	110,822	22,359	168,760
Maintenance and repairs	-	98,849	30,467	129,316
Insurance	-	7,768	652	8,420
Services and supplies	138,777	125,400	26,131	290,308
Amortization	2,828	11,913	-	14,741
Depreciation	29,584	151,780	20,793	202,157
Total Operating Expenses	257,159	606,639	266,200	1,129,998
Operating Income (Loss)	(10,932)	245,949	106,350	341,367
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Interest income	6,024	36,274	542	42,840
Interest expense	(63,464)	(198,191)	(4,884)	(266,539)
Total Non-operating Revenue (Expenses)	(57,440)	(161,917)	(4,342)	(223,699)
Change in Net Assets	(68,372)	84,032	102,008	117,668
Total Net Assets - Beginning	(14,145)	(36,598)	631,186	580,443
Total Net Assets - Ending	\$ (82,517)	\$ 47,434	\$ 733,194	\$ 698,111

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

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	Business-Type Activities - Enterprise Funds			
	Butte View Estates	Spencer Arms Apartments	Other Enterprise Funds	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 246,193	\$ 849,423	\$ 387,159	\$ 1,482,775
Payments to suppliers	(156,452)	(371,597)	(80,402)	(608,451)
Payments to employees	(49,143)	(99,392)	(167,284)	(315,819)
Net Cash Provided (Used) by Operating Activities	40,598	378,434	139,473	558,505
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Interfund loans received	-	364,256	-	364,256
Interfund loans made	-	-	(57,168)	(57,168)
Interfund loan repayments	(47,213)	-	(17,098)	(64,311)
Net Cash Provided (Used) by Noncapital Financing Activities	(47,213)	364,256	(74,266)	242,777
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Acquisition of capital assets	-	(393,600)	(14,330)	(407,930)
Principal paid on debt	(76,330)	(50,000)	(2,748)	(129,078)
Interest paid on debt	(269)	(198,191)	(4,884)	(203,344)
Net Cash Provided (Used) by Capital and Related Financing Activities	(76,599)	(641,791)	(21,962)	(740,352)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest income	6,024	36,275	543	42,842
Net Cash Provided (Used) by Investing Activities	6,024	36,275	543	42,842
Net Increase (Decrease) in Cash and Cash Equivalents	(77,190)	137,174	43,788	103,772
Balances - Beginning of the Year	255,544	871,426	3,258	1,130,228
Balances - End of the Year	\$ 178,354	\$ 1,008,600	\$ 47,046	\$ 1,234,000
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>				
Operating income (loss)	\$ (10,932)	\$ 245,949	\$ 106,350	\$ 341,367
Adjustments to reconcile operating income to net cash provided by operating activities:				
Amortization and depreciation	32,412	163,693	20,793	216,898
Decrease (increase) in:				
Accounts receivable - tenants, net	-	(15,705)	14,296	(1,409)
Accounts receivable - operating reimbursement	-	13,593	(292)	13,301
Increase (decrease) in:				
Accounts payable	17,904	(28,758)	(793)	(11,647)
Prepaid tenant rent	-	2,205	822	3,027
Accrued salaries and benefits	595	(120)	(362)	113
Security deposits payable	(34)	(3,258)	(217)	(3,509)
Compensated absences payable	653	835	(1,124)	364
Net Cash Provided (Used) by Operating Activities	\$ 40,598	\$ 378,434	\$ 139,473	\$ 558,505

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

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
MARCH 31, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and investments	<u>\$ 19,332</u>
Total Assets	<u>19,332</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 1,207
Due to other funds	<u>18,125</u>
Total Liabilities	<u><u>\$ 19,332</u></u>

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

BASIC FINANCIAL STATEMENTS

Notes to Basic Financial Statements

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CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Consolidated Area Housing Authority of Sutter County (the Authority) was established in April, 1946, by a resolution of the Sutter County Board of Supervisors and reorganized as the Consolidated Area Housing Authority of Sutter County, California (the Authority) in February, 1994, by agreement between the City of Live Oak, the City of Yuba City and the County of Sutter. The Authority is governed by a seven member Board of Commissioners. The Board of Commissioners is made up of two members appointed by the Sutter County Board of Supervisors, two members appointed by the City of Yuba City and two members appointed by the City of Live Oak. The remaining member is a resident of public housing selected by the members of the Authority's Board of Commissioners and approved by Sutter County, City of Live Oak and City of Yuba City. Commissioners are appointed for four-year terms.

The accounting methods and procedures adopted by the Authority conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 14.

The governmental reporting entity consists of the Authority (Primary Government) and its component units. Component units are legally separate organizations for which the Board of directors is financially accountable or other organizations whose component units nature and significant relationship with the Authority are such that exclusion would cause the Authority's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the Authority's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the Authority.

Reporting for component units on the Authority's financial statements can be blended or discretely presented. Blended component units are, although legally separate entities, in substance part of the Authority's operations and, therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board Management has determined that there are no component units of the Authority.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (Authority). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Authority. Governmental activities, which are normally supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the Authority's business-type activities and for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Authority or meets the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Authority reports the following major governmental funds:

- The Conventional Fund is a special revenue fund used to account for revenues and expenditures for Public and Indian Housing programs.
- The Rural Development Fund is a special revenue fund used to account for farm labor housing activities.
- The Rehabilitation Agency Fund is a special revenue fund used to account for rehabilitation projects of the Authority.
- The Housing Choice Vouchers Fund is a special revenue fund used to account for the Housing Voucher program.

The Authority reports the following major proprietary funds:

- The Butte View Estates Fund is an enterprise fund used to account for activity related to Butte View Estates rental.
- The Spencer Arms Apartments Fund is an enterprise Fund used to account for activity related to Spencer Arms Apartment rental.

The Authority reports the following additional fund types:

- Agency Funds account for assets held by the Authority as an agent for other governments or other funds.

C. Basis of Accounting and Measurement Focus

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. However, because agency funds only report assets and liabilities, they do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The Authority considers revenues reported in the governmental funds to be available if they are collected within 60 days after the end of the current fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. Government capital assets acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

For its business-type activities and enterprise funds, the Authority has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting For Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting", to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Authority has elected not to follow subsequent private-sector guidance. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes accounting principles generally accepted in the United States of America (GAAP) for governmental units.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 enterprise funds are charges to customers for sales and services. 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 nonoperating revenues and expenses.

D. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the enterprise funds consider all highly liquid investments with a maturity of three months or less when purchased and their equity in the Authority investment pool, to be cash equivalents.

E. Investments

The Authority pools cash and investments of all funds except for amounts held by fiscal agent. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. State statutes authorize the Authority to invest its cash surplus in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds, medium term notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. Investment income from pooled investments is allocated to all funds in the pool. Income from pooled investments is allocated to the individual funds based on the fund's average daily cash balance at quarter end in relation to the total pool investment. Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earned the interest.

Investments are reported in the accompanying balance sheet at fair value which is determined using selected bases annually. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value. Managed funds not listed on an established market are reported at the estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

F. Receivables

In the government-wide and proprietary fund financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include rental income, grants, and interest. Business-type activities report user fees including rental income and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as rental income, grants, interest, and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis.

G. Interfund Receivables and Payables

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are treated as an adjustment to expenditures or expenses; that is, a corresponding increase in expenditures or expenses in the reimbursing fund and a corresponding decrease in expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide presentation.

See Note 3 for details of interfund transactions, including receivables and payables at year end.

H. Inventory and Prepaid Costs

Governmental fund inventories are recorded as expenditures at the time the inventory is purchased. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs.

I. Capital Assets

Capital assets, which include property, plant, and equipment, are defined by the Authority as an asset with a cost greater than \$1,000 and a useful life of more than two years.

