

AGENDA

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AUDIT COMMITTEE Meeting of the Boards of Commissioners

12pm September 21, 2016– Board Room

1331 Fulton Mall, Fresno, CA 93721

Interested parties wishing to address the Boards of Commissioners regarding this meeting’s Agenda Items, and/or regarding topics not on the agenda but within the subject matter jurisdiction of the Boards of Commissioners, are asked to complete a “Request to Speak” card which may be obtained from the Board Secretary (Tiffany Mangum) at 11:45 a.m. You will be called to speak under Agenda Item 3, Public Comment.

The meeting room is accessible to the physically disabled, and the services of a translator can be made available. Requests for additional accommodations for the disabled, signers, assistive listening devices, or translators should be made at least one (1) full business day prior to the meeting. Please call the Board Secretary at (559) 443-8475, TTY 800-735-2929.

	PAGE #
1. Call to Order	
2. Public Comment This is an opportunity for the members of the public to address the Boards of Commissioners on any matter within the subject matter jurisdiction of the Boards of Commissioners that is not listed on the Agenda. At the start of your presentation, please state your name, address and/or the topic you wish to speak on that is not on the agenda. Presentations are limited to a total of three (3) minutes per speaker.	
3. Action: Consideration of the minutes of February 23, 2016	
4. Overview of the 2015 Annual Audited Basic Financial Statements <i>Presented by Marc Davis and Dean Votava, Davis Farr, LLC</i>	
5. Adjournment	

**Minutes of the Meeting
Of the Fresno Housing Authority**

AUDIT COMMITTEE

Tuesday, February 23, 2016

4:30 p.m.

There was a duly noticed meeting of the Audit Committee on February 23, 2016.

1. The meeting was called to order by Commissioner Sablan at 4:32 p.m., and members present and absent were as follows:

PRESENT: Stacy Sablan
 Jim Petty
 Adrian Jones
 Reneeta Anthony
 Rueben Scott

ABSENT: Craig Scharton.

Also in attendance: Preston Prince, CEO/Executive Director; Tracewell Hanrahan, CFO/Deputy Executive Director; Jim Barker, Chief Finance Officer; and Ken Price, Baker Manock and Jensen-General Counsel.

2. Approval of agenda as posted

Commissioner Anthony motioned for the Committee's approval of the agenda as posted. This action was seconded by Commissioner Scott, and by unanimous vote of the agenda as posted was approved.

3. Public Comment

No public comment.

4. Entrance Interview with the Auditor – Davis-Farr LLP

Jim Barker, Chief Finance Officer, introduced Mark Davis, Auditor from Davis-Farr LLP. Mr. Davis introduced himself and provided the Committee with a brief overview of the upcoming audit process.

5. ADJOURNMENT

There being no further business to be considered by the Audit Committee, the meeting was adjourned at approximately 4:50 p.m.

Preston Prince, Secretary

**HOUSING AUTHORITY
OF FRESNO COUNTY**

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2015
(Including Auditors' Report Thereon)

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HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

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Board of Commissioners
Housing Authority of Fresno County
Fresno, California

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of Fresno County, California, and its discretely presented component unit, as of and for the year ended December 31, 2015, 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 5.1 percent, (3.7) 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.

Opinions

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 Housing Authority of Fresno County, California, and its discretely presented component unit, as of December 31, 2015, 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

As described further in note 15 to the financial statements, during the year ended December 31, 2015 the entity implemented Governmental Accounting Standards Board (GASB) Statement No. 68. The financial statements also reflect other certain prior period adjustment as described further in Note 21 to the financial statements. Our opinion is not modified with respect to these matters.

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 Housing Authority of Fresno County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the 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. Further, the Schedule of Actual Modernization Cost Certificates is presented for additional analyses in accordance with filing requirements with the U.S. Department of Housing and Urban Development.

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 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 September 16, 2016 on our consideration of the Housing Authority of Fresno County'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.

Irvine, California
September 16, 2016

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**Housing Authority of Fresno County
Management's Discussion and Analysis
December 31, 2015**

Introduction

This narrative overview and analysis of the Housing Authority of Fresno County's (the "Agency") performance through December 31, 2015 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.

As required under U.S. generally accepted accounting principles (GAAP), the Agency uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation, are recognized in the period in which they are incurred. GAAP also requires the inclusion of three basic financial statements: the statement of net position (the balance sheet); the statement of revenues, expenses and changes in net position (the income statement); and the statement of cash flows. All assets and liabilities associated with the operation of the Agency are included in the statement of net position. In addition, GAAP requires the inclusion of this management's discussion and analysis (MD&A) section as required supplementary information.

The management's discussion and analysis is presented in conformance with the Government Accounting Standards Board (GASB) financial reporting model as set forth in GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended by GASB Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus.

Agency Overview

The Housing Authority of Fresno County was established in 1940 to provide affordable housing for low-income residents of the Fresno County, California. The Authority was founded under the Health and Safety Code of the State of California and the National Housing Act of 1937, and is governed by a seven-member Board of Commissioners appointed by the County's Board of Supervisors. The Agency's primary source of funding is from the federal Department of Housing and Urban Development (HUD). HUD has a direct responsibility for administering Housing Programs under the United States Housing Act of 1937.

The Agency's mission is to create and sustain vibrant communities throughout Fresno County. This mission is accomplished by administering a number of programs, including the Low Rent Public Housing Program and the Section 8 Housing Choice Voucher Program. The Agency has established various instrumentalities and affiliates to partner and develop housing opportunities

for over 50,000 of Fresno County's lowest-income families, elderly, Veterans, and persons with disabilities. As the County's largest provider of affordable housing, the Agency recognizes that it takes tremendous amount of support to help people make a home and engage residents in building vibrant communities.

Financial Reporting Entity

As required by generally accepted accounting principles, these financial statements present the Agency and any component units. A two-column approach has been used for the presentation of these financial statements. The first column represents the Agency and its operations, defined as the "Primary Government". The second column represents Kerman Acre, L.P., a discretely presented component unit. The following analysis reflects only the current activity of the Primary Government and does not include activities of the Kerman Acre, L.P. discrete component unit. For further detail on the activities of Kerman Acre, L.P., see the "Discrete Component Unit – Kerman Acre, L.P." note disclosure found in the Notes to the Basic Financial Statements. For additional information, the complete audited financial statements of Kerman Acre, L.P., 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.

Significant Programs

Housing Choice Voucher. The Housing Choice Voucher program is designed to assist low-income families pay rent at an approved rental unit. Participants pay 30% of their adjusted gross income to the landlord for rent and the balance is paid by the Housing Assistance Payments (HAP) the Agency receives from HUD. Over 5,200 private owners of rental properties participate in the Housing Choice Voucher program, and the Agency has over 5,600 families participating in the program.

Low Rent Public Housing. The Agency's Public Housing Program includes approximately 760 public housing units scattered throughout Fresno County. Residents pay 30% of their adjusted gross income to the Agency as rent and HUD subsidizes the balance using a formula which HUD considers adequate to manage and maintain each property.

Public Housing Capital Fund. The Agency administers HUD's Capital Fund Program (CFP) which provides funding for modernization and improvement, new construction, and the development of public housing. Each year HUD establishes a new grant and publishes the amount awarded that can be expended over a period not to exceed four years.

Other Programs:

- CalHFA Section 8 New Construction
- USDA Farm Labor Housing
- Resident Opportunities and Self Sufficiency
- Affordable Housing
- Low-Income Housing Tax Credit
- Migrant Housing OMS/HCD
- Resident Services

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 (85% of total operating revenue). In fiscal year 2015, the federal government operated under a Continuing Resolution that expired on December 11, 2014. On that date, the House then passed the Consolidated and Further Continuing Appropriations Act, 2015, to fund the federal government through October 2015. In anticipation of possible sequestration or a reduction in funding, the Authority placed in practice a plan to streamline Agency operations and reduce costs by eliminating non-essential expenditures. While a majority of the HUD funding was restored in 2015, there was, and 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.

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, and in some cases, possibly serve more low-income clients. The Agency has implemented several measures to reduce staffing costs by changing our business practices to gain efficiencies while minimizing reductions in services. As a result, the Agency is better poised to weather additional funding cuts without further capacity reductions.

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. While the partial return to normalcy in federal budget and appropriation levels was welcome, it will be short-term unless Congress acts to again moderate the impact of sequestration cuts. With the change in the composition of Congress where Republicans hold a majority in both Houses in 2015, it is unlikely that sequestration will be abandoned all together. More than likely, reductions in non-defense discretionary funding will accelerate in the Republican House and Senate plans that call for further reducing the deficit, and balancing the budget. While the federal budget prospects are uncertain and generally negative for future discretionary domestic spending, including housing programs, politics of both Presidential and Congressional elections in 2016 will ultimately dictate the outcomes for the Federal Budget decisions over the next four years.

While we acknowledge the aforementioned challenges and face these 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 and County 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.

Overview of the Basic Financial Statements

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

- Financial Statements, including:
 - Statement of Net Position;
 - Statement of Revenues, Expenses and Changes in Net Position, and;
 - 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, 2015 and 2014. 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** provides 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 Principles, 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:

<u>ASSETS</u>	2015	2014	Increase/ (Decrease)	% Change
Current assets	4,403,711	4,297,435	106,276	3%
Restricted assets	3,602,376	2,457,730	1,144,646	47%
Capital assets, net	14,319,240	15,507,902	(1,188,662)	-8%
Other assets	28,217,837	25,188,650	3,029,187	12%
Deferred Outflows	330,648	-	330,648	NA
Total Assets	50,873,812	47,451,717	3,422,095	7%
<u>LIABILITIES</u>				
Current liabilities	3,628,204	2,048,206	1,579,998	77%
Non-current liabilities	7,740,233	2,450,008	5,290,225	216%
Deferred Inflows	773,265	-	773,265	0%
Total liabilities	12,141,701	4,498,214	7,643,487	170%
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	10,321,249	12,654,292	(2,333,043)	-18%
Restricted	2,889,384	2,177,745	711,639	33%
Unrestricted	25,521,478	28,121,466	(2,599,988)	-9%
Total Net Position	38,732,111	42,953,503	(4,221,392)	-10%
Total Liabilities and Net Position	\$ 50,873,812	\$ 47,451,717	3,422,095	7%

Total assets of the Agency at December 31, 2015 and 2014 amounted to \$50.9 million and \$47.5 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, such as 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, 2014 to December 31, 2015 were increases in current assets, specifically in interest receivable, due from other governments and assets held for sale. The changes in interest receivable are attributable to increases in loan activity to related parties. The amount due from other governments includes grant funds from local partners that weren't received by December 31, 2015, but will be received in 2016.

