

HOUSING AUTHORITY OF FRESNO COUNTY

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2018
(Including Auditors' Report Thereon)

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HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California
Basic Financial Statements
Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of Fresno County
Fresno, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of Fresno County, California, (the "Agency") and its discretely presented component unit, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Kerman Acre, LP, a discretely presented component unit, which represents 3.6 percent, (4.4) percent, and 0.2 percent, respectively, of the assets, net position and revenue of the Agency. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, and its discretely presented component unit, as of December 31, 2018, and the changes in financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The financial statements for the year ended December 31, 2018 reflect certain prior period adjustment as described further in Note 23 to the financial statements. Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information

We have previously audited the Agency's 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that *Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios, and the Schedule of Plan Contributions* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing

the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying financial data schedule is presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements.

This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2019 on our consideration of the Agency'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.

Daniel Fan WP

Irvine, California
August 16, 2019

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**Housing Authority of Fresno County
Management’s Discussion and Analysis
Year Ended December 31, 2018**

Introduction

This narrative overview and analysis of the Housing Authority of Fresno County’s (the “Agency”) performance through December 31, 2018, is provided as a supplement to the Agency’s year-end financial statements. Please read it in conjunction with the basic financial statements and the notes to the basic financial statements.

Overview of the Basic Financial Statements

The Agency’s Basic Financial Statements consist of the following:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to the Basic Financial Statements
- Supplemental Information

The Agency, like other governmental and quasi-governmental entities, uses fund accounting to ensure and demonstrate compliance with funding-related requirements. The funds are combined in a Proprietary Fund, which is a single “enterprise fund” with “business-type” activities intended to recover all or a portion of their costs through fees and charges for services. The Proprietary Fund presents the activities of the Agency as a whole.

The specific financial activities of the Agency have been presented within the following:

- The Statement of Net Position includes all of the Agency’s assets and liabilities, with the difference between the two reported as the net position. Assets and liabilities are presented in the order of liquidity and are classified as “current” (convertible to cash within one year) and “non-current”. This statement also provides a basis of measuring the liquidity and financial flexibility of the Agency. Over time, increases or decreases in net position will serve as a useful indicator of whether the Agency’s financial health is improving or deteriorating.
- The Statement of Revenues, Expenses, and Changes in Net Position reports the Agency’s revenues by source and its expenses by category to substantiate the changes in net position for the year. This statement measures the success of the Agency’s operations over the past year.
- The Statement of Cash Flows reports how the Agency’s cash was provided and used during the year. It also provides information about the Agency’s operating, investing, and financing activities, and can be used to reconcile cash balances at December 31, 2018 and 2017. Fundamentally, this statement shows where cash came from, how cash was used, and what the change in cash was during the year.

- The Notes to Basic Financial Statements provide additional information that is integral to a full understanding of the Basic Financial Statements. The Notes to the Basic Financial Statements can be found in this report after the Basic Financial Statements.
- Supplemental Information includes the Schedule of Expenditures of Federal Awards, presented for purposes of additional analysis as required by U.S. Office of Management and Budget 2 CFR 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance). It also includes the Financial Data Schedules, which are submitted to HUD’s Real Estate Assessment Center (REAC) online system.

Financial Analysis

Statement of Net Position

The purpose of the statement of net position is to give the financial statement readers a snapshot of the fiscal condition of the Agency at a certain point in time. It presents end of the year data for assets, liabilities and net position (assets minus liabilities).

Statement of Net Position is summarized in the table below:

	December 31,		Increase (Decrease)	Percentage Change
	2018	2017		
Assets				
Current Assets	\$ 5,638,557	\$ 2,956,273	\$ 2,682,284	90.73%
Restricted Assets	2,318,083	2,710,076	(391,993)	-14.46%
Capital Assets, Net of Accumulated Depreciation	13,619,132	15,779,016	(2,159,884)	-13.69%
Other Assets	46,643,228	41,094,203	5,549,025	13.50%
Deferred Outflows	1,908,038	2,318,128	(410,090)	-17.69%
Total Assets	<u>\$ 70,127,038</u>	<u>\$ 64,857,696</u>	<u>\$ 5,269,343</u>	<u>8.12%</u>
Liabilities				
Current Liabilities	\$ 5,105,903	\$ 4,063,943	\$ 1,041,960	25.64%
Non-Current Liabilities	12,336,266	12,113,345	222,921	1.84%
Total Liabilities	<u>17,442,169</u>	<u>16,177,288</u>	<u>1,264,881</u>	<u>7.82%</u>
Deferred Inflows	278,356	301,817	(23,461)	-7.77%
Total Liabilities and Deferred Inflows	<u>17,720,525</u>	<u>16,479,105</u>	<u>1,241,420</u>	<u>7.53%</u>
Net Position				
Net Investment in Capital Assets	10,394,276	9,822,921	571,355	5.82%
Restricted Net Position	1,995,584	2,377,669	(382,085)	-16.07%
Unrestricted Net Position	40,016,653	36,178,001	3,838,652	10.61%
Total Net Position	<u>52,406,513</u>	<u>48,378,591</u>	<u>4,027,922</u>	<u>8.33%</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 70,127,038</u>	<u>\$ 64,857,696</u>	<u>\$ 5,269,342</u>	<u>8.12%</u>

Total assets of the Agency at December 31, 2018, and 2017 amounted to \$70.1 million and \$64.9 million, respectively.

The significant components of current assets are cash, short-term investments, and receivables from tenants and related parties. Restricted assets are cash and investments that are restricted for explicit purposes, like federal programs or project-specific reserves. Capital assets include land, land improvements, leasehold improvements, structures, construction in progress, and equipment. All capital assets, except for land and construction in progress, are shown net of accumulated depreciation. Other assets include long-term notes receivables, interest receivable, assets held for sale and investments in joint ventures. The principal changes in assets from December 31, 2017 to December 31, 2018 were increases in current assets, specifically in unrestricted cash, increases in other assets, and decreases in capital assets. The increase in unrestricted cash by \$2 million was mostly due to proceeds from development activities. The increase in current assets also includes receivables due from the Housing Authority of the City of Fresno. Additionally, the increase in other assets is due to loans made to Oak Grove LP. Decreases in capital assets are mostly attributed to the sale of Oak Grove. Deferred Outflows of Resources, which is related to the defined benefit pension plan, decreased from about \$2.31 million in 2017 to \$1.91 million in 2018.

Total liabilities of the Agency were \$17.7 million and \$16.5 million at December 31, 2018 and 2017, respectively. Current liabilities include short-term accounts payable, accrued liabilities, current portions of long-term debt, and unearned revenue. Current liabilities increased from \$4.0 million in 2017 to \$5.1 million in 2018 due to various short-term pre-development loans. Non-current liabilities increased from \$12.1 million in 2017 to \$12.3 million in 2018 due to the new GASB 68 requirements around the accounting and reporting of pension liabilities. Due to these new requirements, the Agency added a \$0.4 million liability to the balance sheet while long-term notes payable decreased \$0.2 million. The pension liability represents the difference between the Agency's total pension liability and the current plan assets calculated at fair value. See Note 17 in the Notes to the Basic Financial Statements for more information.

Net position represents the Agency's equity, a portion of which is restricted for certain uses. Net position is divided into the following three categories:

- Invested in capital assets, net of related debt and depreciation: Amounts on this line are the Agency's equity in land, structures, construction in progress, and equipment, net of related capital debt outstanding and accumulated depreciation.
- Restricted net position: These are assets subject to external limitations, and can be based on use, purpose, and/or time.
- Unrestricted net position: These resources are available for any use that is lawful and prudent based on the Agency's stated mission, and/or strategic plans.

The Agency's net position increased by 8.33% during the year from \$48.4 million in 2017 to \$52.4 million in 2018.

Statement of Revenues, Expenses and Changes in Net Position

The purpose of the statement of revenues, expenses, and changes in net position is to present the operating and non-operating revenues earned by the Agency, the operating and non-operating expenses incurred, and other gains or losses of the Agency. This statement presents a glimpse into the financial activity that occurred from January 1, 2018 to December 31, 2018.

Operating revenues are the amounts received for providing housing services. This revenue can either come from tenants as rental payments, subsidy from the U.S. Department of Housing and Urban Development (HUD), developer fee revenue or as grant revenue from another funding sources. Non-operating revenues/expenses are earned/incurred when goods or services are not a part of normal business activity, for example, interest income or interest expense. Operating expenses are those costs incurred to maintain the housing units or to provide other services to our clientele. Capital contributions represent revenues earned from HUD for public housing capital repairs and rehabilitation.

Statement of Revenues, Expenses and Changes in Net Position is summarized in the table below:

	December 31,		Increase (Decrease)	Percentage Change
	2018	2017		
Operating Revenues	\$ 52,500,534	\$ 52,718,018	\$ (217,484)	-0.41%
Operating Expenses	53,408,491	50,602,689	2,805,802	5.54%
Operating Income/(Loss)	(907,957)	2,115,329	(3,023,286)	-142.92%
Non-Operating Revenues/(Expenses)	4,481,171	4,879,512	(398,341)	-8.16%
Net Income/(Loss) before Capital Contributions	3,573,214	6,994,841	(3,421,627)	-48.92%
Capital Contributions	215,605	67,608	147,997	218.90%
Increase/(Decrease) in Net Position	3,788,819	7,062,449	(3,273,630)	-46.35%
Net Position, Beginning of Year	48,378,591	41,427,631	6,950,960	16.78%
Prior Period Adjustment	239,103	(111,489)	350,592	-314.46%
Net Position, Beginning of Year as Restated	48,617,694	41,316,142	7,301,552	17.67%
Net Position, End of Year	<u>\$ 52,406,513</u>	<u>\$ 48,378,591</u>	<u>\$ 4,027,922</u>	<u>8.33%</u>

The statement of revenues, expenses and changes in net position, which preceded this section, reflects the year ended December 31, 2018, compared to the year ended December 31, 2017. Overall, operating revenues decreased by 0.41%, or \$217 thousand, from 2017 to 2018; operating expenses increased by 5.54%, or \$2.8 million for the year; non-operating revenues decreased by \$398 thousand from 2017 to 2018; and capital contributions increased by \$148 thousand from prior year. These changes lead to a total increase in net position of \$4.0 million from December 31, 2017 to December 31, 2018. Explanations of the primary reasons for these changes are as follows:

- The net decrease in operating revenues was attributable to the absence of one-time revenues in the State of California’s Low-Income Weatherization Program, which ended in 2017 and the increase in developer fees.
- The increase in operating expenses was related to housing assistance payments, administrative expenses, and maintenance & operations expenses. Housing assistance payments for the Housing

Choice Voucher program were more in 2018 than in 2017 due to the increase in the per unit costs (PUC) of each voucher, which indicates that the Agency is paying more subsidy for each voucher. If the PUC increases, so does the total expenses for the year. Administrative expenses increased in 2018 due to additional staff added to the agency as well as increased benefit costs mostly tied to the Agency's unfunded pension liability. Additionally, the Agency incurred one-time Subsidy Pass Through expenses as part of the sale of Oak Grove. Maintenance & operation expenses increased as a result of some modest increases in preventative maintenance at various properties.

- The net decrease in non-operating revenues/ (expenses) was attributable to interest revenue on notes receivable, the sale of Oak Grove, and gain from disposition of capital assets.

Capital Assets

The table below shows the Agency's capital assets, net of accumulated depreciation and amortization, at December 31, 2018, and December 31, 2017.

	December 31,		Increase (Decrease)	Percentage Change
	2018	2017		
Land	\$ 1,938,178	\$ 1,981,565	\$ (43,387)	-2.19%
Structures	6,645,842	6,752,909	(107,067)	-1.59%
Equipment	716,087	752,428	(36,341)	-4.83%
Construction in Progress	4,319,026	6,292,114	(1,973,088)	-31.36%
Total Capital Assets, Net	<u>\$ 13,619,132</u>	<u>\$ 15,779,016</u>	<u>\$ (2,159,884)</u>	<u>-13.69%</u>

Overall, the Agency's capital assets decreased by \$2.2 million during 2018, attributed to the completion of construction in progress for improvements made to Mendota Farm Labor, Orchard apartments, Maldonado Plaza, and Parlier Migrant Center. See Note 9 in the Notes to the Basic Financial Statements for more information.

Debt Administration

The table below shows the Agency's outstanding debt at December 31, 2018 and 2017. Short-term borrowings include inter-fund loans between programs, between the City & County Housing Authorities, or between component units of the Agency. Notes payable- non-related parties include loans and mortgages with external entities. Notes payable- related parties includes loans from joint ventures and Agency-sponsored limited partnership.

	December 31,		Increase (Decrease)	Percentage Change
	2018	2017		
Short Term Borrowings (Interfund)	\$ -	\$ 983,949	\$ (983,949)	-100.00%
Notes Payable - Non-Related Parties	3,255,693	3,463,018	(207,325)	-5.99%
Notes Payable - Related Parties	3,116,004	2,493,078	622,926	24.99%
Total Debt	<u>\$ 6,371,697</u>	<u>\$ 6,940,045</u>	<u>\$ (568,348)</u>	<u>-8.19%</u>

The Notes Payable - Non-Parties decreased by \$.6 million during the year mostly due to payments made by Maldonado Plaza, Parkside, and the HCV program for short-term inter-fund loans netted against increases to various short-term pre-development loans.

Economic Factors Affecting the Agency's Future

The majority of the Agency's funding comes from the U.S. Department of Housing and Urban Development (HUD) in the form of Section 8 housing assistance payments, Public Housing operating subsidies, Capital Fund grants, and other smaller grants. Over the past several years, Congress and the federal government have continued to cut housing subsidies due to changes in budget priorities. These funding reductions continue to have an impact on the Agency's economic position because federal subsidies make up a majority of the Agency's revenue and, there still is significant uncertainty about future funding levels. The Agency continues to explore alternative funding options to lessen our federal dependency through development activities and pursuit of other grants; however, HUD will most likely continue to be a major funding source over the foreseeable future.

As we look forward, the near-term forecast for low-income housing programs continues to be unchanged, requiring the Agency to operate with less federal funding while continuing to provide high quality, affordable housing that promotes safe and vibrant communities. The Agency has been swift to respond to changes in federal limitations, both programmatically and financially. We have responded by implementing changes designed to reduce costs with the least effect on services. We have been adamant that despite funding cuts, we would continue to maintain housing for existing residents and voucher participants. As a result, the Agency is better poised to weather additional funding cuts without further capacity reductions.

While we acknowledge the challenges, and face political and economic realities head-on, we remain committed more than ever to our mission of creating and sustaining vibrant communities across Fresno County. Our strategy for accomplishing this includes: developing and maintaining quality affordable housing for low-income individuals throughout the City of Fresno; implementing exceptional programs that invest in our residents; encouraging partnerships with local, regional and national organizations to build the Fresno community; and generating public will to address the housing needs of low-income individuals. We are confident our strategy will allow us to attain these goals and strengthen the Agency's ability to address the housing and quality-of-life challenges facing Fresno, both now and in the future.

Requests for Information

This financial report is designed to provide a general overview of Housing Authority of Fresno County's finances to demonstrate the Agency's accountability for the money it receives. For questions about this report or requests for additional financial information, please contact the individual below.

