

**HOUSING AUTHORITY
OF THE COUNTY OF MARIN
(A Component Unit of the County of Marin)
BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009
(Including Auditors' Report Thereon)**

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the
County of Marin
San Rafael, California

We have audited the accompanying financial statements of the business-type activities and the major fund of the Housing Authority of the County of Marin, California (the Authority), as of and for the year ended December 31, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of the County of Marin, California's, management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the Authority's 2008 financial statements and, in our report dated September 29, 2009, we expressed unqualified opinions on the respective financial statements of the business-type activities, each major fund, and the aggregate remaining fund information.

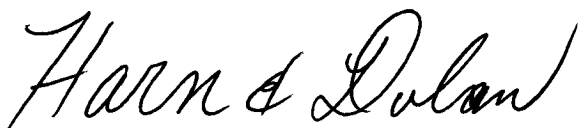
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Housing Authority of the County of Marin, California, as of December 31, 2009, and the respective changes in financial position and cash flows 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 September 23, 2010, on our consideration of the Housing Authority of the County of Marin, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplemental information in accordance with accounting standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the County of Marin, California's, basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The accompanying Statement of Completed Capital Fund Project is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the financial statements. Finally, the accompanying Financial Data Schedule is prepared for the purpose of additional analysis as required by the U.S. Department of Housing and Urban Development, Real Estate Assessment Center and is also not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, Statement of Completed Capital Fund Project, and Financial Data Schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.



September 23, 2010

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

As management of the Housing Authority of the County of Marin (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2009.

Financial Highlights

- C The assets of the Authority exceeded its liabilities at the close of the year by \$29.0 million. Of that amount, \$3.0 million was considered unrestricted net assets and may be used to meet the Authority' ongoing obligations.
- C Net assets of the Authority decreased \$1.73 million. The change primarily reflects a net decrease to restricted assets of \$1.3 million, a decrease in capital assets, net of debt of \$0.4 million and a slight increase in unrestricted net assets.
- C Total expenses for all programs were \$36.6 million for the year. Revenue from all programs primarily reflect HUD grants and subsidies of \$30.6 million and rental, interest earnings and other income of approximately \$4.1 million.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which are comprised of the government-wide financial statements - statements of net assets and statement of activities; and the fund financial statements - statements of net assets-proprietary funds, statement of revenues, expenses and changes in fund net assets - proprietary funds, and statement of cash flows - proprietary funds. This report also includes notes to the financial statements and supplementary information.

Government-Wide Financial Statements

The government-wide financial statements report information on the Authority as a whole, net of interfund activity.

The *Statement of Net Assets* presents information on the 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 Authority is improving or deteriorating. Interfund receivable and payables, including short-term notes, of \$1,579,091 have been eliminated for this presentation.

The *Statement of Activities* measures net revenue (expense) for each of the Authority's functions and reports revenue by program. General revenue is reported separately. The activities for the enterprise funds are presented by federal program administered by the Authority. Interfund revenue and expenses of \$2,121,572 have been eliminated for this presentation.

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

(Continued)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The United States Department of Housing and Urban Development (HUD) require that certain funds be established. However, the Authority established other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other moneys. All of the funds of the Authority are categorized as enterprise funds. The minimum criteria for the determination of major funds as required by GASB 34 is that total assets, liabilities, revenue, or expenses of that individual fund are at least 10% of the corresponding total for all funds of the same category. The Authority considers all of its activity to be housing related and therefore, considers all the financial activity to be one major fund titled *Housing*.

Enterprise funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The focus of enterprise funds is on income measurement, which together with the maintenance of equity, is an important financial indicator.

The *Statement of Net Assets* presents information on the 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 Authority is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Fund Net Assets* presents information showing how the Authority's net assets changed during the most recent fiscal 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *Statement of Cash Flows* presents the change in the Authority's cash and cash equivalents during the most recent fiscal year.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

(Continued)

Supplemental Information

Various federal agencies require certain information to be included in this report. This information is included after the notes to the financial statements under the title "Supplemental Information".

Financial Analysis

As noted earlier, the Authority uses funds to help it control and manage money for particular purposes. Our analysis below focuses on the net assets (Table 1) and the changes in the net assets (Table 2) of the Authority as a whole. The largest portion of the Authority's net assets (60.04%) reflects its investment in capital assets, net of related debt (e.g. land, buildings and improvements, furniture, equipment and machinery, less notes payable used to purchase these assets). The Authority uses these capital assets to provide services to clients; consequently, these assets are not available for future spending.

**Table 1
Net Assets**

	<u>12/31/09</u>	<u>12/31/08</u>	<u>Variance</u>	<u>%</u>
Current Assets	\$ 4,481,078	\$ 3,576,781	\$ 904,297	25.28%
Restricted Assets	7,708,770	7,332,976	375,794	5.12%
Capital assets (net of depreciation)	23,291,949	24,038,456	(746,507)	(3.11%)
Notes Receivable	<u>4,184,578</u>	<u>3,894,909</u>	<u>289,669</u>	7.44%
Total Assets	<u>\$ 39,666,375</u>	<u>\$ 38,843,122</u>	<u>\$ 823,253</u>	2.12%
Current Liabilities	\$ 2,047,164	\$ 1,595,937	451,227	28.27%
Payable from Restricted Assets	2,656,680	637,258	2,019,422	316.89%
Long Term Liabilities	<u>5,975,925</u>	<u>5,886,575</u>	<u>89,350</u>	1.52%
Total Liabilities	<u>\$ 10,679,769</u>	<u>\$ 8,119,770</u>	<u>\$ 2,559,999</u>	31.53%
Net Assets:				
Invested in Capital Assets	\$ 17,404,510	\$ 17,838,427	(433,917)	(2.43%)
Restricted net assets	8,565,480	9,883,350	(1,317,870)	(13.33%)
Unrestricted Net Assets	<u>3,016,616</u>	<u>3,001,575</u>	<u>15,041</u>	0.50%
Total Net Assets	<u>\$ 28,986,606</u>	<u>\$ 30,723,352</u>	<u>\$ (1,736,746)</u>	(5.65%)

The following is an explanation of the significant changes as shown in Table 1 above:

- C Restricted Net Assets decreased due to the need to restrict excess HAP funds received from HUD. These funds can be used only for housing assistance payments to aid Housing Choice Voucher clients only up to the number of units authorized by HUD.

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

(Continued)

- C At the end of the 2009 fiscal year, the Authority as a whole is able to report positive balances in all categories of Net Assets. Unrestricted net assets increased by \$15,041 (0.5%) from the prior year.

CHANGE IN UNRESTRICTED NET ASSETS

	<u>2009</u>	<u>2008</u>
Unrestricted Net Assets - beginning of the year	\$ 3,001,575	\$ 2,987,086
Net income (loss) before capital contribution	(2,325,536)	346,815
Adjustments:		
Depreciation (1)	1,232,558	1,228,464
Issuance of debt	-	101,468
Book value of capital assets sold	201,910	-
Change in interest payable on long-term debt (1)	61,535	61,535
Excess HAP funding (3)	1,512,116	(1,253,333)
Net receipt of restricted CDBG/DPAP loan funds	(84,423)	(154,111)
Principle paid on debt	(374,125)	(144,756)
Interest on restricted funds (2)	(38,359)	(94,314)
Capital asset additions not funded by capital grants	(99,171)	(42,159)
Other revenue that is restricted (2)	(56,880)	(18,384)
Funding of reserves	(14,584)	(14,584)
Receipts of other restricted funds - DPAP (2)	<u>-</u>	<u>(2,152)</u>
Unrestricted Net Assets - end of the year	<u>\$ 3,016,616</u>	<u>\$ 3,001,575</u>

- (1) Reported as an expense and affects net income, but does not have an impact on unrestricted net assets.
(2) Reported as revenue and affects net income, but does not have an impact on unrestricted net assets.
(3) Grants received from HUD in excess of HAP are restricted for future HAP expense.

While results of operations is a significant measure of the Authority's activities, the analysis of the changes in unrestricted net assets provides a clearer change in financial well-being.

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

(Continued)

**Table 2
Change in Net Assets**

	<u>12/31/09</u>	<u>12/31/08</u>	<u>Variance</u>	<u>%</u>
Operating Revenue:				
Rental and other	\$ 2,800,156	\$ 2,503,135	\$ 297,021	11.87%
Non-Operating Revenue				
Federal grants and subsidies	30,658,649	31,982,091	(1,323,442)	(4.14%)
State and local grants	1,215,892	1,072,132	143,760	13.41%
Interest	153,185	326,735	(173,550)	(53.12%)
Other	<u>27,090</u>	<u>-</u>	<u>27,090</u>	-
Total Revenues	<u>34,854,972</u>	<u>35,884,093</u>	<u>(1,029,121)</u>	<u>(2.87%)</u>
Operating Expenses:				
Administration	(5,650,317)	(4,476,249)	(1,174,068)	(26.23%)
Tenant Services	(246,244)	(159,643)	(86,601)	(54.25%)
Utilities	(946,221)	(979,718)	33,497	3.42%
Maintenance	(1,951,129)	(1,962,839)	11,710	0.60%
General	(426,960)	(464,363)	37,403	8.05%
Interest	(212,987)	(212,895)	(92)	(0.04%)
Housing Assistance Payments	(25,925,302)	(25,257,905)	(667,397)	(2.64%)
Depreciation	<u>(1,232,558)</u>	<u>(1,228,464)</u>	<u>(4,094)</u>	<u>(0.33%)</u>
Total Operating Expenses	<u>(36,591,718)</u>	<u>(34,742,076)</u>	<u>(1,849,642)</u>	<u>(5.32%)</u>
Net income	<u>(1,736,746)</u>	<u>1,142,017</u>	<u>(2,878,763)</u>	
Increase (decrease) in Net Assets	<u>\$ (1,736,746)</u>	<u>\$ 1,142,017</u>		

The following is an explanation of the significant changes shown in Table 2 above:

- C The decrease in net assets of \$1.73 million is primarily due to a reduction in federal grants and subsidies of \$1.3 million and an increase in HAP of \$.6 million..
- C Total expenses increased \$1.8 million primarily due to an increase in administration of \$1.1 million and a \$.6 million increase in HAP expense.
- C Total revenue decreased by \$1.0 million due to a decrease in federal grants and subsidies of \$1.3 million partly offset by a \$.3 million increase in rental and other income.

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

(Continued)

Fund Net Assets Analysis

Table 3 shows an analysis of balances and transactions for the individual funds making up the agency-wide financial statements that comply with Generally Accepted Accounting Principles (GAAP).

**Table 3
Fund Net Assets**

	Public Housing Incl. CF	Housing Choice Vouchers	HCD Projects	Revolving Loan Funds	Blended Component Units	Other Funds	Total
Net assets, beginning of year	<u>\$ 18,800,811</u>	<u>\$ 4,681,302</u>	<u>\$ (1,397,806)</u>	<u>\$ 5,923,446</u>	<u>\$ 694,293</u>	<u>\$ 2,021,306</u>	<u>\$ 30,723,352</u>
Operating income (loss)	(3,613,865)	(27,057,221)	(184,932)	(3,404)	19,059	(2,738,212)	(33,578,575)
Non-operating revenue (expenses):							
Grants	2,642,938	25,604,134	-	173,360	99,323	2,765,996	31,285,751
Interest	825	27,474	5,709	102,536	9,017	7,624	153,185
Gain on sale of capital assets	-	-	-	-	-	27,090	27,090
Debt-service interest	-	-	(61,535)	-	(83,872)	(67,580)	(212,987)
Net income (loss) before Contributions and transfers	(970,102)	(1,425,613)	(240,758)	272,492	43,527	(5,082)	(2,325,536)
Capital contributions	588,790	-	-	-	-	-	588,790
Operating transfer	<u>4,151</u>	<u>78,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(82,517)</u>	<u>-</u>
Net change in fund net assets	<u>(377,161)</u>	<u>(1,347,247)</u>	<u>(240,758)</u>	<u>272,492</u>	<u>43,527</u>	<u>(87,599)</u>	<u>(1,736,746)</u>
Net assets, end of year	<u>\$ 18,423,650</u>	<u>\$ 3,334,055</u>	<u>\$ (1,638,564)</u>	<u>\$ 6,195,938</u>	<u>\$ 737,820</u>	<u>\$ 1,933,707</u>	<u>\$ 28,986,606</u>

Table 3 demonstrates the changes in net assets by program for the year ended December 31, 2009.

- C The HCD Programs' net assets are in deficit. This is due to the fact that the buildings are depreciated on a straight line basis over a useful life of 30 years, while the loans associated with the acquisition of the properties are deferred. Therefore, assets decrease on an annual basis; while the liabilities increase, due to the deferred interest on the loans. This creates a situation whereby the net assets are in deficit.
- C The loss in the Public Housing Program is due primarily to depreciation expense of \$982,281.
- C The net income in the Housing Choice Voucher Program is primarily (91%) restricted for future Housing Assistance Payments.

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

(Continued)

Debt

Our long term debt includes mortgage loans and notes payable. See the table below for the current year's activity. See also Note 7 to the Basic Financial Statements.