Total liabilities of the Agency were \$12.1 million and \$4.5 million at December 31, 2015 and 2014, respectively. Current liabilities include short-term accounts payable, accrued liabilities, current portions of long-term debt, and unearned revenue. Non-current liabilities are primarily made up of the long-term portion of notes and interest payable. Non-current liabilities increased from \$2.5 million in 2014 to \$7.7 million in 2015 due to the new GASB 68 requirements around the accounting and reporting of pension liabilities and AHP Loans passed through to related parties. Due to these new requirements, the Agency added a \$3.9 million liability to the balance sheet. This liability represents the difference between the Agency's total pension liability and the current plan assets calculated at fair value. See Note 15 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:** 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 decreased by 10% during the year from \$43 million in 2014 to \$38.7 million in 2015. The decrease in net position represents an increase in long-term liabilities, which are mostly attributable to the new GASB 68 requirements initiated in 2015.

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, 2015 to December 31, 2015.

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 Fees for development activities, or as grant revenue from another funding source. 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 following table:

	2015	2014	Increase (Decrease)	%
<u>OPERATING REVENUES</u>				
Rental revenue	3,608,289	3,575,138	33,151	1%
Fee revenue	298,248	386,357	(88,109)	-23%
HUD grants	43,330,623	41,652,371	1,678,252	4%
Other governmental grants	1,830,572	1,001,526	829,046	83%
Other revenue	731,021	1,408,761	(677,740)	-48%
Total operating revenues	49,798,753	48,024,153	1,774,600	4%
<u>OPERATING EXPENSES</u>				
Administrative	8,894,131	7,762,995	1,131,136	15%
Tenant services	587,452	18,658	568,794	3049%
Utilities	1,066,865	1,334,953	(268,088)	-20%
Maintenance & operations	2,635,242	2,513,618	121,624	5%
Protective services	33,433	56,674	(23,241)	-41%
Insurance	428,823	354,286	74,537	21%
General	708,109	1,057,281	(349,172)	-33%
Housing assistance payments	35,680,126	34,467,829	1,212,297	4%
Amortization and depreciation	2,243,938	1,780,833	463,105	26%
Total operating expenses	52,278,119	49,347,127	2,930,992	6%
Operating income (loss)	(2,479,366)	(1,322,974)	(1,156,392)	87%
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest revenue	333,532	157,904	175,628	111%
Interest expense	(81,538)	(130,594)	49,056	-38%
Developer fees	987,060	261,677	725,383	277%
Other	117,147	(50,334)	167,481	323%
Gain (loss) on disposition of capital assets	133,868	20,210	113,658	562%
Total non-operating income	1,490,069	258,863	1,231,206	476%
Net income before contributions	(989,298)	(1,064,111)	74,813	-7%
Capital contributions - capital grants	159,852	0	159,852	0%
Increase (decrease) in net position	(829,445)	(1,064,111)	234,666	-22%
Net Position, beginning of year restated	39,561,555	44,017,614	(4,456,059)	10%
Net Position - end of year	\$ 8,732,110	\$ 42,953,503	\$ (4,221,393)	-10%

The preceding Statement of Revenues, Expenses and Changes in Net Position reflects the year ended December 31, 2015 compared to the year ended December 31, 2014. Overall, operating revenues increased by 4%, or \$1.8 million, from 2014 to 2015; operating expenses increased by 6%, or \$2.9 million for the year; non-operating revenues increased by \$1.2 million from 2014 to 2015; and capital contributions increased by \$160 thousand from prior year. These changes lead to a decrease in Net Position of \$4.2 million from December 31, 2014 to December 31, 2015. Explanations of the primary reasons for these changes are as follows:

- The primary reasons for the increase in operating revenue is additional governmental grant funding of approximately \$2.5 million.
- Operating expenses increased overall due to strategic investments in administrative costs, including personnel and software. Because of funding reductions in prior years, the Agency had not back-filled several positions across the Agency. Some key positions were added back in 2015 now that funding has stabilized. The Agency also began a strategic effort of upgrading the Agency’s software systems in 2015, which will cost approximately \$2 million dollars over the course of three years. Additionally, the Agency increased its Housing Assistance Payments approximately \$1.2 million.

Capital Assets

The table below shows the Agency’s capital assets, net of accumulated depreciation, at December 31, 2015 and December 31, 2014:

	2015	2014	Increase (Decrease)	%
Land	\$ 1,449,424	\$ 1,449,424	\$ -	0%
Structures	9,195,691	7,171,710	2,023,981	28%
Equipment	566,615	504,037	62,578	12%
Construction in progress	3,107,510	6,382,731	(3,275,221)	-51%
Total capital assets, net	\$ 14,319,240	\$ 15,507,902	\$ (1,188,662)	-8%

Overall, the Agency’s capital assets decreased by \$1.2 million during 2015, primarily resulting from depreciation exceeding capital additions in 2015. See Note 6 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, 2015 and 2014. 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.

	2015	2014	Increase (Decrease)	%
Short term borrowings (Inter-fund)	\$ 500,000	\$ 500,000	\$ -	0%
Notes payable- non-related parties	2,048,335	1,840,204	208,131	11%
Notes payable- related parties	3,397,637	1,149,212	2,248,425	196%
Total debt	<u>\$ 5,945,972</u>	<u>\$ 3,489,416</u>	<u>\$ 2,456,556</u>	<u>70%</u>

Most significantly, the Notes Payable-Related Parties increased by \$2.2 million during the year due to increased borrowing for our pre-development projects from \$0.3 million in 2014 to \$1.18 million in 2015. The agency also entered into a total of \$1.4 million of AHP loan passed through to related parties. See Note 6 for the Notes Receivable from related parties on AHP loans.

This financial report is designed to provide a general overview of the Agency'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 Mall
Fresno, CA 93721
Phone: (559) 457-4266

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

ASSETS	Primary Government	Kerman Acre, Inc.
Current Assets		
Cash & Investments	2,413,671	\$ 65,360
Accounts Receivable - Tenants, Net of Allowance for Doubtful Accounts of \$5,844	32,271	80
Accounts Receivable - Other, Net of Allowance for Doubtful Accounts of \$40,109	1,117,817	-
Due From Other Governments	464,491	-
Prepaid Expenses	29,833	2,158
Assets Held For Sale	345,628	-
Total Current Assets	4,403,711	67,598
Restricted Assets		
Restricted Cash	3,602,376	43,607
Total Restricted Assets	3,602,376	43,607
Non-Current Assets		
Capital Assets		
Capital Assets - Not being depreciated	4,556,933	119,262
Capital Assets - Depreciable, Net of Accumulated Depreciation of \$61,663,082	9,762,307	2,700,850
Total Capital Assets, Net	14,319,240	2,820,112
Other Non-Current Assets		
Notes Receivable From Related Parties	14,991,601	-
Interest Receivable - Related Parties	781,857	-
Investment In Joint Ventures	13,130,883	-
Equity Interest In Component Unit	(686,504)	-
Total Other Non-Current Assets	28,217,837	-
Deferred Outflow of Resources		
Pension Contributions	289,451	-
Actuarial	41,197	-
Total Deferred Outflow of Resources	330,648	-
Total Assets and Deferred Outflows	50,873,812	\$ 2,931,317

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015
(continued)

LIABILITIES AND NET POSITION	Primary Government	Kerman Acre, Inc.
Current Liabilities		
Vendors & Contractors Payable	680,527	\$ 3,659
Accrued Salaries	75,092	-
Accrued Compensated Absences	174,468	-
Accrued Interest Payable	46,039	-
Resident Security Deposits	289,672	5,182
Due To Other Governments	393,756	-
Other Current Liabilities - Related Parties	48,574	77,294
Other Current Liabilities - Non-related Parties	5,424	5,997
Notes Payable - Related Parties	1,498,837	-
Notes Payable - Non-related Parties	245,276	-
Unearned Revenue	170,539	570
Total Current Liabilities	3,628,204	\$ 92,702
Non-Current Liabilities		
Notes Payable - Related Parties	1,898,800	782,020
Notes Payable - Non-related Parties	1,803,059	3,102,168
Accrued Compensated Absences	96,712	-
Interest payable	25,502	343,509
Family Self-Sufficiency Escrow	41,570	-
Net Pension Liability	3,874,590	-
Total Non-Current Liabilities	7,740,233	4,227,697
Deferred Inflows of Resources		
Actuarial	773,265	-
Total Deferred Inflows of Resources	773,265	-
Total Liabilities and Deferred Inflows	12,141,701	4,320,399
Net Position		
Net Investment in Capital Assets	10,321,249	(1,064,076)
Restricted for:		
Housing Assistance Payments	785,651	-
Other Externally Required Reserves	2,103,733	38,425
Unrestricted	25,521,478	(363,431)
Total Net Position	38,732,111	(1,389,082)
Total Liabilities and Deferred Inflows and Net Position	50,873,812	\$ 2,931,317

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

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See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