Equipment reported in the financial statements is reported at actual historical cost. Structures and improvements, and land, have been stated at actual cost when available or estimated historical cost. Estimated historical cost was arrived at by a variety of methods including the use of factors and comparative sales. Contributed capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

I. Capital Assets (Continued)

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements

In the government-wide financial statements, property, plant, equipment, and infrastructure are accounted for as capital assets in the Governmental or Business-type activities column.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	2-10 years
Structures and improvements	10-30 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

J. Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of loans payable, accrued compensated absences, bonds payable, and capital leases payable.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

K. Compensated Absences

Compensated absences comprise unused vacation leave, vested sick pay and certain compensated time off, which is paid at the date of termination from Authority employment. All compensated pay is accrued when incurred in the government-wide and proprietary fund financial statements. For all governmental funds, termination pay-outs expected to be paid out of current financial resources are recorded as fund liabilities.

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

L. Net Assets/Fund Balances

Government-Wide Financial Statements

The government-wide and business-type activities financial statements utilize a net assets presentation. Net assets are categorized as investment in capital assets (net of related debt), restricted and unrestricted.

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and 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 – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted net assets are available, unrestricted resources are depleted first before the restricted resources are used.

Fund Financial Statements

In the governmental fund financial statements, reserves and designations segregate portions of fund balance. Reservations of fund balance are for amounts that are not available or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance are established by action of management and represent tentative plans that are subject to change. The Authority's reserves and designations at March 31, 2008, are comprised of the following:

	<u>Rural Development</u>
Reserved for:	
Supervised account	\$ 305,172
Total Reserved	<u>\$ 305,172</u>

A description of reserves follows:

Reserved for Supervised Account - to reflect the portion of assets which do not represent available, spendable resources.

At March 31, 2008, the Authority did not have any recorded designations.

M. Grant Revenues

Certain grant revenues are recognized when specific related expenditures have been incurred. In other grant programs, monies are virtually unrestricted as to purpose of expenditure and are only revocable for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt, or earlier if susceptible to accrual criteria is met. Cash received prior to incurrence of the related expenditure is recorded as unearned revenue.

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

N. Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Government Funds – By Character
 - Current (further classified by function)
 - Debt Service
 - Capital Outlay
- Proprietary Fund – By Operating and Nonoperating

O. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of Net Assets on Government-Wide Financial Statements

During the current year, the Authority adjusted beginning net assets to correct a prior year understatement of accumulated depreciation.

The impact of the restatement on the net assets of the government-wide financial statements as previously reported is presented below:

	<u>Governmental Activities</u>
Net Assets, March 31, 2007, as previously reported	\$ 4,409,696
Adjustment associated with: Correction of capital assets	(724,144)
Total Adjustments	(724,144)
Net Assets, April 1, 2008 as restated	<u>\$ 3,685,552</u>

B. Deficit Fund Balance/Net Assets

The following major governmental funds had a deficit fund balance at March 31, 2008:

The Rehabilitation Agency fund had a fund balance deficit of \$352,774, which is expected to be eliminated in future years through cost containment and revenue receipt.

The following nonmajor governmental fund had a deficit fund balance at March 31, 2008:

The Mental Health Housing Services fund had a fund balance deficit of \$650, which is expected to be eliminated in future years through cost containment and revenue receipt.

The following major enterprise fund had deficit net assets at March 31, 2008:

The Butte View Estates fund had a net asset deficit of \$82,517, which is expected to be eliminated through cost containment and increased rental revenues.

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Balance/Net Assets (Continued)

The following nonmajor enterprise fund had deficit net assets at March 31, 2008:

The Trailer Park fund had a net asset deficit of \$57,827, which is expected to be eliminated in future years through cost containment or alternative income producing measures.

NOTE 3: DETAILED NOTES

A. Cash and Investments

As of March 31, 2008, the Authority's cash and investments consisted of the following:

Cash and Deposits	
Imprest cash	\$ 250
Deposits (less outstanding warrants)	3,025,324
Deposits with fiscal agents	<u>909,137</u>
Total Cash and Deposits	<u>3,934,711</u>
Investments	
Local Agency Investment Fund	<u>714</u>
Total Investments	<u>714</u>
Total Cash and Investments	<u>\$ 3,935,425</u>

Cash

The California Government Code requires California banks and savings and loan associations to collateralize an Authority's deposits by pledging government securities. The market value of pledged securities must equal at least 110 percent of an Authority's deposits. California law also allows financial institutions to collateralize Authority deposits by pledging first trust deed mortgage notes having a value of 150 percent of an Authority's total deposits. The Authority may waive collateral requirements for deposits which are fully insured up to \$100,000 by Federal Deposit insurance. Authority deposits in excess of the Federal Deposit Insurance Corporation's coverage are fully collateralized.

At year end, the carrying amount of the Authority's cash deposits (including amount in checking accounts and money market accounts, and cash with fiscal agents) was \$3,934,461, and the bank balance was \$4,015,369. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$345,602 was covered by federal depository insurance and \$3,669,767 was uninsured and collateralized (i.e., collateralized with securities held by the pledging financial institution at 110 percent of the deposits, in accordance with the State of California Government Code, deemed to be held in the Authority's name).

Investments

As of March 31, 2008, the Authority had the following investments:

	Interest Rates	Maturities			Fair Value	Weighted Average Maturity (Years)
		0-1 year	1-5 years	Over 5 years		
Local Agency Investment Fund (LAIF)	Variable	\$ 714	\$ -	\$ -	\$ 714	\$ -
Total Pooled Investments		<u>\$ 714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 714</u>	<u>\$ -</u>

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments of the Authority are pooled with the State of California Local Agency Investment Fund.

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 3: DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Credit Risk - Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investor Service. State law also limits investments in corporate bonds to the rating of A by both Standards & Poor's and Moody's Investors Service. The Authority does not have an investment policy that would further limit its investment choices.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The Authority follows California Government Code which requires that deposits of more than \$100,000 must be collateralized. The Authority does not have a formal investment policy that would further limit the exposure to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law restricts the Authority's investments in commercial paper to 40% of its investment pool and to 10% per issuer, corporate bonds and medium term notes to 30% of its investment pool and to 10% per issuer, and banker's acceptances to 15% of its investment pool and to 10% per issuer. The Authority has invested all cash, other than deposits and imprest cash in the California Local Agency Investment Fund (LAIF).

Investment in Local Agency Investment Fund - The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. At March 31, 2008, the Authority's investment position in the State of California Local Agency Investment Fund (LAIF) was \$714, which approximates fair value and is the same as the value of the pool shares. The total amount invested by all public agencies in LAIF on that day was \$65,246,262,645. Of that amount, 88.56% is invested in non-derivative financial products and 11.44% in structured notes and asset-backed securities. The value of the pool shares in LAIF is determined on an amortized cost basis, which approximates fair value. The Local Investment Advisory Board, which consists of five members designated by the State statutes, has oversight responsibility for LAIF.

B. Restricted Cash and Investments

The Authority reflects cash and investments held for Rural Development Supervised account of \$305,172, Housing Choice Voucher escrow accounts of \$51,349 and Kingwood Commons Apartments debt service reserve accounts of \$368,645 as restricted cash.