**Table 4
Outstanding Debt at Year End**

	<u>12/31/09</u>	<u>12/31/08</u>	<u>Payments</u>
HCD loans:			
Isabel Cook RHCP Project	\$ 810,158	\$ 810,158	\$ -
Fairfax Vest Pocket FHDP Project	2,051,161	2,051,161	-
Mortgages:			
4020 Civic Drive	968,520	995,665	27,145
Rental Acquisition Program units	-	11,550	11,550
Sundance Apartments	1,120,037	1,165,214	45,177
Bradley House	-	41,801	41,801
Local Governments:			
Town of Tiburon	-	31,452	31,452
Town of Tiburon	140,000	-	-
County of Marin	-	217,000	217,000
Marin County Redevelopment Agency	495,017	-	-
County of Marin	<u>89,281</u>	<u>89,281</u>	<u>-</u>
Total long-term debt	<u>5,674,174</u>	<u>5,413,282</u>	<u>\$ 374,125</u>
Short-term portion	<u>(803,949)</u>	<u>(458,896)</u>	
Long-term portion	<u>\$ 4,870,225</u>	<u>\$ 4,954,386</u>	

Economic Factors

The Housing Authority continues to be challenged with unpredictable Federal funding levels from the Department of Housing and Urban Development (HUD). For 2009, the funding level for Public Housing remains below full funding at 88%. Even though funding will increase towards full funding in 2010, the Public Housing program will continue to operate at a deficit due to deficiencies in HUD formula calculations and allowable expenses.

The Authority began transitioning its reporting and budgeting practices to HUD's required Assets Management Model in 2008. The model places new challenges on Public Housing fee income and on how costs are assigned and recovered. The changes have required a change from past practices as the Authority tries to balance its future operating budgets.

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

(Continued)

The Authority also continues to be challenged by increasing Housing Assistance Program (HAP) payments. As the economic downturn turns into a full recession, the Authority's portion of HAP payments will continue to increase.

State funding for various Supportive Services programs are approved on a July 1st fiscal year basis, which remains a challenge when determining the certainty of a program during the Authority's own calendar year budget process. The Authority will continue to plan conservatively to prevent allocation of resources towards a program that may be discontinued.

Overall operating costs continue to rise as a result of increasing HAP payments, new contractual obligations, tenant services costs, employer pension contributions, and other post employment expense (OPEB) increases. These increases are partially offset by internal systems improvements and significant reductions in insurance janitorial and landscaping costs. The Authority continues to look for ways to improve the efficiency, effectiveness and economy of its programs and administration.

Requests for Information

The financial report is designed to provide citizens, taxpayers and creditors with an overview of the Authority's finances and to show the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer of the Housing Authority of the County of Marin, 4020 Civic Center Drive, San Rafael, CA, 94903.

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

<u>ASSETS</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets		
Cash and investments (Note 2)	\$ 2,536,793	\$ 2,536,793
Due from other agencies	934,852	934,852
Tenant accounts receivable	234,880	234,880
Allowance for doubtful accounts	(146,620)	(146,620)
Other accounts receivable	136,649	136,649
Prepaid expenses	161,590	161,590
Assets held for sale (Note 6)	621,952	621,952
Short-term notes receivable (Note 5)	<u>982</u>	<u>982</u>
Total current assets	<u>4,481,078</u>	<u>4,481,078</u>
Restricted assets:		
Restricted cash (Note 2 and 3)	<u>7,708,770</u>	<u>7,708,770</u>
Capital assets (Note 7):		
Land	3,471,928	3,471,928
Buildings	39,564,819	39,564,819
Furniture and equipment	384,166	384,166
Construction in progress	1,512,156	1,512,156
Accumulated depreciation	<u>(21,641,120)</u>	<u>(21,641,120)</u>
Total capital assets	<u>23,291,949</u>	<u>23,291,949</u>
Other noncurrent assets:		
Long-term notes receivable (Note 5)	<u>4,184,578</u>	<u>4,184,578</u>
Total assets	<u>\$ 39,666,375</u>	<u>\$ 39,666,375</u>

HOUSING AUTHORITY OF THE COUNTY OF MARIN
STATEMENT OF NET ASSETS
DECEMBER 31, 2009

(Continued)

	Business-type Activities	Total
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 383,559	\$ 383,559
Due to other agencies	232,560	232,560
Accrued salaries and related costs	87,311	87,311
Other current liabilities	245,828	245,828
Deferred revenue (Note 9)	235,148	235,148
Current portion of compensated absences (Note 10)	58,809	58,809
Current portion of long-term debt (Note 8)	803,949	803,949
Total current liabilities	2,047,164	2,047,164
Payable from restricted assets:		
Deferred revenue - HUD (Note 9)	2,120,872	2,120,872
Tenant security deposits	201,360	201,360
Family self sufficiency escrows	334,448	334,448
Total payable from restricted assets	2,656,680	2,656,680
Other noncurrent liabilities:		
Long-term portion of compensated absences (Note 10)	176,419	176,419
Other Post Employment Benefit Liability (Note 13)	81,000	81,000
Long-term debt (Note 8)	4,870,225	4,870,225
Deferred interest due on long-term debt (Note 8)	848,281	848,281
Total noncurrent liabilities	5,975,925	5,975,925
 Total liabilities	 10,679,769	 10,679,769
<u>NET ASSETS (Note 11)</u>		
Investment in capital assets, net of related debt	17,404,510	17,404,510
Restricted net assets	8,565,480	8,565,480
Unrestricted net assets	3,016,616	3,016,616
 Total net assets	 28,986,606	 28,986,606
 Total liabilities and net assets	 \$ 39,666,375	 \$ 39,666,375

The accompanying notes are an integral part of this statement

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (expenses) revenue and changes in net assets</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	<u>Business-type Activities</u>
BUSINESS-TYPE ACTIVITIES:					
Federal programs:					
Housing Choice Voucher	\$ 26,374,773	\$ 133,050	\$ 25,544,378	\$ -	\$ (697,345)
Public Housing	4,346,277	1,806,095	1,961,732	-	(578,450)
Shelter Plus Care Program	1,268,469	750	1,436,776	-	169,057
Public Housing Capital Fund Grant	546,370	-	681,031	427,010	561,671
Formula Capital Fund Stimulus Grant	175	-	175	161,780	161,780
Housing Opportunities for Persons with AIDS	364,136	864	372,338	-	9,066
Community Development Block Grant Public Housing	172,289	5,700	219,077	-	52,488
Family Self-Sufficiency under ROSS	157,769	-	130,162	-	(27,607)
Resident Opportunity and Supportive Services - Elderly	48,808	-	48,808	-	-
Disaster Housing Assistance Program	9,958	-	2,780	-	(7,178)
HUD-VA Supportive Housing Program	629	-	59,756	-	59,127
State and local programs:					
HCD projects	272,178	176,246	-	-	(95,932)
Revolving loan programs	7,105	103,410	173,360	-	269,665
Other programs	723,173	345,932	556,055	-	178,814
Central Office Cost Center	1,909,512	759	-	-	(1,908,753)
Blended Component Units:					
MCHDFC	123,079	50,925	99,323	-	27,169
MHDC	<u>267,018</u>	<u>336,407</u>	<u>-</u>	<u>-</u>	<u>69,389</u>
Total business-type activities	<u>36,591,718</u>	<u>2,960,138</u>	<u>31,285,751</u>	<u>588,790</u>	<u>(1,757,039)</u>
Total primary government	<u>\$ 36,591,718</u>	<u>\$ 2,960,138</u>	<u>\$ 31,285,751</u>	<u>\$ 588,790</u>	<u>(1,757,039)</u>
General revenues:					
Unrestricted interest					<u>20,293</u>
Total general revenues and special items					<u>20,293</u>
Change in net assets					(1,736,746)
Net assets - beginning of the year					<u>30,723,352</u>
Net assets - end of the year					<u>\$ 28,986,606</u>

The accompanying notes are an integral part of this statement

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
DECEMBER 31, 2009**

(With comparative totals for 2008)

<u>ASSETS</u>	<u>Housing</u>	<u>2008 Totals</u>
Current assets:		
Cash and investments (Note 2)	\$ 2,536,793	\$ 2,505,891
Due from other funds (Note 4)	1,449,810	6,036,987
Due from other agencies	934,852	571,162
Tenant accounts receivable	234,880	225,329
Allowance for doubtful accounts	(146,620)	(125,041)
Other accounts receivable	136,649	228,510
Prepaid expenses	161,590	165,355
Assets held for sale (Note 6)	621,952	-
Short-term notes receivable (Note 5)	<u>130,263</u>	<u>134,856</u>
Total current assets	<u>6,060,169</u>	<u>9,743,049</u>
Restricted assets:		
Restricted cash (Note 2 and 3)	<u>7,708,770</u>	<u>7,332,976</u>
Capital assets (Note 7):		
Land	3,471,928	3,507,845
Buildings	39,564,819	39,089,114
Furniture and equipment	384,166	346,773
Construction in progress	1,512,156	1,555,228
Accumulated depreciation	<u>(21,641,120)</u>	<u>(20,460,504)</u>
Total capital assets	<u>23,291,949</u>	<u>24,038,456</u>
Other noncurrent assets:		
Long-term notes receivable (Note 5)	<u>4,184,578</u>	<u>3,894,909</u>
Total assets	<u>\$ 41,245,466</u>	<u>\$ 45,009,390</u>

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
DECEMBER 31, 2009**

(With comparative totals for 2008)
(Continued)

	Housing	2008 Totals
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 383,559	\$ 360,420
Due to other funds (Note 4)	1,449,810	6,036,987
Due to other agencies	232,560	134,978
Accrued salaries and related costs	87,311	63,065
Other current liabilities	245,828	336,319
Deferred revenue (Note 9)	235,148	193,776
Current portion of compensated absences (Note 10)	58,809	48,483
Current portion of long-term debt (Note 8)	933,230	588,177
Total current liabilities	3,626,255	7,762,205
Payable from restricted assets:		
Deferred revenue - HUD (Note 9)	2,120,872	-
Tenant security deposits	201,360	199,867
Family self sufficiency escrows	334,448	437,391
Total payable from restricted assets	2,656,680	637,258
Other noncurrent liabilities:		
Long-term portion of compensated absences (Note 10)	176,419	145,442
Other Post Employment Benefits Liability (Note 13)	81,000	-
Long-term debt (Note 8)	4,870,225	4,954,386
Deferred interest on long-term debt (Note 8)	848,281	786,747
Total noncurrent liabilities	5,975,925	5,886,575
Total liabilities	12,258,860	14,286,038
<u>NET ASSETS</u> (Note 11)		
Investment in capital assets, net of debt	17,404,510	17,838,427
Restricted net assets	8,565,480	9,883,350
Unrestricted net assets	3,016,616	3,001,575
Total net assets	28,986,606	30,723,352
Total liabilities and net assets	\$ 41,245,466	\$ 45,009,390

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF THE COUNTY OF MARIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009
(With comparative totals for 2008)

	<u>Housing</u>	<u>2008 Totals</u>
Operating revenue:		
Rents	\$ 2,374,795	\$ 2,350,375
Other	<u>2,546,933</u>	<u>1,530,031</u>
Total operating revenue	<u>4,921,728</u>	<u>3,880,406</u>
Operating expenses:		
Administration	7,468,542	5,729,860
Tenant services	246,243	159,643
Utilities	946,221	979,718
Maintenance	2,156,011	1,962,839
General	426,961	464,363
Housing assistance payments	26,023,767	25,381,565
Depreciation (Note 7)	<u>1,232,558</u>	<u>1,228,464</u>
Total operating expenses	<u>38,500,303</u>	<u>35,906,452</u>
Operating income (loss)	(33,578,575)	(32,026,046)
Nonoperating revenue (expenses):		
Grants:		
Federal	30,069,859	31,186,889
State and local	1,000,892	932,214
Private-	215,000	139,918
Interest - unrestricted	20,293	64,679
Interest - restricted	38,359	94,315
Interest - mortgage loans	94,533	167,741
Gain on sale of fixed assets	27,090	-
Interest expense (Note 8)	<u>(212,987)</u>	<u>(212,895)</u>
Net income (loss) before contributions	(2,325,536)	346,815
Capital contributions	<u>588,790</u>	<u>795,202</u>
Change in net assets	(1,736,746)	1,142,017
Net assets - beginning of year	<u>30,723,352</u>	<u>29,581,335</u>
Net assets - end of year	<u>\$ 28,986,606</u>	<u>\$ 30,723,352</u>

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF THE COUNTY OF MARIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009
(With comparative totals for 2008)

	<u>Housing</u>	<u>2008 Totals</u>
Cash flows from operating activities:		
Tenant receipts	\$ 2,466,819	\$ 2,121,720
Other receipts	399,952	224,734
Payroll and benefit expenditures	(5,418,330)	(4,710,030)
Administration expenditures	(1,315,395)	(1,168,460)
Tenant services expenditures	(90,290)	(11,130)
Utilities expenditures	(946,221)	(979,718)
Maintenance expenditures	(758,683)	(900,092)
General expenditures	(248,757)	(296,058)
Housing assistance payment expenditures	<u>(26,075,420)</u>	<u>(25,343,206)</u>
Net cash used by operating activities	<u>(31,986,325)</u>	<u>(31,062,240)</u>
Cash flows from noncapital financing activities:		
Operating grants received	33,168,440	32,186,815
Repayment of notes receivable	359,943	426,566
Interest received on notes receivable	87,538	140,854
Deposits held on behalf of another entity	-	(47,500)
Notes receivable issued	<u>(705,279)</u>	<u>(241,385)</u>
Net cash provided by noncapital financing activities	<u>32,910,642</u>	<u>32,465,350</u>
Cash flows from capital financing activities:		
Grants received to acquire capital assets	427,011	795,202
Debt issued	736,485	101,468
Proceeds from sale of real property	229,000	-
Acquisition of capital assets	(689,594)	(835,727)
Acquisition of assets held for sale	(621,952)	-
Principal paid on debt	(475,594)	(144,756)
Interest paid on debt	<u>(151,452)</u>	<u>(151,360)</u>
Net cash used by capital financing activities	<u>(546,096)</u>	<u>(235,173)</u>
Cash flows from investing activities:		
Interest receipts	20,243	64,680
Interest on restricted cash	54,687	118,412
Interest returned to granting agency	<u>(46,455)</u>	<u>-</u>
Net cash provided by investing activities	<u>28,475</u>	<u>183,092</u>
Net increase to cash	406,696	1,351,029
Cash at beginning of year	<u>9,838,867</u>	<u>8,487,838</u>
Cash at end of year	<u>\$ 10,245,563</u>	<u>\$ 9,838,867</u>