	Primary Government	Kerman Acre, Inc.
Operating Revenues		
Rental Revenue	3,608,289	\$ 75,788
Fee Revenue	298,248	-
HUD Grants	43,330,623	-
Other Governmental Grants	1,830,572	30,815
Other Revenue	731,021	3,131
Total Operating Revenues	49,798,753	109,734
Operating Expenses		
Administrative Expense	8,894,131	53,463
Tenant Services Expense	587,452	-
Utilities Expense	1,066,865	3,909
Maintenance & Operations Expense	2,635,242	30,997
Protective Services Expense	33,433	1,109
Insurance Expense	428,823	2,575
General Expense	708,109	7,692
Housing Assistance Payments	35,680,126	-
Depreciation	2,243,938	197,203
Total Operating Expenses	52,278,119	296,948
Operating Income (Loss)	(2,479,366)	(187,214)
Non-Operating Revenues (Expenses)		
Interest Revenue, Unrestricted	1,868	-
Interest Revenue, Restricted	3,153	-
Interest Revenue on Notes Receivable	328,511	-
Interest Expense	(81,538)	(75,530)
Fraud Recovery	15,819	-
Share of Joint Venture Net Income	400,264	-
Loss from Equity Interest in Component Unit	(112,072)	-
Developer Fees	987,060	-
Transfer From/(To) Other Related Entity	(186,864)	-
Gain/(Loss) from Disposal of Capital Assets	133,868	-
Total Non-Operating Revenues	1,490,069	(75,530)
Income (Loss) Before Contributions and Transfers	(989,298)	(262,744)
Capital Contributions	159,853	-
Increase (Decrease) in Net Position	(829,444)	(262,744)
Net Position, Beginning of Year	42,953,509	(1,126,338)
Prior Period Adjustment	(3,391,954)	-
Adjusted Net Position, Beginning of Year	39,561,555	(1,126,338)
Net Position, End of Year	38,732,110	\$ (1,389,082)

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Primary Government</u>
Cash Flows from Operating Activities:	
Cash received from tenants	\$ 3,639,990
Cash received from others	217,727
Cash paid for issuance of notes receivable	(1,082,632)
Repayments received on notes receivable	897,069
Cash paid to employees for services	(4,999,712)
Cash paid to suppliers for goods and services	(7,501,776)
Cash received from operating grants	45,541,180
Cash paid for housing assistance	<u>(35,680,126)</u>
Net cash provided by operating activities	<u>1,031,720</u>
 Cash Flows from Noncapital Financing Activities:	
Developer fees received	987,060
Issuance of notes payable	2,664,794
Principal paid on notes payable to related parties	<u>(1,794,370)</u>
Net cash provided by noncapital financing activities	<u>1,857,484</u>
 Cash Flows From Capital Financing Activities:	
Grants received to acquire/construct capital assets	159,853
Acquisition of capital assets	(3,436,124)
Proceeds from sale of capital assets	137,353
Proceeds from issuance of notes payable	1,250,000
Principal paid on notes payable	(241,869)
Interest paid on notes payable	<u>(29,741)</u>
Net cash used for capital financing activities	<u>(2,160,528)</u>
 Cash Flows From Investing Activities:	
Interest received from investments	1,868
Interest on restricted cash	<u>3,153</u>
Net cash provided by investing activities	<u>5,021</u>
 Net increase (decrease) to cash and cash equivalents	 733,697
Cash and cash equivalents at beginning of year	<u>5,282,350</u>
Cash and cash equivalents at end of year	<u>\$ 6,016,047</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

	<u>Primary Government</u>
Reconciliation of Change in Net Position to Net	
Cash Provided By (Used For) Operating Activities:	
Operating income (loss)	\$ (2,479,366)
Adjustments to reconcile change in net position to net cash provided by (used for) operating activities:	
Depreciation	2,243,938
Changes in joint ventures	400,264
Change in equity interest in component unit	(112,072)
Fraud recovery	15,819
Interest received on notes receivable	328,511
Other expense	(186,864)
(Increase) decrease in accounts receivable - tenants	6,195
(Increase) decrease in accounts receivable - other	(555,686)
(Increase) decrease in due from other governments	357,691
(Increase) decrease in prepaid insurance and other assets	437
(Increase) decrease in interest receivable	(586,677)
(Increase) decrease in notes receivable	72,603
(Increase) decrease in investment in joint ventures	(400,264)
(Increase) decrease in interest in component unit	112,072
Increase (decrease) in deferred outflows	(330,648)
Increase (decrease) in accounts payable - vendors	226,264
Increase (decrease) in due to related parties	13,415
Increase (decrease) in accrued salaries	71,160
Increase (decrease) in accounts payable - other governments	241,256
Increase (decrease) in deferred revenue	(68,992)
Increase (decrease) in other current liabilities	(24,315)
Increase (decrease) in FSS liabilities	22,294
Increase (decrease) in tenant security deposits payable	9,687
Increase (decrease) in compensated absences	(3,489)
Increase (decrease) in pension liability	885,222
Increase (decrease) in deferred inflows	<u>773,265</u>
Net cash provided by operating activities	<u>\$ 1,031,720</u>
Reconciliation of Cash Per Statement of Net Position to Cash Per Statement of Cash Flows:	
Cash and investments	\$ 2,413,671
Restricted cash	<u>3,602,376</u>
Cash at end of year	<u>\$ 6,016,047</u>
Significant noncash transactions:	
Sale of property in exchange for a note receivable	2,377,370

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

(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.

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.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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 Tax Credit Assistance Program funds, Capital Funds, HOME and other grant funds. The general partners of Kerman Acre, L.P., a California Limited Partnership, are Silvercrest Inc., a joint venture of the Agency, Better Opportunities Builder, Inc., a related party of the Agency and The Housing Authority of City of Fresno. 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 Agency has no non-major funds. 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.

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.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

(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 7 for further discussion.

(G) Capital Assets

The Agency's Board of Commissioners adopted a current Fixed Asset Capitalization Policy in 2013. 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 fair market value at the time received. Interest expense incurred during the development period is capitalized.

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

(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, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets, including the interest due on the borrowing (excluding Interfund 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 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.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

(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.

(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 Fresno County Housing Authority. 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, 2014
Measurement Date (MD)	June 30, 2015
Measurement Period (MP)	June 30, 2014 to June 30, 2015

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

(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 two items that qualifies for for reporting in this category. Deferred outflows- pension contributions and deferred outflows- actuarial. Both of these items relate to the recording of the pension liability.

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- actuarial is the net difference between the projected and actual earnings on the Agency’s pension plan investments.

(2) Cash and Investments

Cash and investments held by the Agency at December 31, 2015 are classified as follows in the accompanying Statement of Net Position:

	Primary Government	Kerman Acre, LP.
Cash and investments	\$ 2,413,671	\$ 65,360
Restricted cash	3,602,376	43,607
Total cash and investments	\$ 6,016,047	\$ 108,967

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, 2015 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.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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 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 (such as LAIF).

The Agency executed a "General Depository Agreement" with Bank of the West on September 23, 2009. 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, 2015 \$97,338 of the Agency's deposits held with the California Housing Finance Agency (CHFA) were uncollateralized.

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.

(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.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

Cash held by the California Housing Finance Agency (CHFA) can only be used for major repairs or insurance on the associated project, upon receipt of prior written approval from CHFA. 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.

	Primary Government			Kerman Acre, LP
	Cash Restriction	In Liabilities	In Restricted Net Assets	Cash Restriction
Cash restricted for:				
USDA project reserves	\$ 1,801,755	\$ -	\$ 1,801,755	\$ -
Held in escrow	50,000	-	50,000	-
HAP funding	785,651	-	785,651	-
Capital Fund advances	427,583	427,583	-	-
Tenant security deposits	285,409	285,409	-	5,182
California Office of Migrant Services	154,640	-	154,640	-
California Housing Finance Agency	97,338	-	97,338	-
Other reserves	-	-	-	38,425
	<u>\$ 3,602,376</u>	<u>\$ 712,992</u>	<u>\$ 2,889,384</u>	<u>\$ 43,607</u>

(4) Accounts Receivable

The Agency's accounts receivable consist 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, 2015 consists of the following:

Tenants (net of allowance for doubtful accounts of \$5,844)	\$ 32,271
Total accounts receivable- tenants	<u>\$ 32,271</u>
Due from related party	\$ 1,056,230
Due from HCV landlords	41,959
Other	19,628
Total accounts receivable- other	<u>\$ 1,117,817</u>

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

(5) Due from Other Governments

Due from Other Governments consists of the following:

U.S. Department of HUD	\$ 275,504
Office of Migrant Services	104,424
Housing Authority of the City of Fresno	77,757
U.S. Department of Agriculture	4,182
California Housing Finance Agency	1,124
Other	1,500
Total due from other governments	\$ 464,491

(6) Notes Receivable

The following is a summary of changes in notes receivable as of December 31, 2015:

	Balance 12/31/2014	Additions	Balance 12/31/2015
Related Party:			
Kerman Acre L.P	678,835	-	678,835
Mendota RAD	6,000,000	-	6,000,000
Orange Cove RAD	5,430,000	-	5,430,000
Orange Cove AHP	-	800,000	800,000
Reedley Trailside	-	1,054,766	1,054,766
Reedley Kings River AHP	578,000	-	578,000
Kingsburg Marion Villas AHP	-	450,000	450,000
Total Notes Receivables from Related Party	\$ 12,686,835	\$ 2,304,766	\$ 14,991,601

Kerman Acre, L.P.

On May 16, 2010 Agency entered into a loan agreement with Kerman Acre, L.P., a related party to the Housing Authority of the County of Fresno. 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 balance of the loan due from Kerman Acre, L.P. at December 31, 2015 is \$678,835 with accrued interest of \$258,483.

Mendota RAD

On December 26, 2013 the Agency entered into a loan agreement for \$6,000,000 with Mendota RAD, a related party to the Housing Authority of the County of Fresno. 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 funds available to Mendota RAD.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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 payment shall commence on August 1, 2015 from available Net Cash Flow as defined in the Amended Partnership Agreement. The outstanding balance of two loans at December 31, 2015 is \$6,000,000 with accrued interest of \$191,567.

Orange Cove RAD

On December 20, 2013 the Agency entered into a loan agreement for \$4,430,000 with Orange Cove RAD, a related party to the Housing Authority of the County of Fresno. 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. The outstanding balance of these two loans at December 31, 2015 is \$5,430,000 with accrued interest of \$241,945.

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 balance of the AHP loan at December 31, 2015 is \$800,000, and accrued interest of \$15,344 is recognized in 2016.

Reedley Trailside

On December 1, 2015, the Agency entered into an AHP agreement with Reedley Trailside, LP in the amount of \$540,000. The Loan is secured by a deed of trust on the Project and matures on June 1, 2070. The loan is secured by the project and bears no interest.