C. Capital Assets

Capital assets activity for the year ended March 31, 2008, was as follows:

	Balance April 1, 2007	Additions	Retirements	Adjustments	Balance March 31, 2008
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 403,772	\$ -	\$ -	\$ -	\$ 403,772
Construction in progress	342,265	186,750	-	-	529,015
Total Capital Assets, Not Being Depreciated	746,037	186,750	-	-	932,787
Capital assets, being depreciated:					
Building and improvements	14,757,263	-	-	(5,698)	14,751,565
Equipment	1,274,480	44,396	-	5,698	1,324,574
Total Capital Assets, Being Depreciated	16,031,743	44,396	-	-	16,076,139
Less accumulated depreciation for:					
Buildings and improvements	(11,900,064)	(411,093)	-	(703,416)	(13,014,573)
Equipment	(565,536)	(61,922)	-	(20,728)	(648,186)
Total Accumulated Depreciation	(12,465,600)	(473,015)	-	(724,144)	(13,662,759)
Total Capital Assets, Being Depreciated, Net	3,566,143	(428,619)	-	(724,144)	2,413,380
Governmental Activities Capital Assets, Net	\$ 4,312,180	(\$ 241,869)	\$ -	(\$ 724,144)	\$ 3,346,167

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 3: DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

	Balance April 1, 2007	Additions	Retirements	Adjustments	Balance March 31, 2008
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 801,960	\$ -	\$ -	\$ -	\$ 801,960
Construction in progress	-	13,924	-	16,327	30,251
Total Capital Assets, Not Being Depreciated	801,960	13,924	-	16,327	832,211
Capital assets, being depreciated:					
Building and improvements	4,631,946	391,220	-	(17,181)	5,005,985
Equipment	52,483	2,785	-	-	55,268
Total Capital Assets, Being Depreciated	4,684,429	394,005	-	(17,181)	5,061,253
Less accumulated depreciation for:					
Buildings and improvements	(693,080)	(196,749)	-	854	(888,975)
Equipment	(7,002)	(5,408)	-	-	(12,410)
Total Accumulated Depreciation	(700,082)	(202,157)	-	854	(901,385)
Total Capital Assets, Being Depreciated, Net	3,984,347	191,848	-	(16,327)	4,159,868
Business-Type Activities Capital Assets, Net	\$ 4,786,307	\$ 205,772	\$ -	\$ -	\$ 4,992,079

Depreciation

Depreciation expense was charged to governmental functions as follows:

Public Assistance	\$ 473,015
Total Depreciation Expense - Governmental Functions	\$ 473,015

Depreciation expense was charged to the business-type functions as follows:

Butte View Estates	\$ 29,584
Kingwood Commons Apartments	151,780
Trailer Park	2,182
LC-35	6,444
Percy Avenue	12,167
Total Depreciation Expense - Business-Type Functions	\$ 202,157

D. Long-Term Liabilities

The following is a summary of all long-term liabilities transactions for the year ended March 31, 2008:

	Balance April 1, 2007	Additions	Retirements/ Adjustments	Balance March 31, 2008	Amounts Due Within One Year
Governmental Activities					
Loans Payable	\$ 1,492,326	\$ -	\$ 94,576	\$ 1,397,750	\$ 55,148
Notes Payable	306,688	-	5,656	301,032	12,662
Compensated Absences (Note 1K)	124,078	40,413	7,274	157,217	49,218
Total Governmental Activities - Long-Term Liabilities	\$ 1,923,092	\$ 40,413	\$ 107,506	\$ 1,855,999	\$ 117,028

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 3: DETAILED NOTES (CONTINUED)

D. Long-Term Liabilities (Continued)

	<u>Balance</u> <u>April 1, 2006</u>	<u>Additions/</u> <u>Adjustments</u>	<u>Retirements/</u> <u>Adjustments</u>	<u>Balance</u> <u>March 31, 2007</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Business-Type Activities					
Revenue Bonds	\$ 4,056,852	\$	\$ 63,133	\$ 3,993,719	\$ 68,825
Less: Bond Discount	(220,827)	-	8,493	(212,334)	(8,493)
Bond Issue Cost	(152,116)	-	5,761	(146,355)	(5,761)
Revenue Bonds (Net)	<u>3,683,909</u>	-	<u>48,879</u>	<u>3,635,030</u>	<u>54,571</u>
Loans Payable	1,370,349	-	-	1,370,349	3,965
Less: Loan Fees	(22,889)	-	487	(22,402)	(487)
Loans Payable (Net)	<u>1,347,460</u>	-	<u>487</u>	<u>1,347,947</u>	<u>3,478</u>
Notes Payable	83,313	-	2,749	80,564	2,917
Compensated Absences (Note 1K)	<u>17,738</u>	<u>1,814</u>	<u>1,450</u>	<u>18,102</u>	<u>18,102</u>
Total Business-Type Activities					
-Long-Term Liabilities	<u>\$ 5,132,420</u>	<u>\$ 1,814</u>	<u>\$ 52,591</u>	<u>\$ 5,081,643</u>	<u>\$ 79,068</u>

At March 31, 2008, Revenue Bonds consisted of the following:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
AHA Multi-Family Housing Pool Revenues Bonds Series 2003B, issued in the amount of \$3,420,000 and payable in annual installments of \$25,000 to \$250,000, with an interest rate of 5.00 to 6.625 percent and maturity of January 1, 2033. These bonds were used to finance the acquisition of the Kingwood Commons Apartment complex.	\$ -	\$ 3,225,000
Butte View Estate Bonds, issued in the amount of \$810,000 and payable in monthly payments of \$4,418 including interest at 5.14 percent and maturity of November 1, 2034. These bonds were used to finance the acquisition of the Butte View Estates Apartment complex.	-	768,719
Total Revenue Bonds	<u>\$ -</u>	<u>\$ 3,993,719</u>

At March 31, 2008, Loans Payable consisted of the following:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Rural Development Agency Loan, issued in the amount of \$22,670 and payable in monthly payments of \$68 including interest of 1 percent and maturity of August 1, 2034. This loan was used to finance rural development activities of the authority.	\$ 16,764	\$ -
Rural Development Agency Loan, issued in the amount of \$7,466 and payable in monthly payments of \$22 including interest of 1 percent and maturity of August 1, 2034. This loan was used to finance rural development activities of the authority.	5,503	-
Rural Development Agency Loan, issued in the amount of \$47,378 and payable in monthly payments of \$141 including interest of 1 percent and maturity of August 1, 2034. This loan was used to finance rural development activities of the authority.	34,922	-
Rural Development Agency Loan, issued in the amount of \$2,902 and payable in monthly payments of \$9 including interest of 1 percent and maturity of August 1, 2034. This loan was used to finance rural development activities of the authority.	2,139	-

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 3: DETAILED NOTES (CONTINUED)

D. Long-Term Liabilities (Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Rural Development Agency Loan, issued in the amount of \$4,875 and payable in monthly payments of \$15 including interest of 1 percent and maturity of August 1, 2034. This loan was used to finance rural development activities of the authority.	3,593	
Rural Development Agency Loan, issued in the amount of \$290,000 and payable in monthly payments of \$863 including interest of 1 percent and maturity of August 1, 2034. This loan was used to finance rural development activities of the authority.	190,529	-
Rural Development Agency Loan, issued in the amount of \$1,412,827 and payable in monthly payments of \$4,206 including interest of 1 percent and maturity of August 1, 2034. This loan was used to finance rural development activities of the authority.	1,041,386	-
Rural Development Agency Loan, issued in the amount of \$139,644 and payable in monthly payments of \$416 including interest of 1 percent and maturity of August 1, 2034. This loan was used to finance rural development activities of the authority.	102,914	-
Rural Development Agency Loan, issued in the amount of \$549,801 and payable in monthly installments of \$1,165 including interest of 1 percent and maturity of November 2, 2054. This loan was used to finance the acquisition of the Butte View Estates Apartment Complex	-	545,349
City of Yuba City loan, issued in the amount of \$825,000. Payments are deferred unless there are sufficient residual receipts.	-	825,000
Total Loans Payable	<u>\$ 1,397,750</u>	<u>\$ 1,370,349</u>