Emily De La Guerra
Director of Finance & Administrative Services
1331 Fulton Street
Fresno, CA 93721
Phone: (559) 457-4266

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HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF NET POSITION

December 31, 2018

(With comparative information for the prior year)

	2018		2017	
	Primary Government	Kerman Acre, L.P.	Primary Government	Kerman Acre, L.P.
ASSETS AND DEFERRED OUTFLOWS				
Current Assets				
Cash & Investments	\$ 4,029,909	\$ 48,965	\$ 2,016,420	\$ 43,802
Accounts Receivable - Tenants, Net of Allowance for Doubtful Accounts of \$6,954	46,109	-	115,916	2,057
Miscellaneous Receivables, Net of Allowance for Uncollectable Accounts of \$40,109	256,838	-	201,617	-
Due From Other Governments	461,967	-	436,204	-
Due From Related Parties	750,071	-	139,780	-
Prepaid Expenses	93,663	3,124	46,336	2,138
Total Current Assets	5,638,557	52,089	2,956,273	47,997
Restricted Assets				
Restricted Cash	2,318,083	41,521	2,710,076	13,048
Total Restricted Assets	2,318,083	41,521	2,710,076	13,048
Non-Current Assets				
Capital Assets				
Capital Assets - Not being depreciated	6,257,203	119,217	8,273,679	119,217
Capital Assets - Depreciable, Net of Accumulated Depreciation of \$58,611,022	7,361,929	2,278,731	7,505,337	2,415,152
Total Capital Assets, Net	13,619,132	2,397,948	15,779,016	2,534,369
Other Non-Current Assets				
Notes Receivable From Related Parties, Net of allowance for doubtful accounts of \$ 0	29,093,093	-	25,748,093	-
Interest Receivable - Related Parties, Net of allowance for doubtful accounts of \$428,946	2,620,709	-	2,267,799	-
Investments In Joint Ventures	15,677,634	-	13,613,047	-
Equity Interest In Component Unit	(1,093,836)	-	(880,364)	-
Assets Held For Sale	345,628	-	345,628	-
Total Other Non-Current Assets	46,643,228	-	41,094,203	-
Deferred Outflow of Resources - Pension Related				
	1,908,038	-	2,318,128	-
Total Deferred Outflow of Resources	1,908,038	-	2,318,128	-
Total Assets and Deferred Outflows	\$ 70,127,038	\$ 2,491,557	\$ 64,857,696	\$ 2,595,414

See accompanying notes to the basic financial statement

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF NET POSITION
December 31, 2018

(With comparative information for the prior year)
(continued)

LIABILITIES, DEFERRED INFLOWS AND NET POSITION	2018		2017	
	Primary Government	Kerman Acre, L.P.	Primary Government	Kerman Acre, L.P.
Current Liabilities				
Vendors & Contractors Payable	\$ 540,468	\$ 1,568	\$ 336,037	\$ 1,408
Accrued Salaries	113,586	-	81,614	-
Accrued Compensated Absences	198,291	-	241,998	-
Resident Security Deposits	266,905	5,557	307,171	5,696
Due To Other Governments	423,963	-	440,570	-
Due To Related Parties	774,834	3,340	650,525	9,938
Other Current Liabilities - Related Parties	-	187,806	829	161,831
Other Current Liabilities - Non-Related Parties	236,572	17,524	62,428	17,524
Notes Payable - Related Parties	2,271,163	-	1,648,237	-
Notes Payable - Non-Related Parties	224,528	-	222,813	-
Unearned Revenue	55,593	72	71,721	675
Total Current Liabilities	5,105,903	215,867	4,063,943	197,072
Non-Current Liabilities				
Notes Payable - Related Parties	844,841	782,020	844,841	782,020
Notes Payable - Non-related Parties	3,031,165	3,102,168	3,240,205	3,102,168
Accrued Interest Payable	525,132	531,312	468,720	430,476
Accrued Compensated Absences	94,357	-	130,197	-
Family Self-Sufficiency Escrow	84,458	-	81,604	-
Net Pension Liability	7,756,313	-	7,347,778	-
Total Non-Current Liabilities	12,336,266	4,415,500	12,113,345	4,314,664
Deferred Inflows of Resources - Pension Related	278,356	-	301,817	-
Total Deferred Inflows of Resources	278,356	-	301,817	-
Total Liabilities and Deferred Inflows	17,720,525	4,631,367	16,479,105	4,511,736
Net Position				
Net Investment in Capital Assets	10,394,276	(1,571,753)	9,822,921	(1,511,650)
Restricted for:				
Housing Assistance Payments	-	-	436,633	-
Other Externally Required Reserves	1,995,584	35,964	1,941,036	6,177
Unrestricted	40,016,653	(604,021)	36,178,001	(410,849)
Total Net Position	52,406,513	(2,139,810)	48,378,591	(1,916,322)
Total Liabilities and Deferred Inflows and Net Position	\$ 70,127,038	\$ 2,491,557	\$ 64,857,696	\$ 2,595,414

See accompanying notes to the basic financial statement

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HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018
(With comparative information for the prior year)

	2018		2017	
	Primary Government	Kerman Acre, L.P.	Primary Government	Kerman Acre, L.P.
Operating Revenues				
Rental Revenue	\$ 3,694,908	\$ 94,726	\$ 3,470,504	\$ 82,590
Fee Revenue	580,458	-	748,301	-
HUD Grants	41,484,470	-	41,877,230	-
Other Governmental Grants	2,024,399	48,497	2,929,546	43,495
Developer Fee Revenue	3,685,245	-	2,220,177	-
Other Revenue	1,031,054	2,644	1,472,260	2,899
Total Operating Revenues	52,500,534	145,867	52,718,018	128,984
Operating Expenses				
Administrative Expense	10,662,276	68,927	9,095,617	68,146
Tenant Services Expense	758,574	7,062	235,748	-
Utilities Expense	1,323,772	11,799	1,453,782	10,299
Maintenance & Operations Expense	2,701,837	31,890	2,399,856	44,207
Protective Services Expense	56,658	1,097	31,523	538
Insurance Expense	526,118	4,977	474,865	5,021
General Expense	1,246,895	2,595	1,720,540	2,498
Housing Assistance Payments	34,502,667	-	33,766,669	-
Depreciation	1,629,694	136,421	1,424,089	141,096
Total Operating Expenses	53,408,491	264,768	50,602,689	271,805
Operating Income (Loss)	(907,957)	(118,901)	2,115,329	(142,821)
Non-Operating Revenues (Expenses)				
Interest Revenue, Unrestricted	4,975	-	2,718	-
Interest Revenue, Restricted	4,100	-	2,563	-
Interest Revenue on Notes Receivable	1,076,263	-	834,661	-
Interest Expense	(32,464)	(100,835)	(65,617)	(86,289)
Fraud Recovery	26,639	-	26,946	-
Share of Joint Venture Net Income	1,854,502	-	283,126	-
Loss from Equity Interest in Component Unit	(116,529)	-	(166,456)	-
Loss from Insurance Proceeds	(14,397)	-	-	-
Write Off in Interest Receivables	(428,946)	-	-	-
Transfer From/(To) Other Related Entity	59,504	-	600	-
Gain/(Loss) from Disposition of Capital Assets	2,129,490	-	3,960,971	-
Total Non-Operating Revenues	4,563,137	(100,835)	4,879,512	(86,289)
Income (Loss) Before Contributions and Transfers	3,655,180	(219,736)	6,994,841	(229,110)
Capital Contributions	215,605	-	67,608	-
Increase (Decrease) in Net Position	3,870,785	(219,736)	7,062,449	(229,110)
Net Position, Beginning of Year	48,378,591	(1,916,322)	41,427,631	(1,808,561)
Prior Period Adjustment	157,137	(3,751)	(111,489)	121,349
Adjusted Net Position, Beginning of Year	48,535,728	(1,920,073)	41,316,142	(1,687,212)
Net Position, End of Year	\$ 52,406,513	\$ (2,139,809)	\$ 48,378,591	\$ (1,916,322)

See accompanying notes to the basic financial statement

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HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018
(with comparative information for the prior year)

	Primary Government	
	2018	2017
Cash Flows from Operating Activities:		
Cash received from tenants	\$ 3,724,448	\$ 3,504,213
Cash received from others	4,460,220	4,642,177
Cash paid for issuance of notes receivable	-	(2,440,000)
Interest payments received on notes receivable	294,407	15,869
Cash paid to employees for services	(4,572,496)	(4,116,476)
Cash paid to suppliers for goods and services	(11,387,216)	(11,071,763)
Cash received from operating grants	43,469,832	41,862,971
Cash paid for housing assistance	(34,502,667)	(33,853,191)
Net cash provided (used) by operating activities	1,486,528	(1,456,200)
Cash Flows From Capital Financing Activities:		
Grants received to acquire/construct capital assets	215,604	67,608
Acquisition of capital assets	(403,376)	(2,657,307)
Proceeds from issuance of notes payable	2,623,260	600,126
Principal paid on notes payable	(2,207,659)	(258,041)
Interest paid on notes payable	(101,936)	(49,784)
Net cash used for capital financing activities	125,893	(2,297,398)
Cash Flows From Investing Activities:		
Interest received from investments	4,975	2,718
Interest on restricted cash	4,100	2,563
Net cash provided by investing activities	9,075	5,281
Net increase (decrease) to cash and cash equivalents	1,621,496	(3,748,317)
Cash and cash equivalents at beginning of year	4,726,496	8,474,813
Cash and cash equivalents at end of year	\$ 6,347,992	\$ 4,726,496

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF CASH FLOWS
(Continued)

	Primary Government	
	2018	2017
Reconciliation of Change in Net Position to Net		
Cash Provided By (Used For) Operating Activities:		
Operating income (loss)	\$ (907,957)	\$ 2,115,329
Adjustments to reconcile change in net position to net cash provided by (used for) operating activities		
Depreciation	1,629,694	1,424,089
Changes in joint ventures equity interest	1,772,536	283,126
Change in equity interest in component unit	(116,529)	(166,456)
Fraud recovery	26,639	26,946
Interest earned on notes receivable, net of write off	647,317	834,661
Other revenue (expenses)	45,107	600
(Increase) decrease in accounts receivable - tenants	69,807	(21,275)
(Increase) decrease in accounts receivable - other	(55,221)	(85,209)
(Increase) decrease in due from other governments	(25,763)	60,236
(Increase) decrease in due from related parties	(780,487)	286,648
(Increase) decrease in prepaid insurance and other assets	(47,327)	87,574
(Increase) decrease in interest receivable	(352,910)	(818,792)
(Increase) decrease in notes receivable	-	(2,440,000)
(Increase) decrease in investment in joint ventures	(1,772,536)	(283,126)
(Increase) decrease in interest in component unit	116,529	318,696
Increase (decrease) in deferred outflows	410,090	(512,695)
Increase (decrease) in accounts payable - vendors	204,431	83,529
Increase (decrease) in due to related parties	101,952	(941,408)
Increase (decrease) in accrued salaries	31,972	(63,046)
Increase (decrease) in accounts payable - other governments	63,882	98,444
Increase (decrease) in unearned revenue	(16,128)	(3,014,326)
Increase (decrease) in other current liabilities	173,315	(96,782)
Increase (decrease) in FSS liabilities	2,854	10,285
Increase (decrease) in tenant security deposits payable	(40,266)	28,038
Increase (decrease) in compensated absences	(79,547)	79,375
Increase (decrease) in pension liability	408,535	1,388,818
Increase (decrease) in deferred inflows	(23,461)	(139,479)
	<u>\$ 1,486,528</u>	<u>\$ (1,456,200)</u>
Net cash provided (used) by operating activities	<u>\$ 1,486,528</u>	<u>\$ (1,456,200)</u>
Reconciliation of Cash Per Statement of Net Position to Cash Per Statement of Cash Flows:		
Cash and investments	\$ 4,029,909	\$ 2,016,420
Restricted cash	2,318,083	2,710,076
Cash at end of year	<u>\$ 6,347,992</u>	<u>\$ 4,726,496</u>
Significant noncash transactions:		
Note received for the sale of property	\$ 3,345,000	\$ 4,240,000
Net capital assets sold for a note	\$ 1,247,686	\$ 279,029

See accompanying notes to the basic financial statements.

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**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

1) Summary of Significant Accounting Policies

a) General Purpose

The Housing Authority of Fresno County, California (the Agency) is responsible for the development and implementation of housing programs and activities for the County of Fresno, California. The Agency provides housing to families under a variety of programs including conventional Low-Income Public Housing, Housing Choice Vouchers, Section 42 Low-income Housing Tax Credits, Migrant Services, Farm Labor Housing, and others.

b) Financial Reporting Entity

The Agency was established by a resolution of the Fresno County Board of Supervisors on February 5, 1946. The Agency is governed by a seven-member Board of Commissioners appointed by the County's Board of Supervisors, where five members are appointed to four-year terms, and two members, also residents of the agency housing programs, are appointed to two-year terms.

As required by Generally Accepted Accounting Principles, these financial statements present the Agency and any component units. A component unit is an entity for which the primary government is considered to be financially accountable.

- The primary government is considered to be financially accountable for an organization if it appoints a voting majority of that organization's governing body, and (1) if the primary government is able to impose its will on that organization or (2) there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
- The primary government may also be considered financially accountable for an organization if that organization is fiscally dependent on the primary government (i.e., the organization is unable to approve or modify its budget, levy taxes or set rates/charges, or issue bonded debt without approval from the primary government).
- In certain cases, other organizations are included as component units if the nature and significance of their relationship with the primary government are such that their exclusion would cause the primary government's financial statements to be misleading or incomplete, even though the primary government is not considered financially accountable for that organization under the criteria previously described. A legally separate, tax exempt organization is reported as a component unit if (1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the primary government or its constituents; (2) the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the organization; and (3) the economic resources received or held by the organization are significant to the primary government.

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

Component units must be classified as either “blended” or “discrete” in the primary government’s financial statements. A component unit is “blended” if the governing boards of the two organizations are substantially the same, or if the component unit provides services entirely or almost entirely to the primary government. Component units that do not meet either of these two criteria are considered “discrete” and are reported only in the government-wide financial statements.

A brief description of the Agency’s discrete component unit is as follows:

Kerman Acre, L.P., a California Limited Partnership was created to develop Granada Commons utilizing a layered finance approach using Low-income Housing Tax Credits, Capital Funds, HOME and other grant funds. The general partners of Kerman Acre, L.P., a California Limited Partnership, are Silver crest Inc., a joint venture of the Agency, Better Opportunities Builder, Inc., a related party of the Agency and the Agency. The Agency acting as Co-General Partner holds a 51.00% equity interest in Kerman Acre, L.P. with the ability to significantly influence its operations and therefore has been included as a discrete component unit under the guidance of GASB Statement No. 61. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of Fresno County, at P.O. Box 11985, Fresno, California 93776-1985.

c) Basis of Presentation

The basic accounting and reporting entity is a “fund”. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves and equities segregated for the purpose of carrying out specific activities or attaining certain objectives with special regulations, restrictions or limitations.

The Agency has chosen to report their activity as one fund. The fund of the Agency is considered to be an enterprise fund. 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.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

The Agency's operations 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.

When the Agency incurs an expense for which both restricted and unrestricted resources may be used, it is the Agency'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 Agency considers all of their cash and investments, including restricted cash, to be cash and cash equivalents. The Agency considers all of their investments to be highly liquid and, therefore, cash equivalents.

f) Assets Held for Sale

Several of the Agency's funds administer homeownership programs. Assets held for sale consist of housing units set aside by the Agency for these homeownership programs. These assets are recorded at the Agency's cost to purchase the property or upon entering into a contract for sale, the estimated realizable value, if lower. See note 8 for further discussion.

g) Capital Assets

Capital assets are defined by the Agency as assets with an initial individual cost of \$5,000 or more and having an estimated useful life of greater than one year. All purchased capital assets are valued at historical cost. Contributed capital assets are recorded at acquisition 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. Buildings are being depreciated over a useful life of thirty years, modernization costs over ten years, and dwelling and other equipment over five years.

Major outlay for capital assets are capitalized as projects are constructed. For certain projects that are intended to be sold or transferred, construction in progress remains capitalized in the financial statements until such sale or transfer occurs.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

h) Allowance for Doubtful Accounts

Accounts receivable are stated net of an allowance for doubtful accounts. The Agency estimates an allowance based on an analysis of specific tenants, and landlord participants taking into consideration past due accounts and an assessment of the debtor's general ability to pay.

i) Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 the interest due on the borrowing (excluding Inter-fund borrowing). Net position is 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 Agency, these revenues are typically rental charges, developer revenue, and operating grants. 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 non-operating revenue and expenses.

k) Income Taxes

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

l) Grant Restrictions

The Agency has received loans and grants from the U.S. Department of Housing and Urban Development, the U.S. Department of Agriculture, the California Housing Finance Agency, and the California Department of Housing and Community 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.

Further, if the fund equity of the Agency's U.S. Department of Agriculture programs exceeds certain levels, the payments on these notes must be increased.