HOUSING AUTHORITY OF THE COUNTY OF MARIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009
(With comparative totals for 2008)
(Continued)

	<u>Housing</u>	<u>2008 Totals</u>
Cash and cash	\$ 2,536,793	\$ 2,505,891
Restricted cash	<u>7,708,770</u>	<u>7,332,976</u>
Total cash at year end	<u>\$ 10,245,563</u>	<u>\$ 9,838,867</u>
 Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (33,578,575)	\$ (32,026,046)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	1,232,558	1,228,464
Bad debt written off	(180)	225
(Increase) Decrease in:		
Tenants accounts receivable	12,028	(33,477)
Due from other agencies	(8,368)	(103,537)
Other receivable	56,411	(65,338)
Prepaid expenses	3,765	82,353
Increase (Decrease) in:		
Accounts payable	104,117	104,673
Accrued payroll	24,246	(132,385)
Compensated absences	41,303	26,436
Due to other governments	47,615	(1,473)
Other current liabilities	(50)	50
Tenant security deposits	1,493	(38,933)
Deferred revenues	99,255	801
Other post retirement benefit	81,000	-
FSS escrows	<u>(102,943)</u>	<u>(104,053)</u>
Net cash used by operating activities	<u>\$ (31,986,325)</u>	<u>\$ (31,062,240)</u>

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Housing Authority of the County of Marin (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

(A) Organization

The Housing Authority of the County of Marin (the Authority) was formed, pursuant to the State of California's Health and Safety Code, on January 26, 1942, by a resolution of the Marin County Board of Supervisors. The Authority is responsible for the development and implementation of housing programs and activities within the County of Marin. To accomplish this purpose, the Authority has entered into Annual Contributions Contracts with the U.S Department of Housing and Urban Development (HUD) to operate assisted housing programs.

The Authority is governed by a seven member Board of Commissioners. Five members of the Board of Commissioners are also members of the Marin County Board of Supervisors. The Board of Supervisors also appoint two tenant commissioners. Although the Authority is a legally separate Agency; maintaining separate accounting records, data processing systems, staff, administration facilities, and pension plan; the fact that the governing board is the same as the County's defines the Authority as a blended component unit of the County of Marin. The Authority's financial information is therefore included as such in the Comprehensive Annual Financial Report of the County of Marin. A copy of this report may be obtained by contacting the County of Marin, Department of Finance, 3501 Civic Center Drive, San Rafael, California 94903.

(B) Financial Reporting Entity

The Authority's combined financial statements include the accounts of all the Authority's operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- *The organization is legally separate (can sue and be sued in their own name)
- *The Authority holds the corporate powers of the organization
- *The Authority appoints a voting majority of the organization's board
- *The Authority is able to impose its will on the organization
- *The organization has the potential to impose a financial benefit/burden on the Authority
- *There is financial dependency by the organization on the Authority

HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

(Continued)

Note 1 (continued)

Based on the aforementioned criteria, the Marin County Housing Development Financing Corporation, a California nonprofit public benefit corporation (MCHDFC) and the Marin Housing Development Corporation, a California non-profit public benefit corporation (MHDC) are considered by the Authority to be blended component units. The Executive Director of the Authority has been given the authorization by both of the Corporations' Boards to appoint and dismiss their directors with or without cause. This has given the Authority significant influence over MCHDFC and MHDC and defines these entities as blended component units which are therefore included in the Authority's financial statements.

(C) Basis of Presentation - Fund Accounting

Government-Wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the Authority as a whole. They include all funds of the Authority. The Authority has no fiduciary funds. The statements distinguish between government and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Authority's activities are strictly business-type.

Fund Financial Statements:

Fund financial statements of the Authority are organized into funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses/expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Authority considers all of its funds to be proprietary. An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the Authority or if total assets, liabilities, revenues, or expenses of the individual fund are at least 10 percent of the Authority-wide total. Beginning January 1, 2008, the Authority considers all the activity of the Authority to be housing related and therefore, considers all the financial activity of the Authority to be one major fund titled Housing. As such, the Authority has no non-major funds.

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

(Continued)

Note 1 (continued)

The various funds are grouped by fund type in the combined basic financial statements as follows:

PROPRIETARY FUND TYPES

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are also used when the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

(D) Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Proprietary Fund Types are accounted for on an economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded at the time liabilities are incurred. Under this basis of accounting and measurement focus, the Authority applies (a) all GASB pronouncements and (b) FASB Statements and Interpretations, APB opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

When the Authority incurs an expense for which both restricted and unrestricted resources may be used, it is the Authority's policy to use restricted resources first and then unrestricted resources as needed.

(E) Cash and Cash Equivalents

For the purpose of the cash flows, the Authorities consider all of their cash and investments, including restricted cash, to be cash and cash equivalents. The Authority considers all of their investments to be highly liquid and, therefore, cash equivalents.

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

(Continued)

Note 1 (continued)

(F) Capital Assets

Capital assets are valued at historical cost. Contributed capital assets are recorded at fair market value at the time received. Interest expense incurred during the development period is capitalized.

Capital assets acquired for Proprietary Funds are capitalized in the respective funds to which they apply. Depreciation of exhaustible capital assets used by Proprietary Funds is charged as an expense against operations, and accumulated depreciation is reported on the Proprietary Funds' balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. Structures are being depreciated over a useful life of thirty years, furniture and equipment over five years, and computer equipment over three years.

(G) Interfund Activity

Short-term amounts owed between funds are classified as "Due to/from other funds". Interfund loans are included in "Short-term notes receivable" and "Current portion of long-term debt". For the purposes of the Authority-Wide Statement of Net Assets, these interfund balances, totaling \$1,579,091, have been eliminated. See also Note 4.

The Authority utilizes a fund to accumulate costs of the central office, including administration salaries and benefits, the maintenance and debt service of the office building, and other general administration costs. These overhead costs were allocated to the programs noted below using a plan which utilized a combination methodology of number of units for housing programs and the number of full-time employees for other programs. These management fees, totaling \$1,818,225, have been eliminated from the Authority-Wide Statement of Activities. The expenses charged to each program are as follows:

Housing Choice Voucher	\$ 688,930
Public Housing	732,020
Shelter Plus Care	137,592
CDBG Administration	48,501
HOPWA	7,576
RHCP - Isabel Cook	26,359
HCD - Fairfax Vest Pocket	10,225
Revolving Loan Funds	871
Other State and Local programs	103,196
MCHDFC	21,955
MHDC	41,000
	<u>\$ 1,818,225</u>

HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

(Continued)

Note 1 (continued)

The Authority accumulated the maintenance costs for its Public Housing elderly units, the two properties funded by the State, and the two properties owned by its blended component units in the Public Housing Program. The other four programs reimbursed the Public Housing Program \$204,882, for these maintenance costs. The amounts charged to each program were based on the amount budgeted for these costs at the beginning of the year. These maintenance costs have been eliminated from the Authority-Wide Statement of Activities.

A few of the tenants of the Housing Choice Voucher Program (CFDA # 14.871) have elected to live in housing units that are owned by the Authority or by its blended component units. These Housing Assistance Payments are recorded as expenditures in the Housing Choice Voucher Program and have been recorded as dwelling rent in the other programs. These transactions totaled \$98,465, with revenue of \$916 recorded in the Rental Assistance Program Enterprise Fund, \$26,808 in MCHDFC, and \$70,741 in MHDC. For the purpose of the Authority-wide Statement of Activities, this interfund revenue and expense has been eliminated.

Interfund operating transfers were made as follows:

\$4,151 from the Central Office Enterprise Fund to the Public Housing Enterprise Fund,
\$134,661 from the Capital Fund Enterprise Fund to the Public Housing Enterprise Fund.
\$27,607 from FSS Admin Enterprise Fund to the PH FSS Enterprise Fund
\$37,537 from the Assistline Enterprise Fund to the Housing Choice Voucher Fund
\$40,829 from the Shelter Plus Car Enterprise Fund to the Housing Choice Voucher
Enterprise Fund

For the purpose of the Authority-wide Statement of Activities, these interfund transfers totaling \$244,785 have been eliminated.

(H) Payment in Lieu of Taxes (PILOT)

In connection with the Public Housing Program, the Authority is obligated to make annual payments in lieu of property taxes based on the lesser of real property taxes or 10% of the dwelling rents, net of utility expense. During the current fiscal year, the Authority expensed the real property taxes of \$56,663 as PILOT. This calculation excluded the Marin City Public Housing property. The amount is reported as *Due to Other Agencies*.

HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

(Continued)

Note 1 (continued)

(I) Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets, including interest owed on the loans. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

(J) Operating Revenue and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Authority, these revenues are typically rental charges. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. All revenue and expenses not meeting these definitions are reported as nonoperating revenue and expenses.

(K) Encumbrances

Encumbrance accounting is not employed by the Authority.

(L) Income Taxes

The Authority is exempt from Federal Income and California Franchise Taxes.

(M) Grant Restrictions

The Authority has received loans and grants from the U.S. Department of Housing and Urban Development to build and improve housing projects. The grants require that only individuals and families that meet various income, age and employment standards be housed or aided.

Note 2 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2009, are classified in the accompanying financial statements as follows:

Cash and investments	\$ 2,536,793
Restricted cash	<u>7,708,770</u>
Total cash and investments	<u>\$ 10,245,563</u>

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

(Continued)

Note 2 (continued)

Cash and investments as of December 31, 2009, consist of the following:

Cash on hand	\$	300
Deposits with financial institutions		5,749,513
Investments		<u>4,495,750</u>
Total cash and investments	<u>\$</u>	<u>10,245,563</u>

Investments Authorized by the Authority's Investment Policy

The Authority currently does not have an updated investment policy. However, the Authority has no investments except for the amounts deposited with the State of California, Local Agency Investment Fund (LAIF).

Disclosures Related to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates. The Authority considers the deposits with LAIF to be cash equivalents, due to the fact that they are convertible to cash within a twenty-four hour period.

Disclosures Related to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The Authority's investment are concentrated all in LAIF. These investments are owned by the following programs:

Housing Choice Voucher	\$	1,669,383	37.1%
Public Housing		64,671	1.4
RHCP - Isabel Cook		209,080	4.7
FHDP - Fairfax Vest Pocket		225,165	5.0
Rental Assistance Program		85,885	1.9
Revolving Loan Programs		1,413,255	31.4
Rebate to Marin Renter		146,816	3.3
MCHDFC		<u>681,495</u>	15.2
Total investments	<u>\$</u>	<u>4,495,750</u>	

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

(Continued)

Note 2 (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires California banks and savings and loan associations to secure the Authority's deposits not covered by federal deposit insurance by pledging mortgages or government securities as collateral. The market value of mortgages must equal at least 150% of the face value of deposits. The market value of government securities must equal at least 110% of the face value of deposits. Such collateral must be held in the pledging bank's trust department in a separate depository in an account for the Authority.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (broker-dealer, etc) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The Housing Authority of the County of Marin has executed a "General Depository Agreement" with WestAmerica Bank. This agreement states that "any portion of the PHA funds not insured by a Federal insurance organization shall be fully (100%) and continuously collateralized with specific and identifiable U.S. Government or Agency securities prescribed by HUD. Such securities shall be pledged and set aside in accordance with applicable law or Federal regulation."

The Authority's exposure to custodial credit risk is as follows:

Demand deposits with banks fully insured	\$ 250,000
Demand deposits with WestAmerica Bank, in excess of the amount insured but covered by the depository agreement	5,499,513
Investments in LAIF	<u>4,495,750</u>
Total deposits	<u><u>\$ 10,245,263</u></u>

HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

(Continued)

Note 2 (continued)

Investment in State Investment Pool

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. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. Each government agency may invest up to \$30,000,000 in each account in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest or principal. The full faith and credit of the State of California secure investments in LAIF.

At December 31, 2009, an account was maintained in the name of the Housing Authority of the County of Marin for \$4,488,909. The total cost value of investment in LAIF was \$4,488,909. The total fair value of investments in LAIF was \$4,493,164. The fair value total includes an unrealized gain on investments of \$4,255. The unrealized gain was based on a fair value adjustment factor of 1.000947825 that was calculated by the State of California Treasurer's Office. Of the \$4,488,909 invested in LAIF, \$4,495,750 is recorded as assets of the Authority. The difference includes \$6,841 of interest receivable as of December 31, 2009, shown as investments.

LAIF is a part of the State of California Pooled Money Investment Account (PMIA). At December 31, 2009, the fair value of the State of California Pooled Money Investment Account (PMIA), including accrued interest, was \$67,291,301,289. The PMIA portfolio had securities in the form of structured notes totaling \$2,428,836,000 and asset-backed securities totaling \$3,059,406,000. The PMIA has policies, goals and objectives for the portfolio to make certain that the goals of safety, liquidity, and yield are not jeopardized. These policies are formulated by investment staff and reviewed by both the PMIA and LAIF Advisory Boards on an annual basis.