On December 3, 2015 the Agency entered into a loan agreement for \$2,210,000 with Reedley Trailside, LP, a related party to the Housing Authority of the County of Fresno. 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.

As of December 31, 2015, \$1,054,766 was drawn on the \$2,210,000 note. The \$1,155,234 balance remained in escrow and is reflected in the Agency's unrestricted cash.

Reedley Kings River Commons

The Agency has entered into a loan agreement with Reedley Kings River Commons, a related party to the Housing Authority of the County of Fresno. 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 balance of the loan due from Reedley Kings River Commons at December 31, 2015 is \$578,000.

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

Kingsburg Marion Villas

On June 1, 2015, the Agency has 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), these funds were in turn loaned to the Kingsburg Marion Villas development. The note bears an interest rate of 3.36% compounded annually and it matures in 55 years. As of December 31, 2015, the outstanding principal balance of the loan is \$450,000.

(7) 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. One property was sold during the year. The value of these properties as of December 31, 2015 is \$345,628.

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HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

(8) Capital Assets

	Balance at 12/31/2014	Additions	Deletions	Transfers	Balance at 12/31/2015
Capital assets not depreciated:					
Land	\$ 1,449,424	\$ -	\$ -	\$ -	\$ 1,449,424
Construction in progress	6,382,731	3,254,165	(2,377,370)	(4,152,017)	3,107,510
Total capital assets not depreciated	7,832,155	3,254,165	(6,529,386)	(4,152,017)	4,556,933
Capital assets being depreciated:					
Buildings & Improvements	65,892,416	-	(3,480)	4,152,017	\$ 70,040,953
Equipment	1,235,284	181,961	(30,561)	-	\$ 1,386,683
Total capital assets being depreciated	67,127,700	4,333,977	(34,041)	4,152,017	71,427,637
Less accumulated depreciation for:					
Buildings	(58,720,706)	(2,124,556)	-	-	\$ (60,845,262)
Equipment	(731,247)	(119,382)	30,561	-	\$ (820,068)
Total accumulated depreciation	(59,451,953)	(2,243,938)	30,561	-	(61,665,330)
Total capital assets being depreciated, net	7,675,747	2,090,039	(3,480)	4,152,017	9,762,307
TOTAL	\$ 15,507,902	\$ 5,344,204	\$ (6,532,866)	\$ -	\$ 14,319,240

(9) Investment in Joint Ventures

Investment in joint ventures as of December 31, 2015 consist of the following:

Joint Venture	Investment
Housing Relinquished Fund Corp	\$ 12,839,154
Silvercrest, Inc.	145,764
Housing Self-Insurance Corp	145,004
Villa Del Mar, Inc.	961
Total investments in joint ventures	\$ 13,130,883

Change in Investment in Joint Venture:

Balance December 31, 2014	\$ 12,730,619
Change in Investment in Joint Venture	400,264
Balance December 31, 2015	\$ 13,130,883

HOUSING AUTHORITY OF FRESNO COUNTY
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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 is comprised of two members each of the City and County Board of Commissioners. The Agency has a 35.26% 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 is comprised of two members each of the City and County Board of Commissioners. The Agency has a 17.61% 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 is comprised of two members each of the City and County 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 is comprised of two members each of the City and County 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.

(10) 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, 2015 the Agency's share of its partners' deficit in the Kerman Acre, L.P. component unit is \$686,504.

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HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

(11) Long-Term Liabilities

Changes in long-term liabilities for the year ended December 31, 2015 are as follows:

	<u>Balance</u> <u>12/31/2014</u>	<u>Additions</u>	<u>Deletions/ Payments</u>	<u>Balance</u> <u>12/31/2015</u>	<u>Due Within one year</u>
Notes payable - non-related parties:					
US Department of Agriculture					
Parlier FLH	\$ 265,490	\$ -	\$ (81,546)	\$ 183,944	\$ 76,795
Mendota FLH	747,978	-	(35,367)	712,611	34,788
Orange Cove FLH	1,967	-	(1,967)	-	-
Parkside CHFA	824,769	-	(122,989)	701,780	133,693
Kingsburg Marion AHP	-	450,000	-	450,000	-
Total due o non-related parties	1,840,204	450,000	(241,869)	2,048,335	245,276
Notes payable - related parties:					
P&CD AHP- Kings River Commons	-	578,000	-	578,000	-
P&CD AHP- Orange Cove RAD	-	800,000	-	800,000	-
P&CD (Pre-development notes) to HRFC	304,371	2,665,651	(1,794,370)	1,175,652	1,175,652
County Section 8 to HRFC	323,185	-	-	323,185	323,185
Office building to HRFC	66,000	-	-	66,000	-
Relinquished Fund to HRFC	455,656	-	(856)	454,800	-
Total due to related parties	1,149,212	4,043,651	(1,795,226)	3,397,637	1,498,837
Other Liabilities:					
Interest Payable- others	19,744	57,052	(5,255)	71,541	48,898
Family Self-Sufficiency	19,276	26,396	(4,102)	41,570	-
Compensated Absences	274,669	347,538	(351,027)	271,180	174,468
Net Pension Liability	2,965,229	909,361	-	3,874,590	-
	3,278,918	1,340,347	(360,384)	4,258,881	223,366
TOTAL	\$ 6,268,334	\$ 5,833,998	\$ (2,397,479)	\$ 9,704,853	\$ 1,967,479

The beginning balance was restated to reflect the pension liability as of the beginning of the year due to the implementation of GASB Statement No. 68.

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

The following is a schedule of debt payment requirements to maturity.

<u>Year Ending December 31</u>	<u>Notes</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,744,113	\$ 46,039	\$ 1,790,152
2017	\$ 257,855	44,321	302,176
2018	\$ 222,871	30,673	253,544
2019	\$ 207,392	16,499	223,891
2020	\$ 129,063	6,052	135,115
2021-2025	\$ 185,564	23,211	208,775
2026-2030	\$ 2,023,030	13,746	2,036,776
2031-2035	\$ 155,283	3,858	159,141
2036-2040	521,657	-	521,657
	<u>\$ 5,446,828</u>	<u>\$ 184,399</u>	<u>\$ 5,631,227</u>

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, 2015 the outstanding balance for all the notes is \$896,555.

Parkside

The Parkside project has two loans with the California Housing Finance Agency (CHFA). 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 balance of the two loans at December 31, 2015 is \$701,780.

Housing Relinquished Fund Corporation (HRFC)

In February 2010, the Agency entered into a promissory note agreement with the HRFC for \$323,185. This is a non interest bearing note payable in full on March 31, 2013 that may be extended until March 31, 2015. The outstanding balance on this note as of December 31, 2015 is \$323,185.

In April 2007, the Agency entered into a promissory note agreement with the HRFC for \$655,656. The note is non-interest bearing and repayment terms are not explicitly stated. The outstanding balance on this note as of December 31, 2015 is \$454,800.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

The Agency entered into various notes with the HRFC for the purpose of development activities. During 2015, the Agency transferred out \$1,794,370 and added \$2,665,651. The notes accrue interest at 5% per annum and are due by the projected completion dates in 2016. As of December 31, 2015, the outstanding balance is \$1,175,652.

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, 2015 is \$66,000.

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 (6) for the Notes Receivable from Kingsburg Marion Villas related to this AHP Loan.

As of December 31, 2015, the principal balance is \$450,000 and accrued interest is \$0.

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 Agency has loaned the proceeds to Kings River Commons, a related party. See Note (6) for the Notes Receivable from Kings River Commons related to this AHP Loan.

As of December 31, 2015 and 2014, the principal balance is \$578,000 and accrued interest is \$0.

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 (6) for the Notes Receivable from Orange Cove RAD related to this AHP Loan.

As of December 31, 2015, the principal balance is \$800,000 and accrued interest is \$0.

Family Self Sufficiency

The Family Self Sufficiency (FSS) program provides supportive services that enable participating low 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, 2015 is \$41,570.

**HOUSING AUTHORITY OF FRESNO COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015**

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. As of December 31, 2015, accrued vacation and vested sick leave have been valued by the Agency at \$271,180.

(12) Due to Other Governments

Due to Other Governments consists of the following:

U.S. Department of HUD	\$ 215,459
Local Municipalities- Payment in Lieu of Taxes	133,278
Office of Migrant Services	44,069
U.S.D.A	950
Total due to other governments	\$ 393,756

(13) Unearned Revenues

Unearned revenues as of December 31, 2015 consist of the following:

Prepaid Annual Contribution	\$ 101,411
Prepaid Rents	35,680
Comcast service contract	33,448
Total unearned revenues	\$ 170,539

(14) 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. 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

(15) Defined Benefit Pension Plan

Plan Descriptions 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.

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 Misc.	Active Misc.	Receiving Misc.
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%

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

Employees Covered

Summary of Valuation Data (Counts)		
	June 30, 2013	June 30, 2014
1. Active Members	104	104
2. Transferred Members	40	37
3. Terminated Members	56	60
4. Retired Members and Beneficiaries	82	84
5. Active to Retired Ratio [(1) / (4)]	1.27	1.24

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. 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.

For the measurement period ending June 30, 2015 (the measurement date), the average active employee contribution rate is 6.25 percent of annual pay, and the average employer's contribution rate is 8.701 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.

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2014 valuation was rolled forward to determine the June 30, 2015 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
Amortization Method/Period	For details, see June 30, 2012 Funding Valuation Report
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3%
Investment Rate of Return	7.65% Net of Pension Plan Investment Expenses, includes Inflation
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the Period from 1997 to 2007.
Mortality Rate Table ¹	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

¹ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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 (Public Employees’ Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	Current Target Allocation	Real Return Years 1 - 10¹	Real Return Years 11+²
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

Pension Plan Fiduciary Net Position

The Plan’s Fiduciary Net Position at June 30, 2015 was \$26,123,819. As of the start of the period, the Net Pension Liability was \$2,965,229.