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

m) Use of Estimates

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, and accordingly, include amounts that are based on management's best estimates and judgments. Accordingly, actual results may differ from the estimates.

n) Notes Receivable

The accompanying financial statements reflect the recording of certain notes receivable that represent loans made to various parties, including related parties. In certain cases, the amount of collection is dependent upon future residual receipts to be generated by the property or contingent upon the ability of the owner to sell the property at an amount sufficient to pay all liens against the property, including the obligation to the Agency. Where reasonably estimable, an allowance for doubtful accounts has been recorded to reflect management's best estimate of likely losses associated with non-repayment. An estimate of any additional potential losses associated with non-repayment cannot be reasonably estimated at this time.

o) Defined Benefit Pension Plan

Pensions - For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by Housing Authority of Fresno County. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	June 30, 2017 to June 30, 2018

p) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until that time. The Agency has one item that qualifies for reporting in this category. Deferred Outflows- Pension Related relates to the recording of the pension liability.

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has one item that qualifies for reporting in this category. Deferred Inflows- Pension Related is attributed to the recording of the pension liability.

2) Cash and Cash Equivalents

Cash and cash equivalents held by the Agency at December 31, 2018, were classified as follows in the accompanying Statement of Net Position:

	Primary Government	Kerman Acre, L.P.
Cash & Investments	\$ 4,029,909	\$ 48,965
Restricted Cash	2,318,083	41,521
Total Cash	\$ 6,347,992	\$ 90,486

Disclosure 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 its fair value will be to changes in market interest rates. In accordance with the Agency’s Investment Policy, the Agency manages its exposure to interest rate risks by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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.

Although for the year ended December 31, 2018, the Agency did not maintain a significant equity position in investment pool activities, it is the policy of the Agency to invest only in highly rated securities to the extent practicable and where applicable by law.

Concentration of Credit Risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

in any one issuer (other than external investment pools) that represent 5% or more of the Agency's total investments.

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 Agency'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 Agency'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 Agency.

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 Agency'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.

The Agency executed a "General Depository Agreement" with Wells Fargo. 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.

As of December 31, 2018, \$81,874 of the Agency's deposits with the California Housing Finance Agency (Cal-HFA) was held uncollateralized. This amount is exclusive of tenant security deposits.

Equity in Investment Pool

The Agency's cash and investments are pooled with the Housing Authority of the City of Fresno's cash and investments. Income from the investment of the pooled cash is allocated to each Agency's funds on a monthly basis, based on the average monthly balance of the fund as a percent of the average monthly total pooled cash balance.

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

3) Restricted Cash

Restricted cash consists of funds that cannot be disbursed by the Agency unless approval is obtained from another government agency, mortgagor, or restrictions are released.

Cash held by the California Housing Finance Agency (Cal-HFA) can only be used for major repairs or insurance on the associated project, upon receipt of prior written approval from Cal-HFA. Cash held for the replacement of the USDA projects and cannot be disbursed without the approval by the USDA Rural Economic and Community Development. Restricted cash held for tenant security deposits, Housing Assistance Payments, amounts restricted by the California Office of Migrant Services, and amounts restricted for FSS escrows. A schedule of all restricted cash is listed below.

Cash Restricted for:	Kerman Acre, LP					
	In			In		
	Cash Restriction	In Liabilities	Restricted Net Assets	Cash Restriction	In Liabilities	Restricted Net Assets
USDA Project Reserves	\$ 1,742,999	\$ 8,669	\$ 1,734,330	\$ -	\$ -	\$ -
CHFA	81,874	5,005	76,869	-	-	-
Tenant Security Deposits	266,905	266,905	-	5,584	5,584	-
CA Office of Migrant Services	164,506	-	164,506	-	-	-
Other Reserves	61,799	41,920	19,879	35,964	-	35,964
	<u>\$ 2,318,083</u>	<u>\$ 322,499</u>	<u>\$ 1,995,584</u>	<u>\$ 41,548</u>	<u>\$ 5,584</u>	<u>\$ 35,964</u>

4) Accounts Receivable

The Agency's accounts receivable consists of related party receivables, grant program receivables, overpayment to landlords and tenant rent receivables. Accounts receivables are carried at amortized costs, net of allowance for doubtful accounts. Provisions for losses are charged to operations in amounts sufficient to maintain an allowance for losses at a level considered adequate to cover probable losses inherent to The Agency's accounts receivable. The allowance for losses is based on management's evaluation of the collectability of the receivables and historical loss experience.

Accounts Receivable as of December 31, 2018 consists of the following:

Accounts Receivable -Tenants, Net of Allowance for Doubtful Accounts of \$6,954	\$ 46,109
Miscellaneous Receivables, Net of Allowance for Uncollectable Accounts of \$40,109	256,838
	<u>\$ 302,947</u>

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

5) Due from Other Governments

Due from Other Governments consists of the following:

U.S. Department of HUD	\$	16,590
Other		445,377
		\$ 461,967

6) Due from Related parties

Housing Authority of City of Fresno	\$	687,324
Silvercrest		18,985
Limited Partnership		43,738
Others		24
		\$ 750,071

7) Notes Receivable

The following is a summary of changes in notes receivable as of December 31, 2018:

	Balance 12/31/2017	Additions	Payments	Balance 12/31/2018	Interest Receivable
Related Parties:					
Kerman Acre L.P	\$ 678,835	\$ -	\$ -	\$ 678,835	\$ -
Kingsburg Marion Villas AHP	450,000	-	-	450,000	56,833
Magill Terrace	3,240,000	-	-	3,240,000	746
Mendota RAD	6,000,000	-	-	6,000,000	856,046
Orange Cove AHP	800,000	-	-	800,000	99,158
Orange Cove RAD	5,430,000	-	-	5,430,000	947,107
Parlier Oak Grove	-	3,345,000	-	3,345,000	72,252
Reedley Kings River AHP	578,000	-	-	578,000	-
Reedley Trailside	2,431,000	-	-	2,431,000	290,246
Reedley Trailside- AHP	540,000	-	-	540,000	-
Sanger Memorial	3,440,000	-	-	3,440,000	57,332
Shockley Terrace LP	2,160,258	-	-	2,160,258	240,989
TOTAL	\$ 25,748,093	\$ 3,345,000	\$ -	\$ 29,093,093	\$ 2,620,709

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

Kerman Acre, L.P.

On May 16, 2010, the Agency entered into a loan agreement with Kerman Acre, L.P., a related party to the Housing Authority of Fresno County. The note bears an interest rate of 7.5% compounded annually. Principal and interest payments are contingent upon residual funds available to Kerman Acre, L.P. The outstanding principal balance at December 31, 2018 was \$678,835 with accrued interest of \$428,946. An allowance for doubtful accounts of \$428,946 for accrued interest was reported in 2018 resulting in net accrued interest of \$0.

Kingsburg Marion Villas

On June 1, 2015, the Agency entered into an AHP loan agreement with Kingsburg Marion Villas, a related party to the Housing Authority of Fresno County in the amount of \$450,000. The Agency was awarded a grant through the Affordable Housing Program (AHP), and these funds were in turn loaned to the Kingsburg Marion Villas development. The note bears an interest rate of 3.36% compounded annually and matures in 55 years. The outstanding principal balance at December 31, 2018 was \$450,000 with accrued interest of \$56,833.

Magill Terrace, LP

On December 12, 2017, the Agency entered into an HAFC Capital Funds Mortgage Note agreement with Sanger Memorial Village, LP, a related party to the Housing Authority of Fresno County in the amount of \$2,000,000. The note is secured by, among other security, a subordinate lien mortgage Deed of Trust. The note bears an interest rate of 4.00% per annum and matures on December 17, 2072.

On December 12, 2017, the Agency entered into an HAFC Seller Financing Mortgage Note agreement with Sanger Memorial Village, LP, a related party to the Housing Authority of Fresno County in the amount of \$1,240,000. The note is secured by, among other security, a subordinate lien mortgage Deed of Trust. The note bears an interest rate of 4.00% per annum and matures on December 17, 2072.

The outstanding principal balance of two loans at December 31, 2018 was \$3,240,000 with accrued interest of \$746.

Mendota RAD

On December 26, 2013, the Agency entered into a loan agreement for \$600,000 with Mendota RAD, a related party to the Housing Authority of Fresno County. The purpose of the loan is to purchase a property in Mendota to rehabilitate into low-income housing. The note bears an interest rate of 3.32% compounded annually. Principal and interest payments are contingent upon residual cash flow available to Mendota RAD.

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

On December 20, 2013, the Agency entered into a second loan agreement with Mendota RAD for \$5,400,000 for the rehabilitation of a 123-unit low-income housing. The note bears a 3.32% interest rate compounded annually and with a maturity date of December 20, 2068. Principal and interest payments shall commence on August 1, 2015 from available Net Cash Flow as defined in the Amended Partnership Agreement.

The outstanding principal balance of two loans at December 31, 2018 was \$6,000,000 with accrued interest of \$856,046.

Orange Cove RAD

On December 20, 2013, the Agency entered into a loan agreement for \$4,130,000 with Orange Cove RAD, a related party to the Housing Authority of Fresno County. The note bears an interest rate of 3.32% compounded annually. Principal and interest payments are contingent upon residual funds available to Orange Cove RAD.

On December 20, 2013, the Agency entered into a second loan agreement for \$1,300,000 with Orange Cove RAD to rehabilitate five former public housing sites into four sites consisting of 87 low-income-housing units. The note bears a 3.32% interest rate compounded annually with a maturity date of December 20, 2068. Principal and interest payment will commence on September 1, 2015 from available Net Cash Flow as defined in the Partnership Agreement.

On May 19, 2015, the Agency entered into a loan agreement with Orange Cove RAD in the amount of \$800,000 (the "AHP" Loan). The AHP Loan is secured by a deed of trust on the Project and matures on May 19, 2070. The loan bears interest on the outstanding balance at 3.32%, compounded annually, as defined in the AHP loan agreement.

The outstanding principal balance of three loans at December 31, 2018 was \$6,230,000 with accrued interest of \$1,046,265.

Parlier Oak Grove, LP

On March 18, 2018, the Agency entered into a loan agreement for \$3,345,000 with Parlier Oak Grove, LP, a related party to the Housing Authority of Fresno County, the "HACF" Loan. The loan includes 3 notes: (1) a seller note in the amount of \$2,340,000; (2) disposition of proceeds realized from the sale of the western portion of Oak Grove in the amount of \$660,000 and (3) disposition of proceeds realized from the sale of a portion of Sunset Terrace II. The note is secured by, among other security, a subordinate lien mortgage deed of trust. The note bears an interest rate of 2.88% per annum and matures on January 31, 2075. At December 31, 2018, the outstanding principal balance of the loan was \$3,345,000 with accrued interest \$72,252.

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

Reedley Kings River Commons

The Agency entered into a loan agreement with Reedley Kings River Commons, a related party to the Housing Authority of Fresno County. The Agency was awarded a grant through the Affordable Housing Program (AHP), these funds were in turn loaned to the Reedley Kings River Commons development. The note bears no interest with principal payable upon completion of the project. The outstanding principal balance at December 31, 2018 was \$578,000.

Reedley Trailside Terrace

On December 3, 2015, the Agency entered into a loan agreement for \$2,431,000 with Reedley Trailside, LP, a related party to the Housing Authority of Fresno County. The purpose of the loan is to purchase a property in Reedley to rehabilitate into low-income housing. The note bears a simple interest rate of 4%. Principal and interest payments are contingent upon residual funds available to Reedley Trailside, LP.

On December 1, 2015, the Partnership obtained a loan in the amount of \$540,000 from HAFC (the "AHP Loan") from the funds provided by the Federal Home Loan Bank of San Francisco pursuant to the regulations governing the Affordable Housing Program ("AHP"). Under the terms of the agreement, the AHP loan bears no interest and shall be payable from net cash flow and net cash proceeds, as defined in the Partnership Agreement. The AHP Loan shall be secured by a deed of trust on the Project and matures on June 1, 2070.

The outstanding principal balance of two loans at December 31, 2018 was \$2,971,000 with accrued interest of \$290,246.

Sanger Memorial Village, LP

On March 30, 2017, the Agency entered into an HAFC Operating Funds Mortgage Note agreement with Sanger Memorial Village, LP, a related party to the Housing Authority of Fresno County in the amount of \$1,340,000. The note is secured by, among other security, a subordinate lien mortgage Deed of Trust. The note bears an interest rate of 4.00% per annum and matures on March 30, 2072.

On March 30, 2017, the Agency entered into an HAFC Seller Financing loan agreement with Sanger Memorial Village, LP, a related party to the Housing Authority of Fresno County in the amount of \$2,100,000. The note is secured by, among other security, a subordinate lien mortgage or Deed of Trust. The note bears an interest rate of 4.00% per annum and matures on March 30, 2072.

The outstanding principal balance of two loans at December 31, 2018 was \$3,440,000 with accrued interest of \$57,332.

**HOUSING AUTHORITY OF FRESNO COUNTY
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Shockley Terrace, LP

On March 18, 2016, the Agency entered into an HAFC Capital Funds loan agreement with Shockley Terrace LP, a related party to the Housing Authority of Fresno County in the amount of \$1,010,257. The note is secured by the HAFC Capital Funds Construction Deed of Trust. The note bears an interest rate of 2.00% per annum and matures on March 18, 2071.

On March 18, 2016, the Agency entered into an HAFC Mortgage loan agreement with Shockley Terrace LP, a related party to the Housing Authority of Fresno County in the amount of \$1,150,000. The note is secured by the HAFC Construction Deed of Trust. The note bears an interest rate of 2.00% per annum and matures on March 18, 2071.

The outstanding principal balance of two loans at December 31, 2018 was \$2,160,258 with accrued interest of \$240,989.

8) Assets Held for Sale

Assets held for sale consist of homes that are being developed using a variety of Federal, State, and local funds as part of our Public Housing Program. No properties were sold during the year. The value of these properties as of December 31, 2018 was \$345,628.

County Public Housing Program	\$ 345,628
Total Assets Held for Sale	<u>\$ 345,628</u>

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**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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9) Changes in Capital Assets

Changes in capital assets during the fiscal year ended December 31, 2018, was as follows:

	Restated Balance at 12/31/2017	Additions	Deletions	Transfers	Balance at 12/31/2018
Capital assets not depreciated:					
Land	\$ 1,981,565	\$ -	\$ (43,388)	\$ -	\$ 1,938,177
Construction in progress	6,292,114	300,371	(2,273,460)	-	4,319,025
Total capital assets not depreciated	<u>8,273,679</u>	<u>300,371</u>	<u>(2,316,848)</u>	<u>-</u>	<u>6,257,202</u>
Capital assets being depreciated:					
Buildings & Improvements	68,684,124	2,310,033	(6,080,102)	(24,911)	64,889,144
Equipment	1,539,791	48,243	(88,313)	(415,913)	1,083,808
Total capital assets being depreciated	<u>70,223,915</u>	<u>2,358,276</u>	<u>(6,168,415)</u>	<u>(440,824)</u>	<u>65,972,952</u>
Less accumulated depreciation for:					
Buildings	(61,840,999) *	(1,315,912)	5,280,032	19,524	(57,857,355)
Equipment	(877,578) *	(313,782)	40,867	396,826	(753,667)
Total accumulated depreciation	<u>(62,718,577)</u>	<u>(1,629,694)</u>	<u>5,320,899</u>	<u>416,350</u>	<u>(58,611,022)</u>
Total capital assets being depreciated, net	<u>7,505,338</u>	<u>728,582</u>	<u>(847,516)</u>	<u>(24,474)</u>	<u>7,361,930</u>
TOTAL	<u>\$ 15,779,017</u>	<u>\$ 1,028,953</u>	<u>\$ (3,164,364)</u>	<u>\$ (24,474)</u>	<u>\$ 13,619,132</u>

* Restated to reflect correct amounts within capital asset classification. No change in the total.

10) Investment in Joint Ventures

Investment in joint ventures as of December 31, 2018 consists of the following

Joint Venture:	
Housing Relinquished Fund Corp	\$ 15,463,067
Silvercrest, Inc.	156,565
Housing Self-Insurance Corp	55,450
Villa Del Mar, Inc.	2,552
Total Investment in Joint Venture	<u>\$ 15,677,634</u>

Housing Relinquished Fund Corporation (HRFC) - Created as a steward for the Housing Authority of the City and County of Fresno's development and investment capital. HRFC's Board of Directors is comprised of two members each of the City Housing Authority and County Housing Authority

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Board of Commissioners. The Agency has a 35% equity interest in HRFC. HRFC does not issue separate financial statements.