At March 31, 2008, Notes Payable consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
City of Live Oak note, issued in the amount of \$208,640 and payable in annual installments of \$3,621-\$90,105 with an interest rate of 3 percent and maturity of February 1, 2031. This note was used to finance housing rehabilitation of Maple Park.	\$ 203,497	\$ -
City of Live Oak note, issued in the amount of \$100,000 and payable in annual installments of \$1,036 to \$4,916 with an interest rate of 3 percent and maturity of August 1, 2032. This note was used to finance housing rehabilitation at Date Street	97,535	-
First National Bank note, issued in the amount of \$98,800 and payable in annual installments of \$197-\$8,895 with an interest rate of 9.50 percent and maturity of November 1, 2024.	-	80,564
Total Notes Payable	<u>\$ 301,032</u>	<u>\$ 80,564</u>

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 3: DETAILED NOTES (CONTINUED)

D. Long-Term Liabilities (Continued)

The total aggregate maturities for the years subsequent to March 31, 2008, are as follows:

<u>Revenue Bonds</u>							
Year Ended March 31	<u>Governmental Activities</u>		<u>Business-type Activities</u>				
	Principal	Interest	Principal	Interest			Total
2009	\$ -	\$ -	\$ 68,825	\$ 248,045	\$		316,870
2010	-	-	64,552	244,293			318,845
2011	-	-	80,318	240,227			320,545
2012	-	-	81,124	235,846			316,970
2013	-	-	86,972	231,423			316,970
2014-2018	-	-	524,239	1,071,487			1,595,726
2019-2023	-	-	708,250	885,856			1,594,106
2024-2028	-	-	765,742	630,984			1,596,726
2029-2033	-	-	1,319,194	279,769			1,598,963
2034-2038	-	-	84,504	3,851			88,355
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,993,719</u>	<u>\$ 4,071,782</u>	<u>\$</u>		<u>8,065,501</u>

<u>Loans Payable</u>							
Year Ended March 31	<u>Governmental Activities</u>		<u>Business-type Activities</u>				
	Principal	Interest	Principal	Interest			Total
2009	\$ 55,148	\$ 13,725	\$ 3,965	\$ 33,994	\$		106,823
2010	55,702	13,171	2,157	33,776			104,806
2011	56,262	12,611	2,296	33,637			104,806
2012	56,827	12,041	2,444	33,489			104,806
2013	57,398	11,475	2,601	33,332			104,806
2014-2018	295,756	48,612	15,739	163,924			524,031
2019-2023	310,913	33,455	21,495	158,168			524,031
2024-2028	326,847	17,521	29,357	150,306			524,031
2029-2033	182,897	2,875	40,094	139,569			365,435
2034-2038	-	-	54,757	124,906			179,663
2038-2043	-	-	74,783	104,800			179,663
2044-2048	-	-	102,133	72,530			179,663
2049-2053	-	-	139,486	40,177			179,663
2054-2058	-	-	54,042	17,820			71,862
Total	<u>\$ 1,397,750</u>	<u>\$ 165,491</u>	<u>\$ 545,349</u>	<u>\$ 1,145,508</u>	<u>\$</u>		<u>3,254,098</u>

<u>Notes Payable</u>							
Year Ended March 31	<u>Governmental Activities</u>		<u>Business-type Activities</u>				
	Principal	Interest	Principal	Interest			Total
2009	\$ 12,662	\$ 2,953	\$ 2,917	\$ 4,715	\$		23,247
2010	12,790	2,825	3,095	4,537			23,247
2011	12,918	2,697	3,284	4,348			23,247
2012	13,048	2,567	3,485	4,147			23,247
2013	13,179	2,436	3,698	3,934			23,247
2014-2018	67,907	10,842	22,173	15,984			116,906
2019-2023	71,387	7,696	29,833	8,324			117,240
2024-2028	75,046	3,774	12,079	638			91,537
2029-2033	22,095	441	-	-			22,536
Total	<u>\$ 301,032</u>	<u>\$ 36,231</u>	<u>\$ 80,564</u>	<u>\$ 46,627</u>	<u>\$</u>		<u>464,454</u>

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 3: DETAILED NOTES (CONTINUED)

E. Interfund Transactions

Due To/From Other Funds

Operating receivables and payables between funds are classified as due from or due to over funds. The following are due from and due to balances as of March 31, 2008:

	<u>Due from Other funds</u>	<u>Due to Other funds</u>
Major Governmental Funds		
Conventional	\$ 635,582	\$ -
Rural Development	275,621	185,184
Rehabilitation Agency	-	420,322
Housing Choice Vouchers	260,678	-
Nonmajor Governmental Funds	61,689	209,405
Major Proprietary Funds		
Butte View Estates	-	16,037
Spencer Arms Apartments	-	548,031
Nonmajor Enterprise Funds	266,096	102,562
Agency Funds	-	18,125
Total	<u>\$ 1,499,666</u>	<u>\$ 1,499,666</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various Authority operation and re-allocations of special revenues. The following are the interfund transfers for fiscal year ended March 31, 2008:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds		
Conventional	\$ 613,942	\$ -
Nonmajor Governmental Funds	-	613,942
Total	<u>\$ 613,942</u>	<u>\$ 613,942</u>

NOTE 4: EMPLOYEES' RETIREMENT PLAN

Plan Description

The Authority contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office – 400 P Street, Sacramento, CA 95814.

Funding Policy

Active plan members in PERS are required to contribute 8 percent of their annual covered salary. The Authority is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The Authority has committed to contribute the required employee contribution in addition to their own required contributions. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate for fiscal year 2007/2008 was 10.250 percent for miscellaneous employees. The contribution requirements of the plan are established by State statute and the employer contribution rate is established and may be amended by PERS. The Authority is required to contribute the remaining amounts necessary to fund the benefits of its members using the actuarial basis adopted by the PERS Board of Administration.

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Annual Pension Cost

For fiscal year 2007/2008, the Authority's annual pension cost of \$153,300 for PERS was equal to the Authority's actual contributions. The required contributions for fiscal year 2007/2008 were determined as part of the June 30, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.25 percent to 14.45 percent for miscellaneous plan, depending on age, service, and type of employment, and © 3.25 percent per year cost of living adjustment. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of PERS assets were determined using techniques that smooth the effect of short term volatility in the market value of investments over a two to five year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into PERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20 year period.

Three Year Trend Information for PERS

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
March 31, 2006	66,654	100%	-
March 31, 2007	132,083	100%	-
March 31, 2008	153,300	100%	-

NOTE 5: POST-EMPLOYMENT BENEFITS

The Authority pays \$81 to \$97 per month for two retirees who meet PERS retirement eligibility criteria and who elect to participate in Cal PERS insurance plan. The program had a cost to the Authority for the year ended March 31, 2008 of approximately \$1,875.

NOTE 6: PERMANENT NOTES

To provide for the development and modernization of low-rent housing units, the Authority issued Permanent Notes. These notes are payable by HUD and secured by annual contributions. The notes do not constitute a debt by the Authority and accordingly have not been reported in the accompanying financial statements.

NOTE 7: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority joined together with other housing authorities to participate in the Housing Authority Risk Retention Pool (HARRP). This joint venture is a public entity risk pool which serves as a common risk management and insurance program for property and liability coverage for 86 housing authority members. The Authority has also joined together with other housing authorities to participate in the California Housing Worker's Compensation Authority. This joint venture is a public entity risk pool which serves as a common risk management and insurance program for workers' compensation coverage for 31 housing authority members.

The Authority pays an annual premium to both of these joint ventures for its insurance coverage. The agreements with the joint ventures provide that they will be self-sustaining through member premiums and will reinsure through commercial companies for excess coverage.

There were no claims liability to be reported based on the requirements of Government Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably determined.