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

Changes in Net Pension Liability

The Changes in Net Pension Liability for the year ended June 30, 2015 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at: 06/30/2014	29,344,054	26,378,825	2,965,229
Changes Recognized for the Measurement Period			
Service Cost	636,707	-	636,707
Interest on Total Pension Liability	2,162,499	-	2,162,499
Changes of Benefit Terms	-	-	-
Changes of Assumptions	(520,576)	-	(520,576)
Differences between Expected and Actual Experience	(123,455)	-	(123,455)
Plan to Plan Resource Movement	-	-	-
Contributions - Employer	-	343,617	(343,617)
Contributions - Employees	-	339,737	(339,737)
Net Investment Income	-	591,865	(591,865)
Benefit Payments, including Refunds of Employee Contributions	(1,500,820)	(1,500,820)	-
Administrative Expense	-	(29,405)	29,405
Net Changes during 2014-2015	654,355	(255,006)	909,361
Balance at: 06/30/2015	29,998,409	26,123,819	3,874,590

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

	Discount Rate – 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan's Net Pension Liability/ (Asset)	\$7,820,946	\$3,874,590	\$614,027

**HOUSING AUTHORITY OF FRESNO COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015**

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:

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 June 30, 2015 measurement date is 4.1 years, which was obtained by dividing the total service years of 1,169 (the sum of remaining service lifetimes of the active employees) by 285 (the total number of 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.

Deferred Outflows and Deferred Inflows of Resources

As of June 30, 2015, the Housing Authority of Fresno County has deferred outflows and deferred inflows of resources related to pensions listed below.

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Contributions subsequent to the measurement date are also shown as a Deferred Outflow of Resources.

	Deferred Outflows of Resources	Deferred inflows of Resources
Changes of Assumptions	\$ -	\$ 390,164
Differences between Expected and Actual Experiences	41,197	135,233
Pension payments between June 30 and December 31, 2015	289,451	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	247,868
Total	\$ 330,648	\$ 773,265

Pension expense for the current year is \$1,864,382.

The \$289,451 in pension payments between June 30 and December 31, 2015, 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 year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Periods Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2016	\$(334,912)
2017	(334,912)
2018	(329,273)
2019	267,040
2020	-

(16) 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, automobile, fidelity, and officers' liability insurance to participants. Membership was comprised of 90 public housing authorities at December 31, 2015. The relationship between the Authorities and HARRP is such that HARRP is not a component unit of the Agency for financial reporting purposes.

The Agency paid premiums totaling approximately \$120,420 during the year ended December 31, 2015. The loss limits for the various types of insurance varied as follows: \$2,000,000 for property

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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; \$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.

(17) Participation in Related Party Limited Partnerships

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.

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 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.

Net profits or losses of the partnership are allocated 0.005% to each of the two General Partners, Silvercrest Inc. and Mendota RAD AGP, LLC. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the Fresno County, at

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P.O. Box 11985, Fresno, California 93776-1985. See note 6 for descriptions of any related party transactions between the Agency and the partnership.

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.

Net profits or losses of the partnership are allocated 0.005% to each of the two General Partners, Silvercrest Inc. and Orange Cove RAD AGP, LLC. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the Fresno County, at P.O. Box 11985, Fresno, California 93776-1985. See note 6 for descriptions of any related party transactions between the Agency and the partnership.

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.

Net profits or losses of the partnership are allocated 0.005% to each of the two General Partners, Silvercrest Inc. and Kingsburg Marion Villas AGP, LLC. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the Fresno County, at P.O. Box 11985, Fresno, California 93776-1985. See note 6 for descriptions of any related party transactions between the Agency and the partnership.

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Firebaugh Gateway, LP

Firebaugh Gateway, LP was formed to expand the development and availability of long-term senior housing for low income person residing in the City of Firebaugh, 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 Firebaugh, County of Fresno, California, of a 30 unit affordable-housing project for seniors, generally known as Firebaugh Gateway Apartments. The project will begin construction in 2016 and as of December 31, 2015 there is no substantial activity to report.

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 project will begin construction in 2016 and as of December 31, 2015 there is no substantial activity to report.

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 project will begin construction in 2016 and as of December 31, 2015 there is no substantial activity to report.

(18) 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 Chief Financial Officer 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 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 has issued separate financial and compliance audits for 2015. 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. 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

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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.

(19) Interfund and Interagency Activity

The following is a summary of changes in Interfund loans as of December 31, 2015:

	Balance 12/31/14	Additions	Deletions	Balance 12/31/15
Receivables:				
County RF from P&CD	\$ 500,000	-	-	\$ 500,000
Total Receivables	\$500,000	-	-	\$500,000
Payables:				
P&CD to County RF	\$ 500,000	-	-	\$ 500,000
Total Payables	\$500,000	\$ -	\$ -	\$500,000

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

On May 28, 2008, the Authority 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. The outstanding balance of the loan and accrued interest at December 31, 2015 is \$500,000 and \$95,885 respectively.

(20) 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.

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,

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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.

Pension Liability

The Agency is currently researching a potential liability for additional pension expense. Currently details are not clearly defined, and the range of exposure, if any, has not been determined.

(21) Prior Year Restatement

During the year ended December 31, 2015, the Agency made certain adjustments to beginning equity as a result of a change in accounting principles and correction of errors as follows:

Net Position at Beginning of Year, as Previously Reported	\$ 42,953,509
Adjustment to reflect pension liability as of the beginning of the year (implementation of GASB 68)	(2,989,368)
Recognition of FY 2013 note payable to Rabobank for Kings River Reedley AHP. Note proceeds were originally posted to other income.	(578,000)
OMS program fiscal year end change	175,414
Net Position at Beginning of Year, as Restated	\$ 39,561,555

(22) 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.

The Agency has reported the following as restricted net position:

Externally required restrictions:

HUD Housing Assistance Payments	\$ 785,651
Other externally required reserves	2,103,733
Total	\$ 2,889,384

(23) 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.

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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 unit 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.

B. Fixed assets

Fixed assets consist of the following as of December 31:

	Balance at 12/31/2014	Additions	Deletions	Balance at 12/31/2015
Capital assets not being depreciated:				
Land	\$ 119,217	\$ 45	\$ -	\$ 119,262
Total capital assets not being depreciated	<u>119,217</u>	<u>45</u>	<u>-</u>	<u>119,262</u>
Capital assets being depreciated:				
Buildings & Improvements	3,110,840	-	-	3,110,840
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:				
Accum. Depr. - Buildings & Improve.	(400,960)	(164,477)	-	(565,437)
Accum. Depr. - Equipment	(139,085)	(32,726)	-	(171,811)
Total accumulated depreciation	<u>(540,045)</u>	<u>(197,203)</u>	<u>-</u>	<u>(737,248)</u>
Total capital assets being depreciated, net	<u>2,898,054</u>	<u>(197,203)</u>	<u>-</u>	<u>2,700,851</u>
Total capital assets, net	<u>\$3,017,271</u>	<u>\$(197,158)</u>	<u>\$ -</u>	<u>\$2,820,113</u>

Fixed assets and depreciation

Fixed 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.

**HOUSING AUTHORITY OF FRESNO COUNTY
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Depreciation expense under FASB for the year ended December 31, 2015 was \$47,455. Under GASB, depreciation expense is an additional \$149,748 for a total depreciation for the year ended December 31, 2015 of \$197,203.

C. Long Term Liabilities

<u>Kerman Acre, LP</u>	Balance 12/31/14	Additions	Balance 12/31/15
Non-related Parties:			
Kerman Acre TCAC	\$ 2,202,168	\$ -	\$ 2,202,168
Kerman Acre Fresno County	900,000	-	900,000
Total Notes Payable - Non related	3,102,168	-	3,102,168
Related Parties:			
HACF - CFRG loan	678,835	-	678,835
BOB - RHED Loan	103,185	-	103,185
Accrued Interest	188,007	155,502	343,509
Total Long-term liabilities	\$4,072,195	\$155,502	\$4,227,697

Kerman Acre, LP

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. 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. As of December 31, 2015, the outstanding principal balance was \$2,202,168.

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. As of December 31, 2015, the outstanding principal balance was \$900,000.

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 year ended December 31, 2015, property management fees of \$10,111 were incurred.

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

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expires on February 28, 2066. For the year ended December 31, 2015, ground lease expense was \$10, and is included in general and administrative expenses on the statement of operations. As of December 31, 2015, there is 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 years ended December 31, 2015, the partnership management fee with interest was \$2,161, and is included in general partner fees on the statement of revenues & expenses. As of December 31, 2015, the amount owed for Co-General Partner management fee was \$10,194 and 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 December 31, 2015, the partnership management fee with interest was \$21,610 and is included in general partner fees on the statement of revenues & expenses. As of December 31, 2015, the amount owed for Managing General Partner management fee was \$101,935, and 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, 2015 the amount owed was \$47,400.

Due to HACF

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, 2015, the outstanding amount owed to HACF was \$30,654.

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 rental 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. For the year ended December 31, 2015, interest expense was \$63,298. As

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YEAR ENDED DECEMBER 31, 2015

of December 31, 2015, the outstanding principal balance was \$678,835, with accrued interest of \$201,204.

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, 2015, interest expense was \$11,879. As of December 31, 2015, the outstanding principal balance was \$103,185, with accrued interest of \$61,980.

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 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.

REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2015**

**Schedule of Changes in Net Pension Liability and Related Ratios for the Measurement Periods
Ended June 30:**

Measurement Period	<u>2015*</u>	<u>2014*</u>
TOTAL PENSION LIABILITY:		
Service Cost	\$ 636,707	\$ 632,927
Interest on Total Pension Liability	2,162,499	2,076,674
Changes of Assumptions	(520,576)	-
Difference between Expected and Actual Experience	(123,455)	-
Benefit Payments, Including Refunds of Employee Contributions	(1,500,820)	(1,476,137)
Net Change in Total Pension Liability	<u>654,355</u>	<u>1,233,464</u>
Total Pension Liability – Beginning	<u>29,344,053</u>	<u>28,110,589</u>
Total Pension Liability – Ending	<u>\$ 29,998,408</u>	<u>\$ 29,344,053</u>
PLAN FIDUCIARY NET POSITION		
Contributions – Employer	\$ 343,617	\$ 316,377
Contributions – Employee	339,737	310,693
Net Investment Income	591,865	3,967,964
Benefit Payments, Including Refunds of Employee Contributions	(1,500,820)	(1,476,137)
Administrative Expense	(29,405)	-
Net Change in Fiduciary Net Position	<u>(255,006)</u>	<u>3,118,897</u>
Plan Fiduciary Net Position – Beginning	<u>26,378,825</u>	<u>23,259,928</u>
Plan Fiduciary Net Position – Ending	<u>\$ 26,123,819</u>	<u>\$ 26,378,825</u>
Plan Net Pension Liability/(Asset)	<u>\$ 3,874,589</u>	<u>\$ 2,965,228</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>87.08%</u>	<u>89.89%</u>
Covered Employee Payroll	<u>\$ 4,912,678</u>	<u>\$ 4,749,075</u>
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	<u>78.87%</u>	<u>62.44%</u>

**Information is not available for 10 years*

¹Covered-Employee Payroll presented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

**HOUSING AUTHORITY OF FRESNO COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2015**

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

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 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: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

Schedule of Plan Contributions for Year Ended December 31, 2015: ¹

Employer Fiscal Year End	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution ²	\$ 343,617	\$ 316,377
Contributions in Relation to the Actuarially Determined Contribution ²	(343,617)	(316,377)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll ^{3,4}	\$ 4,912,678	\$ 4,749,075
Contributions as a Percentage of Covered-Employee Payroll ³	7.01%	6.69%

¹ As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be determined as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered-Employee Payroll presented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁴ Payroll from prior year \$4,769,591 was assumed to increase by 3.00 percent payroll growth assumption.

**HOUSING AUTHORITY OF FRESNO COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2015**

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Year Ended December 31, 2015 were derived from the June 30, 2012 and June 30, 2013 funding valuation reports.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2012 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50 Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

SUPPLEMENTAL INFORMATION

**HOUSING AUTHORITY OF FRESNO COUNTY
SUPPLEMENTAL INFORMATION
YEAR ENDED DECEMBER 31, 2015**

Schedule of Modernization Costs for Completed Contracts:

<u>Grant Number</u>	<u>Funds Approved</u>	<u>Funds Expended</u>	<u>Excess</u>
CA39P028501-11	\$ 1,885,495	\$ 1,885,495	-
CA39P028501-12	\$ 1,751,395	\$ 1,751,395	-

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Audited/Single Audit FYE 12/31/2015

	Project Total	14,257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10,427 Rural Rental Assistance Payments
111 Cash - Unrestricted	\$1,048,303		\$396,428
112 Cash - Restricted - Modernization and Development	\$427,582		
113 Cash - Other Restricted			\$1,801,755
114 Cash - Tenant Security Deposits	\$149,522		\$43,618
115 Cash - Restricted for Payment of Current Liabilities	\$46,803		
100 Total Cash	\$1,672,210	\$0	\$2,241,801
122 Accounts Receivable - HUD Other Projects	\$200,869		
124 Accounts Receivable - Other Government		\$1,500	\$4,182
125 Accounts Receivable - Miscellaneous		\$0	
126 Accounts Receivable - Tenants	\$21,889		
126.1 Allowance for Doubtful Accounts - Tenants	-\$5,843		
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$216,915	\$1,500	\$4,182
142 Prepaid Expenses and Other Assets			
144 Inter Program Due From	\$1,514,888		\$7,942
145 Assets Held for Sale	\$345,628		
150 Total Current Assets	\$3,749,641	\$1,500	\$2,253,925
161 Land	\$971,922		\$224,412
162 Buildings	\$56,161,203		\$6,440,454
163 Furniture, Equipment & Machinery - Dwellings			
164 Furniture, Equipment & Machinery - Administration	\$483,140		\$4,715
165 Leasehold Improvements	\$48,325		
166 Accumulated Depreciation	-\$48,092,798		-\$5,763,052
167 Construction in Progress	\$2,059,337		
160 Total Capital Assets, Net of Accumulated Depreciation	\$11,631,129	\$0	\$906,529
171 Notes, Loans and Mortgages Receivable - Non-Current	\$1,733,600		
174 Other Assets	\$258,483		
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$13,623,212	\$0	\$906,529
200 Deferred Outflow of Resources	\$65,487		
290 Total Assets and Deferred Outflow of Resources	\$17,438,340	\$1,500	\$3,160,454

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Balance Sheet Summary
Audited/Single Audit FYE 12/31/2015

14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	93.558 Temporary Assistance for Needy Families	Component Unit - Discretely Presented	14.182 N/C S/R Section 8 Programs	State / Local	Business Activities	14.896 PIH Family Self-Sufficiency Program
	\$64,132	\$347	\$65,360	\$3,689	\$277,483	\$305,127	
	\$785,651		\$38,425	\$97,338	\$154,640	\$50,000	
			\$5,182	\$16,467	\$14,770	\$14,229	
\$0	\$849,783	\$347	\$108,967	\$117,494	\$446,893	\$369,356	\$0
\$26,145					\$0		\$40,265
				\$1,123	\$182,181		
	\$82,068					\$300,156	
	\$6,305		\$80	\$6,537	\$3,381	\$0	
	\$0		\$0	\$0	\$0		
\$0	-\$40,108			\$0	\$0	\$0	\$0
						\$104,862	
\$26,145	\$48,265	\$0	\$80	\$7,660	\$185,562	\$405,018	\$40,265
			\$2,158			\$12,141	
\$2,218	\$45,368				\$12,224	\$834,458	
\$28,363	\$943,416	\$347	\$111,205	\$125,154	\$644,679	\$1,620,973	\$40,265
			\$399,796	\$41,254	\$110,118		
			\$2,830,306	\$2,215,364	\$2,639,607	\$999,684	
			\$327,259				
	\$59,742					\$23,806	
	-\$16,094		-\$737,248	\$2,215,364	-\$2,639,607	-\$1,025,544	
					\$379,461	\$668,716	
\$0	\$43,648	\$0	\$2,820,113	\$41,254	\$489,579	\$666,662	\$0
						\$13,758,000	
						\$514,397	
						\$12,444,380	
\$0	\$43,648	\$0	\$2,820,113	\$41,254	\$489,579	\$27,383,439	\$0
	\$102,378				\$10,959	\$24,365	
\$28,363	\$1,089,442	\$347	\$2,931,318	\$166,408	\$1,145,217	\$29,028,777	\$40,265

Housing Authority of Fresno County (CA028)
Entity Wide Balance Sheet Summary
Audited/Single Audit FYE 12/31/2015

	Project Total	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments
312 Accounts Payable <= 90 Days	\$230,793		\$9,531
321 Accrued Wage/Payroll Taxes Payable	\$13,099		\$2,251
322 Accrued Compensated Absences - Current Portion	\$53,957		\$5,985
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs	\$215,458		
333 Accounts Payable - Other Government	\$133,279		\$950
341 Tenant Security Deposits	\$196,325		\$43,054
342 Unearned Revenue	\$24,351		\$2,745
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			\$111,583
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities - Other	\$505		
347 Inter Program - Due To	\$1,435,821	\$126,982	\$98,243
310 Total Current Liabilities	\$2,303,588	\$126,982	\$274,342
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$784,972
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other			
354 Accrued Compensated Absences - Non Current	\$29,342		\$2,820
357 Accrued Pension and OPEB Liabilities	\$767,397		
350 Total Non-Current Liabilities	\$796,739	\$0	\$787,792
300 Total Liabilities	\$3,100,327	\$126,982	\$1,062,134
400 Deferred Inflow of Resources	\$153,152		
508.4 Net Investment in Capital Assets	\$11,631,127		\$9,974
511.4 Restricted Net Position	\$1		\$1,801,755
512.4 Unrestricted Net Position	\$2,553,733	-\$125,482	\$286,591
513 Total Equity - Net Assets / Position	\$14,184,861	-\$125,482	\$2,098,320
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$17,438,340	\$1,500	\$3,160,454

Housing Authority of Fresno County (CA028)

Entity Wide Balance Sheet Summary

Audited/Single Audit FYE 12/31/2015

14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	93.558 Temporary Assistance for Needy Families	Component Unit - Discretely Presented	14.182 N/C S/R Section 8 Programs	State / Local	Business Activities	14.896 PIH Family Self-Sufficiency Program
	\$15,401		\$3,660	\$25,399	\$152,786	\$166,468	
\$653	\$17,081			\$826	\$9,292	\$5,051	
\$1,701	\$9,870			\$323	\$12,393	\$14,619	
			\$61,980			\$48,898	
					\$44,068		
			\$5,182	\$20,665	\$14,770	\$14,858	
	\$101,411		\$570	\$4,275		\$6,746	
				\$133,694			
	\$323,185					\$1,175,652	
			\$77,294	\$50	\$4,904	\$21,600	
			\$5,996				
\$50,613	\$669,743			\$171,145	\$246,148	\$238,923	\$40,265
\$52,967	\$1,136,691	\$0	\$154,682	\$356,377	\$484,361	\$1,692,815	\$40,265
			\$3,884,188	\$568,087		\$2,333,656	
						\$450,000	
	\$41,570		\$281,529	\$25,502		\$93,026	
\$789	\$1,890				\$11,478	\$8,176	
	\$1,199,684				\$128,422	\$285,517	
\$789	\$1,243,144	\$0	\$4,165,717	\$593,589	\$139,900	\$3,170,375	\$0
\$53,756	\$2,379,835	\$0	\$4,320,399	\$949,966	\$624,261	\$4,863,190	\$40,265
	\$239,425				\$25,630	\$56,982	
	\$43,648		-\$1,064,076	-\$660,527	\$489,578	-\$1,666,994	
	\$785,651	\$0	\$38,425	\$97,338	\$154,640	\$50,000	
-\$25,393	-\$2,359,117	\$347	-\$363,430	-\$220,369	-\$148,892	\$25,725,599	\$0
-\$25,393	-\$1,529,818	\$347	-\$1,389,081	-\$783,558	\$495,326	\$24,108,605	\$0
\$28,363	\$1,089,442	\$347	\$2,931,318	\$166,408	\$1,145,217	\$29,028,777	\$40,265