During 2002, California Government code was added to the LAIF's enabling legislation stating that "the right of a city, county...special district...to withdraw its deposited money from the LAIF upon demand may not be altered, impaired, or denied in any way by any state official or state agency based upon the State's failure to adopt a State Budget by July 1 of each new fiscal year." In addition, it has been determined that the State of California cannot declare bankruptcy under Federal regulations. This allows other government code stating that "money placed with the state treasurer for deposit in the LAIF shall not be subject to ...transfer or loan...or impound or seizure by any state official or state agency" to stand.

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
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(Continued)

Note 3 - RESTRICTED CASH

Restricted cash consists of funds that cannot be disbursed by the Authority unless approval is obtained from another government agency and funds held by the Authority on behalf of its clients. These balances are as follows:

Offset by restricted net assets (Note 11):	
Held by the Authority for Excess HAP	\$ 2,647,229
Held by the Authority for RHCP project replacement	218,920
Held by the Authority for FHDP project replacement and operations	225,165
Held by the Authority for CDBG revolving loan program	1,654,878
Held by the Authority for other revolving loan programs	305,828
Offset by payable from restricted assets:	
Deferred revenue restricted in use for HAP payments only	2,120,872
Held by the Authority for tenant security deposits	201,430
Held by the Authority on behalf of FSS program participants	<u>334,448</u>
Total restricted cash	<u>\$ 7,708,770</u>

The funds held for FHDP project replacement and operations, FSS escrows and portions of the funds held for excess HAP and the RHCP and CDBG programs are invested in the State of California Local Agency Investment Fund. The interest rate as of December 31, 2009, was 0.61% per annum. The remainder of the excess HAP, CDBG and RHCP program funds, and the tenant security deposit funds are maintained in checking accounts. The CDBG and tenant security deposit checking accounts earned interest at a rate of 0.05% as of December 31, 2009. The other checking accounts earned no interest.

The funds held for the replacement and operations of the RHCP and FHDP projects can not be disbursed without the prior approval of the State of California, Department of Housing and Community Development. The FHDP reserves are not fully funded, see also Note 10. The funds held for the CDBG revolving loan program may only be used to provide loans to qualified Marin County home owners (see also Note 5).

At the end of December 2009, HUD deposited the Authority's January HAP and administrative grant funds directly into their bank account. These funds will be shown as revenue of the fiscal year ended December 31, 2010. The funds shown above represent amounts received that are restricted in use for HAP payments only.

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

Note 4 - INTERFUND BALANCES

Interfund balances are as follows:

	<u>Due From</u>	<u>Due To</u>
Public Housing	\$ 57,778	\$ 127,727
Capital Fund	-	225,826
Formula Capital Fund Stimulus Grant	-	161,955
Housing Choice Voucher	-	92,450
Disaster HAP	6,624	-
HUD-VA Supportive Housing	59,127	-
Shelter Plus Care	89,913	-
HOPWA	-	41,318
ROSS - Elderly	-	47,181
ROSS - Family	-	32,513
CDBG	-	100,910
HCD Housing	-	365,959
Loan Programs	20,995	25,635
Central Office	-	22,801
Other State and Local	1,149,438	51,302
MCHDFC	65,935	90,177
MHDC	-	64,056
	<u>\$ 1,449,810</u>	<u>\$ 1,449,810</u>
	<u>Current Note</u>	<u>Current Note</u>
	<u>Receivable</u>	<u>Payable</u>
Local Fund	\$ 129,281	\$ -
MHDC	-	129,281
	<u>\$ 129,281</u>	<u>\$ 129,281</u>

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
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(Continued)

Note 5 - NOTES RECEIVABLE

Through various programs, the Authority has made deferred payment loans to individuals and organizations. The notes receivable are summarized as follows:

	<u>Balance 12/31/08</u>	<u>Loans Issued</u>	<u>Loans Repaid</u>	<u>Loans Forgiven</u>	<u>Balance 12/31/09</u>
Short-term loans:					
Employee loans	\$ 5,575	\$ 1,620	\$ (6,213)	\$ -	\$ 982
Long-term loans:					
CDBG Rehabilitation	3,409,775	400,996	(294,233)	-	3,516,538
Storm Damage Assistance	213,721	10,000	(13,579)	-	210,142
American Dream Down payment	63,580	111,122	-	-	174,702
Gates Cooperative	118,920	-	-	-	118,920
Braun Silent Second	-	90,000	-	-	90,000
Down Payment Assistance	47,800	-	-	-	47,800
Double Unit Opportunity	32,495	-	(12,483)	-	20,012
Rental Deposit Guarantee	<u>8,618</u>	<u>1,100</u>	<u>(3,208)</u>	<u>(46)</u>	<u>6,464</u>
Total long-term notes	<u>3,894,909</u>	<u>613,218</u>	<u>(323,503)</u>	<u>(46)</u>	<u>4,184,578</u>
Interfund loan - short-term:					
MHDC owes Local Fund	<u>129,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,281</u>
Total notes receivable	<u>\$ 4,029,765</u>	<u>\$ 614,838</u>	<u>\$(329,716)</u>	<u>\$ (46)</u>	<u>\$ 4,314,841</u>

The CDBG, Storm Damage, Gates Cooperative, and Double Unit Opportunity notes were issued to homeowners to aid in unit rehabilitation and are secured by recorded deeds of trust. The Down Payment Assistance, Braun Silent Second, and American Dream Down Payment Initiative notes were issued to very-low and low-income households to aid in the purchase of a home within certain housing developments in Marin County and are secured by recorded deeds of trust. The Rental Deposit Guarantee Program notes were issued to aid renters with security deposits and are secured by promise to pay agreements. The amounts loaned to employees were for a variety of reasons. The majority of the loans were executed to recover payroll processing errors discovered during the current fiscal year. These loans are considered to be short-term. The loans are paid back over two years with the payments being withheld from the employees' payroll.

The CDBG rehabilitation loans are secured by deeds of trust, in the name of the County of Marin. Although, in legal form they are assets of the County of Marin, it is management's opinion that in substance they are assets of the Authority. This is a revolving loan program administered by the Authority. Any repayment of outstanding loans can only be used for new loans. The entire net assets of the program have been restricted (see also Note 11). Annually, the County of Marin provides separate CDBG funding for the administration of this program.

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
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(Continued)

Note 5 (continued)

The funds to start the Down Payment Assistance, Gates Cooperative, and Braun Silent Second Programs were donated by a private Non-Profit Corporation with the restriction that all repayment of principal and interest be used for new loans. Therefore, the net assets of these three programs have been restricted (see also Note 11).

The funds for the American Dream Down payment Initiative loans were granted to the Authority by the County of Marin. These funds appear to be Federal HOME Investment Partnership Program funds passed thru the County from the State. The Authority issued loans in the amount of \$63,580 as of December 31, 2008, and \$111,122 during the current year, for a total expended of \$174,702. Since none of the funds were received from the County to cover these costs in the prior year, the entire amount received from the County of \$158,252 was reported as a current year expenditure on the Schedule of Expenditures of Federal Awards.

See Note 7 for a description of the interfund loan. This loan is considered to be short-term and has been eliminated from the Authority-Wide Statement of Net Assets.

Note 6 - ASSETS HELD FOR RESALE

Assets held for sale of \$621,952, consist of four below market rate units as of December 31, 2009. From time to time, the Authority acquires these below market rate units to preserve their affordability. The Authority's intent is to hold the properties for a short period of time while the title is cleared and until a qualified lower-income buyer can be located. These units were acquired using funds loaned on a short-term basis from the Town of Tiburon and the Marin County Redevelopment Agency, in the amount of \$635,017.

Note 7 - CAPITAL ASSETS

The following is a summary of the Authority's capital assets by major class for the fiscal year ended December 31, 2009.

	Historical <u>Cost</u>	Accumulated <u>Depreciation</u>	<u>Net</u>
Land	\$ 3,471,928	\$ -	\$ 3,471,928
Buildings	39,564,819	(21,345,453)	18,219,366
Dwelling equipment	10,000	(10,000)	-
Office equipment	374,166	(285,667)	88,499
Construction in progress	<u>1,512,156</u>	<u>-</u>	<u>1,512,156</u>
	<u>\$ 44,933,069</u>	<u>\$ (21,641,120)</u>	<u>\$ 23,291,949</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

Note 7 (continued)

The following is a summary of the Authority's changes in capital assets for the fiscal year ended December 31, 2009.

	Balance <u>12/31/08</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/09</u>
Public Housing Program	\$ 34,977,805	\$ 663,036	\$ (31,447)	\$ 35,609,394
Section 8 Programs	90,216	-	-	90,216
Rental Housing Construction	1,390,479	-	-	1,390,479
Family Hsg Demonstration	2,559,523	-	-	2,559,523
Mill Valley Condos	281,445	-	(217,000)	64,445
Local/Central Office	1,931,697	-	(5,405)	1,926,292
Other	45,755	-	-	45,755
Blended component units:				
MCHDFC	1,224,062	-	-	1,224,062
MHDC	<u>1,997,978</u>	<u>24,925</u>	<u>-</u>	<u>2,022,903</u>
	<u>\$ 44,498,960</u>	<u>\$ 687,961</u>	<u>\$ (253,852)</u>	<u>\$ 44,933,069</u>

The Authority calculates depreciation on a straight-line basis with the useful lives of capital assets being - 30 years for structures, 5 years for furniture and equipment, and 3 years for computer equipment.

The following is a summary of the Authority's changes in depreciation for the fiscal year ended December 31, 2009:

	Balance <u>12/31/08</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/09</u>
Public Housing Program	\$ 16,154,393	\$ 982,281	\$ (31,447)	\$ 17,105,227
Section 8 Programs	64,467	16,663	-	81,130
Rental Housing Construction	1,171,246	19,233	-	1,190,479
Family Hsg Demonstration	659,582	59,722	-	719,304
Mill Valley Condos	13,763	7,343	(15,090)	6,016
Local/Central Office	520,274	60,780	(5,405)	575,649
Other	43,444	2,310	-	45,754
MCHDFC	911,687	36,294	-	947,981
MHDC	<u>921,648</u>	<u>47,932</u>	<u>-</u>	<u>969,580</u>
	<u>\$ 20,460,504</u>	<u>\$ 1,232,558</u>	<u>\$ (51,942)</u>	<u>\$ 21,641,120</u>

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

Note 8 - LONG-TERM DEBT

Following is a summary of changes in long-term debt for the year ended December 31, 2009:

	Balance <u>12/31/08</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/09</u>	Short <u>Term</u>
Notes Payable - HCD	\$ 2,861,319	\$ -	\$ -	\$ 2,861,319	\$ -
Mortgages:					
Office bldg	995,665	-	(27,145)	968,520	29,087
Mill Valley Condos	11,550	-	(11,550)	-	-
MCHDFC - Bradley	41,801	-	(41,801)	-	-
MHDC - Sundance	1,165,214	-	(45,177)	1,120,037	50,564
Co of Marin	217,000	-	(217,000)	-	-
Town of Tiburon	-	140,000	-	140,000	140,000
County of Marin, Redevelopment Agency	-	495,017	-	495,017	495,017
MCHDFC - Town of Tiburon	31,452	-	(31,452)	-	-
MHDC - Co of Marin	<u>89,281</u>	<u>-</u>	<u>-</u>	<u>89,281</u>	<u>89,281</u>
	5,413,282	635,017	(374,125)	5,674,174	803,949
MHDC due to Authority	<u>129,281</u>	<u>-</u>	<u>-</u>	<u>129,281</u>	<u>129,281</u>
	<u>\$ 5,542,563</u>	<u>\$ 635,017</u>	<u>\$ (374,125)</u>	<u>\$ 5,803,455</u>	<u>\$ 933,230</u>

Following is a schedule of debt payment requirements to maturity for long-term debt other than the notes payable to HCD and the interfund note:

Year Ending <u>December 31</u>	<u>Mortgages</u>		<u>Other Governments</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2010	\$ 79,651	\$ 137,757	\$ 724,298	\$ -	\$ 941,706
2011	85,144	132,264	-	-	217,408
2012	965,970	111,332	-	-	1,077,302
2013	61,602	61,373	-	-	122,975
2014	65,793	57,182	-	-	122,975
2015-2019	402,516	212,359	-	-	614,875
2020-2023	<u>427,881</u>	<u>59,464</u>	<u>-</u>	<u>-</u>	<u>487,345</u>
	<u>\$ 2,088,557</u>	<u>\$ 771,731</u>	<u>\$ 724,298</u>	<u>\$ -</u>	<u>\$ 3,584,586</u>

The Authority borrowed \$810,158 from the California Department of Housing and Community Development (HCD) to convert the Isabel Cook School into 18 units of low rent housing. The note, which is secured by a trust deed on the Isabel Cook project, is due on April 12, 2014. The loan is interest free. The Authority assumed a loan from HCD in the amount of \$2,051,161 when it acquired the Fairfax Vest Pocket housing project from a defunct nonprofit corporation. This loan accrues simple interest at a rate of three percent per annum. Principal and interest payments on this loan are payable to HCD only if the project generates surplus

HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

Note 8 (continued)

cash. Interest of \$61,535 was accrued and expensed for the fiscal year ended December 31, 2009. Total interest accrued on this loan as of December 31, 2009 is \$848,281. This amount has been reported as an “other noncurrent liability”.

The Authority borrowed \$1,200,000 from WestAmerica Bank to purchase an office building. The note, dated July 21, 1997, is secured by a deed of trust on the office building property. The note currently requires monthly payments of \$7,869 and accrues interest at 6.840% per annum. This loan is due September 1, 2012 and will require a balloon payment of \$886,320 at that time. Interest expense of \$67,288 was incurred and paid on this loan.