Housing Self Insurance Corporation (HSIC) - Organized to provide additional security against a variety of insurable and non-insurable losses to include deductibles, payouts, settlements, and other related obligations. HSIC's Board of Directors is comprised of two members each of the City Housing Authority and County Housing Authority Board of Commissioners. The Agency has a 16% equity interest in HSIC. HSIC does not issue separate financial statements.

Silvercrest, Inc., a California non-profit public benefit corporation - Formed as a vehicle to own and operate a number of housing developments throughout Fresno County, primarily in a limited partnership arrangement with local developers. Silvercrest, Inc.'s Board of Directors is comprised of two members each of the City Housing Authority and County Housing Authority Board of Commissioners. The Agency has a 50% equity interest in Silvercrest, Inc. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985.

Villa Del Mar, Inc. - Developed for purposes of ownership and management of the 48-unit Villa Del Mar affordable housing project in the City of Fresno. Villa Del Mar, Inc.'s Board of Directors is comprised of two members each of the City Housing Authority and County Housing Authority Board of Commissioners. The Agency has a 50% equity interest in Villa Del Mar, Inc. Villa Del Mar, Inc. does not issue separate financial statements.

11) Equity Investment in Component Unit

Kerman Acre, L.P. – A California limited partnership between two general partners the Agency (the “Co-General Partner”) and Better Opportunities Builder, Inc. (the “Managing General Partner”); and one special limited partner Silvercrest, Inc. (The “Limited Partner”). The Partnership was formed for the purpose of developing and operating a 16-unit project located in Fresno, California known as Granada Commons Apartments.

This project qualifies for the federal low-income housing tax credit program as described in Internal Revenue Code Section 42. Pursuant to the Amended and Restated Agreement of Limited Partnership dated March 16, 2010, profits, losses and tax credits are allocated 51.00% to the Co-General Partner, 44.00% to the Managing General Partner and 5.00% to the Limited Partner.

As of December 31, 2018, the Agency's share of its partners' deficit in the Kerman Acre, L.P. component unit were \$1,093,836.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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12) Long Term Liabilities

Changes in long-term liabilities during the fiscal year ended December 31, 2018, were as follows:

	<u>Balance 12/31/17</u>	<u>Additions</u>	<u>Deletions/ Payments</u>	<u>Balance 12/31/2018</u>	<u>Due Within one year</u>
Notes payable - non-related parties:					
US Department of Agriculture					
Parlier FLH	\$ 29,578	\$ -	\$ (12,628)	\$ 16,950	\$ 16,950
Mendota FLH	642,683	-	(36,717)	605,966	35,847
Parkside CHFA	422,757	-	(157,980)	264,777	171,731
Kingsburg Marion- AHP	450,000	-	-	450,000	-
Kings River Commons- AHP	578,000	-	-	578,000	-
Orange Cove- AHP	800,000	-	-	800,000	-
Reedley Trailside- AHP	540,000	-	-	540,000	-
Total due to non-related parties	<u>3,463,018</u>	<u>-</u>	<u>(207,325)</u>	<u>3,255,693</u>	<u>224,528</u>
Notes payable - related parties:					
P&CD (Various pre-dev) to HRFC	1,648,237	2,623,260	(2,000,334)	2,271,163	2,271,163
County Section 8 to HRFC	323,185	-	-	323,185	-
Office building to HRFC	66,000	-	-	66,000	-
County RF to HRFC	455,656	-	-	455,656	-
Total due to related parties	<u>2,493,078</u>	<u>2,623,260</u>	<u>(2,000,334)</u>	<u>3,116,004</u>	<u>2,271,163</u>
Other Liabilities:					
Interest Payable- others	468,720	97,493	(41,081)	525,132	-
Family Self-Sufficiency	81,604	112,477	(109,623)	84,458	-
Compensated Absences	372,195	585,898	(665,445)	292,648	198,291
Net Pension Liability	7,345,778	667,728	(257,193)	7,756,313	-
	<u>8,268,297</u>	<u>1,463,596</u>	<u>(1,073,342)</u>	<u>8,658,551</u>	<u>198,291</u>
Total	<u>\$ 14,224,393</u>	<u>\$ 4,086,856</u>	<u>\$ (3,281,001)</u>	<u>\$ 15,030,248</u>	<u>\$ 2,693,982</u>

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The schedule of debt payments to maturity are as follows:

Year Ending December 31	Notes		
	Principal	Interest	Total
2019	\$ 2,495,691	\$ 541,616	\$ 3,037,307
2020	129,253	5,863	135,116
2021	36,571	5,184	41,755
2022	36,938	4,817	41,755
2023	37,309	4,089	41,398
2024-2028	581,430	16,530	597,960
2029-2033	1,648,564	3,858	1,652,422
2034-2038	27,941	121	28,062
2039 & thereafter	1,378,000	-	1,378,000
	\$ 6,371,697	\$ 582,078	\$ 6,953,775

U.S. Department of Agriculture Notes

The Agency entered into six notes with the United States Department of Agriculture Farmer Homes Administration under the Farm Labor Housing Union Loan program. In accordance with the notes, the Agency used the funds for the acquisition and development of four multi-unit rental housing developments. The notes accrue interest at 1% per annum. The notes mature at various dates beginning on January 6, 2014 and ending on April 2, 2035. At December 31, 2018, the outstanding principal balances for the notes were \$622,916.

Parkside

The Parkside Apartments project has two loans with the California Housing Finance Agency (Cal-HFA). The first note requires a monthly payment of \$15,178 and accrues interest at a rate of 8.3% per annum. The second loan of \$63,000 accrues interest at a rate of 3% per annum. This loan, principal and interest, is deferred until March 1, 2020. The outstanding principal balances of the two loans at December 31, 2018 were \$264,777 with accrued interest of \$171,731.

Kingsburg Marion Villa

On July 1, 2015, the Agency entered into an AHP agreement with Rabobank in the amount of \$450,000 from funds provided by the Federal Home Loan Bank of San Francisco pursuant to the regulations governing the Affordable Housing Program ("AHP"). Under the terms of the agreement, the AHP Loan bears no interest and the principal is payable in full in 2030. The Agency has loaned the proceeds to Kingsburg Marion Villas, a related party. See Note 7 for the Notes Receivable from Kingsburg Marion Villas related to this AHP Loan. At December 31, 2018, the outstanding principal balance was \$450,000.

HOUSING AUTHORITY OF FRESNO COUNTY
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Kings River Commons

In December 2013, the Agency entered into an AHP agreement with Wells Fargo Financial National Bank in the amount of \$578,000 (the "AHP Loan") from funds provided by the Federal Home Loan Bank of San Francisco pursuant to the regulations governing the Affordable Housing Program ("AHP"). The AHP Loan bears no interest and the principal is payable in full in 2068. The Agency has loaned the proceeds to Kings River Commons, a related party. See Note 7 for the Notes Receivable from Kings River Commons related to this AHP Loan. At December 31, 2018, the outstanding principal balance was \$578,000.

Orange Cove

In May 2015, the Agency entered into a loan agreement with Rabobank in the amount of \$450,000 (the "AHP Loan") from funds provided by the Federal Home Loan Bank of San Francisco pursuant to the regulations governing the Affordable Housing Program ("AHP"). Under the terms of the agreement, the AHP Loan bears no interest and the principal is payable in full in 2030. The Agency has loaned the proceeds to Orange Cove RAD, a related party. See Note 7 for the Notes Receivable from Orange Cove RAD related to this AHP Loan. At December 31, 2018, the outstanding principal balance was \$800,000.

Reedley Trailside

On December 1, 2015, the Agency entered into a loan agreement with Mississippi Valley Company in the amount of \$540,000 (the "AHP Loan") from the funds provided by the Federal Home Loan Bank of San Francisco pursuant to the regulations governing the Affordable Housing Program ("AHP"). Under the terms of the agreement, the AHP loan bears no interest and the principal is payable in full in 2070. See Note 7 for the Notes Receivable from Reedley Trailside related to this AHP Loan. At December 31, 2018, the outstanding principal balance was \$540,000.

Housing Relinquished Fund Corporation (HRFC)

The Agency entered into various notes with HRFC for the purpose of pre-development activities. The notes accrue interest at 5% per annum and payments are made from the sale of the properties. The outstanding principal balance at December 31, 2018 was \$2,271,163.

In February 2010, the Agency entered into a promissory note agreement with the Housing Relinquished Fund Corporation (HRFC) for \$323,185. This is a non-interest-bearing note, payable in full on March 31, 2013. The outstanding balance on this note as of December 31, 2018 was \$323,185.

The Agency entered into a promissory note agreement with the HRFC for \$66,000, representing partial funding related to the acquisition of the Central Office Building. This note is non-interest bearing and repayment terms are not explicitly stated. The outstanding balance on this note as of December 31, 2018 was \$66,000.

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In April 2007, the Agency entered into a promissory note agreement with the Housing Relinquished Fund Corporation (HRFC) for \$655,656. The note is non-interest bearing and repayment terms are not explicitly stated. The outstanding principal balance as of December 31, 2018 was \$455,656.

Family Self Sufficiency

The Family Self Sufficiency (FSS) program provides supportive services that enable participating low-income and moderate-income families to achieve economic independence and self-sufficiency. The Agency contracts with each participating family to set aside funds in an interest-bearing account until that family can afford to pay its entire monthly rent without assistance from the Authority. Upon successful completion of the program requirements, the funds are released and disbursed to the family. The amount held for FSS participants at December 31, 2018 was \$84,458.

Compensated Absences Payable

It is the Agency’s policy to permit employees to accumulate earned but unused vacation leave, which will be paid to employees upon separation from the Authority’s service or used in future periods. The Agency permits employees to accumulate earned but unused sick leave which will be used in future periods, paid to the employee upon termination, or paid to the employee upon retirement. Upon termination employees are paid 25% of the value of their unused sick leave, except for the Executive Director who is entitled to 100% of the value of his sick leave upon request. Upon retirement, employees are paid 50% of the value of their unused sick leave. At December 31, 2018, accrued vacation and vested sick leave have been valued by the Agency at \$292,648.

13) Due to Other Governments

Amounts due to other governments as of December 31, 2018 are as follows:

U.S. Department of HUD	\$	11,758
Other		412,205
		423,963
		\$ 423,963

14) Due to Related Parties

Amounts due to related parties as of December 31, 2018 are as follows:

Housing Authority of City of Fresno	\$	774,834
		774,834
		\$ 774,834

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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15) Unearned Revenues

Unearned revenues as of December 31, 2018, consist of the following:

Prepaid tenant rents	\$ 47,229
Other	8,364
	<u>\$ 55,593</u>

16) Deferred Compensation

The Agency offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all permanent employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Annual contributions by a participant may not exceed \$19,000 established by IRS for 2018. Employees may also borrow against their deferred compensation account while employed under the deferred compensation loan program. The 401(a) Plan also provides an employer-matching contribution on amounts up to \$900 per employee to defer into the 457 plan. The employer contribution to the 457 plan amounted to \$59,256 for the year ended December 31, 2018. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries.

The Agency maintains two plans which are administered by Mass Mutual and the California Public Employees' Retirement System. These funds are not recorded as assets of the Agency since they are held in trust for the exclusive benefit of participants and their beneficiaries and are not subject to claims of the Agency's general creditors.

**HOUSING AUTHORITY OF FRESNO COUNTY
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17) Defined Benefit Pension Plan

All qualified permanent and probationary employees are eligible to participate in the Local Government’s Miscellaneous Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Plan’s Major Benefit Options

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment.

Shown below is a summary of the major optional benefits for which the agency has contracted.

Contract Package			
	Active Miscellaneous	Active Miscellaneous - PEPRA	Receiving Miscellaneous
Benefit Provision			
Benefit Formula	2.0% @ 60	2.0% @ 62	
Social Security Coverage	Yes	Yes	
Full/Modified	Modified	Full	
Employee Contribution Rate	7.00%	6.25%	
Final Average Compensation Period	One Year	Three Year	
Sick Leave Credit	Yes	Yes	
Non-Industrial Disability	Standard	Standard	
Industrial Disability	No	No	
Pre-Retirement Death Benefits			
Optional Settlement 2W	No	No	
1959 Survivor Benefit Level	No	No	
Special	No	No	
Alternate (firefighters)	No	No	
Post-Retirement Death Benefits			
Lump Sum	\$500	\$500	\$500
Survivor Allowance (PRSA)	No	No	No
COLA	2%	2%	2%

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Employees Covered:

Summary of Valuation Data (Counts)

	June 30, 2017
1 Active Members	114
2 Transferred Members	34
3 Terminated Members	69
4 Retired Members and Beneficiaries	97
5 Active to Retired Ratio [(1)/ (4)]	1.18

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Average Annual Benefits represents benefit amounts payable by this plan only. Some members may have service with another agency and would therefore have a larger total benefit than would be included as part of the average shown here.

Contribution Description

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as the member contribution requirements are classified as plan member contributions.

For the measurement period ending June 30, 2018, the average active employee contribution rate is 6.25 percent of annual pay, and the average employer’s contribution rate is 7.272 percent of annual payroll. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

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Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 total pension liability based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

¹ The Morality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the Funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return

**HOUSING AUTHORITY OF FRESNO COUNTY
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that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class ¹	Current Target Allocation	Real Return Year 1-10 ²	Real Return Years 11+ ³
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

- (1) In the System’s CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (2) An expected inflation of 2.00% used for this period.
- (3) An expected inflation of 2.92% used for this period.

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**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

Changes in Net Pension Liability

The Changes in Net Pension Liability for the year ended June 30, 2018 was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability
Balance at: 06/30/2017	\$ 34,710,325	\$ 27,362,547	\$ 7,347,778
Changes recognized for the measurement period:			
Service Cost	809,691	-	809,691
Interest on Total Pension Liability	2,464,031	-	2,464,031
Changes of Benefit Terms	-	-	-
Changes of Assumptions	(275,096)		(275,096)
Differences between Expected and Actual Experience	612,793	-	612,793
Net Plan to Plan Resource Movement	-	(67)	67
Contributions - Employer	-	626,718	(626,718)
Contributions - Employee	-	426,463	(426,463)
Net Investment Income	-	2,272,970	(2,272,970)
Benefit Payments, including Refunds of Employee Contributions	(1,752,319)	(1,752,319)	-
Administrative Expense	-	(42,497)	42,497
Other Miscellaneous Income	-	(80,703)	80,703
Net Changes during 2017 - 2018	1,859,100	1,450,565	408,535
Balance at: 06/30/2018	\$ 36,569,425	\$ 28,813,112	\$ 7,756,313

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/ (Asset)	\$ 12,531,546	\$ 7,756,313	\$ 3,767,117

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Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net Difference between projected and actual earnings on investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

Expected Average Remaining Service Lifetime (EARSL)

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

The EARSL for the Plan for the measurement period ending June 30, 2018 was 4 years, which was obtained by dividing the total service years of 1,246 (the sum of remaining service lifetimes of the active employees) by 314 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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Deferred Outflows and Deferred Inflows of Resources

For the measurement periods ended June 30, 2018, the Agency incurred a pension expense of \$408,535.

As of June 30, 2018, the Housing Authority of Fresno County has deferred outflows and deferred inflows of resources related to pensions listed below. Contributions subsequent to the measurement date are also shown as a Deferred Outflow of Resources.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes of Assumptions	\$ 910,335	\$ (209,142)
Differences between Expected and Actual Experience	543,099	(69,214)
Payment on pension contributions between measurement date and fiscal year end	353,390	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	101,214	-
Total	\$ 1,908,038	\$ (278,356)

The \$353,390 in pension payments between June 30 and December 31, 2018, reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Amortization of Deferred Outflows/(Inflows) of Resources</u>	
December 31:	
2019	\$ 965,720
2020	586,251
2021	(204,173)
2022	(71,506)
2023	-
Thereafter	-
	\$ 1,276,292
	\$ 1,908,038
	(278,356)
	1,629,682
Payment on pension contributions between measurement date and fiscal year end	\$ (353,390)

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18) Insurance Coverage

HARRP

The Agency is a member of the Housing Authority Risk Retention Pool (HARRP). HARRP was established by public housing authorities participating in an intergovernmental cooperation agreement pursuant to specific 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 liability, automobile liability, and physical damage, fidelity, and errors and omissions, which includes employment practices and director's and officers' liability insurance to participants. The relationship between the Agency and HARRP is such that HARRP is not a component unit of the Agency for financial reporting purposes.