The Authority continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 8: OTHER INFORMATION

A. Contingent Liabilities

The General Authority has received funds from various federal, state and local grant programs. It is possible that at some future date it may be determined that the Authority was not in compliance with applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Authority does not expect such disallowed amount, if any, to materially affect the financial statements.

HUD may withhold future funding or may require repayment of the loan payments made by the Authority on the Maple Park Manor loan. The amount of this potential liability is not known at this time but is estimated to be a portion of the principal and interest payments made with Capital funds during the fiscal years ended March 31, 2003, 2004, 2005 and 2006.

As of June 30, 2008, the Authority's investment pool included investments in the Local Agency Investment Fund (LAIF). The fair market value of some investments in this pool have declined since the June 30th value listed in these financial statements. Any decrease in fair market value will be reflected as a reduction in investment earnings as realized. The amount of this decrease is not expected to exceed investment earnings in any period.

B. Joint Agencies

The California Affordable Housing Agency - Joint Powers Authority began operations on March 1, 2001, and has continued without interruption since that time. The Joint Powers Authority is composed of member housing agencies. All member agencies are on the Board of Directors who select an Executive Committee of five members. The operations are managed by the Housing Authority of the County of Butte and expenses are approved by the Executive Director of the Joint Powers Authority. Complete audited financial statements can be obtained at the Authority's office: 580 Vallombrosa Avenue, Chico, CA, 95926.

Condensed audited financial information for the JPA for the year ended December 31, 2007 is as follows:

Total Assets	\$ 2,035,461
Total Liabilities	1,918,394
Total Net Assets	117,067
Total Operating Revenues	337,246
Total Operating Expenses	498,164
Other Income (Expense)	42,489
Change in Net Assets	(118,429)

C. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has released the following new standards:

GASB Statement No. 45, Accounting and Financial Reporting by Employers of Postemployment Benefits Other Than Pensions (OPEB) addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other nonpension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits, or OPEB. The statement generally requires that employers account for and report the annual cost of OPEB and outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined benefits as they come due. This statement's provisions may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods. This statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and for certain employers, the extent to which the plan has been funded over time. GASB Statement No. 45 is effective for the Authority's fiscal year ending March 31, 2009.

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 8: OTHER INFORMATION (CONTINUED)

C. New Accounting Pronouncements (Continued)

Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, issued in November 2006. This Statement establishes accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The Statement establishes once any of five specified obligating events occurs, that a government is required to estimate the components of the expected pollution remediation outlays and determine whether the outlays for those components should be recorded as a liability or, if appropriate, capitalized when goods and services are acquired. GASB Statement No. 49 is effective for financial statements for years beginning after December 15, 2007.

Statement No. 50, Pension Disclosures, an amendment of GASB Statement No. 25 and No. 27, enhances the information disclosed in the notes to the financial statements or presented as required supplementary information (RSI). Statement No. 50 is intended to improve the transparency and decision usefulness of reported information about pensions by state and local governmental plans and employers, and conforms to the applicable changes adopted in Statement No. 45. GASB Statement No. 50 is effective for financial statements for years beginning after June 15, 2007.

Statement No. 51, Accounting and Financial Reporting for Intangible Assets requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. GASB Statement No. 51 is effective for financial statements for years beginning after June 15, 2009.

Statement No. 52, Land and Other Real Estate Held as Investments by Endowments improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. GASB Statement No. 52 is effective for financial statements for years beginning after June 15, 2008.

Statement No.53, Accounting and Financial Reporting for Derivative Instruments addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. Derivative instruments, however, also can expose governments to significant risks and liabilities. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts and futures contracts. GASB Statement No. 53 is effective for financial statements for years beginning after June 15, 2009.

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REQUIRED SUPPLEMENTARY INFORMATION
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CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE OF FUNDING PROGRESS - PENSION

Miscellaneous Plan:

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratios		Annual Covered Payroll	UAAL as a % of Payroll
				Actuarial Value	Market Value		
June 30, 2004	\$2,746,095,668	\$2,460,944,656	\$ 285,151,012	89.6%	88.2%	\$743,691,970	38.3%
June 30, 2005	2,891,460,651	2,588,713,000	302,747,651	89.5%	92.1%	755,046,679	40.1%
June 30, 2006	2,754,396,608	2,492,226,176	262,170,432	90.5%	95.7%	699,897,835	37.5%

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CONVENTIONAL - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
Use of money and property	\$ 701,345	\$ 701,345	\$ 687,698	\$ (13,647)
Intergovernmental	334,985	334,985	151,360	(183,625)
Other revenues	9,313	9,313	122,341	113,028
Total Revenues	<u>1,045,643</u>	<u>1,045,643</u>	<u>961,399</u>	<u>(84,244)</u>
<u>EXPENDITURES</u>				
Current:				
Public assistance	1,028,266	1,028,266	1,069,921	(41,655)
Capital outlay	1,766	1,766	124,534	(122,768)
Debt service	15,615	15,615	15,615	-
Total Expenditures	<u>1,045,647</u>	<u>1,045,647</u>	<u>1,210,070</u>	<u>(164,423)</u>
Excess of Revenue Over (Under) Expenditures	<u>(4)</u>	<u>(4)</u>	<u>(248,671)</u>	<u>(248,667)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	613,942	613,942
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>613,942</u>	<u>613,942</u>
Net Change in Fund Balances	<u>(4)</u>	<u>(4)</u>	<u>365,271</u>	<u>365,275</u>
Fund Balances - Beginning	<u>97,528</u>	<u>97,528</u>	<u>97,528</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 97,524</u>	<u>\$ 97,524</u>	<u>\$ 462,799</u>	<u>\$ 365,275</u>

The Consolidated Area Housing Authority of Sutter County budgets for debt service expenditures in total and does not separately identify the principal and interest portions. For purposes of the budgetary comparison, the debt service principal and interest expenditures have been combined into debt services.

See accompanying note to the Required Supplementary Information.

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
RURAL DEVELOPMENT - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
Use of money and property	\$ 680,014	\$ 680,014	\$ 661,243	\$ (18,771)
Intergovernmental	706,295	706,295	570,514	(135,781)
Other revenues	<u>7,084,743</u>	<u>7,084,743</u>	<u>224,406</u>	<u>(6,860,337)</u>
Total Revenues	<u>8,471,052</u>	<u>8,471,052</u>	<u>1,456,163</u>	<u>(7,014,889)</u>
<u>EXPENDITURES</u>				
Current:				
Public assistance	1,102,193	1,102,193	1,427,735	(325,542)
Capital outlay	7,080,295	7,080,295	106,612	6,973,683
Debt service	<u>120,209</u>	<u>120,209</u>	<u>109,236</u>	<u>10,973</u>
Total Expenditures	<u>8,302,697</u>	<u>8,302,697</u>	<u>1,643,583</u>	<u>6,659,114</u>
Net Change in Fund Balances	168,355	168,355	(187,420)	(355,775)
Fund Balances - Beginning	<u>659,462</u>	<u>659,462</u>	<u>659,462</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 827,817</u>	<u>\$ 827,817</u>	<u>\$ 472,042</u>	<u>\$ (355,775)</u>

The Consolidated Area Housing Authority of Sutter County budgets for debt service expenditures in total and does not separately identify the principal and interest portions. For purposes of the budgetary comparison, the debt service principal and interest expenditures have been combined into debt services.

See accompanying note to the Required Supplementary Information.