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Audited/Single Audit FYE 12/31/2015

	14,235 Supportive Housing Program	COCC	Subtotal
111 Cash - Unrestricted		\$318,162	\$2,479,031
112 Cash - Restricted - Modernization and Development			\$427,582
113 Cash - Other Restricted			\$2,927,809
114 Cash - Tenant Security Deposits			\$243,788
115 Cash - Restricted for Payment of Current Liabilities			\$46,803
100 Total Cash	\$0	\$318,162	\$6,125,013
122 Accounts Receivable - HUD Other Projects	\$8,226		\$275,505
124 Accounts Receivable - Other Government			\$188,986
125 Accounts Receivable - Miscellaneous		\$775,702	\$1,157,926
126 Accounts Receivable - Tenants			\$38,192
126.1 Allowance for Doubtful Accounts -Tenants			-\$5,843
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	-\$40,108
129 Accrued Interest Receivable			\$104,862
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$8,226	\$775,702	\$1,719,520
142 Prepaid Expenses and Other Assets		\$17,692	\$31,991
144 Inter Program Due From		\$681,056	\$3,098,154
145 Assets Held for Sale			\$345,628
150 Total Current Assets	\$8,226	\$1,792,612	\$11,320,306
161 Land		\$138,955	\$1,886,457
162 Buildings		\$1,547,404	\$72,834,022
163 Furniture, Equipment & Machinery - Dwellings			\$327,259
164 Furniture, Equipment & Machinery - Administration		\$766,956	\$1,338,359
165 Leasehold Improvements			\$48,325
166 Accumulated Depreciation		-\$1,912,873	-\$62,402,580
167 Construction in Progress			\$3,107,514
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$540,442	\$17,139,356
171 Notes, Loans and Mortgages Receivable - Non-Current			\$15,491,600
174 Other Assets		\$0	\$772,880
176 Investments in Joint Ventures			\$12,444,380
180 Total Non-Current Assets	\$0	\$540,442	\$45,848,216
200 Deferred Outflow of Resources		\$127,458	\$330,647
290 Total Assets and Deferred Outflow of Resources	\$8,226	\$2,460,512	\$57,499,169

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Audited/Single Audit FYE 12/31/2015

ELIM	Total					
	\$2,479,031					
	\$427,582					
	\$2,927,809					
	\$243,788					
	\$46,803					
\$0	\$6,125,013					
	\$275,505					
	\$188,986					
	\$1,157,926					
	\$38,192					
	-\$5,843					
	-\$40,108					
-\$15,000	\$89,862					
-\$15,000	\$1,704,520					
	\$31,991					
-\$3,098,155	-\$1					
	\$345,628					
-\$3,113,155	\$8,207,151					
	\$1,886,457					
	\$72,834,022					
	\$327,259					
	\$1,338,359					
	\$48,325					
	-\$62,402,580					
	\$3,107,514					
\$0	\$17,139,356					
-\$500,000	\$14,991,600					
-\$80,885	\$691,995					
	\$12,444,380					
-\$580,885	\$45,267,331					
	\$330,647					
-\$3,694,040	\$53,805,129					

Housing Authority of Fresno County (CA028)
Entity Wide Balance Sheet Summary
Audited/Single Audit FYE 12/31/2015

	14.235 Supportive Housing Program	COCC	Subtotal
312 Accounts Payable <= 90 Days		\$80,144	\$684,182
321 Accrued Wage/Payroll Taxes Payable	\$24	\$26,815	\$75,092
322 Accrued Compensated Absences - Current Portion		\$75,619	\$174,467
325 Accrued Interest Payable			\$110,878
331 Accounts Payable - HUD PHA Programs			\$215,458
333 Accounts Payable - Other Government			\$178,297
341 Tenant Security Deposits			\$294,854
342 Unearned Revenue		\$32,730	\$172,828
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			\$245,277
344 Current Portion of Long-term Debt - Operating Borrowings			\$1,498,837
345 Other Current Liabilities		\$26,938	\$130,786
346 Accrued Liabilities - Other			\$6,501
347 Inter Program - Due To	\$20,272		\$3,098,155
310 Total Current Liabilities	\$20,296	\$242,246	\$6,885,612
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$66,000	\$7,636,903
352 Long-term Debt, Net of Current - Operating Borrowings			\$450,000
353 Non-current Liabilities - Other			\$441,627
354 Accrued Compensated Absences - Non Current		\$42,218	\$96,713
357 Accrued Pension and OPEB Liabilities		\$1,493,571	\$3,874,591
350 Total Non-Current Liabilities	\$0	\$1,601,789	\$12,499,834
300 Total Liabilities	\$20,296	\$1,844,035	\$19,385,446
400 Deferred Inflow of Resources		\$298,077	\$773,266
508.4 Net Investment in Capital Assets		\$474,442	\$9,257,172
511.4 Restricted Net Position			\$2,927,810
512.4 Unrestricted Net Position	-\$12,070	-\$156,042	\$25,155,475
513 Total Equity - Net Assets / Position	-\$12,070	\$318,400	\$37,340,457
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$8,226	\$2,460,512	\$57,499,169

Housing Authority of Fresno County (CA028)
Entity Wide Balance Sheet Summary
Audited/Single Audit FYE 12/31/2015

ELIM	Total					
	\$684,182					
	\$75,092					
	\$174,467					
	\$110,878					
	\$215,458					
	\$178,297					
	\$294,854					
	\$172,828					
	\$245,277					
	\$1,498,837					
	\$130,786					
	\$6,501					
-\$3,098,155	\$0					
-\$3,098,155	\$3,787,457					
-\$500,000	\$7,136,903					
	\$450,000					
-\$95,885	\$345,742					
	\$96,713					
	\$3,874,591					
-\$595,885	\$11,903,949					
-\$3,694,040	\$15,691,406					
	\$773,266					
	\$9,257,172					
	\$2,927,810					
	\$25,155,475					
\$0	\$37,340,457					
-\$3,694,040	\$53,805,129					

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015

	Project Total	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments
70300 Net Tenant Rental Revenue	\$2,405,395		\$632,072
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$2,405,395	\$0	\$632,072
70600 HUD PHA Operating Grants	\$3,290,045		
70610 Capital Grants	\$159,853		
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants	\$499		\$158,255
71100 Investment Income - Unrestricted			\$33
71200 Mortgage Interest Income	\$122,629		
71300 Proceeds from Disposition of Assets Held for Sale			
71400 Fraud Recovery			
71500 Other Revenue	\$89,188	\$0	\$34,399
72000 Investment Income - Restricted			\$1,445
70000 Total Revenue	\$6,067,609	\$0	\$826,204
91100 Administrative Salaries	\$506,689		\$88,776
91200 Auditing Fees	\$3,907		\$455
91300 Management Fee	\$587,250		\$45,000
91310 Book-keeping Fee	\$65,048		
91400 Advertising and Marketing	\$1,715		\$1,012
91500 Employee Benefit contributions - Administrative	\$662,869		\$23,994
91600 Office Expenses	\$98,422		\$5,577
91700 Legal Expense	\$19,846		\$672
91800 Travel	\$1,521		
91900 Other	\$1,041		\$35,091
91000 Total Operating - Administrative	\$1,948,308	\$0	\$200,577
92000 Asset Management Fee	\$75,600		
92400 Tenant Services - Other	\$564,847		
92500 Total Tenant Services	\$564,847	\$0	\$0
93100 Water	\$242,699		\$35,134
93200 Electricity	\$74,295		\$2,427
93300 Gas	\$32,740		\$380
93600 Sewer	\$161,083		
93700 Employee Benefit Contributions - Utilities	\$129,178		\$19,754
93000 Total Utilities	\$639,995	\$0	\$57,695

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Audited/Single Audit FYE 12/31/2015

14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	93.558 Temporary Assistance for Needy Families	Component Unit - Discretely Presented	14.182 N/C S/R Section 8 Programs	State / Local	Business Activities	14.896 PIH Family Self-Sufficiency Program
			\$75,788	\$185,415	\$205,980	\$179,429	
	\$79						
\$0	\$79	\$0	\$75,788	\$185,415	\$205,980	\$179,429	\$0
\$83,940	\$39,855,254				\$0		\$62,544
			\$30,815	\$251,121	\$1,417,821		
	\$13			\$20		\$15,000	
						\$205,881	
					\$0	\$133,868	
	\$15,819						
	\$378		\$3,131	\$3,064	\$15,189	\$1,658,787	
	\$1,459			\$216	\$32		
\$83,940	\$39,873,002	\$0	\$109,734	\$439,836	\$1,639,022	\$2,192,965	\$62,544
\$55,207	\$1,345,526		\$11,911	\$22,966	\$83,358	\$332,007	\$39,891
\$85	\$33,939		\$7,500	\$6,308	\$14,223	\$603	
	\$813,768			\$20,856	\$25,851	\$20	
	\$508,605						
	\$255			\$19		\$13	
\$18,540	\$736,772		\$3,026	\$9,604	\$63,628	\$196,164	\$14,761
\$395	\$72,744		\$3,198	\$1,345	\$298,180	\$10,797	
	\$6,958		\$49	\$3,667	\$49	\$6,848	
\$1,634	\$10,956				\$17,059	\$11,707	
\$22,900	\$487,535		\$27,779	\$18,098	\$50,344	\$217,720	\$3,551
\$98,761	\$4,017,058	\$0	\$53,463	\$82,863	\$552,692	\$775,879	\$58,203
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
			\$1,354	\$26,598	\$70,468	\$14,304	
			\$2,178	\$1,633	\$70,399	\$5,007	
			\$56	\$726	\$13,692	\$66	
			\$320	\$18,500	\$70,316	\$19,105	
\$0	\$0	\$0	\$3,908	\$47,457	\$224,875	\$38,482	\$0