The Agency's insurance expenses were \$305,283 for the year ended December 31, 2018. The loss limits for the various types of insurance are as follows: individual structure stated value, with full replacement cost, for property with a deductible per occurrence of \$10,000; \$2,000,000 for general liability with no deductible; \$2,000,000 for automobile, including losses arising from the use of a non-owned covered automobile liability, including losses arising from the use of a non-owned covered automobile; \$100,000 for employee dishonesty and forgery and alteration with a \$1,000 deductible; \$10,000 for theft with a \$1,000 deductible; and \$2,000,000 for errors and omissions with a 10% co-pay.

This activity related to risk management is also accounted for in the Housing Self Insurance Corporation (HSIC), a joint venture of the Agency. HSIC records an expense when it pays for repairs to the Agency's properties when incurred. HSIC records revenue when it receives payment from the Agency for insurance premiums recorded as expense by the Agency.

California Housing Worker's Compensation Authority

The Agency is insured for workers' compensation claims by the California Housing Workers' Compensation Authority (CHWCA). Under this program, the pool provides up to \$550,000 workers' compensation coverage and \$550,000 employer's liability coverage. CHWCA also provides excess workers' compensation coverage with the following limits: The Authorities are insured for Statutory Workers' Compensation by the Safety National Casualty Corporation. The pool provides up to \$5,000,000 per occurrence.

19) Participation in Related Party Limited Partnerships

Firebaugh Gateway, LP

Firebaugh Gateway, LP was formed to expand the development and availability of long-term senior housing for low-income persons residing in the City of Firebaugh, California. This includes the sale of low-income housing tax credits and entering into agreements for the financing, planning, construction, and development of a 30-unit affordable housing project for seniors. This property is

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located in the City of Firebaugh, County of Fresno, California and known as Firebaugh Gateway Apartments.

The partnership was originally formed on August 20, 2015, by Firebaugh Gateway AGP, LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California Nonprofit public benefit corporation as the Managing General Partner. The day-to-day operations of the partnership are controlled by the Managing General Partner. BALIHTC 2016-5, LLC and US Bankcorp Community Development Corporation are the respective Limited Partner and State Credit Partners.

Kingsburg Marion Villas, LP

Kingsburg Marion Villas, LP was formed to acquire, construct, and operate Kingsburg Marion Villas, a 45-unit affordable senior housing complex and community resource building in Kingsburg, California. The project received low-income housing tax credits through the California Tax Credit Allocation Committee.

The partnership was originally formed on March 18, 2014, by Kingsburg Marion Villas AGP, LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California Nonprofit public benefit corporation as the Managing General Partner. The day-to-day operations of the partnership are controlled by the Managing General Partner. PNC Bank National Association is the Investor Limited Partner; PNC Real Estate Tax Credit Capital Fund 47 is the State Limited Partner and Columbia Housing SLP Corporation as the Special Limited Partner.

Magill Terrace, LP

Magill Terrace, LP was formed on July 5, 2017 to expand the development and availability of long-term housing for low-income persons residing in the City of Sanger, California, including the sale of low-income housing tax credits and entering into agreements for the financing, planning, construction and development, on real property located in the City of Fowler, County of Fresno, California, of an affordable housing project, generally known as Magill Terrace, that is anticipated to include 60 units of multifamily housing. The project filed the Notice to proceed with construction on December 5, 2017 and as of December 31, 2018, there is no substantial activity to report.

Mendota RAD, LP

Mendota RAD, LP was formed to acquire, construct and/or rehabilitate, and operate a scattered site affordable-housing development and community resource building in Mendota, California. The project received low-income housing tax credits through the California Tax Credit Allocation Committee.

The partnership was originally formed on December 20, 2013, by Mendota RAD AGP, LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California Nonprofit public benefit corporation, as the Managing General Partner. The day-to-day

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operations of the partnership are controlled by the Managing General Partner. PNC Bank, National Association is the Investor Limited Partner, and Columbia Housing SLP Corporation is the Special Limited Partner.

Orange Cove RAD, LP

Orange Cove RAD, LP was formed to acquire, construct and/or rehabilitate, and operate a scattered site affordable-housing development and community resource building in Orange Cove, California. The project received low-income housing tax credits through the California Tax Credit Allocation Committee.

The partnership was originally formed on December 20, 2013, by Orange Cove RAD AGP, LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California Nonprofit public benefit corporation, as the Managing General Partner. The day-to-day operations of the partnership are controlled by the Managing General Partner. PNC Bank, National Association is the Investor Limited Partner, and Columbia Housing SLP Corporation is the Special Limited Partner.

Parlier Oak Grove, LP

Parlier Oak Grove, LP was formed on October 12, 2017 to expand the development and availability of long-term housing for low income persons residing in the City of Parlier, California, including the sale of low-income housing tax credits and entering into agreements for the financing, planning, construction, and development, on real property located in the City of Parlier, County of Fresno, California, of an affordable-housing project, generally known as Parlier Oak Grove, and is anticipated to include 56 units of multifamily housing. The project filed the Notice to Proceed with Construction on April 2, 2018 and as of December 31, 2018, there is no substantial activity to report.

Reedley Kings River Commons, LP

Reedley Kings River Commons, LP was formed to acquire, construct, and operate an affordable-housing complex and community resource building in Reedley, California. The project received low-income housing tax credits through the California Tax Credit Allocation Committee.

The partnership was originally formed on December 1, 2013, by Reedley Kings River Commons AGP, LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California nonprofit public benefit corporation, as the Managing General Partner. The day-to-day operations of the partnership are controlled by the Managing General Partner. R4 FR Acquisition LLC is the Investor Limited Partner, and Silvercrest, Inc. is the Withdrawing Special Limited Partner.

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Reedley Trailside Terrace, LP

Reedley Trailside Terrace, LP was formed to expand the development and availability of affordable housing for low-income persons residing in the City of Reedley, California, including the sale of low-income housing tax credits and entering into agreements for the financing, planning, construction and development, on real property located in the City of Reedley, County of Fresno, California, of a 55-unit affordable housing project, generally known as Trailside Terrace Apartments.

The partnership was originally formed on August 20, 2015, by Reedley Trailside Terrace AGP, LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California Nonprofit public benefit corporation as the Managing General Partner. The day-to-day operations of the partnership are controlled by the Managing General Partner. PNC Bank National Association is the Investor Limited Partner; PNC Real Estate Tax Credit Capital Fund 47 is the State Limited Partner and Columbia Housing SLP Corporation as the Special Limited Partner.

Sanger Memorial Village, LP

Sanger Memorial Village, LP was formed to expand the development and availability of long-term housing for low income persons residing in the City of Sanger, California, including the sale of low-income housing tax credits and entering into agreements for the financing, planning, construction and development on real property located in the City of Sanger, County of Fresno, California, of an affordable-housing projects, generally known as Sanger Memorial Village, and is anticipated to include 48 units of multifamily housing.

The partnership was original formed on October 27, 2016 and is a limited partnership between Sanger Memorial Village, AGP, LLC, a California limited liability company, as the Administrative General partner and Silvercrest Inc., a California Nonprofit public benefit corporation as the Managing General Partner. The day-to-day operations of the partnership are controlled by the Managing General Partner. U.S. Bankcorp Community Development Corporation is the respective Limited Partner and State Credit Partner.

Shockley Terrace, LP

Shockley Terrace, LP was formed to expand the development and availability of long-term housing for low-income persons residing in the City of Selma, California, including the sale of low-income housing tax credits and entering into agreements for the financing, planning, construction and development, on real property located in the City of Selma, County of Fresno, California, of a 48-unit affordable housing project for families, generally known as Shockley Terrace.

The partnership was originally formed on September 14, 2015, by Firebaugh Gateway AGP, LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California Nonprofit public benefit corporation as the Managing General Partner. The day-to-day operations of the partnership are controlled by the Managing General Partner. BALIHTC 2016-5,

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LLC and US Bankcorp Community Development Corporation are the respective Limited Partner and State Credit Partners.

20) Other Related Parties

Better Opportunities Builders, Inc.

The Executive Director of the Agency serves as the Secretary-Treasurer of Better Opportunities Builders, Inc. (BOB). The Agency's Director of Planning & Community Development serves as the Chief Executive Officer of BOB. One of the Agency's Commissioners serves on the Board of Directors of BOB. The remaining Board of Directors are selected by other affiliated agencies. BOB has agreed to be the Managing General Partner in several low-income housing projects within the City of Fresno.

Housing Authority of the City of Fresno

The Housing Authority of the City of Fresno was established by a resolution of the Fresno City Council on March 14, 1940. The Authority is governed by a seven-member Board of Commissioners who are appointed to four-year terms by the City Council, reports on a calendar year, and issue separate financial and compliance audits. The County and City Housing Authorities operate and report separately while sharing the same management team and staff. All significant related party transactions have been appropriately identified in the accompanying financial statements.

The budget document for the jointly managed operations is approved by both Boards of Commissioners. If one Board amends budgetary data subject to its jurisdiction, executive staff of the Authorities amends the joint budget as necessary to accommodate such changes. Although each Board takes action to approve its portion of the budget, the budget adoption process reflects considerable interplay between the two Boards and is essentially a single process managed by the shared management and staff of the two Authorities.

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21) Interfund and Interagency Activity

The following is a summary of changes in Inter-fund loans as of December 31, 2018:

	<u>Balance 12/31/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/18</u>	<u>Interest</u>
Receivables:					
County RF from P&CD	\$ 500,000	\$ -	\$ (500,000)	\$ -	\$ -
Total Receivables	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ (500,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Payables:					
County RF from P&CD	\$ 500,000	\$ -	\$ (500,000)	\$ -	\$ -
Total Payables	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ (500,000)</u>	<u>\$ -</u>	<u>\$ -</u>

The Agency has made various interfund loans. Interfund balances have been eliminated in the Statement of Net Position.

On May 28, 2008, the Agency approved a loan of \$500,000 from the Relinquished Fund to the Planning and Community Development Fund. This loan carries an interest rate of 3% per annum. During 2018, the loan was fully paid off.

22) Contingent Liabilities

Grants

The Agency 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 Agency 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 management does not expect such disallowed amounts, if any, to materially affect the financial statements.

Pending Litigation

In the normal course of operations, the Agency may become a defendant in various litigation disputes. In the opinion of management and counsel, the outcome of current litigation not already accrued as a liability, is not expected to materially or adversely affect the financial position of the Agency.

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HUD Guaranteed Debt

In 1999, HUD directed the Agency to remove all HUD guaranteed debt from their financial statements. These HUD-guaranteed notes and bonds have not been forgiven by HUD. However, the Public Housing Programs' Annual Contributions Contract (ACC) states that all debt service requirements related to these notes are HUD's responsibility. It is therefore management's opinion, that the Agency is not currently liable for these notes as long as the federal government continues to honor the ACC. Accordingly, the accompanying financial statements have not been adjusted to reflect any related loss contingency.

23) Prior Year Restatement

During the year ended December 31, 2018, the Agency made certain adjustments to correctly present activity:

Net Position at Beginning of Year, as Previously reported	\$ 48,378,591
The prior period adjustment is primarily related to a restatement of change in investment in Joint Ventures	239,103
Net position at Beginning of Year, as Restated	<u><u>\$ 48,617,694</u></u>

During the year ended December 31, 2018, the Agency made certain adjustments to correctly present activity as Component Unit for KERMAN:

Net Position as Beginning of Year, as Previously Reported	\$ (1,916,322)
The prior period adjustment is related to the restatement of various asset and liability balances for Granada Commons, LP.	(3,751)
Net Position at Beginning of Year, as Restated	<u><u>\$ (1,920,073)</u></u>

24) Restricted Net Position

Net position is reported as restricted when constraints placed on the use is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation and/or imposed time restrictions.

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The Agency has reported the following as restricted net position:

Externally Required Restrictions:	
USDA Programs	\$ 1,734,330
CHFA	76,869
Migrant Services	164,506
Other Reserves	19,879
	\$ 1,995,584

25) Discrete Component Unit – Kerman Acre, L.P.

a) Organization

Kerman Acre, L.P. (the “Partnership”) is a California limited partnership between two general partners, Housing Authority of Fresno County (the “Co-General Partner”) and Better Opportunities Builder, Inc. (the “Managing General Partner”); and one special limited partner Silvercrest, Inc. (the “Limited Partner”). The Partnership was formed for the purpose of developing and operating a 16-unit project located in Fresno, California known as Granada Commons Apartments (the “Project”). The Project qualifies for the federal Low-Income Housing Tax Credit Program as described in Internal Revenue Code Section 42.

The Project has qualified for and received, under the Tax Credit Assistance Program (“TCAP”), a loan from the California Tax Credit Allocation Committee (“TCAC”) under the requirements of Section 1603 of the American Recovery and Reinvestment Act of 2009 (“ARRA”). Under the terms of the loan, the Project is to be operated as a low-income housing tax credit project pursuant to Internal Revenue Code Section 42 (“Section 42”) which regulates the use of the Project as to occupant eligibility and gross rent among other requirements. Each low-income unit of the Project must meet the provisions of the regulations during each of the 15 consecutive years in order to remain qualified to be entitled to the loan. In addition, Kerman Acre, LP, a California Limited Partnership has executed an extended Low-Income Housing Covenant for low-income housing which requires the utilization of the Project pursuant to Section 42 for a minimum of 30 years, even if disposition of the Project by the Partnership occurs.

Pursuant to the Amended and Restated Agreement of Limited Partnership dated March 16, 2010, (the “Partnership Agreement”), profits, losses and tax credits are allocated 51.00% to the Co-General Partner, 44.00% to the Managing General Partner and 5.00% to the Limited Partner. Pursuant to the terms of the Partnership Agreement, the Limited Partner is required to make capital contributions totaling \$100, the Co-General Partner is required to make capital contribution totaling \$800 and the Managing General Partner is required to make capital contributions totaling \$100.

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b) Capital Assets

Capital assets consist of the following as of December 31, 2018:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Capital assets not depreciated:				
Land	\$ 119,217	\$ -	\$ -	\$ 119,217
Total capital assets not depreciated	<u>119,217</u>	<u>-</u>	<u>-</u>	<u>119,217</u>
Capital assets being depreciated:				
Dwelling structures	3,110,840	-	-	3,110,840
Site improvements	-	-	-	-
Dwelling equipment	327,259	-	-	327,259
Total capital assets being depreciated	<u>3,438,099</u>	<u>-</u>	<u>-</u>	<u>3,438,099</u>
Less accumulated depreciation for:				
Accumulated depreciation - building	(738,872)	(103,695)	-	(842,567)
Accumulated depreciation - equipment	(284,075)	(32,726)	-	(316,801)
Total accumulated depreciation	<u>(1,022,947)</u>	<u>(136,421)</u>	<u>-</u>	<u>(1,159,368)</u>
Total capital assets, net of depreciation	<u>2,415,152</u>	<u>(136,421)</u>	<u>-</u>	<u>2,278,731</u>
Total	<u>\$ 2,534,369</u>	<u>\$ (136,421)</u>	<u>\$ -</u>	<u>\$ 2,397,948</u>

Capital assets are recorded at cost. Buildings, which include building improvements, are depreciated over their estimated useful lives of 40 years under the straight-line method. Land improvements are depreciated over their estimated useful life of 20 years under the straight-line method. Furniture and equipment are depreciated over their estimated useful life of 10 years under the straight-line method. Depreciation expense under FASB for the year ended was \$47,455. Under GASB, depreciation expense is an additional \$88,966 for a total depreciation for the year ended December 31, 2018, of \$136,421.