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
HOUSING CHOICE VOUCHERS - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
Use of money and property	\$ -	\$ -	\$ 13,182	\$ 13,182
Intergovernmental	4,402,058	4,402,058	4,046,692	(355,366)
Other revenue	3,138	3,138	20	(3,118)
Total Revenues	<u>4,405,196</u>	<u>4,405,196</u>	<u>4,059,894</u>	<u>(345,302)</u>
<u>EXPENDITURES</u>				
Current:				
Public assistance	<u>4,343,808</u>	<u>4,343,808</u>	<u>3,122,060</u>	<u>1,221,748</u>
Total Expenditures	<u>4,343,808</u>	<u>4,343,808</u>	<u>3,122,060</u>	<u>1,221,748</u>
Net Change in Fund Balances	61,388	61,388	937,834	876,446
Fund Balances - Beginning	<u>1,460,564</u>	<u>1,460,564</u>	<u>1,460,564</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,521,952</u>	<u>\$ 1,521,952</u>	<u>\$ 2,398,398</u>	<u>\$ 876,446</u>

The Consolidated Area Housing Authority of Sutter County budgets for debt service expenditures in total and does not separately identify the principal and interest portions. For purposes of the budgetary comparison, the debt service principal and interest expenditures have been combined into debt services.

See accompanying note to the Required Supplementary Information.

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED MARCH 31, 2008

A. SCHEDULE OF FUNDING PROGRESS - PENSION

The Schedule of Funding Progress - Pension presents a consolidated snapshot of the Authority's ability to meet current and future liabilities with the plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the pension plan. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

The Authority has less than 100 active employee members and is required to participate in a risk pool. Therefore, the Schedule of Funding Progress for the Authority valuation dates is for the entire pool, not just the Authority employees.

B. BUDGETARY BASIS OF ACCOUNTING

The Authority follows these procedures annually in establishing the budgetary data reflected in the financial statements:

1. The Executive Director submits to the Board of Commissions a proposed draft budget for the fiscal year commencing the following April 1. The budget includes proposed expenditures and the means of financing them.
2. The Board of Commissions reviews the proposed budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to April 1, the budget is adopted through the passage of a resolution.

Formal budgetary integration is employed as a management control device during the year. The Authority presents a comparison of annual budgets to actual results for all governmental funds. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The Authority did not adopt a budget for the Rehabilitation Agency major special revenue fund.

C. EXCESS EXPENDITURES OVER APPROPRIATIONS

For the year ended March 31, 2008 the following major special revenue fund incurred expenditures in excess of appropriations:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Deficit</u>
Conventional	\$ 1,075,548	\$ 1,192,203	(\$ 116,655)

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SUPPLEMENTARY INFORMATION

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

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CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
MARCH 31, 2008

	Capital Fund Program	Tenant Based Rental Assistance	Mental Health Housing Services	Migrant	Totals
<u>ASSETS</u>					
Cash and investments	\$ -	\$ 41,387	\$ 8,432	\$ -	\$ 49,819
Accounts receivable - operating reimbursements	-	78,941	8,155	-	87,096
Accounts receivable - grants	-	-	-	87,530	87,530
Due from other funds	-	-	-	61,689	61,689
Total Assets	\$ -	\$ 120,328	\$ 16,587	\$ 149,219	\$ 286,134
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ 41,674	\$ 41,674
Accrued salaries and benefits	-	1,290	64	2,033	3,387
Due to other funds	-	106,287	17,173	85,945	209,405
Total Liabilities	-	107,577	17,237	129,652	254,466
<u>FUND BALANCES</u>					
Unreserved					
Undesignated	-	12,751	(650)	19,567	31,668
Total Fund Balances	-	12,751	(650)	19,567	31,668
Total Liabilities and Fund Balances	\$ -	\$ 120,328	\$ 16,587	\$ 149,219	\$ 286,134

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	Capital Fund Program	Tenant Based Rental Assistance	Mental Health Housing Services	Migrant	Totals
<u>REVENUES</u>					
Intergovernmental	\$ 644,735	\$ -	\$ -	\$ 402,893	\$ 1,047,628
Other revenues	-	78,941	8,154	-	87,095
Total Revenues	644,735	78,941	8,154	402,893	1,134,723
<u>EXPENDITURES</u>					
Public assistance	56,497	66,190	8,804	409,879	541,370
Total Expenditures	56,497	66,190	8,804	409,879	541,370
Excess of Revenues Over (Under) Expenditures	588,238	12,751	(650)	(6,986)	593,353
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	-	-	-	-	-
Transfers out	(613,942)	-	-	-	(613,942)
Total Other Financing Sources (Uses)	(613,942)	-	-	-	(613,942)
Net Change in Fund Balances	(25,704)	12,751	(650)	(6,986)	(20,589)
Fund Balances - Beginning	25,704	-	-	26,553	52,257
Fund Balances - Ending	\$ -	\$ 12,751	\$ (650)	\$ 19,567	\$ 31,668

NONMAJOR ENTERPRISE FUNDS

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CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
MARCH 31, 2008

	Trailer Park	LC-35	Percy Avenue	Totals
<u>ASSETS</u>				
Current Assets				
Cash and investments	\$ 3,743	\$ 41,176	\$ 2,127	\$ 47,046
Accounts receivable - tenants, net	-	1,933	1,750	3,683
Accounts receivable - operating reimbursement	-	292	-	292
Interest receivable	-	4	-	4
Due from other funds	-	170,515	95,581	266,096
Total Current Assets	3,743	213,920	99,458	317,121
Noncurrent Assets:				
Nondepreciable assets	-	230,251	60,080	290,331
Depreciable assets, net	41,639	109,333	172,073	323,045
Total Noncurrent Assets	41,639	339,584	232,153	613,376
Total Assets	45,382	553,504	331,611	930,497
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable	428	2,128	2,319	4,875
Prepaid tenant rent	-	786	248	1,034
Accrued salaries and benefits	33	708	154	895
Security deposits payable	-	2,850	850	3,700
Due to other funds	102,562	-	-	102,562
Compensated absences payable	186	2,774	713	3,673
Notes payable	-	-	2,917	2,917
Total Current Liabilities	103,209	9,246	7,201	119,656
Noncurrent Liabilities:				
Notes payable - net of current portion	-	-	77,647	77,647
Total Noncurrent Liabilities	-	-	77,647	77,647
Total Liabilities	103,209	9,246	84,848	197,303
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	230,251	(20,484)	209,767
Unrestricted	(57,827)	314,007	267,247	523,427
Total Net Assets	\$ (57,827)	\$ 544,258	\$ 246,763	\$ 733,194

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES AND IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Trailer Park</u>	<u>LC-35</u>	<u>Percy Avenue</u>	<u>Totals</u>
<u>OPERATING REVENUES</u>				
Dwelling rents	\$ 35,226	\$ 47,409	\$ 32,056	\$ 114,691
Other tenant revenue	60	2,743	245	3,048
Other revenue	-	254,681	130	254,811
Total Operating Revenues	<u>35,286</u>	<u>304,833</u>	<u>32,431</u>	<u>372,550</u>
<u>OPERATING EXPENSES</u>				
Salaries and benefits	2,198	158,450	5,150	165,798
Utilities	10,238	6,277	5,844	22,359
Maintenance and repair	-	23,949	6,518	30,467
Insurance	-	601	51	652
Services and supplies	2,298	18,943	4,890	26,131
Depreciation	2,182	6,444	12,167	20,793
Total Operating Expenses	<u>16,916</u>	<u>214,664</u>	<u>34,620</u>	<u>266,200</u>
Operating Income (Loss)	<u>18,370</u>	<u>90,169</u>	<u>(2,189)</u>	<u>106,350</u>
<u>NON-OPERATING REVENUE (EXPENSES)</u>				
Interest income	-	542	-	542
Interest expense	-	-	(4,884)	(4,884)
Total Non-operating Revenue (Expenses)	<u>-</u>	<u>542</u>	<u>(4,884)</u>	<u>(4,342)</u>
Change in Net Assets	18,370	90,711	(7,073)	102,008
Total Net Assets - Beginning	<u>(76,197)</u>	<u>453,547</u>	<u>253,836</u>	<u>631,186</u>
Total Net Assets - Ending	<u>\$ (57,827)</u>	<u>\$ 544,258</u>	<u>\$ 246,763</u>	<u>\$ 733,194</u>