In October 2003, the Authority borrowed \$194,000 from WestAmerica Bank to purchase three condos located in Mill Valley, California. The purpose of this acquisition was to retain affordable housing in the City of Mill Valley. The loan required a monthly payment of \$1,810 and carried an interest rate of 7.5% per annum. Interest expense of \$292 was incurred and paid on this loan. This loan was retired on July 10, 2009.

The Authority has borrowed funds from a variety of local sources to acquire below market rate units in danger of foreclosure. These acquisitions are intended to be short-term. The purpose of these acquisitions is to preserve the affordability of these below market rate units. In 2007, \$217,000 was borrowed, interest free, from the County of Marin. During the current year, the unit was sold and the loan repaid. As of December 31, 2009, one loan from the Town of Tiburon and three loans from the Marin County Redevelopment Agency (RDA) were outstanding. The \$140,000 loan from the Town of Tiburon, earns interest at the rate earned by LAIF investments. No interest was accrued on this loan as of December 31, 2009. This loan was paid off in March 2010. The three loans from the RDA are interest free and total \$495,017 as of December 31, 2009. One of the loans, in the amount of \$256,306, was paid off in January 2010.

MCHDFC and MHDC are blended component units of the Authority. MCHDFC and MHDC are responsible for the following loans:

MCHDFC

The note payable to the Town of Tiburon accrued interest at a rate of 5.25% per annum, and required monthly payments of \$2,696. This loan was paid off in December, 2009. Interest of \$901 was accrued and paid on this loan

The note payable to Wells Fargo Bank is secured by a deed of trust on property in the Town of Tiburon, known as the Bradley Housing Apartments. The loan required monthly payments of \$3,287 and earned interest at a rate of 7.9% per annum. The loan was retired September 2009. Interest of \$5,173 was incurred and paid on this loan.

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(Continued)

Note 8 (continued)

MHDC

The MHDC mortgage is payable to WestAmerica Bank and is secured by property in the City of San Rafael, known as Sundance Apartments. The loan, dated October 6, 2008, is amortized over 15 years, due October 1, 2023, requires monthly payments of \$10,248, and earns an initial interest rate of 6.6% per annum. Effective November 1, 2013, the interest rate will be adjusted to a fixed rate based on the average yield on the U.S. Treasury Securities, adjusted to a constant maturity of five years plus 3.75%. The minimum interest rate for this loan will be 6.6% per annum. For the schedule of debt payments schedule shown above, the rate is considered to be consistent throughout the fifteen years of the loan at 6.6%. MHDC will incur a prepayment penalty if this loan is retired prior to October 6, 2013. Interest of \$77,798 was incurred and paid during the year on the both loans.

To help finance the acquisition of the Sundance Apartments, MHDC received three loans from local governments. Payments on these loans were contingent on positive cash flows. The loans to the City of San Rafael and County of Marin were due January 30, 2005, while the loan to the Authority was due January 30, 2007. On October 11, 2007, the City of San Rafael forgave the debt associated with its note. The other two loans remain outstanding. Both appear to be delinquent and are reported as short-term. MHDC is working with both agencies to resolve these issues.

HUD Debt

During the fiscal year ended December 31, 1999, HUD directed the Authority to remove all HUD-guaranteed debt from their books of accounts. This debt included \$4,205,253 of HUD permanent notes and \$2,064,306 of interest accrued on these notes. It also included \$2,018,000 of outstanding New Housing Bonds. These HUD-guaranteed notes and bonds have not been forgiven by HUD. The Public Housing Program's Annual Contributions Contract (ACC) states that all debt service requirements related to these notes and bonds will be HUD's responsibility. It is therefore management's opinion that the Authority is not liable for these notes unless the federal government fails to honor the ACC. Accordingly, these amounts have been removed from the Authority's books of accounts.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

Note 9 - DEFERRED REVENUE

Deferred revenue consists of prepaid rents of \$14,597; receipts from various municipalities for the Below Market Rate Program, totaling \$42,463, to be reported as revenue in 2010; and \$178,088 of Housing Choice Voucher administrative fees received from HUD on the last day of December for January 2010.

Deferred revenue payable from restricted assets consists of Housing Choice Voucher HAP funds received from HUD on the last day of December for January 2010. Since these funds are restricted in use for the payment of HAP only, the liability was offset by restricted cash.

Note 10 - COMPENSATED ABSENCES

It is the Authority's policy to permit employees to accumulate earned but unused vacation leave up to a maximum of 240 hours. This leave will be used in future periods or paid to employees upon separation from the Authority. Accrued vacation leave has been valued by the Authority at \$240,027 as of December 31, 2009. Of this amount, \$235,228 has been allocated to all programs, and recorded as accrued liabilities. The Authority estimates that 25% of these compensated absences will be used by employees within the next year and, therefore, \$58,809 of the \$235,228 was shown as short-term. It is the Authority's policy to permit employees to accumulate earned but unused sick leave; however, the value of unused sick leave is not payable to employees upon separation from the Authority.

Note 11 - NET ASSETS

A. Investment in Capital Assets, Net of Related Debt

Investments in capital assets, net of related debt consists of the following:

Capital assets, net of depreciation (Note 7)	\$ 23,291,949
Long-term debt , net of interfund (Note 8)	(5,674,174)
Omit debt owed on assets held for sale (note 6)	635,017
Accrued interest on long-term debt (Note 8)	<u>(848,282)</u>
Investment in capital assets, net of related debt	<u>\$ 17,404,510</u>

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(Continued)

Note 11 (continued)

B. Restricted Net Assets

Net assets are reported as restricted when constraints placed on the net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Authority has reported the following as restricted net assets:

Excess HAP funding	\$ 2,647,229
Replacement reserves:	
RHCP - 80-RHC-031	218,920
FHDP - 93-FHDP-011	133,134
Operating reserves - FHDP - 93-FHDP-011	93,619
Revolving loan program funds:	
CDBG	4,994,591
Down Payment Assistance Program	51,931
Gates Cooperative	189,450
Braun Silent Second	236,606
Restricted net assets	\$ 8,565,480

On January 11, 2006, HUD issued *Notice PIH 2006-03*. On January 30, 2008, HUD issued *Notice PIH 2008-9*. Both notices address the proper manner in which HUD receipts should be accounted for and reported to HUD REAC. *Notice PIH 2006-3* instructed PHAs to no longer account for the Housing Choice Voucher grant as a cost reimbursement grant. All HUD funding received for this grant was to be retained by the Authority, with any excess HAP funding restricted as to its use -“may only be used to assist additional families up to the number of units under contract.” While *Notice PIH 2008-9* clarified the fact that all unused HAP funding should be reported as “restricted net assets.”

The revenue recognition directives contained in the Notices are a departure from the revenue recognition policy of years prior to 2005. Prior to 2005, HUD grant revenue was recognized only to the extent that HAP expenses were incurred. Since 2005, HUD grant revenue has been recognized when received, regardless of whether or not HAP expenses had been incurred. For the four years ended December 31, 2008, the Authority routinely expended less in HAP costs than it received in HAP funding from HUD. Accordingly, the Authority had accumulated more than \$4 million in excess HAP funds, that were recorded as restricted net assets. In May 2009, HUD advised all housing authorities of their calendar year 2009 HAP renewal funding. Within this calculation, HUD assessed the amount of excess HAP funding held by each housing authority. A portion of this excess HAP funding was recaptured during 2009 from most housing authorities. The Authority’s 2009 funding was reduced by

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
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(Continued)

Note 11 (continued)

\$1,981,340. The Authority made up the reduction in funding by using the excess HAP funds accumulated over the prior four years. The current year change in excess HAP funding is made up of the following:

	Housing Choice Voucher	HUD-VA Supportive Housing
Balance as of December 31, 2008	\$ 4,074,991	\$ -
Excess HAP funding for the current year	(1,571,243)	59,127
Interest earned on excess funding	27,474	-
Fraud, FSS forfeiture, and other income	56,880	-
Balance as of December 31, 2009	\$ 2,588,102	\$ 59,127

The RHCP is fully funded, while the FHDP reserves are slightly underfunded. The funds are held by the Authority and may not be spent without prior, written approval from HCD.

The loans funds were received from various sources with the purpose of loaning the funds to qualified low income home buyers or home owners. The Authority administers several loan programs with various purposes and requirements. As of December 31, 2009, \$3,773,259 of the above \$5,472,577 restricted net assets have been loaned to homeowners within the County.

C. Deficit Unrestricted Net Assets

The following funds have a deficit unrestricted net asset balance as of December 31, 2009:

	2009	2008
Public Housing	\$ 80,516	\$ 22,601
Isabel Cook (RHCP)	228,043	129,003
Fairfax Vest Pocket (FHDP)	186,811	165,291
Mortgage Credit Certificates	49,838	38,914
MHDC	83,737	109,266
Central Office	215,392	134,392

Note 12 - DEFINED BENEFIT PENSION PLAN

A. Plan Description

The Authority contributes to the California Public Employees Retirement System (PERS), an agent multi-employer public employee defined benefit pension 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

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(Continued)

Note 12 (continued)

agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statutes within the Public Employees' Retirement Law. PERS issues a separate comprehensive annual financial report. Copies of the PERS' annual financial report may be obtained from their executive office - 400 P Street - Sacramento, CA 95814.

B. Funding Policy

Participants are required to contribute 7% of their annual covered salary. The Authority makes 100% of this required contribution for top management employees, 75% for management employees, 50% for mid management employees, and 25% for confidential employees. In addition, the Authority allows each employee a fixed medical benefit allowance. If an employee does not use this benefit allowance on medical benefits then the amount remaining is contributed by the Authority to fund the employee's portion of PERS. Any further amounts of employee PERS contributions are made by the employees. The Authority is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate was 6.716% for the first six months of the fiscal year and increased to 6.825% of annual covered payroll beginning July 1, 2009. The rate is expected to increase slightly to 6.927% beginning July 1, 2010 and is projected to be 9.7% beginning July 1, 2011. The contribution requirements of plan members and the Authority are established and may be amended by PERS.

The Authority is a participant in the PERS 2% at 55 Risk Pool. During 2003, PERS determined that since the Authority's plan contained less than 100 active members, then it was required to participate in a risk pool. At that time, a Side Fund was created to account for the difference between the funded status of the Risk Pool and the funded status of the Authority's plan. As of June 30, 2008, the Side Fund had a value of \$141,842, which will cause the required employer's contribution rate to be decreased by the amortization of the Side Fund. PERS intends to amortize this balance in the Side Fund over the next year.

C. Annual Pension Cost

For the fiscal year ended December 31, 2009, the Authority's annual pension cost of \$248,163 for PERS was equal to the Authority's required and actual contributions. The Authority made payments to PERS totaling \$498,370. This \$498,370 consisted of \$248,163 employer required contributions, \$175,823 employee required contributions made by the Authority on their behalf, and \$74,384 employee required contributions made by the employees. Payments are required to be made to PERS within fifteen days of the

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

(Continued)

Note 12 (continued)

close of the service period. The Authority's PERS payments were made after this fifteen day period 63% of the time in 2008. The timeliness of the Authorities payments improved in 2009, with no late payment made after May 2009.

The required contribution for the fiscal year ended December 31, 2009, was determined as part of the June 30, 2006 (for the first six months of the fiscal year) and June 30, 2007 (for the second six months of the fiscal year) actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions used during the June 30, 2006 actuarial valuation included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 3.0%. The actuarial assumptions used during the June 30, 2007 actuarial valuation included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen year period (smoothed market value). PERS unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis.

D. Three-Year Trend Information for PERS

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/06	\$ 209,152	100%	\$ 0
12/31/07	211,524	100%	0
12/31/08	216,138	100%	0

E. Required Supplemental Information

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL as a % of Payroll
Risk pool's actuarial value:						
6/30/06	\$2,754,396,608	\$2,492,266,176	\$ 262,170,432	90.5%	\$ 699,897,835	37.5%
6/30/07	2,611,746,790	2,391,434,447	220,312,343	91.6%	665,522,859	33.1%
6/30/08	2,780,280,768	2,547,323,278	232,957,490	91.6%	688,606,681	33.8%

HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

(Continued)

Note 13 - OTHER POST EMPLOYMENT BENEFITS

Plan Description: The Authority provides post-employment medical health care benefit to its retired employees and, in some instances, their spouses. Benefits include coverage in the CALPERS health plan. The Authority pays a portion of the premiums for the medical insurance for retirees. The majority of costs for this medical insurance costs is the responsibility of each retiree.

Eligibility: The Authority's retirees are eligible for membership in the plan upon retirement. Employees are eligible for retirement at age 50 and with 5 years of service or upon disability. As of December 31, 2009, the Authority had nine retirees who were eligible for the program and receiving benefits. The Authority had another sixty-one active employees, who are eligible for the program, but are not receiving benefits due to the fact that they are not yet retired from the Authority.

Requirements of GASB 45: The Government Accounting Standards Board (GASB) has mandated disclosure of other post employment benefit (OPEB) liabilities for all government employers beginning, for the Authority, December 31, 2009. During the prior fiscal years, the Authority had administered this program on a pay-as-you-go basis. Actual program costs were expensed in the period incurred. To comply with GASB 45, the Authority received an actuarial report for the program which estimated the present value of the projected benefits of the OPEB program. The actuarial report was performed by Bartel Associates, LLC.