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c) Long Term Liabilities

Changes in long-term liabilities for December 31, 2018, are as follows:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
BOB - RHED Loan	\$ 103,185	\$ -	\$ -	\$ 103,185
HACF - CFRG Loan	678,835	-	-	678,835
Kerman Acre Fresno County	900,000	-	-	900,000
Kerman Acre TCAC	2,202,168	-	-	2,202,168
Accrued Interest Payable	430,476	100,836	-	531,312
Total	\$ 4,314,664	\$ 100,836	\$ -	\$ 4,415,500

Kerman Acre, LP

The Partnership entered into a HOME loan agreement (the “HOME Loan”) with the County of Fresno. The HOME Loan is in the amount of \$900,000 for the purpose of developing the Project and the loan bears no interest. The loan is secured by the deed of trust and matures on April 1, 2041. Payments are made from available cash flow as further defined in the Partnership Agreement. At December 31, 2018, the outstanding principal balance was \$900,000.

The Partnership entered into a TCAC loan agreement in an amount not to exceed \$2,202,168 for the purpose of developing the rental property know as Granada Commons Apartments. The funds are to be used solely for eligible costs per the loan agreement. The note is dated March 16, 2010 and bears no interest. The loan is secured deed of trust and matures on March 16, 2065. All outstanding principal payments are due at maturity. At December 31, 2018, the outstanding principal balance was \$2,202,168.

d) Related party transactions

Property Management Fee

Pursuant to the property management agreement date October 13, 2010, (the “Property Management Agreement”) with the Housing Authority of the Fresno County (the “Manager”), the Manager is to manage the operations of the Project. As defined in the Property Management Agreement, the property management fee is \$65.07 per unit per of month, excluding the manager’s unit. For the years ended December 31, 2018, property management fees of \$9,600 per year were incurred.

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Ground Lease

Pursuant to the Ground Lease Agreement dated March 16, 2010, (the “Ground Lease”), the Partnership entered into a ground lease to pay the Managing General in the amount of \$10 per year plus additional rent as defined in the Ground Lease until the lease expires. In addition, the Partnership is obligated to pay all costs, expenses and obligations with respect to the property including property taxes, insurance, utilities operating costs and costs of maintenance. The lease term commenced on March 16, 2010 and expires on February 28, 2066. For the year ended December 31, 2018, ground lease expense was \$10 per year, and is included in general and administrative expenses on the Statement of Operations. As of December 31, 2018, there was no outstanding balance for the ground lease.

Co-General Partner Management Fee

Pursuant to the Partnership Agreement, the Partnership pays an annual partnership management fee of \$1,920, increased annually by 3%, to the Co-General Partner. The fee shall accrue, without interest, and shall be payable from available cash flow as further defined in the Partnership Agreement. For the year ended, the partnership management fee with interest was \$2,293, and is included in general partner fees on the Statement of Revenues & Expenses. As of December 31, 2018, the amount owed for Co-General Partner management fee were \$23,614, and it is included in Due to General Partners on the Statement of Net Position.

Managing General Partner Management Fee

Pursuant to the Partnership Agreement, the Partnership pays an annual partnership management fee of \$19,200, increased annually by 3%, to the Managing General Partner. The fee shall accrue without interest and shall be payable from available cash flow as further defined in the Partnership Agreement. For the year ended, the partnership management fee with interest was \$22,926 and is included in General Partner fees on the Statement of Revenues & Expenses. As of December 31, 2018, the amount owed for Managing General Partner management fee were \$187,806, respectively. It is included in Due to General Partners on the Statement of Net Position.

Developer Fee Payable

Pursuant to the Developer Agreement dated March 16, 2010 (the “Developer Agreement”), the Partnership agreed to pay the Limited Partner and Co-General partner (the “Developers”), a total development fee up to \$474,000 for services relating to the development of the Project. The fee shall be paid from available proceeds after certain milestones are achieved per the Developer Agreement, and the balance bears no interest. As of December 31, 2018, the amount owed was \$17,524.

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Due to HACF

Housing Authority of Fresno County (HACF) advanced funds to the Partnership for various operational costs. The outstanding balance does not bear interest and is payable out of available Net Cash Flow, as defined in the Partnership Agreement. As of December 31, 2018, the outstanding amount owed to HACF were \$3,340.

Notes Payable – BOB

On March 16, 2010, the Partnership entered into a Rural Housing and Economic Development assistance loan agreement with Better Opportunities Builders, Inc. in the amount not to exceed \$147,238 for the purpose of developing the rental property. Prior to the completion of construction, the note bore interest at 5%. Subsequent to the completion of construction, the note bears interest at 7.5%. The loan is secured by the deed of trust and matures on March 16, 2065. As the fourth priority loan, along with the second priority loan (CFRG), payments are made in accordance with their respective balances from 79.8% of net cash flow per the Partnership Agreement. For the year ended December 31, 2018, interest expense was \$12,800. At December 31, 2018, the outstanding principal balance was \$103,185 with accrued interest of \$102,366.

Notes Payable – HAFC

On March 16, 2010, the Partnership entered into a Capital Fund Recovery Grant (the “CFRG”) assistance loan agreement with HAFC in the amount not to exceed \$1,200,000 for the purpose of developing the property. The CFRG loan has been made available by the U.S. Department of Housing and Urban Development pursuant to the American Recovery and Reinvestment Act of 2009. Prior to the completion of construction, the note bore interest at 5%. Subsequent to the construction completion the note bears an interest of 7.5%. The CFRG loan is secured by the deed of trust on the property and matures on March 16, 2065. As the second priority loan, along with the fourth priority loan, payments are made in accordance with their respective balance from 79.8% of net cash flow per the Partnership Agreement. At December 31, 2018, the outstanding principal balance was \$678,835 with accrued interest of \$428,946.

e) Low-income housing tax credits

The Partnership expects to generate an aggregate of \$1,000 of federal low-income housing tax credits (“Tax Credits”). Generally, such credits become available for use by its partner’s pro-rata over a ten-year period, which began in 2011. The year in which the credit period begins is determined on a building-by-building basis within the Partnership. In order to qualify for these credits, the Project must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation. The Partnership has also agreed to maintain and operate the Project as low-income housing for an additional 40 years beyond the initial 15-year compliance period. Because the Tax Credits are subject to compliance with certain requirements, there can be no assurance that the aggregate

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NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

amount of Tax Credits will be realized and failure to meet all such requirements or to correct noncompliance within a specified time period may result in generating a lesser amount of Tax Credits than expected in future years, and/or recapture of Tax Credits previously allocated. A reduction of future credits or recapture would require credit deficit payments to the Limited Partner under the terms of the Partnership Agreement.

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REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE FRESNO COUNTY
Schedule of Changes in Net Pension Liability and Related Ratios
for the Measurement Period (Miscellaneous Plan)
Year Ended December 31, 2018
(With comparative information for the last 10 years)*

Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
TOTAL PENSION LIABILITY					
Service Cost	\$809,691	\$741,472	\$636,086	\$636,707	\$632,927
Interest on Total Pension Liability	2,464,031	2,346,586	2,262,010	2,162,499	2,076,674
Changes of Benefit Terms	-	-	56,408	-	-
Changes of Assumptions	(275,096)	1,937,562	-	(520,576)	-
Difference between Expected and Actual Experience	612,793	15,653	23,177	(123,455)	-
Benefit Payments, Including Refunds of Employee Contributions	(1,752,319)	(1,652,796)	(1,654,238)	(1,500,820)	(1,476,137)
Net Change in Total Pension Liability	\$1,859,100	3,388,477	1,323,443	654,355	1,233,464
Total Pension Liability - Beginning	34,710,325	31,321,848	29,998,408	29,344,053	28,110,589
Total Pension Liability - Ending (a)	36,569,425	34,710,325	31,321,851	29,998,408	29,344,053
PLAN FIDUCIARY NET POSITION					
Net Plan to Plan Resource Movement	(67)	-	-	-	-
Contributions - Employer	626,718	519,574	414,971	343,617	316,377
Contributions - Employee	426,463	369,297	347,428	339,737	310,693
Investment Income	2,272,970	2,801,027	146,833	591,865	3,967,964
Benefit Payments, Including Refunds of Employee Contributions	(1,752,319)	(1,652,796)	(1,654,238)	(1,500,820)	(1,476,137)
Administrative Expense	(42,497)	(37,447)	(15,921)	(29,405)	-
Other Miscellaneous Expense	(80,703)	-	-	-	-
Net Change in Fiduciary Net Position	1,450,565	1,999,655	(760,927)	(255,006)	3,118,897
Plan Fiduciary Net Position - Beginning	27,362,547	25,362,892	26,123,819	26,378,825	23,259,928
Plan Fiduciary Net Position - Ending (b)	28,813,112	27,362,547	25,362,892	26,123,819	26,378,825
Plan Net Pension Liability - Ending	\$7,756,313	\$7,347,778	\$5,958,959	\$3,874,589	\$2,965,228
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.79%	78.83%	80.98%	87.08%	89.89%
Covered Payroll	\$ 5,763,554	\$ 5,261,716	\$ 5,051,877	\$ 4,912,678	\$ 4,749,075
Plan Net Pension Liability as a Percentage of Covered Payroll	134.58%	139.65%	117.96%	78.87%	62.44%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017, valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflected an adjustment of the discount rate from 7.15 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

HOUSING AUTHORITY OF THE FRESNO COUNTY
Schedule of Changes in Net Pension Liability and Related Ratios
for the Measurement Period (Miscellaneous Plan)
Year Ended December 31, 2018
(With comparative information for the last 10 years)*

Schedule of Plan Contributions for the Fiscal Years Ended December 31

Employer Fiscal Year End	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 404,303	\$ 459,880	\$ 469,586	\$ 371,354	\$ 325,829
Contributions in Relation to the Actuarially Determined Contribution	(404,303)	(459,880)	(469,586)	(371,354)	(325,829)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 6,312,111	\$ 5,832,350	\$ 5,406,119	\$ 5,029,081	\$ 4,520,151
Contributions as a Percentage of Covered Payroll	6.41%	7.88%	8.69%	7.38%	7.21%

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for the Fiscal Year 2017-2018 were derived from the June 30, 2015 funding valuation report as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	See note 17) Defined Benefit Pension Plan, for related information. The amortization method and periods are based on the June 30, 2014 Funding Valuation Report.
Asset Valuation Method	See note 17) Defined Benefit Pension Plan, for related information. The market value of assets are based on the June 30, 2014 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3%
Investment Rate of Return	7.5% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

Other information:

* The fiscal year ended December 31, 2014 was the first year of implementation. Information for the last 10 years is not available.
For changes to previous year's information, refer to past GASB 68 reports.

SUPPLEMENTAL INFORMATION

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FINANCIAL DATA SCHEDULE

The following schedule is presented in accordance with reporting requirements under the U. S. Department of HUD's Uniform Financial Reporting Standards.

Housing Authority of Fresno County (CA028)
 Fresno, CA
 Entity Wide Balance Sheet Summary
 Fiscal Year End: 12/31/2018
 Submission Type: Audited/Single Audit

	Project Total	14,896 PIH Family Self-Sufficiency Program	14,257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10,427 Rural Rental Assistance Payments	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	93,558 Temporary Assistance for Needy Families	14,182 NIC S/R Section 8 Programs
111 Cash - Unrestricted	\$592,854	\$11,472		\$259,696		\$35,718	\$239	
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted	\$175,861			\$1,742,989				\$20,256
114 Cash - Tenant Security Deposits				\$39,909				
115 Cash - Restricted for Payment of Current Liabilities	\$768,715	\$11,472	\$0	\$2,042,604	\$0	\$35,718	\$239	\$20,256
100 Total Cash								
121 Accounts Receivable - PHA Projects	\$2,200	\$703	\$1,500		\$9,899			
122 Accounts Receivable - HUD Other Projects								
124 Accounts Receivable - Other Government	\$21,727					\$104,879		\$7,273
125 Accounts Receivable - Miscellaneous	\$40,280	\$0	\$0	\$2,960	\$0			(\$3,132)
126 Accounts Receivable - Tenants	(\$4,455)	\$0	\$0	\$0	\$0	\$0		\$0
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0	\$0	\$0	\$0	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other								
127 Notes, Loans, & Mortgages Receivable - Current						\$166,149		
128 Fraud Recovery						(\$40,109)		
128.1 Allowance for Doubtful Accounts - Fraud								
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$59,752	\$703	\$1,500	\$2,960	\$9,899	\$230,919	\$0	\$4,141
131 Investments - Unrestricted								
132 Investments - Restricted								\$81,874
135 Investments - Restricted for Payment of Current Liability	\$9,111					\$7,420		
142 Prepaid Expenses and Other Assets								
143 Inventories								
143.1 Allowance for Obsolete Inventories								
144 Inter Program Due From	\$81,792							
145 Assets Held for Sale	\$357,268							
150 Total Current Assets	\$1,276,928	\$12,175	\$1,500	\$2,045,564	\$9,899	\$274,057	\$239	\$106,271
161 Land	\$897,554			\$152,802				\$41,254
162 Buildings	\$49,078,712			\$5,429,851				\$2,221,564
163 Furniture, Equipment & Machinery - Dwellings								
164 Furniture, Equipment & Machinery - Administration	\$274,867			\$4,408		\$59,742		
165 Leasehold Improvements								
166 Accumulated Depreciation	(\$44,515,731)			(\$4,821,446)		(\$35,334)		(\$2,215,881)
167 Construction in Progress	\$401,306			\$892,771				
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$6,136,708	\$0	\$0	\$1,748,386	\$0	\$24,408	\$0	\$46,937
171 Notes, Loans and Mortgages Receivable - Non-Current	\$678,835							
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								
173 Grants Receivable - Non Current								
174 Other Assets								
176 Investments in Joint Ventures								
180 Total Non-Current Assets	\$6,815,543	\$0	\$0	\$1,748,386	\$0	\$24,408	\$0	\$46,937
200 Deferred Outflow of Resources	\$281,439					\$569,740		
290 Total Assets and Deferred Outflow of Resources	\$8,373,610	\$12,175	\$1,500	\$3,793,950	\$9,899	\$868,205	\$239	\$153,208

Housing Authority of Fresno County (CA028)
 Fresno, CA
 Entity Wide Balance Sheet Summary
 Fiscal Year End: 12/31/2018
 Submission Type: Audited/Single Audit

	Project Total	14,886 PIH Family Self-Sufficiency Program	14,257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10,427 Rural Rental Assistance Payments	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	83,558 Temporary Assistance for Needy Families	14,182 NIC S/R Section 8 Programs
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	\$155,426			\$15,415		\$17,876		\$13,935
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable	\$16,816	\$1,468		\$3,042	\$1,651	\$47,789		\$1,233
322 Accrued Compensated Absences - Current Portion	\$19,349	\$2,037		\$2,648	\$5,113	\$77,699		\$1,229
324 Accrued Contingency Liability								
325 Accrued Interest Payable	\$84							\$80
331 Accounts Payable - HUD PHA Programs	\$167,072							
332 Account Payable - PHA Projects						\$244,969		\$4,909
333 Accounts Payable - Other Government	\$175,861			\$39,909				\$20,256
341 Tenant Security Deposits	\$22,957			\$8,669				\$5,005
342 Unearned Revenue				\$52,797				\$171,731
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue								
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities	\$254					\$46,128		
346 Accrued Liabilities - Other	\$93,504		\$127,477		\$44,569	\$610,292		\$283,360
347 Inter Program - Due To								
348 Loan Liability - Current								
310 Total Current Liabilities	\$651,323	\$3,505	\$127,477	\$122,480	\$51,333	\$1,056,511	\$0	\$481,738
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				\$570,119				\$93,046
352 Long-term Debt, Net of Current - Operating Borrowings						\$323,185		
353 Non-current Liabilities - Other						\$84,458		\$31,172
354 Accrued Compensated Absences - Non Current	\$10,470	\$904		\$1,543	\$2,485	\$40,820		\$740
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities	\$1,144,056					\$2,316,035		\$124,958
350 Total Non-Current Liabilities	\$1,154,526	\$904	\$0	\$571,602	\$2,485	\$2,764,498	\$0	\$124,958
300 Total Liabilities	\$1,805,849	\$4,409	\$127,477	\$694,142	\$53,818	\$3,821,009	\$0	\$606,696
400 Deferred Inflow of Resources	\$41,057					\$83,117		
508.4 Net Investment in Capital Assets	\$6,136,709			\$1,125,469		\$24,408		(\$217,840)
511.4 Restricted Net Position				\$1,734,331		\$0		\$76,869
512.4 Unrestricted Net Position	\$389,995	\$7,766	(\$125,977)	\$240,008	(\$43,919)	(\$3,060,329)	\$239	(\$312,517)
513 Total Equity - Net Assets / Position	\$6,526,704	\$7,766	(\$125,977)	\$3,099,808	(\$43,919)	(\$3,035,921)	\$239	(\$453,468)
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$8,373,610	\$12,175	\$1,500	\$3,793,950	\$9,899	\$868,205	\$239	\$153,208