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	Trailer Park	LC-35	Percy Avenue	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 34,374	\$ 321,770	\$ 31,015	\$ 387,159
Payments to suppliers	(12,255)	(51,863)	(16,284)	(80,402)
Payments to employees	(1,978)	(160,299)	(5,007)	(167,284)
Net Cash Provided (Used) by Operating Activities	20,141	109,608	9,724	139,473
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Interfund loans received	-	-	-	-
Interfund loans made	-	(56,386)	(782)	(57,168)
Interfund loan repayments	(17,098)	-	-	(17,098)
Net Cash Provided (Used) by Noncapital Financing Activities	(17,098)	(56,386)	(782)	(74,266)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Acquisition of capital assets	-	(14,330)	-	(14,330)
Principal payment on debt	-	-	(2,748)	(2,748)
Interest paid on debt	-	-	(4,884)	(4,884)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(14,330)	(7,632)	(21,962)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest income	-	543	-	543
Net Cash Provided (Used) by Investing Activities	-	543	-	543
Net Increase (Decrease) in Cash and Cash Equivalents	3,043	39,435	1,310	43,788
Balances - Beginning of Year	700	1,741	817	3,258
Balances - End of Year	\$ 3,743	\$ 41,176	\$ 2,127	\$ 47,046
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>				
Operating income (loss)	\$ 18,370	\$ 90,169	\$ (2,189)	\$ 106,350
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,182	6,444	12,167	20,793
Decrease (increase) in:				
Accounts receivable - tenants, net	-	15,993	(1,697)	14,296
Accounts receivable - operating reimbursement	-	(292)	-	(292)
Increase (decrease) in:				
Accounts payable	281	(2,093)	1,019	(793)
Prepaid tenant rent	(212)	786	248	822
Accrued salaries and benefits	34	(398)	2	(362)
Security deposits payable	(700)	450	33	(217)
Compensated absences payable	186	(1,451)	141	(1,124)
Net Cash Provided (Used) by Operating Activities	\$ 20,141	\$ 109,608	\$ 9,724	\$ 139,473

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FIDUCIARY FUNDS
Agency Funds

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CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
MARCH 31, 2008

	<u>Central Office</u>	<u>Total Agency Funds</u>
<u>ASSETS</u>		
Cash and investments	\$ 19,332	\$ 19,332
Total Assets	<u>19,332</u>	<u>19,332</u>
<u>LIABILITIES</u>		
Accounts payable	1,207	1,207
Due to other funds	<u>18,125</u>	<u>18,125</u>
Total Liabilities	<u><u>\$ 19,332</u></u>	<u><u>\$ 19,332</u></u>

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

<u>CENTRAL OFFICE</u>	<u>Balance</u> <u>March 31, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>March 31, 2008</u>
<u>ASSETS</u>				
Cash and investments	\$ -	\$ 19,332	\$ -	\$ 19,332
Total Assets	<u>\$ -</u>	<u>\$ 19,332</u>	<u>\$ -</u>	<u>\$ 19,332</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 1,207	\$ -	\$ 1,207
Due to other funds	-	18,125	-	18,125
Total Liabilities	<u>\$ -</u>	<u>\$ 19,332</u>	<u>\$ -</u>	<u>\$ 19,332</u>

OTHER SCHEDULES

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CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
SUPPLEMENTAL REPORTING REQUIREMENTS - FDS SUMMARY
FOR THE YEAR ENDED MARCH 31, 2008

Comparative Financial Data Schedule (Current Year - Prior Year)					
CA048 03/31/2008					
Line Item	Account Description	Current Year	Prior Year	Variance	% Change
111	Cash - Unrestricted	\$ 2,666,276	\$ 1,812,173	\$ 854,103	47%
112	Cash - Restricted - Modernization and Development	\$ 305,172	\$ 464,128	\$(158,956)	(34)%
113	Cash - Other Restricted	\$ 51,349	\$ 54,129	\$(2,780)	(5)%
114	Cash - Tenant Security Deposits	\$ 3,208	\$ 26,013	\$(22,805)	(88)%
100	Total Cash	\$ 3,026,005	\$ 2,356,443	\$ 669,562	28%
124	Accounts Receivable - Other Government	\$ 243,871	\$ 246,421	\$(2,550)	(1)%
125	Accounts Receivable - Miscellaneous	\$ 87,832	\$ 0	\$ 87,832	-
126	Accounts Receivable - Tenants - Dwelling Rents	\$ 40,903	\$ 30,596	\$ 10,307	34%
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$ 0	\$ 0	\$ 0	-
126.2	Allowance for Doubtful Accounts - Other	\$ 0	\$ 0	\$ 0	-
128.1	Allowance for Doubtful Accounts - Fraud	\$ 0	\$ 0	\$ 0	-
129	Accrued Interest Receivable	\$ 7	\$ 5	\$ 2	40%
120	Total Receivables, net of allowances for doubtful accounts	\$ 372,613	\$ 277,022	\$ 95,591	35%
131	Investments - Unrestricted	\$ 540,775	\$ 516,460	\$ 24,315	5%
135	Investments - Restricted for Payment of Current Liabilities	\$ 0	\$ 352,857	\$(352,857)	(100)%
132	Investments Restricted	\$ 368,645	\$ 0	\$ 368,645	-
143.1	Allowance for Obsolete Inventories	\$ 0	\$ 0	\$ 0	-
144	Interprogram Due From	\$ 1,499,666	\$ 731,871	\$ 767,795	105%
150	Total Current Assets	\$ 5,807,704	\$ 4,234,653	\$ 1,573,051	37%
161	Land	\$ 1,205,733	\$ 1,205,732	\$ 1	0%
162	Buildings	\$ 19,757,551	\$ 19,389,210	\$ 368,341	2%
163	Furniture, Equipment & Machinery - Dwellings	\$ 67,085	\$ 1,326,963	\$(1,259,878)	(95)%
164	Furniture, Equipment & Machinery - Administration	\$ 1,312,737	\$ 0	\$ 1,312,737	-
165	Leasehold Improvements	\$ 0	\$ 0	\$ 0	-
166	Accumulated Depreciation	\$(14,564,125)	\$(13,165,683)	\$(1,398,442)	-
167	Construction In Progress	\$ 559,265	\$ 342,265	\$ 217,000	63%

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
SUPPLEMENTAL REPORTING REQUIREMENTS - FDS SUMMARY
FOR THE YEAR ENDED MARCH 31, 2008