Funding Policy: The goal of GASB 45 is to match recognition of retiree medical expense with the periods during which the benefit is earned. The entry age normal cost method effectively meets this goal in most circumstances. The Authority has adopted an entry age normal cost method to determine the present value of benefits and actuarial accrued liability. The plan currently has no assets. The amortization method is a level percent of payroll, which is identical to CALPERS. The amortization period is thirty years. The Authority has adopted a pay-as-you-go policy and is not currently funding this liability above the monthly requirement. The Authority makes actual monthly payments to its healthcare provider for its portion of the retirees' premiums. The payments for 2009 totaled \$3,800. The Authority accrued the remaining actuarial determined liability of \$81,000, to recognize expense in the current fiscal year.

Annual Other Post Employment Benefit (OPEB) Cost and Net OPEB Obligation: The Authority's annual OPEB costs (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

(Continued)

Note 13 (continued)

to exceed thirty years. Interest on net OPEB obligation is based on the actuarial interest rate of 4.5% and is computed on the unfunded amount.

The following table shows the components of the annual OPEB cost, the amount actually contributed to the plan, and changes in the net OPEB obligation:

	<u>12/31/2009</u>
Actuarial Present Value of Projected Benefits	<u>\$ 1,073,000</u>
Actuarial Accrued Liability, unfunded (UAAL)	<u>\$ 489,000</u>
Normal costs	\$ 69,000
Amortization of UAAL	16,000
Interest on net OPEB obligation	-
Annual OPEB Cost/	-
Annual Required Contribution (ARC)	85,000
Contributions made (pay-as-you-go)	<u>(4,000)</u>
Increase in net OPEB obligation	81,000
Net OPEB obligation - Beginning of year	-
Net OPEB obligation - End of year	<u>\$ 81,000</u>
 Projected payroll 2009	 <u>\$ 3,774,000</u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009.

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of Annual</u> <u>OPEB Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
12/31/2009	\$85,000	4.7%	\$ 81,000

Funding Status and Funding Progress: As of December 31, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$489,000, all of which is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$3.774 million; therefore, unfunded actuarial accrued liability as a percentage of covered payroll is 13%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

(Continued)

Note 13 (continued)

employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Required Supplemental Information:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Status	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2009	\$ -	\$ 489,000	\$ 489,000	0%	\$ 3,774,000	12.96%

Note 14 - JOINT POWERS AGREEMENT - WORKERS' COMPENSATION INSURANCE

The Authority participates in a joint venture under a joint powers agreement (JPA) with the California Housing Workers' Compensation Authority (CHWCA). CHWCA was formed to provide workers' compensation insurance coverage for member housing authorities. At December 31, 2009, there were thirty-one members. The relationship between the Authority and CHWCA is such that CHWCA is not a component unit of the Authority for financial reporting purposes.

Condensed audited financial information for the year ended December 31, 2008 and 2009, is as follows:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Total assets	\$ 24,661,159	\$ 23,509,064
Total liabilities	<u>(11,107,053)</u>	<u>(11,901,569)</u>
Total net assets	<u>\$ 13,554,106</u>	<u>\$ 11,607,495</u>
Total revenues	\$ 5,027,589	\$ 5,766,523
Total expenses	<u>(3,080,978)</u>	<u>(3,147,958)</u>
Net change in net assets	<u>\$ 1,946,611</u>	<u>\$ 2,618,565</u>

CHWCA had no long-term debt outstanding at December 31, 2009. The Authority's share of year end assets, liabilities, or retained earnings has not been calculated. The Authority's annual premium is based on covered payroll. Premium paid for the calendar year ended

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

(Continued)

Note 14 (continued)

December 31, 2009 was approximately \$180,000. CHWCA issues a separate comprehensive annual financial report. Copies of this report may be obtained by contacting Bickmore Risk Services, 6371 Auburn Boulevard, Suite B, Citrus Heights, California, 95621.

Note 15 - JOINT POWERS AGREEMENT - PROPERTY AND LIABILITY INSURANCE

The Authority participated in a joint venture under a Joint Powers Agreement (JPA) with the California Housing Authority Risk Management Agency (CHARMA). CHARMA was formed to provide property and liability coverage to its members. At May 31, 2008, there were six members other than the Authority. The relationship between the Authority and CHARMA is such that CHARMA is not a component unit of the Authority for financial reporting purposes.

CHARMA's governing board controls the operations of the JPA, including selection of management and approval of operating budgets independent of any influence by member authorities beyond their representation on the board. Each member paid a premium commensurate with the level of coverage requested, and shares surpluses and deficits proportionately to its participation in CHARMA. At the annual CHARMA Board of Directors meeting, held March 2009, the Directors discussed the dissolution of CHARMA effective May 31, 2010. CHARMA ceased to provide its members with insurance as of May 31, 2009.

Condensed audited financial information for the year ended May 31, 2008 and 2009, are as follows:

	<u>May 31, 2009</u>	<u>May 31, 2008</u>
Total assets	\$ 6,404,456	\$ 6,818,736
Total liabilities	<u>(549,892)</u>	<u>(1,041,290)</u>
Retained earnings	<u>\$ 5,854,564</u>	<u>\$ 5,777,446</u>
Total revenues	\$ 2,683,822	\$ 3,340,975
Total expenses	(1,980,084)	(2,683,203)
Equity distribution	<u>(626,620)</u>	<u>-</u>
Net increase (decrease) in retained earnings	<u>\$ 77,118</u>	<u>\$ 657,772</u>

Due to the dissolution of CHARMA, each authority's share of year end assets, liabilities, and/or retained earnings are currently being calculated. In August 2010, the Authority received \$396,955 from CHARMA and they expect to receive another \$700,000 in the near future. These amounts were not accrued as of December 31, 2009.

The Authority obtained insurance coverage, beginning June 1, 2009, through the Housing Authorities Risk Retention Pool (HARRP). HARRP was established by public housing authorities participating in an intergovernmental cooperation agreement pursuant to specific

HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

(Continued)

Note 15 (continued)

statutes in Oregon, Washington, California and Nevada for the purpose of operating and maintaining a cooperative program of risk management and loss indemnification. HARRP offers property, general, automobile, fidelity, and officers' liability insurance to participants. There were 90 member public housing authorities at December 31, 2009. The relationship between the Authority and HARRP is such that HARRP is not a component unit of the Authority for financial reporting purposes. It is the Authority's opinion that the HARRP insurance coverage is comparable to the CHARMA coverage. The property limits vary by site and carry a \$10,000 deductible per occurrence. The general liability limit is \$2 million with no deductible per occurrence. Errors and omissions has a \$2 million limit with a 10% co-pay as the deductible. The premium payments for the remainder of 2009 were approximately \$48,000. The premium for 2010 will be \$77,426.

Note 16 - CONTINGENT LIABILITIES

A. Grants

The 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 amounts, if any, to materially affect the financial statements.

B. Litigation

The Authority is involved in various matters of litigation. It is the Authority's opinion that these matters of litigation will not have a material effect, if any, on the financial position of the Authority.

C. Request for Restitution for the Loss of Federal Funds

Prior to February 2010, the Authority had an agreement with a Corporation to administer its many revolving loan programs. The majority of these programs were begun with federal funds. In March 2010, the principal of the Corporation embezzled funds from many of its governmental clients, including the Authority. In September 2010, the Authority filed documents with the U.S. Attorney's Office requesting restitution in the amount of \$5,260.

SUPPLEMENTAL INFORMATION

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>Department of Homeland Security</u>		
Passed through the Dept of HUD:		
Disaster Housing Assistance Program	97.109	\$ <u>9,958</u>
<u>Department of Housing and Urban Development (HUD)</u>		
Direct Programs:		
Shelter Plus Care	14.238	<u>850,371</u>
Public and Indian Housing	14.850	<u>1,886,732</u> *
Housing Choice Voucher Program	14.871	<u>27,146,135</u> *
Public Housing Capital Fund	14.872	<u>1,108,042</u> *
Resident Opportunities and Supportive Services - Elderly and Persons with Disabilities	14.876	<u>48,808</u>
Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Housing	14.877	<u>130,162</u>
Formula Capital Fund Stimulus Grant	14.885	<u>161,955</u> *
Passed through the County of Marin:		
Community Development Block Grant Rehabilitation Loan Program Administration Housing Search Specialist Total CDBG through the County of Marin	14.218	<u>219,077</u> <u>16,675</u> <u>235,752</u>
Home Investment Partnership Program	14.239	<u>158,252</u>
Housing Opportunities for Persons with AIDS	14.241	<u>372,338</u>
Passed through CAHI		
Housing Choice Voucher Program	14.871	<u>99,323</u>
Total HUD expenditures		<u>32,197,870</u>
Total federal expenditures		<u>\$ 32,207,828</u>

* Tested as a major (type A) federal program.

The accompanying Independent Auditors' Report and notes are an integral part of this statement.

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

1. The schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the County of Marin, California, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. The Public and Indian Housing Program expenditures reported consist only of the operating subsidy amount received from HUD for the fiscal year ended December 31, 2009.
3. The expenditures reported for the Housing Choice Voucher and Disaster Housing Assistance Programs represent the program's operating expenditures in its entirety, less depreciation, and including expenditures for capital additions, regardless of the amount of HUD annual contributions received or earned.

	HCV	DHAP
Operating expenses	\$ 27,162,798	\$ 9,958
Less depreciation	(16,663)	-
Total expenditures of federal awards	\$ 27,146,135	\$ 9,958

4. Expenditures for the Public Housing Capital Fund, the Formula Capital Fund Stimulus Grant, the Resident Opportunity and Supportive Services - Elderly and Persons with Disabilities, and the Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services programs reported agree with actual revenues and expenditures for the fiscal year.
5. Amounts reported for the Housing Opportunities for Persons with AIDS and Shelter Plus Care Programs agree with HUD revenue earned, which differs from expenditures due to administrative fees earned and other state and local grants received.
6. The amount reported as CDBG passed through the County of Marin includes two grants made to the Authority by the County. The expenditures reported consist of the revenue earned for reimbursement of qualified expenditures.
7. The amounts of Housing Choice Voucher Program funds shown passed through from CAHI are HAP funds received by MCHDFC for rents at Bradley House. Each of the units are subsidized by project based vouchers funded through this agency.
8. During 2008, the Authority issued \$63,580 in first-time home buyer loans under a contract with the County of Marin. During the current year, the Authority issued another \$111,122, for a total of \$174,702 in loans. The agreement with the County grants Federal HOME Investment Partnerships Program funds to the Authority to loan to low-income, first-time home buyers. During the current fiscal year, the Authority received \$158,252 from the County for this program.

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
STATEMENT OF COMPLETED CAPITAL FUND PROJECT
ANNUAL CONTRIBUTION CONTACT SF-258
DECEMBER 31, 2009**

CA39P052501-06

Funds approved	\$ 1,061,117
Funds expended	<u>1,061,117</u>
Excess of funds approved	<u><u>\$ -</u></u>
Funds advanced	\$ 1,061,117
Funds expended	<u>1,061,117</u>
Excess of funds expended	<u><u>\$ -</u></u>

The accompanying Independent Auditors' Report and notes are an integral part of this statement.

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
FINANCIAL DATA SCHEDULE (052) - BALANCE SHEET
DECEMBER 31, 2009**

	Public Housing (including Capital Fund)	Component Units	Housing Choice Vouchers	State/Local	Community Developmt Block Grants	Shelter Plus Care
	14.850/14.872		14.871		14.218	14.238
111 Cash - Unrestricted	\$ 14,117	\$ 167,652	\$ 1,007,736	\$ 149,488		
112 Cash - Restricted - Modernization and Development				\$ 9,840		
113 Cash - Other Restricted			\$ 1,247,623	\$ 831,055		
114 Cash - Tenant Security Deposits				\$ 201,430		
115 Cash - Restricted for Payment of Current Liabilities			\$ 2,120,872			
100 Total Cash	\$ 14,117	\$ 167,652	\$ 4,376,231	\$ 1,191,813	\$ -	\$ -
121 Accounts Receivable - PHA Projects			\$ 17,075			
122 Accounts Receivable - HUD Other Projects	\$ 253,705					\$ 12,468
124 Accounts Receivable - Other Government				\$ 114,941	\$ 174,568	\$ 48,867
125 Accounts Receivable - Miscellaneous	\$ 112,721	\$ 7,361		\$ 16,518		
126 Accounts Receivable - Tenants	\$ 212,683	\$ 12,716		\$ 9,481		
126.1 Allowance for Doubtful Accounts - Tenants	\$ (138,120)	\$ (5,500)		\$ (3,000)		
127 Notes, Loans, & Mortgages Receivable - Current				\$ 130,263		
128 Fraud Recovery			\$ 247,484			
128.1 Allowance for Doubtful Accounts - Fraud			\$ (247,484)			
120 Total Receivables, Net of Allow for Doubtful Accounts	\$ 440,989	\$ 14,577	\$ 17,075	\$ 268,203	\$ 174,568	\$ 61,335
131 Investments - Unrestricted		\$ 681,495		\$ 516,305		
132 Investments - Restricted	\$ 64,671		\$ 1,669,383	\$ 1,563,896		
142 Prepaid Expenses and Other Assets	\$ 128,952	\$ 6,108	\$ 12,531	\$ 6,115	\$ 279	\$ 2,364
144 Inter Program Due From	\$ 57,778	\$ 65,935		\$ 1,170,433		\$ 89,913
145 Assets Held for Sale				\$ 621,952		
150 Total Current Assets	\$ 706,507	\$ 935,767	\$ 6,075,220	\$ 5,338,717	\$ 174,847	\$ 153,612
161 Land	\$ 1,227,931	\$ 714,752		\$ 1,529,245		
162 Buildings	\$ 32,703,405	\$ 2,522,213		\$ 4,339,201		
163 Furniture, Equipment & Machinery - Dwellings		\$ 10,000				
164 Furniture, Equipment & Machinery - Administration	\$ 165,902		\$ 90,217	\$ 15,677		\$ 45,754
166 Accumulated Depreciation	\$ (17,105,228)	\$ (1,917,560)	\$ (81,130)	\$ (2,460,711)		\$ (45,754)
167 Construction in Progress	\$ 1,512,156					
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 18,504,166	\$ 1,329,405	\$ 9,087	\$ 3,423,412	\$ -	\$ -
171 Notes and Mortgages Receivable - Non-Current				\$ 4,009,876		
180 Total Non-Current Assets	\$ 18,504,166	\$ 1,329,405	\$ 9,087	\$ 7,433,288	\$ -	\$ -
190 Total Assets	\$ 19,210,673	\$ 2,265,172	\$ 6,084,307	\$ 12,772,005	\$ 174,847	\$ 153,612