Housing Authority of Fresno County (CA028)
 Fresno, CA
 Entity Wide Balance Sheet Summary
 Fiscal Year End: 12/31/2018
 Submission Type: Audited/Single Audit

	14,235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	6.1 Component Unit - Discretely Presented	Subtotal	ELIM	Total
111 Cash - Unrestricted			\$3,096,465	\$226	\$46,965	\$4,035,635		\$4,035,635
112 Cash - Restricted - Modernization and Development			\$0			\$1,969,304		\$1,969,304
113 Cash - Other Restricted		\$226,305	\$30,980		\$5,557	\$272,463		\$272,463
114 Cash - Tenant Security Deposits			\$3,117,345	\$226	\$54,522	\$6,277,402	\$0	\$6,277,402
100 Total Cash	\$0	\$226,305	\$3,117,345	\$226	\$54,522	\$6,277,402	\$0	\$6,277,402
121 Accounts Receivable - PHA Projects						\$16,590		\$16,590
122 Accounts Receivable - HUD Other Projects	\$3,788	\$443,877	\$20,573			\$465,950	(\$20,573)	\$445,377
124 Accounts Receivable - Other Government		\$110	\$543,052	\$211,101		\$890,869		\$890,869
125 Accounts Receivable - Miscellaneous	\$0	\$2,334	\$948			\$53,695		\$53,695
126 Accounts Receivable - Tenants	\$0	\$0	\$0	\$0	\$0	(\$7,587)		(\$7,587)
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0	\$0	\$0	\$0	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current						\$166,149		\$166,149
128 Fraud Recovery						(\$40,109)		(\$40,109)
128.1 Allowance for Doubtful Accounts - Fraud						\$0		\$0
129 Accrued Interest Receivable						\$1,535,557	(\$20,573)	\$1,514,984
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$3,788	\$446,321	\$594,473	\$211,101	\$0	\$1,535,557	(\$20,573)	\$1,514,984
131 Investments - Unrestricted		\$43,238				\$43,238		\$43,238
132 Investments - Restricted					\$35,964	\$117,838		\$117,838
135 Investments - Restricted for Payment of Current Liability						\$96,787		\$96,787
142 Prepaid Expenses and Other Assets				\$77,132				
143 Inventories								
143.1 Allowance for Obsolete Inventories								
144 Inter Program Due From			\$1,840,079			\$1,021,871	(\$1,833,500)	(\$1,629)
145 Assets Held for Sale						\$357,258		\$357,258
150 Total Current Assets	\$3,788	\$715,864	\$5,521,897	\$286,459	\$93,610	\$10,349,951	(\$1,954,073)	\$8,395,878
161 Land		\$110,118	\$573,411	\$163,039	\$119,217	\$2,057,395		\$2,057,395
162 Buildings		\$3,599,058	\$2,259,718	\$2,390,239	\$3,110,940	\$67,999,982		\$67,999,982
163 Furniture, Equipment & Machinery - Dwellings					\$327,259	\$327,259		\$327,259
164 Furniture, Equipment & Machinery - Administration						\$1,083,809		\$1,083,809
165 Leasehold Improvements			\$37,507	\$669,812				
166 Accumulated Depreciation		(\$2,755,372)		(\$2,125,663)		(\$59,770,389)		(\$59,770,389)
167 Construction in Progress		\$628,371	\$2,306,578			\$4,319,026		\$4,319,026
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$1,529,648	\$3,035,620	\$1,097,427	\$2,397,948	\$16,017,082	\$0	\$16,017,082
171 Notes, Loans and Mortgages Receivable - Non-Current			\$31,034,966			\$31,713,801		\$31,713,801
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								
173 Grants Receivable - Non Current								
174 Other Assets								
176 Investments in Joint Ventures	\$0	\$1,529,648	\$14,583,798	\$1,097,427	\$2,397,948	\$14,583,798	\$0	\$14,583,798
180 Total Non-Current Assets	\$0	\$1,529,648	\$14,654,384	\$1,097,427	\$2,397,948	\$62,314,681	\$0	\$62,314,681
200 Deferred Outflow of Resources		\$82,618	\$2,16,562	\$757,662		\$1,908,041		\$1,908,041
290 Total Assets and Deferred Outflow of Resources	\$3,788	\$2,228,130	\$54,392,843	\$2,143,588	\$2,491,558	\$74,572,673	(\$1,954,073)	\$72,618,600

Housing Authority of Fresno County (CA028)
 Fresno, CA
 Entity Wide Balance Sheet Summary
 Fiscal Year End: 12/31/2018
 Submission Type: Audited/Single Audit

	14,235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	6.1 Component Unit - Discretely Presented	Subtotal	ELIM	Total
311 Bank Overdraft								
312 Accounts Payable <= 90 Days		\$56,113	\$68,142	\$193,562	\$1,569	\$542,038		\$542,038
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable	\$736	\$17,107	\$4,014	\$19,731		\$113,587		\$113,587
322 Accrued Compensated Absences - Current Portion		\$19,279	\$3,933	\$74,004		\$198,291		\$198,291
324 Accrued Contingency Liability								
325 Accrued Interest Payable					\$531,312	\$531,312		\$531,312
331 Accounts Payable - HUD PHA Programs					\$11,922	\$11,922		\$11,922
332 Account Payable - PHA Projects		\$6,753				\$423,703		\$423,703
333 Accounts Payable - Other Government			\$30,880		\$5,557	\$272,463		\$272,463
341 Tenant Security Deposits		\$3,520	\$15,443		\$72	\$55,666		\$55,666
342 Unearned Revenue			\$2,271,163		\$187,806	\$2,883,497		\$2,883,497
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue								
344 Current Portion of Long-term Debt - Operating Borrowings		\$4,417		\$785,175	\$20,864	\$914,456		\$914,456
345 Other Current Liabilities		\$91,615	\$85	\$67,986		\$206,068		\$206,068
346 Accrued Liabilities - Other		\$554,843		\$216,413		\$1,954,157	(\$1,954,073)	\$84
347 Inter Program - Due To								
348 Loan Liability - Current					\$747,180	\$7,807,160	(\$1,954,073)	\$6,853,087
310 Total Current Liabilities	\$44,735	\$746,347	\$2,413,660	\$1,360,871	\$747,180	\$7,807,160	(\$1,954,073)	\$6,853,087
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				\$66,000	\$3,884,188	\$4,613,353		\$4,613,353
352 Long-term Debt, Net of Current - Operating Borrowings			\$2,825,656			\$3,146,841		\$3,146,841
353 Non-current Liabilities - Other			\$493,961		\$609,591	\$609,591		\$609,591
354 Accrued Compensated Absences - Non Current			\$1,973	\$28,919		\$94,357		\$94,357
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities		\$335,648	\$88,342	\$3,060,032		\$7,756,313		\$7,756,313
350 Total Non-Current Liabilities	\$0	\$342,351	\$4,199,932	\$3,174,951	\$3,884,188	\$16,220,455	\$0	\$16,220,455
300 Total Liabilities	\$44,735	\$1,088,698	\$6,613,592	\$4,535,822	\$4,631,368	\$24,027,615	(\$1,954,073)	\$22,073,542
400 Deferred Inflow of Resources		\$12,052	\$31,593	\$110,535		\$278,354		\$278,354
508.4 Net Investment in Capital Assets		\$1,529,648	\$764,456	\$1,031,428	(\$1,674,047)	\$8,720,231		\$8,720,231
511.4 Restricted Net Position		\$222,785			\$35,892	\$2,069,877		\$2,069,877
512.4 Unrestricted Net Position	(\$40,947)	(\$525,053)	\$46,985,202	(\$3,534,217)	(\$501,655)	\$39,476,596		\$39,476,596
513 Total Equity - Net Assets / Position	(\$40,947)	\$1,227,380	\$47,747,659	(\$2,502,789)	(\$2,139,810)	\$50,266,704	\$0	\$50,266,704
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,788	\$2,328,130	\$54,392,843	\$2,143,568	\$2,491,558	\$74,572,673	(\$1,954,073)	\$72,618,600

Housing Authority of Fresno County (CA028)
 Fresno, CA
 Entity Wide Revenue and Expense Summary
 Fiscal Year End: 12/31/2018
 Submission Type: Audited/Single Audit

	Project Total	14,895 PHH Financial Sufficiency Program	14,257 Homeless Prevention and Rapid Re- Housing Program (RAF)	10,427 Rural Assistance Payments	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	98,568 Temporary Assistance for Newly Families	6.1 Component Unit - Discreetly Presented	14,182 NIC SR Section 8 Programs	14,235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$ 2,263,659			\$ 542,007				\$ 94,726	\$ 130,744		\$ 403,308	\$ 355,190		\$ 3,789,634		\$ 3,789,634
70400 Tenant Revenue - Other	\$ 47,216			\$ 180				\$ 1,142	\$ 262		\$ 7,091	\$ 6,664		\$ 62,555		\$ 62,555
70500 Total Tenant Revenue	\$ 2,310,875			\$ 542,187				\$ 95,868	\$ 131,006		\$ 410,399	\$ 361,854		\$ 3,852,189		\$ 3,852,189
70600 HUD PHA Operating Grants	\$ 3,254,937	\$ 69,413			\$ 77,946	\$ 38,016,222				\$ 68,862				\$ 41,484,470		\$ 41,484,470
70710 Capital Grants	\$ 215,604													\$ 215,604		\$ 215,604
70710 Management Fee														\$ 1,401,081	\$ (1,401,081)	\$ -
70720 Asset Management Fee														\$ 57,329	\$ (57,329)	\$ -
70730 Book Keeping Fee														\$ 541,050	\$ (541,050)	\$ -
70740 Front Line Service Fee														\$ 642,120		\$ 642,120
70750 Other Fees														\$ 2,641,580	\$ (1,989,480)	\$ 642,120
70700 Total Fee Revenue														\$ 2,641,580	\$ (1,989,480)	\$ 642,120
70800 Other Government Grants	\$ 563			\$ 176,816				\$ 48,497	\$ 302,190		\$ 972,389	\$ 28,407		\$ 1,528,862		\$ 1,528,862
71100 Investment Income - Unrestricted	\$ 86,051													\$ 4,975	\$ 1,081,239	\$ 1,081,239
71200 Mortgage Interest Income																
71300 Proceeds from Disposition of Assets Held for Sale																
71310 Cost of Sale of Assets																
71400 Fraud Recovery																
71500 Other Revenue	\$ 30,550			\$ 10,175		\$ 48,751		\$ 1,502	\$ 413	\$ 1,000	\$ 581,750	\$ 5,932,996	\$ 1,305,766	\$ 7,946,032	\$ (875,550)	\$ 6,970,482
71600 Gain or Loss on Sale of Capital Assets	\$ (1,211,221)			\$ 2,429		\$ 1,670								\$ (5,914)	\$ 2,127,865	\$ 2,127,865
72000 Investment Income - Restricted	\$ 2,783			\$ 731,607		\$ 38,006,843		\$ 145,867	\$ 434,692	\$ 69,852	\$ 1,944,623	\$ 10,658,487	\$ 3,946,407	\$ 60,532,989	\$ (2,875,010)	\$ 57,957,979
70000 Total Revenue	\$ 4,690,152	\$ 66,413		\$ 731,607	\$ 77,946	\$ 38,006,843		\$ 145,867	\$ 434,692	\$ 69,852	\$ 1,944,623	\$ 10,658,487	\$ 3,946,407	\$ 60,532,989	\$ (2,875,010)	\$ 57,957,979
91100 Administrative Salaries	\$ 528,390	\$ 46,661		\$ 51,927	\$ 64,509	\$ 1,551,620		\$ 7,650	\$ 24,262		\$ 196,252	\$ 604,298	\$ 1,972,606	\$ 5,051,175		\$ 5,051,175
91200 Auditing Fees	\$ 24,986			\$ 1,400		\$ 37,749		\$ 3,750	\$ 7,000	\$ 16,283		\$ 98,280	\$ 7,132	\$ 98,280		\$ 98,280
91300 Management Fee	\$ 528,822			\$ 15,000		\$ 782,316		\$ 7,500	\$ 20,856		\$ 40,704	\$ 23,820	\$ 80,701	\$ 1,411,518	\$ (1,401,081)	\$ 10,437
91310 Book-keeping Fee	\$ 53,153					\$ 486,948								\$ 542,101	\$ (541,050)	\$ 1,051
91400 Advertising and Marketing	\$ 2,651			\$ 168		\$ 7,174								\$ 13,874	\$ 24,596	\$ 24,596
91500 Employee Benefit Contributions - Administrative	\$ 232,673	\$ 20,981		\$ 38,047	\$ 29,122	\$ 877,406		\$ 4,076	\$ 15,158	\$ 4,651	\$ 167,929	\$ 370,913	\$ 1,162,987	\$ 2,932,943		\$ 2,932,943
91600 Office Expenses	\$ 71,114	\$ 4,569		\$ 9,406	\$ 8,088	\$ 427,690		\$ 7,021	\$ 4,806	\$ 51,628	\$ 175,629	\$ 64,903	\$ 619,868	\$ 1,445,352	\$ (229,831)	\$ 1,215,521
91700 Legal Expense	\$ 10,683			\$ 861		\$ 7,672					\$ 524	\$ 24,273	\$ 71,020	\$ 115,033		\$ 115,033
91800 Travel	\$ 924				\$ 1,413	\$ 13,368					\$ 5,270	\$ 10,050	\$ 99,255	\$ 137,978		\$ 137,978
91910 Allocated Overhead																
91900 Other	\$ 190,445	\$ 1	\$ 326	\$ 27,746	\$ 12,990	\$ 298,786		\$ 47,534	\$ 10,370	\$ 1,021	\$ 68,555	\$ 522,207	\$ 488,383	\$ 1,668,964	\$ (645,719)	\$ 1,023,245
91000 Total Operating - Administrative	\$ 1,643,841	\$ 72,212	\$ 326	\$ 144,555	\$ 116,122	\$ 4,493,029		\$ 70,031	\$ 62,452	\$ 77,161	\$ 657,863	\$ 1,636,163	\$ 4,434,155	\$ 13,427,910	\$ (2,817,681)	\$ 10,610,229
92000 Asset Management Fee	\$ 58,820													\$ 58,820		\$ 58,820
92100 Tenant Services - Salaries																
92200 Relocation Costs	\$ 5,401													\$ 49	\$ 5,450	\$ 5,450
92300 Employee Benefit Contributions - Tenant Services																
92400 Tenant Services - Other																
92500 Total Tenant Services	\$ 5,401													\$ 49	\$ 5,450	\$ 5,450
93100 Water	\$ 195,739			\$ 40,131				\$ 4,476	\$ 12,986		\$ 34,319	\$ 43,734	\$ 2,788	\$ 338,173		\$ 338,173
93200 Electricity	\$ 49,304			\$ 1,666				\$ 1,295	\$ 1,915		\$ 100,570	\$ 7,968	\$ 62,498	\$ 225,216		\$ 225,216
93300 Gas	\$ 6,669			\$ 370				\$ 338	\$ 679		\$ 21,287	\$ 227	\$ 2,034	\$ 31,604		\$ 31,604
93400 Fuel																
93500 Labor																
93600 Sewer	\$ 241,000			\$ 43,260				\$ 4,087	\$ 13,000		\$ 93,577	\$ 26,492	\$ 1,345	\$ 422,761		\$ 422,761
93700 Employee Benefit Contributions - Utilities																
93800 Other Utilities Expense	\$ 210,457			\$ 28,434				\$ 1,666	\$ 11,736		\$ 53,388	\$ 24,394	\$ 3,175	\$ 333,250		\$ 333,250
93900 Total Utilities	\$ 707,169			\$ 113,861				\$ 11,862	\$ 40,316		\$ 303,141	\$ 102,815	\$ 71,940	\$ 1,351,004		\$ 1,351,004
94100 Ordinary Maintenance and Operations - Labor	\$ 257,959			\$ 44,744				\$ 6,425	\$ 16,213		\$ 91,939	\$ 18,850	\$ 90,444	\$ 526,574		\$ 526,574
94200 Ordinary Maintenance and Operations - Materials and Other	\$ 300,408			\$ 42,121	\$ 137	\$ 2,632		\$ 7,052	\$ 34,709	\$ 508	\$ 72,421	\$ 30,519	\$ 24,987	\$ 514,994		\$ 514,994
94300 Ordinary Maintenance and Operations Contracts	\$ 1,050,404			\$ 82,660	\$ 1,320	\$ 31,479		\$ 26,352	\$ 137,395	\$ 280	\$ 120,518	\$ 143,246	\$ 384,941	\$ 1,988,595		\$ 1,988,595
94500 Employee Benefit Contributions - Ordinary Maintenance																
94000 Total Maintenance	\$ 1,616,771			\$ 169,525	\$ 1,457	\$ 34,111		\$ 39,829	\$ 188,407	\$ 788	\$ 284,878	\$ 192,615	\$ 499,782	\$ 3,030,163		\$ 3,030,163