Comparative Financial Data Schedule (Current Year - Prior Year)					
CA048 03/31/2008					
Line Item	Account Description	Current Year	Prior Year	Variance	% Change
160	Total Fixed Assets, Net of Accumulated Depreciation	\$ 8,338,246	\$ 9,098,487	\$(760,241)	(8)%
180	Total Non-Current Assets	\$ 8,338,246	\$ 9,098,487	\$(760,241)	(8)%
190	Total Assets	\$ 14,145,950	\$ 13,333,140	\$ 812,810	6%
312	Accounts Payable <= 90 Days	\$ 332,177	\$ 383,855	\$(51,678)	(13)%
321	Accrued Wage/Payroll Taxes Payable	\$ 38,904	\$ 37,283	\$ 1,621	4%
322	Accrued Compensated Absences - Current Portion	\$ 67,320	\$ 70,603	\$(3,283)	(5)%
341	Tenant Security Deposits	\$ 76,990	\$ 80,277	\$(3,287)	(4)%
342	Deferred Revenues	\$ 0	\$ 74	\$(74)	(100)%
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$ 128,776	\$ 127,972	\$ 804	1%
345	Other Current Liabilities	\$ 60,159	\$ 0	\$ 60,159	-
347	Interprogram Due To	\$ 1,499,666	\$ 731,871	\$ 767,795	105%
310	Total Current Liabilities	\$ 2,203,992	\$ 1,431,935	\$ 772,057	54%
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$ 6,633,547	\$ 6,785,724	\$(152,177)	(2)%
354	Accrued Compensated Absences - Non Current	\$ 107,999	\$ 71,213	\$ 36,786	52%
353	Noncurrent Liabilities - Other	\$ 0	\$ 54,129	\$(54,129)	(100)%
350	Total Noncurrent Liabilities	\$ 6,741,546	\$ 6,911,066	\$(169,520)	(2)%
300	Total Liabilities	\$ 8,945,538	\$ 8,343,001	\$ 602,537	7%
508	Total Contributed Capital	\$ 0	\$ 0	\$ 0	-
508.1	Invested in Capital Assets, Net of Related Debt	\$ 1,575,923	\$ 2,184,792	\$(608,869)	(28)%

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
SUPPLEMENTAL REPORTING REQUIREMENTS - FDS SUMMARY
FOR THE YEAR ENDED MARCH 31, 2008

Comparative Financial Data Schedule (Current Year - Prior Year)					
CA048 03/31/2008					
Line Item	Account Description	Current Year	Prior Year	Variance	% Change
511	Total Reserved Fund Balance	\$ 0	\$ 0	\$ 0	-
511.1	Restricted Net Assets	\$ 2,360,694	\$ 0	\$ 2,360,694	-
512.1	Unrestricted Net Assets	\$ 1,263,795	\$ 2,805,347	\$(1,541,552)	(55)%
513	Total Equity/Net Assets	\$ 5,200,412	\$ 4,990,139	\$ 210,273	4%
600	Total Liabilities and Equity/Net Assets	\$ 14,145,950	\$ 13,333,140	\$ 812,810	6%
703	Net Tenant Rental Revenue	\$ 2,031,010	\$ 2,248,844	\$(217,834)	(10)%
704	Tenant Revenue - Other	\$ 27,270	\$ 8,471	\$ 18,799	222%
705	Total Tenant Revenue	\$ 2,058,280	\$ 2,257,315	\$(199,035)	(9)%
706	HUD PHA Operating Grants	\$ 4,880,469	\$ 4,500,079	\$ 380,390	8%
706.1	Capital Grants	\$ 40,000	\$ 25,704	\$ 14,296	56%
708	Other Government Grants	\$ 1,147,954	\$ 1,148,032	\$(78)	(0)%
711	Investment Income - Unrestricted	\$ 28,835	\$ 48,233	\$(19,398)	(40)%
713.1	Cost of Sale of Assets	\$ 0	\$ 0	\$ 0	-
715	Other Revenue	\$ 971,618	\$ 750,947	\$ 220,671	29%
720	Investment Income - Restricted	\$ 28,380	\$ 24,121	\$ 4,259	18%
700	Total Revenue	\$ 9,155,536	\$ 8,754,431	\$ 401,105	5%
911	Administrative Salaries	\$ 923,108	\$ 923,766	\$(658)	(0)%
912	Auditing Fees	\$ 23,414	\$ 24,800	\$(1,386)	(6)%
913	Outside Management Fees	\$ 18,936	\$ 0	\$ 18,936	-
914	Compensated Absences	\$ 42,030	\$ 4,849	\$ 37,181	767%
915	Employee Benefit Contributions - Administrative	\$ 400,363	\$ 425,273	\$(24,910)	(6)%

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
SUPPLEMENTAL REPORTING REQUIREMENTS - FDS SUMMARY
FOR THE YEAR ENDED MARCH 31, 2008

Comparative Financial Data Schedule (Current Year - Prior Year)					
CA048 03/31/2008					
Line Item	Account Description	Current Year	Prior Year	Variance	% Change
916	Other Operating - Administrative	\$ 536,884	\$ 335,835	\$ 201,049	60%
921	Tenant Services - Salaries	\$ 10,629	\$ 0	\$ 10,629	-
923	Employee Benefit Contributions - Tenant Services	\$ 2,895	\$ 0	\$ 2,895	-
924	Tenant Services - Other	\$ 753	\$ 0	\$ 753	-
931	Water	\$ 326,703	\$ 205,159	\$ 121,544	59%
932	Electricity	\$ 92,564	\$ 75,225	\$ 17,339	23%
933	Gas	\$ 72,069	\$ 64,282	\$ 7,787	12%
938	Other Utilities Expense	\$ 37,955	\$ 114,685	\$(76,730)	(67)%
941	Ordinary Maintenance and Operations - Labor	\$ 724,263	\$ 608,363	\$ 115,900	19%
942	Ordinary Maintenance and Operations - Materials and Other	\$ 340,767	\$ 250,833	\$ 89,934	36%
943	Ordinary Maintenance and Operations - Contract Costs	\$ 527,068	\$ 299,056	\$ 228,012	76%
945	Employee Benefit Contributions - Ordinary Maintenance	\$ 293,985	\$ 298,582	\$(4,597)	(2)%
952	Protective Services - Other Contract Costs	\$ 26,133	\$ 0	\$ 26,133	-
961	Insurance Premiums	\$ 74,424	\$ 42,159	\$ 32,265	77%
962	Other General Expenses	\$ 63,907	\$ 22,178	\$ 41,729	188%
963	Payments in Lieu of Taxes	\$ 54,585	\$ 147,355	\$(92,770)	(63)%
964	Bad Debt - Tenant Rents	\$ 0	\$ 14,092	\$(14,092)	(100)%
967	Interest Expense	\$ 291,160	\$ 291,980	\$(820)	(0)%
969	Total Operating Expenses	\$ 4,884,595	\$ 4,148,472	\$ 736,123	18%
970	Excess Operating Revenue over Operating Expenses	\$ 4,270,941	\$ 4,605,959	\$(335,018)	(7)%
971	Extraordinary Maintenance	\$ 0	\$ 37,671	\$(37,671)	(100)%
973	Housing Assistance Payments	\$ 2,646,611	\$ 3,022,467	\$(375,856)	(12)%
974	Depreciation Expense	\$ 689,913	\$ 756,699	\$(66,786)	(9)%
900	Total Expenses	\$ 8,221,119	\$ 7,965,309	\$ 255,810	3%

CONSOLIDATED AREA HOUSING AUTHORITY OF SUTTER COUNTY
SUPPLEMENTAL REPORTING REQUIREMENTS - FDS SUMMARY
FOR THE YEAR ENDED MARCH 31, 2008

Comparative Financial Data Schedule (Current Year - Prior Year)					
CA048 03/31/2008					
Line Item	Account Description	Current Year	Prior Year	Variance	% Change
1001	Operating Transfers In	\$ 613,942	\$ 0	\$ 613,942	-
1002	Operating Transfers Out	\$(613,942)	\$ 0	\$(613,942)	-
1010	Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 934,417	\$ 789,122	\$ 145,295	18%
1102	Debt Principal Payments - Enterprise Funds	\$ 0	\$ 0	\$ 0	-
1103	Beginning Equity	\$ 4,990,139	\$ 5,365,869	\$(375,730)	(7)%
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$(724,144)	\$(1,164,852)	\$ 440,708	-
1120	Unit Months Available	16,418	16,127	291	2%
1121	Number of Unit Months Leased	14,437	15,040	(603)	(4)%
1117	Administrative Fee Equity	\$ 106,819	\$ 15,301	\$ 91,518	598%
1118	Housing Assistance Payments Equity	\$ 2,253,875	\$ 1,423,190	\$ 830,685	58%

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