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
FINANCIAL DATA SCHEDULE (052) - BALANCE SHEET
DECEMBER 31, 2009**

Housing Opport for Persons with AIDS	Disaster Housing Assist Grant	ROSS - Family	ROSS - Elderly	Formula Capital Fund Stimulus Grant	HUD- Veterans Affairs Supportive Housing Program	HOME Investment Partner-ship Program	COCC	Subtotal	Elimination	Total
14.241	97.109	14.877	14.876	14.885	14.VSH	14.239				
								\$ 1,338,993		\$ 1,338,993
								\$ 9,840		\$ 9,840
								\$ 2,078,678		\$ 2,078,678
								\$ 201,430		\$ 201,430
								\$ 2,120,872		\$ 2,120,872
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,749,813	\$ -	\$ 5,749,813
								\$ 17,075		\$ 17,075
		\$ 32,513	\$ 47,181	\$ 161,955				\$ 507,822		\$ 507,822
\$ 51,579						\$ 20,000		\$ 409,955		\$ 409,955
						\$ 49		\$ 136,649		\$ 136,649
								\$ 234,880		\$ 234,880
								\$ (146,620)		\$ (146,620)
								\$ 130,263	\$ (129,281)	\$ 982
								\$ 247,484		\$ 247,484
								\$ (247,484)		\$ (247,484)
\$ 51,579	\$ -	\$ 32,513	\$ 47,181	\$ 161,955	\$ -	\$ 20,049	\$ -	\$ 1,290,024	\$ (129,281)	\$ 1,160,743
								\$ 1,197,800		\$ 1,197,800
								\$ 3,297,950		\$ 3,297,950
\$ 1,214						\$ 3	\$ 4,024	\$ 161,590		\$ 161,590
	\$ 6,624				\$ 59,127			\$ 1,449,810	\$ (1,449,810)	\$ -
								\$ 621,952		\$ 621,952
\$ 52,793	\$ 6,624	\$ 32,513	\$ 47,181	\$ 161,955	\$ 59,127	\$ 20,052	\$ 4,024	\$ 13,768,939	\$ (1,579,091)	\$ 12,189,848
								\$ 3,471,928		\$ 3,471,928
								\$ 39,564,819		\$ 39,564,819
								\$ 10,000		\$ 10,000
							\$ 56,616	\$ 374,166		\$ 374,166
							\$ (30,737)	\$ (21,641,120)		\$ (21,641,120)
								\$ 1,512,156		\$ 1,512,156
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,879	\$ 23,291,949	\$ -	\$ 23,291,949
							\$ 174,702	\$ 4,184,578		\$ 4,184,578
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 174,702	\$ 25,879	\$ 27,476,527	\$ -	\$ 27,476,527
\$ 52,793	\$ 6,624	\$ 32,513	\$ 47,181	\$ 161,955	\$ 59,127	\$ 194,754	\$ 29,903	\$ 41,245,466	\$ (1,579,091)	\$ 39,666,375

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
FINANCIAL DATA SCHEDULE (052) - BALANCE SHEET
DECEMBER 31, 2009**

	Public Housing (including Capital Fund)	Component Units	Housing Choice Vouchers	State/Local	Community Developmt Block Grants	Shelter Plus Care
	14.850/14.872		14.871		14.218	14.238
312 Accounts Payable <= 90 Days	\$ 625	\$ 1,100		\$ 381,834		
321 Accrued Wage/Payroll Taxes Payable	\$ 23,641	\$ 732	\$ 23,515	\$ 5,671		\$ 2,648
322 Accrued Compensated Absences - Current Portion	\$ 17,046	\$ 410	\$ 14,493	\$ 1,619		\$ 4,106
331 Accounts Payable - HUD PHA Programs				\$ 14,295		\$ 1,296
333 Accounts Payable - Other Government	\$ 113,327		\$ 66,707	\$ 36,935		
341 Tenant Security Deposits	\$ 152,983	\$ 29,998		\$ 18,379		
342 Deferred Revenues	\$ 10,040	\$ 1,051	\$ 2,298,960	\$ 45,969		
343 Current Portion of Long-term Debt - Capital Projects		\$ 139,845		\$ 664,104		
344 Current Portion of L/T Debt - Operating Borrowings		\$ 129,281				
345 Other Current Liabilities				\$ 245,828		
347 Inter Program - Due To	\$ 353,553	\$ 154,233	\$ 92,450	\$ 423,689	\$ 100,909	
348 Loan Liability - Current						
310 Total Current Liabilities	\$ 671,215	\$ 456,650	\$ 2,496,125	\$ 1,838,323	\$ 100,909	\$ 8,050
351 Long-term Debt, Net of Current - Capital Projects		\$ 1,069,473		\$ 3,800,752		
353 Non-current Liabilities - Other	\$ 64,671		\$ 269,777	\$ 848,281		
354 Accrued Compensated Absences - Non Current	\$ 51,137	\$ 1,229	\$ 43,477	\$ 4,854		\$ 12,319
357 Accrued Pension and OPEB Liabilities						
350 Total Non-Current Liabilities	\$ 115,808	\$ 1,070,702	\$ 313,254	\$ 4,653,887	\$ -	\$ 12,319
300 Total Liabilities	\$ 787,023	\$ 1,527,352	\$ 2,809,379	\$ 6,492,210	\$ 100,909	\$ 20,369
508.1 Invested In Capital Assets, Net of Related Debt	\$ 18,504,166	\$ 120,087	\$ 9,087	\$ (1,254,709)		
511.1 Restricted Net Assets			\$ 2,588,102	\$ 5,918,251		
512.1 Unrestricted Net Assets	\$ (80,516)	\$ 617,733	\$ 677,739	\$ 1,616,253	\$ 73,938	\$ 133,243
513 Total Equity/Net Assets	\$ 18,423,650	\$ 737,820	\$ 3,274,928	\$ 6,279,795	\$ 73,938	\$ 133,243
600 Total Liabilities and Equity/Net Assets	\$ 19,210,673	\$ 2,265,172	\$ 6,084,307	\$ 12,772,005	\$ 174,847	\$ 153,612

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
FINANCIAL DATA SCHEDULE (052) - BALANCE SHEET
DECEMBER 31, 2009**

Housing Opport for Persons with AIDS	Disaster Housing Assist Grant	ROSS - Family	ROSS - Elderly	Formula Capital Fund Stimulus Grant	HUD-Veterans Affairs Supportive Housing Program	HOME Investment Partner-ship Program	COCC	Subtotal	Elimination	Total
14.241	97.109	14.877	14.876	14.885	14.VSH	14.239				
								\$ 383,559		\$ 383,559
							\$ 31,104	\$ 87,311		\$ 87,311
\$ 7							\$ 21,128	\$ 58,809		\$ 58,809
								\$ 15,591		\$ 15,591
								\$ 216,969		\$ 216,969
								\$ 201,360		\$ 201,360
								\$ 2,356,020		\$ 2,356,020
								\$ 803,949		\$ 803,949
								\$ 129,281	\$ (129,281)	\$ -
								\$ 245,828		\$ 245,828
\$ 41,318		\$ 32,513	\$ 47,181	\$ 161,955		\$ 19,208	\$ 22,801	\$ 1,449,810	\$ (1,449,810)	\$ -
								\$ -		\$ -
\$ 41,325	\$ -	\$ 32,513	\$ 47,181	\$ 161,955	\$ -	\$ 19,208	\$ 75,033	\$ 5,948,487	\$ (1,579,091)	\$ 4,369,396
								\$ 4,870,225		\$ 4,870,225
								\$ 1,182,729		\$ 1,182,729
\$ 20							\$ 63,383	\$ 176,419		\$ 176,419
							\$ 81,000	\$ 81,000		\$ 81,000
\$ 20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,383	\$ 6,310,373	\$ -	\$ 6,310,373
\$ 41,345	\$ -	\$ 32,513	\$ 47,181	\$ 161,955	\$ -	\$ 19,208	\$ 219,416	\$ 12,258,860	\$ (1,579,091)	\$ 10,679,769
							\$ 25,879	\$ 17,404,510		\$ 17,404,510
					\$ 59,127			\$ 8,565,480		\$ 8,565,480
\$ 11,448	\$ 6,624	\$ 0	\$ 0	\$ 0	\$ 0	\$ 175,546	\$ (215,392)	\$ 3,016,616		\$ 3,016,616
\$ 11,448	\$ 6,624	\$ -	\$ -	\$ -	\$ 59,127	\$ 175,546	\$ (189,513)	\$ 28,986,606	\$ -	\$ 28,986,606
\$ 52,793	\$ 6,624	\$ 32,513	\$ 47,181	\$ 161,955	\$ 59,127	\$ 194,754	\$ 29,903	\$ 41,245,466	\$ (1,579,091)	\$ 39,666,375

HOUSING AUTHORITY OF THE COUNTY OF MARIN
FINANCIAL DATA SCHEDULE (052) - PROFIT AND LOSS STATEMENT
DECEMBER 31, 2009

	Public Housing (including Capital Fund)	Component Units	Housing Choice Vouchers	State/Local	Community Developmt Block Grants	Shelter Plus Care
	14.850/14.872		14.871		14.218	14.238
70300 Net Tenant Rental Revenue	\$ 1,716,954	\$ 473,275		\$ 184,566		
70400 Tenant Revenue - Other	\$ 32,261					
70500 Total Tenant Revenue	\$ 1,749,215	\$ 473,275	\$ -	\$ 184,566	\$ -	\$ -
70600 HUD PHA Operating Grants	\$ 2,567,763		\$ 25,544,378			\$ 850,372
70610 Capital Grants	\$ 427,011					
70750 Other Fees						
70800 Other Government Grants	\$ 75,000	\$ 99,323		\$ 341,055	\$ 219,077	\$ 586,404
71100 Investment Income - Unrestricted	\$ 824	\$ 9,017		\$ 9,737		
71200 Mortgage Interest Income				\$ 94,533		
71400 Fraud Recovery			\$ 97,393			
71500 Other Revenue	\$ 261,762	\$ 11,606	\$ 8,183	\$ 520,879	\$ 5,700	\$ 749
71600 Gain or Loss on Sale of Capital Assets				\$ 27,090		
72000 Investment Income - Restricted			\$ 27,474	\$ 10,885		
70000 Total Revenue	\$ 5,081,575	\$ 593,221	\$ 25,677,428	\$ 1,188,745	\$ 224,777	\$ 1,437,525
91100 Administrative Salaries	\$ 639,465	\$ 37,619	\$ 882,781	\$ 181,251	\$ 124,378	\$ 269,510
91200 Auditing Fees	\$ 13,987	\$ 1,019	\$ 16,247	\$ 2,416	\$ 1,324	\$ 5,124
91400 Advertising and Marketing	\$ 337		\$ 220			
91500 Employee Benefit contributions - Administrative	\$ 105,843	\$ 12,909	\$ 338,479	\$ 57,052	\$ 38,293	\$ 89,553
91600 Office Expenses	\$ 69,156		\$ 86,510	\$ 23,545		\$ 21,824
91700 Legal Expense	\$ 43,534		\$ 1,693	\$ 42,844	\$ 2,056	\$ 175
91800 Travel	\$ 2,254		\$ 2,269	\$ 2,344	\$ 593	\$ 8,657
91810 Allocated Overhead	\$ 732,020	\$ 62,956	\$ 688,930	\$ 139,780	\$ 48,501	\$ 137,592
91900 Other	\$ 302,471	\$ 11,729	\$ 137,691	\$ 78,180	\$ 4,901	\$ 81,160
91000 Total Operating - Administrative	\$ 1,909,067	\$ 126,232	\$ 2,154,820	\$ 527,412	\$ 220,046	\$ 613,595
92100 Tenant Services - Salaries			\$ 116,832			
92300 Employee Benefit Contributions - Tenant Services			\$ 39,121			
92400 Tenant Services - Other	\$ 13,542	\$ 1,245		\$ 75,434		
92500 Total Tenant Services	\$ 13,542	\$ 1,245	\$ 155,953	\$ 75,434	\$ -	\$ -
93100 Water	\$ 135,436	\$ 16,425		\$ 9,132		
93200 Electricity	\$ 286,029	\$ 7,159		\$ 2,139		
93300 Gas	\$ 250,994	\$ 9,467		\$ 1,208		
93600 Sewer	\$ 156,068	\$ 22,356		\$ 12,139		
93000 Total Utilities	\$ 828,527	\$ 55,407	\$ -	\$ 24,618	\$ -	\$ -

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
FINANCIAL DATA SCHEDULE (052) - PROFIT AND LOSS STATEMENT
DECEMBER 31, 2009**