Housing Authority of Fresno County (CA028)
 Fresno, CA
 Entity Wide Revenue and Expense Summary
 Fiscal Year End: 12/31/2018
 Submission Type: Audited/Single Audit

	Project Total	14,895 PIH Financial Sufficiency Program	14,257 Homeless Prevention and Rapid Rehousing Program (RAF)	10,427 Rural Assistance Payments	14,870 Resident Opportunity Choice Vouchers and Supportive Services	14,871 Housing Choice Vouchers	95,558 Temporary Assistance for Newly Families	6.1 Component Unit - Discreetly Presented	14,182 NIC SR Section 8 Programs	14,235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
95100 Protective Services - Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95200 Protective Services - Other Contract Costs	\$ 115,613	\$ 19,616	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,156	\$ 25,865	\$ -	\$ 31,569	\$ 13,831	\$ 13,503	\$ 223,155	\$ -	\$ 223,155
95300 Protective Services - Other	\$ 16,396	\$ 2,590	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,306	\$ -	\$ 5,019	\$ 1,450	\$ 690	\$ 27,441	\$ -	\$ 27,441
95500 Employee Benefit Contributions - Protective Services	\$ 53,744	\$ 706	\$ -	\$ 8,300	\$ 948	\$ 42,802	\$ -	\$ 1,605	\$ 3,886	\$ 223	\$ 24,325	\$ 15,883	\$ 70,008	\$ 222,440	\$ -	\$ 222,440
95000 Total Protective Services	\$ 18,429	\$ 706	\$ -	\$ 1,428	\$ 237	\$ 8,974	\$ -	\$ 216	\$ 1,285	\$ 223	\$ 3,223	\$ 4,200	\$ 20,087	\$ 58,059	\$ -	\$ 58,059
96100 Property Insurance	\$ 204,172	\$ 706	\$ -	\$ 31,896	\$ 1,185	\$ 51,776	\$ -	\$ 4,977	\$ 32,332	\$ 223	\$ 84,136	\$ 36,364	\$ 104,268	\$ 531,095	\$ -	\$ 531,095
96200 Other General Expenses	\$ 415,086	\$ -	\$ -	\$ 329	\$ 821	\$ 32,373	\$ -	\$ -	\$ (67)	\$ -	\$ 320,049	\$ 33,192	\$ 127,613	\$ 929,396	\$ -	\$ 929,396
96210 Compensated Absences	\$ 59,295	\$ 5,313	\$ -	\$ 8,534	\$ 7,486	\$ 161,480	\$ -	\$ 1,648	\$ 4,002	\$ -	\$ 12,995	\$ 68,543	\$ 218,411	\$ 547,677	\$ -	\$ 547,677
96300 Payments in Lieu of Taxes	\$ 167,073	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,073	\$ -	\$ 167,073
96400 Bad debt - Tenant Rents	\$ 34,495	\$ -	\$ -	\$ 11,821	\$ -	\$ -	\$ -	\$ -	\$ 6,729	\$ -	\$ 4,996	\$ 7,853	\$ -	\$ 65,694	\$ -	\$ 65,694
96500 Bad debt - Mortgages	\$ 428,946	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,600	\$ -	\$ 3,801	\$ 454,347	\$ -	\$ 454,347
96600 Severance Expense	\$ 1,104,865	\$ 5,313	\$ -	\$ 20,484	\$ 8,307	\$ 193,863	\$ -	\$ 1,648	\$ 10,664	\$ -	\$ 359,640	\$ 109,588	\$ 349,825	\$ 2,164,187	\$ -	\$ 2,164,187
96700 Total Other General Expenses	\$ -	\$ -	\$ -	\$ 6,417	\$ -	\$ -	\$ -	\$ 100,836	\$ 26,047	\$ -	\$ -	\$ -	\$ -	\$ 133,300	\$ -	\$ 133,300
96710 Interest of Mortgage (or Bonds) Payable	\$ -	\$ -	\$ -	\$ 6,417	\$ -	\$ -	\$ -	\$ -	\$ 26,047	\$ -	\$ -	\$ -	\$ -	\$ 133,300	\$ -	\$ 133,300
96720 Interest on Notes Payable (Short and Long Term)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96730 Amortization of Bond Issue Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96700 Total Interest Expense and Amortization Cost	\$ 5,343,039	\$ 78,231	\$ 326	\$ 486,778	\$ 127,071	\$ 4,772,769	\$ -	\$ 229,183	\$ 380,218	\$ 78,172	\$ 1,669,658	\$ 2,076,545	\$ 5,459,939	\$ 20,701,929	\$ (2,875,010)	\$ 17,826,919
96900 Total Operating Expenses	\$ (652,887)	\$ (11,818)	\$ (326)	\$ 244,829	\$ (49,125)	\$ 33,294,074	\$ -	\$ (83,316)	\$ 54,474	\$ (8,220)	\$ 274,965	\$ 8,581,942	\$ (1,513,532)	\$ 40,131,060	\$ -	\$ 40,131,060
97000 Excess of Operating Revenue over Operating Expenses	\$ 14,397	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,529	\$ -	\$ 130,926	\$ -	\$ 130,926
97100 Extraordinary Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97200 Casualty Losses - Non-capitalized	\$ 1,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,433	\$ -	\$ -	\$ 34,642,098	\$ -	\$ 34,642,098
97300 Housing Assistance Payments	\$ 1,278,195	\$ -	\$ -	\$ 2,412	\$ 6,987	\$ 34,495,772	\$ -	\$ 136,421	\$ 517	\$ -	\$ 53,826	\$ 24,905	\$ 262,843	\$ 1,766,116	\$ -	\$ 1,766,116
97400 HAP Portability-In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97500 Depreciation Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97500 Fraud Losses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97600 Capital Outlays - Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97700 Debt Principal Payment - Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97800 Dwelling Units Rent Expense	\$ 6,636,697	\$ 78,231	\$ 326	\$ 489,190	\$ 127,071	\$ 39,273,538	\$ -	\$ 365,604	\$ 388,562	\$ 78,172	\$ 1,862,917	\$ 2,217,979	\$ 5,722,782	\$ 57,241,069	\$ (2,875,010)	\$ 54,366,059
99000 Total Expenses	\$ 448,592	\$ (448,592)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 448,592	\$ -	\$ 448,592
10010 Operating Transfer In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10020 Operating Transfer Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10030 Operating Transfers from/to Primary Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10040 Operating Transfers from/to Component Unit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10050 Proceeds from Notes, Loans and Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10060 Proceeds from Property Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10070 Extraordinary Items, Net Gain/Loss	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10080 Special Items (Net Gain/Loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10091 Inter Project Excess Cash Transfer In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10092 Inter Project Excess Cash Transfer Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10093 Transfers between Program and Project - In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10094 Transfers between Project and Program - Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10100 Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,449	\$ -	\$ 2,449
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (1,946,545)	\$ (11,818)	\$ (326)	\$ 242,417	\$ (49,125)	\$ (1,206,695)	\$ -	\$ (219,737)	\$ 46,130	\$ (8,220)	\$ 81,706	\$ 8,440,508	\$ (1,773,926)	\$ 3,894,369	\$ -	\$ 3,594,369

Housing Authority of Fresno County (CA028)
Fresno, CA

Entity Wide Revenue and Expense Summary
Fiscal Year End: 12/31/2018
Submission Type: Audited/Single Audit

	Project Total	14,895 PIH Fairness Program	14,257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10,427 Rural Assistance Payments	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	95,558 Temporary Assistance for Needy Families	6.1 Component Unit - Discretely Presented	14,182 NIC Section 8 Programs	14,235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ 52,797	\$ -	\$ -	\$ -	\$ 187,806	\$ 171,731	\$ -	\$ -	\$ 2,271,163	\$ -	\$ 2,683,497	\$ -	\$ 2,683,497
11030 Beginning Equity	\$ 8,416,138	\$ 19,584	\$ (125,651)	\$ 3,036,925	\$ 5,206	\$ (1,829,226)	\$ 239	\$ (1,916,322)	\$ (502,026)	\$ (32,727)	\$ -	\$ 39,014,031	\$ (769,951)	\$ 46,461,894	\$ -	\$ 46,461,894
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$ 57,111	\$ -	\$ -	\$ (179,534)	\$ -	\$ -	\$ -	\$ (3,751)	\$ 2,408	\$ -	\$ -	\$ -	\$ 41,989	\$ 210,441	\$ -	\$ 210,441
11050 Changes in Compensated Absence Balance																
11060 Changes in Contingent Liability Balance																
11070 Changes in Unrecognized Pension Transition Liability																
11080 Changes in Special Term/Severance Benefits Liability																
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents																
11100 Changes in Allowance for Doubtful Accounts - Other																
11170 Administrative Fee Equity						\$ (3,000,203)								\$ (3,000,203)		\$ (3,000,203)
11180 Housing Assistance Payments Equity						\$ (65,718)								\$ (65,718)		\$ (65,718)
11190 Unit Months Available	\$ 7,104			\$ 1,200		\$ 67,824		\$ 2,160	\$ 49				\$ -	\$ 78,337		\$ 78,337
11210 Number of Unit Months Leased	\$ 6,945			\$ 1,153		\$ 65,193		\$ 2,134	\$ 49				\$ -	\$ 75,474		\$ 75,474
11270 Excess Cash	\$ (126,431)													\$ (126,431)		\$ (126,431)
11610 Land Purchases	\$ -													\$ -		\$ -
11620 Building Purchases	\$ -													\$ -		\$ -
11630 Furniture & Equipment - Dwelling Purchases	\$ -													\$ -		\$ -
11640 Furniture & Equipment - Administrative Purchases	\$ -													\$ -		\$ -
11650 Leasehold Improvements Purchases	\$ -													\$ -		\$ -
11660 Infrastructure Purchases	\$ -													\$ -		\$ -
13510 GFFP Debt Service Payments	\$ -													\$ -		\$ -
13901 Replacement Housing Factor Funds	\$ -													\$ -		\$ -

SINGLE AUDIT REPORTS AND RELATED SCHEDULES

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

Board of Commissioners
Housing Authority of Fresno County
Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of Fresno County (the "Agency"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated August 16, 2019. Our report includes a reference to other auditors who audited the financial statements of Kerman Acre, LP, as described in our report on the Agency's financial statements. The financial statements of Kerman Acre, LP were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Irvine, California
August 16, 2019

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

Board of Commissioners
Housing Authority of Fresno County
Fresno, California

Report on Compliance for Each Major Program

We have audited the Housing Authority of Fresno County's (the "Agency") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2018. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Agency's compliance with those

requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Agency'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 and correct, 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the basic financial statements of the Agency as of and for the year ended December 31, 2018, and have issued our report thereon dated August 16, 2019, which contained an unmodified opinion on the financial statements. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in blue ink, appearing to read "Danie Jan WF".

Irvine, California
August 16, 2019

**HOUSING AUTHORITY OF FRESNO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Domestic Assistance Number	Program Identification Number	Program Expenditures
Department of Agriculture:			
Direct Assistance:			
Rural Rental Housing (rental assistance)	10.427		\$ 176,816
Farm labor housing Loans and Grants (loans)	10.405		622,916
Subtotal - Department of Agriculture			<u>799,732</u>
Department of Housing and Urban Development:			
Direct Assistance:			
Supporting Housing Program	14.235		68,952
Public and Indian Housing	14.850	Contract # SF-170	2,628,599
Public Housing Family Self-Sufficiency Under Resident Opportunity and Supportive Services	14.870	CA006RFS015A00	77,946
Housing Voucher Cluster: Section 8 Housing Voucher Program	14.871	Contract # SF-472	38,016,222
Section 8 Family Self-Sufficiency	14.896		66,413
Public Housing Capital Funds Program	14.872	Contract # SF-170	841,942
Subtotal - HUD Direct Assistance			<u>41,700,074</u>
Passed through the State of California Housing Finance Agency:			
Section 8 New Construction and Sub Rehab	14.182	CHFA # 76-54-N	156,996
Subtotal - U.S. Department of Housing and Urban Development			<u>41,857,070</u>
Total expenditures of federal awards			<u>\$ 42,656,802</u>

See accompanying notes to the schedule of expenditures of federal awards.

HOUSING AUTHORITY OF FRESNO COUNTY

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2018

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

(a) Scope of Presentation

The accompanying schedule presents only the expenditures incurred (and related awards received) by the Housing Authority of Fresno County (Agency) that are reimbursable under federal programs of federal agencies providing financial assistance. For the purposes of this schedule, financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the Agency from a non-federal agency or other organization. Only the portions of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other nonfederal funds are excluded from the accompanying schedule. The Agency did not use the 10% de minimis indirect cost rate as covered in section 200.414 of the Uniform Guidance.

(b) Basis of Accounting

The expenditures included in the accompanying schedule were reported on a regulatory basis in accordance with the U.S. Department of Housing and Urban Development (HUD). Expenditures are recognized in the accounting period in which the related liability is incurred. Expenditures reported included any property or equipment acquisitions incurred under the federal program.

(c) Subrecipients

During the fiscal year ended December 31, 2018, the Agency disbursed no federal funds to subrecipients.

(d) U.S. Department of Agriculture Notes

The Agency entered into six notes with the United States Department of Agriculture Farmer Homes Administration under the Farm Labor Housing Union Loan program. In accordance with the notes the Authority used the funds for the acquisition and development of four multi-unit rental housing developments. The notes accrue interest at 1% per annum. The notes mature at various dates, which began on January 6, 2014 and end on April 2, 2035. At December 31, 2018, the outstanding balance for all the notes is \$622,916.

HOUSING AUTHORITY OF FRESNO COUNTY

Schedule of Findings and Questioned Costs

Year ended December 31, 2018

(A) Summary of Auditor's Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | None Reported |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|--|---------------|
| 1. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | None Reported |
| 2. Type of auditors' report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? | No |

4. Identification of major programs:

CFDA Number
14.871

Name of Federal Program or Cluster
U.S. Dept. of Housing and Urban
Development – Section 8 Housing Choice
Vouchers

- | | |
|---|-------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$1,279,704 |
| 6. Auditee qualified as a low-risk auditee? | Yes |

HOUSING AUTHORITY OF FRESNO COUNTY

Schedule of Findings and Questioned Costs

(Continued)

(B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS

There were no auditor's finding required to be reported in accordance with GAGAS.

(C) Findings and Questioned Costs for Federal Awards

There were no auditor's findings required to be reported in accordance with section 200.516 of the Uniform Guidance.

HOUSING AUTHORITY OF FRESNO COUNTY

Summary Schedule of Prior Audit Findings

Year ended December 31, 2018

2017-001: Adjustments Detected by the Audit Process

An important element of internal control over financial reporting is for management to identify adjustments necessary for its financial statements to be fairly stated. Whenever possible, adjustments should be reflected in the accounting records prior to the start of the audit. When this is not possible, management should identify and communicate to the auditors the potential areas of adjustment that may need to be addressed during the audit process. This is an important element of internal control to reduce the risk of material misstatement. We identified a material prior period restatement related to the discretely presented component unit.

We recommend that the Authority make efforts to ensure that all journal entries are properly reflected in the financial statements prior to the commencement of the audit.

Status

This finding is considered resolved.