Housing Op for Persons with AIDS	Disaster Housing Assist Grant	ROSS - Family	ROSS - Elderly	Formula Capital Fund Stimulus Grant	HUD- Veterans Affairs Supportive Housing Program	HOME Investment Partnerships Program	COCC	Subtotal	ELIM	Total
14.214	97.109	14.877	14.876	14.885	14.VSH	14.239				
								\$ 2,374,795	\$ (98,465)	\$ 2,276,330
								\$ 32,261		\$ 32,261
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,407,056	\$ (98,465)	\$ 2,308,591
\$ 372,338	\$ 2,780	\$ 130,162	\$ 48,808	\$ 175	\$ 59,756			\$ 29,576,532		\$ 29,576,532
				\$ 161,780				\$ 588,791		\$ 588,791
							\$ 1,818,225	\$ 1,818,225	\$ (1,818,225)	\$
						\$ 173,360		\$ 1,494,219		\$ 1,494,219
						\$ 715		\$ 20,293		\$ 20,293
								\$ 94,533		\$ 94,533
								\$ 97,393		\$ 97,393
\$ 864						\$ 3,550	\$ 760	\$ 814,053	\$ (204,882)	\$ 609,171
								\$ 27,090		\$ 27,090
								\$ 38,359		\$ 38,359
\$ 373,202	\$ 2,780	\$ 130,162	\$ 48,808	\$ 161,955	\$ 59,756	\$ 177,625	\$ 1,818,985	\$ 36,976,544	\$ (2,121,572)	\$ 34,854,972
\$ 15,373		\$ 63,458					\$ 999,038	\$ 3,212,873		\$ 3,212,873
								\$ 40,117		\$ 40,117
								\$ 557		\$ 557
\$ 6,028		\$ 23,399					\$ 454,279	\$ 1,125,835		\$ 1,125,835
\$ 135			\$ 578				\$ 103,787	\$ 305,535		\$ 305,535
							\$ 31,577	\$ 121,879		\$ 121,879
\$ 347							\$ 2,883	\$ 19,347		\$ 19,347
\$ 7,575						\$ 871		\$ 1,818,225	\$ (1,818,225)	\$
\$ 1,165		\$ 70,912	\$ 48,161	\$ 175		\$ 1,771	\$ 85,858	\$ 824,174		\$ 824,174
\$ 30,623	\$ -	\$ 157,769	\$ 48,739	\$ 175	\$ -	\$ 2,642	\$ 1,677,422	\$ 7,468,542	\$ (1,818,225)	\$ 5,650,317
								\$ 116,832		\$ 116,832
								\$ 39,121		\$ 39,121
			\$ 69					\$ 90,290		\$ 90,290
\$ -	\$ -	\$ -	\$ 69	\$ -	\$ -	\$ -	\$ -	\$ 246,243	\$ -	\$ 246,243
							\$ 1,874	\$ 162,867		\$ 162,867
							\$ 30,197	\$ 325,524		\$ 325,524
							\$ 4,689	\$ 266,358		\$ 266,358
							\$ 909	\$ 191,472		\$ 191,472
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,669	\$ -	\$ 37,669

HOUSING AUTHORITY OF THE COUNTY OF MARIN
FINANCIAL DATA SCHEDULE (052) - PROFIT AND LOSS STATEMENT
DECEMBER 31, 2009

	Public Housing (including Capital Fund)	Component Units	Housing Choice Vouchers	State/Local	Community Developmt Block Grants	Shelter Plus Care
	14.850/14.872		14.871		14.218	14.238
94100 Ordinary Maintenance and Operations - Labor	\$ 707,887	\$ 6,504		\$ 4,553		
94200 Ordinary Maintenance and Operations - Materials/Other	\$ 155,216	\$ 14,648	\$ 2,115	\$ 16,042		
94300 Ordinary Maintenance and Operations Contracts	\$ 447,750	\$ 160,584	\$ 1,107	\$ 260,296		
94500 Employee Benefit Contributions - Ordinary Maintenance	\$ 309,070	\$ 458		\$ 444		
94000 Total Maintenance	\$ 1,619,923	\$ 182,194	\$ 3,222	\$ 281,335	\$ -	\$ -
96110 Property Insurance	\$ 66,333	\$ 5,287		\$ 5,338		
96120 Liability Insurance	\$ 40,604	\$ 17,712	\$ 25,181	\$ 3,492		
96140 All Other Insurance	\$ 16,583		\$ 2,189			\$ 3,249
96100 Total insurance Premiums	\$ 123,520	\$ 22,999	\$ 27,370	\$ 8,830	\$ -	\$ 3,249
96200 Other General Expenses	\$ 16,147		\$ 22,178	\$ 21,130	\$ 744	
96210 Compensated Absences	\$ 1,933	\$ (10,645)	\$ 18,104	\$ (9,304)		\$ (738)
96300 Payments in Lieu of Taxes	\$ 56,663	\$ 4,155		\$ 3,588		
96400 Bad debt - Tenant Rents	\$ 73,064	\$ 9				
96600 Bad debt - Other				\$ (180)		
96000 Total Other General Expenses	\$ 147,807	\$ (6,481)	\$ 40,282	\$ 15,234	\$ 744	\$ (738)
96710 Interest of Mortgage (or Bonds) Payable		\$ 83,872		\$ 61,827		
96700 Total Interest Expense and Amortization Cost	\$ -	\$ 83,872	\$ -	\$ 61,827	\$ -	\$ -
96900 Total Operating Expenses	\$ 4,642,386	\$ 465,468	\$ 2,381,647	\$ 994,690	\$ 220,790	\$ 616,106
97000 Excess of Operating Revenue over Operating Expenses	\$ 439,189	\$ 127,753	\$ 23,295,781	\$ 194,055	\$ 3,987	\$ 821,419
97300 Housing Assistance Payments			\$ 24,763,858	\$ 120,615		\$ 787,645
97400 Depreciation Expense	\$ 982,281	\$ 84,226	\$ 16,663	\$ 133,400		\$ 2,310
90000 Total Expenses	\$ 5,624,667	\$ 549,694	\$ 27,162,168	\$ 1,248,705	\$ 220,790	\$ 1,406,061
10010 Operating Transfer In	\$ 134,661		\$ 78,366			
10020 Operating transfer Out	\$ (134,661)			\$ (65,145)		\$ (40,828)
10093 Transfers between Program and Project - In	\$ 4,151					
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)	\$ 4,151	\$ -	\$ 78,366	\$ (65,145)	\$ -	\$ (40,828)
10000 Excess (Deficiency) of Total Rev Over (Under) Total Exp	\$ (538,941)	\$ 43,527	\$ (1,406,374)	\$ (125,105)	\$ 3,987	\$ (9,364)

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
FINANCIAL DATA SCHEDULE (052) - PROFIT AND LOSS STATEMENT
DECEMBER 31, 2009**

Housing Op for Persons with AIDS	Disaster Housing Assist Grant	ROSS - Family	ROSS - Elderly	Formula Capital Fund Stimulus Grant	HUD- Veterans Affairs Supportive Housing Program	HOME Investment Partnerships Program	COCC	Subtotal	ELIM	Total
14.214	97.109	14.877	14.876	14.885	14.VSH	14.239				
								\$ 718,944		\$ 718,944
							\$ 9,576	\$ 197,597		\$ 197,597
							\$ 59,761	\$ 929,498	\$ (204,882)	\$ 724,616
								\$ 309,972		\$ 309,972
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,337	\$ 2,156,011	\$ (204,882)	\$ 1,951,129
								\$ 76,958		\$ 76,958
							\$ 2,192	\$ 89,181		\$ 89,181
								\$ 22,021		\$ 22,021
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,192	\$ 188,160	\$ -	\$ 188,160
								\$ 60,199		\$ 60,199
\$ 27							\$ 41,926	\$ 41,303		\$ 41,303
								\$ 64,406		\$ 64,406
								\$ 73,073		\$ 73,073
								\$ (180)		\$ (180)
\$ 27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,926	\$ 238,801	\$ -	\$ 238,801
							\$ 67,288	\$ 212,987		\$ 212,987
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,288	\$ 212,987	\$ -	\$ 212,987
\$ 30,650	\$ -	\$ 157,769	\$ 48,808	\$ 175	\$ -	\$ 2,642	\$ 1,895,834	\$ 11,456,965	\$ (2,023,107)	\$ 9,433,858
\$ 342,552	\$ 2,780	\$ (27,607)	\$ -	\$ 161,780	\$ 59,756	\$ 174,983	\$ (76,849)	\$ 25,519,579	\$ (98,465)	\$ 25,421,114
\$ 341,062	\$ 9,958				\$ 629			\$ 26,023,767	\$ (98,465)	\$ 25,925,302
							\$ 13,678	\$ 1,232,558		\$ 1,232,558
\$ 371,712	\$ 9,958	\$ 157,769	\$ 48,808	\$ 175	\$ 629	\$ 2,642	\$ 1,909,512	\$ 38,713,290	\$ (2,121,572)	\$ 36,591,718
		\$ 27,607						\$ 240,634		\$ 240,634
								\$ (240,634)		\$ (240,634)
								\$ 4,151		\$ 4,151
							\$ (4,151)	\$ (4,151)		\$ (4,151)
\$ -	\$ -	\$ 27,607	\$ -	\$ -	\$ -	\$ -	\$ (4,151)	\$ -	\$ -	\$ -
\$ 1,490	\$ (7,178)	\$ -	\$ -	\$ 161,780	\$ 59,127	\$ 174,983	\$ (94,678)	\$ (1,736,746)	\$ -	\$ (1,736,746)

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
FINANCIAL DATA SCHEDULE (052) - PROFIT AND LOSS STATEMENT
DECEMBER 31, 2009**

	Public Housing (including Capital Fund)	Component Units	Housing Choice Vouchers	State/Local	Community Developmt Block Grants	Shelter Plus Care
	14.850/14.872		14.871		14.218	14.238
11020 Required Annual Debt Principal Payments	\$ -	\$ 118,430	\$ -	\$ 255,695	\$ -	\$ -
11030 Beginning Equity	\$ 18,800,811	\$ 694,293	\$ 4,681,302	\$ 6,404,900	\$ 69,951	\$ 142,607
11040 Equity Transfers	\$ 161,780	\$ -	\$ -	\$ -	\$ -	\$ -
11170 Administrative Fee Equity			\$ 686,826			
11180 Housing Assistance Payments Equity			\$ 2,588,102			
11190 Unit Months Available	5952	516	25308	456	0	833
11210 Number of Unit Months Leased	5811	467	24823	408	0	833
11270 Excess Cash	\$ (499,664)					
11610 Land Purchases	\$ -					
11620 Building Purchases	\$ -					
11630 Furniture & Equipment - Dwelling Purchases	\$ -					
11640 Furniture & Equipment - Administrative Purchases	\$ 74,246					
11650 Leasehold Improvements Purchases	\$ -					
11660 Infrastructure Purchases	\$ -					
13510 CFFP Debt Service Payments	\$ -					
13901 Replacement Housing Factor Funds	\$ -					

Harn & Dolan

Certified Public Accountants

2423 Stirrup Court

Walnut Creek, California 94596-6526

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Housing Authority of the
County of Marin
San Rafael, California

We have audited the financial statements of the business-type activities and the major fund of the Housing Authority of the County of Marin, California, as of and for the year ended December 31, 2009, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 23, 2010. 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.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.


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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the County of Marin, California's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Housing Authority of the County of Marin, California, in a separate letter dated September 23, 2010.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Horn & Dulon".

September 23, 2010

Harn & Dolan

Certified Public Accountants

2423 Stirrup Court

Walnut Creek, California 94596-6526

(925) 280-1693 Fax (925) 938-4829

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
Housing Authority of the
County of Marin
San Rafael, California

Compliance

We have audited the compliance of the Housing Authority of the County of Marin, California, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The Housing Authority of the County of Marin, California's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of the County of Marin, California's management. Our responsibility is to express an opinion on the Housing Authority of the County of Marin, California's compliance based on our audit.

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

In our opinion, the Housing Authority of the County of Marin, California complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

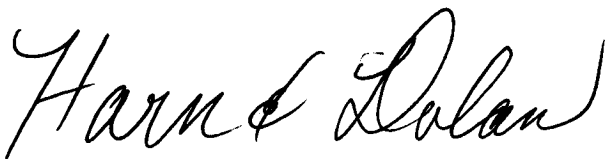
Internal Control Over Compliance

Management of the Housing Authority of the County of Marin, California is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of the County of Marin, California's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the County of Marin, California's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Harn & Dolan".

September 23, 2010

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009**

The previous audit report for the year ended December 31, 2008 contained no audit findings.

**HOUSING AUTHORITY OF THE COUNTY OF MARIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unqualified
Is a going concern explanatory paragraph include in the audit report?	no
Is a significant deficiency disclosed?	no
Is any significant deficiency reported as a material weakness?	n/a
Is a material noncompliance disclosed?	no

Federal Awards

Dollar threshold used to distinguish between Type A and Type B programs	\$ 966,235
Auditee qualified as low-risk auditee?	yes
Identification of major programs:	
Type A programs tested as major:	
Public and Indian Housing	14.850
Housing Choice Voucher Program	14.871
Capital Fund Program Cluster:	
Public Housing Capital Fund	14.872
Formula Capital Fund Stimulus Grant	14.885

Type of auditors' report issued on compliance for major programs:	unqualified
Is a significant deficiency reported for any major program?	no
Is a significant deficiency reported for any major program as a material weaknesses?	n/a
Any audit findings disclosed that are required to be reported in accordance with A-133, Section .510(a)?	no
Any known questioned costs reported?	no
Were prior audit findings related to direct funding shown in the Summary of Prior Audit Findings?	no

Section II - Financial Statement Findings

None

Section III - Compliance Findings

None