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015

	Project Total	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments
94100 Ordinary Maintenance and Operations - Labor	\$388,982		\$67,783
94200 Ordinary Maintenance and Operations - Materials and Other	\$308,243	\$186	\$56,591
94300 Ordinary Maintenance and Operations Contracts	\$743,149		\$73,874
94500 Employee Benefit Contributions - Ordinary Maintenance	\$31,489		\$18,577
94000 Total Maintenance	\$1,471,863	\$186	\$216,825
95100 Protective Services - Labor	\$2,330		
95200 Protective Services - Other Contract Costs	\$9,476		\$3,000
95000 Total Protective Services	\$11,806	\$0	\$3,000
96110 Property Insurance	\$52,368		\$10,122
96120 Liability Insurance	\$10,134		\$1,027
96130 Workmen's Compensation	\$109,967		\$20,339
96140 All Other Insurance	\$33,110		\$2,829
96100 Total insurance Premiums	\$205,579	\$0	\$34,317
96200 Other General Expenses	\$146,463	\$11,726	\$8
96210 Compensated Absences	\$95,566		\$18,748
96300 Payments in Lieu of Taxes	\$163,444		
96400 Bad debt - Tenant Rents	\$21,918		\$1,238
96800 Severance Expense			
96000 Total Other General Expenses	\$427,391	\$11,726	\$19,994
96720 Interest on Notes Payable (Short and Long Term)			\$8,694
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$8,694
96900 Total Operating Expenses	\$5,345,389	\$11,912	\$541,102
97000 Excess of Operating Revenue over Operating Expenses	\$722,220	-\$11,912	\$285,102
97100 Extraordinary Maintenance	\$13,216		
97300 Housing Assistance Payments			
97400 Depreciation Expense	\$1,922,723		\$163,836
90000 Total Expenses	\$7,281,328	\$11,912	\$704,938
10010 Operating Transfer In	\$359,489		
10020 Operating transfer Out	-\$359,485		
10091 Inter Project Excess Cash Transfer In	\$200,000		
10092 Inter Project Excess Cash Transfer Out	-\$200,000		
10100 Total Other financing Sources (Uses)	\$4	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$1,213,715	-\$11,912	\$121,266

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015

14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	93.558 Temporary Assistance for Needy Families	Component Unit - Discretely Presented	14.182 N/C S/R Section 8 Programs	State / Local	Business Activities	14.896 PIH Family Self-Sufficiency Program
	\$14,799		\$5,984	\$41,440	\$94,006	\$1,235	
	\$11,808		\$6,834	\$49,817	\$118,261	\$10,712	
\$452	\$45,552		\$16,659	\$81,174	\$79,342	\$45,977	
	\$3,636		\$1,520	\$17,330	\$39,836	\$451	
\$452	\$75,795	\$0	\$30,997	\$189,761	\$331,445	\$58,375	\$0
			\$1,109	\$455	\$983		
\$0	\$0	\$0	\$1,109	\$455	\$983	\$0	\$0
			\$358	\$5,730	\$11,332	\$3,250	
				\$914	\$1,921	\$629	
\$2,415	\$40,864		\$1,696	\$11,058	\$22,619	\$6,886	\$741
\$515	\$12,418		\$521	\$1,182	\$2,680	\$3,659	
\$2,930	\$53,282	\$0	\$2,575	\$18,884	\$38,552	\$14,424	\$741
\$1,278	\$26,637		\$6,343	\$1,686	\$179,476	\$7,013	
\$5,912	\$144,642		\$1,349	\$7,015	\$13,511	\$37,817	\$3,600
				\$6	\$632	\$209	
	\$8,750						
\$7,190	\$180,029	\$0	\$7,692	\$8,707	\$193,619	\$45,039	\$3,600
			\$75,530	\$61,038		\$15,000	
\$0	\$0	\$0	\$75,530	\$61,038	\$0	\$15,000	\$0
\$109,333	\$4,326,164	\$0	\$175,274	\$409,165	\$1,342,166	\$947,199	\$62,544
-\$25,393	\$35,546,838	\$0	-\$65,540	\$30,671	\$296,856	\$1,245,766	\$0
	\$35,296,509				\$383,617		
	\$4,952		\$197,203			\$8,628	
\$109,333	\$39,627,625	\$0	\$372,477	\$409,165	\$1,725,783	\$955,827	\$62,544
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
-\$25,393	\$245,377	\$0	-\$262,743	\$30,671	-\$86,761	\$1,237,138	\$0

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015

	Project Total	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments
11020 Required Annual Debt Principal Payments	\$0	\$0	\$111,583
11030 Beginning Equity	\$15,990,645	-\$113,570	\$1,977,054
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$592,069		
11050 Changes in Compensated Absence Balance			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	8892		1560
11210 Number of Unit Months Leased	8673		1424
11270 Excess Cash	\$229,605		
11640 Furniture & Equipment - Administrative Purchases	\$53,048		

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015

14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	93.558 Temporary Assistance for Needy Families	Component Unit - Discretely Presented	14.182 N/C S/R Section 8 Programs	State / Local	Business Activities	14.896 PIH Family Self-Sufficiency Program
\$0	\$0	\$0	\$0	\$133,693	\$0	\$0	\$0
\$0	-\$849,601	\$347	-\$1,126,338	-\$814,229	\$492,104	\$23,856,617	\$0
	-\$925,594				\$89,983	-\$985,150	
	-\$2,315,339						
	\$785,521						
	67824		192	600	0	408	
	67814		192	579	0	406	

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015

	14.235 Supportive Housing Program	COCC	Subtotal
70300 Net Tenant Rental Revenue			\$3,684,079
70400 Tenant Revenue - Other			\$79
70500 Total Tenant Revenue	\$0	\$0	\$3,684,158
70600 HUD PHA Operating Grants	\$38,839		\$43,330,622
70610 Capital Grants			\$159,853
70710 Management Fee		\$1,472,064	\$1,472,064
70720 Asset Management Fee		\$75,600	\$75,600
70730 Book Keeping Fee		\$573,656	\$573,656
70740 Front Line Service Fee			
70750 Other Fees		\$298,248	\$298,248
70700 Total Fee Revenue		\$2,419,568	\$2,419,568
70800 Other Government Grants	\$2,876		\$1,861,387
71100 Investment Income - Unrestricted		\$1,803	\$16,869
71200 Mortgage Interest Income			\$328,510
71300 Proceeds from Disposition of Assets Held for Sale			\$133,868
71400 Fraud Recovery			\$15,819
71500 Other Revenue		\$1,216,038	\$3,020,174
72000 Investment Income - Restricted			\$3,152
70000 Total Revenue	\$41,715	\$3,637,409	\$54,973,980
91100 Administrative Salaries	\$18,067	\$1,432,535	\$3,936,933
91200 Auditing Fees	\$17	\$18,498	\$85,535
91300 Management Fee			\$1,492,745
91310 Book-keeping Fee			\$573,653
91400 Advertising and Marketing		\$7,037	\$10,051
91500 Employee Benefit contributions - Administrative	\$3,400	\$897,710	\$2,630,468
91600 Office Expenses	\$300	\$172,940	\$663,898
91700 Legal Expense		\$114,063	\$152,152
91800 Travel		\$55,227	\$98,104
91900 Other	\$3,731	\$912,967	\$1,780,757
91000 Total Operating - Administrative	\$25,515	\$3,610,977	\$11,424,296
92000 Asset Management Fee			\$75,600
92400 Tenant Services - Other		\$22,607	\$587,454
92500 Total Tenant Services	\$0	\$22,607	\$587,454
93100 Water		\$994	\$391,551
93200 Electricity		\$54,020	\$209,959
93300 Gas		\$2,639	\$50,299
93600 Sewer			\$269,324
93700 Employee Benefit Contributions - Utilities		\$705	\$149,637
93000 Total Utilities	\$0	\$58,358	\$1,070,770

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015

ELIM	Total					
	\$3,684,079					
	\$79					
\$0	\$3,684,158					
	\$43,330,622					
	\$159,853					
-\$1,472,064	\$0					
-\$75,600	\$0					
-\$573,656	\$0					
	\$298,248					
-\$2,121,320	\$298,248					
	\$1,861,387					
-\$15,000	\$1,869					
	\$328,510					
	\$133,868					
	\$15,819					
-\$999,124	\$2,021,050					
	\$3,152					
-\$3,135,444	\$51,838,536					
	\$3,936,933					
	\$85,535					
-\$1,472,064	\$20,681					
-\$573,656	-\$3					
	\$10,051					
	\$2,630,468					
	\$663,898					
	\$152,152					
-\$32,271	\$65,833					
-\$398,711	\$1,382,046					
-\$2,476,702	\$8,947,594					
-\$75,600	\$0					
	\$587,454					
\$0	\$587,454					
	\$391,551					
	\$209,959					
	\$50,299					
	\$269,324					
	\$149,637					
\$0	\$1,070,770					

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015

	14.235 Supportive Housing Program	COCC	Subtotal
94100 Ordinary Maintenance and Operations - Labor		\$290	\$614,519
94200 Ordinary Maintenance and Operations - Materials and Other		\$73,364	\$635,816
94300 Ordinary Maintenance and Operations Contracts	\$473	\$203,196	\$1,289,848
94500 Employee Benefit Contributions - Ordinary Maintenance			\$112,839
94000 Total Maintenance	\$473	\$276,850	\$2,653,022
95100 Protective Services - Labor			\$2,330
95200 Protective Services - Other Contract Costs		\$18,908	\$33,931
95000 Total Protective Services	\$0	\$18,908	\$36,261
96110 Property Insurance		\$2,283	\$85,443
96120 Liability Insurance		\$442	\$15,067
96130 Workmen's Compensation	\$315	\$44,148	\$261,048
96140 All Other Insurance	\$82	\$12,844	\$69,840
96100 Total insurance Premiums	\$397	\$59,717	\$431,398
96200 Other General Expenses		\$221,451	\$602,081
96210 Compensated Absences	\$303	\$141,959	\$470,422
96300 Payments in Lieu of Taxes			\$163,444
96400 Bad debt - Tenant Rents			\$24,003
96800 Severance Expense		\$27,821	\$36,571
96000 Total Other General Expenses	\$303	\$391,231	\$1,296,521
96720 Interest on Notes Payable (Short and Long Term)		\$11,806	\$172,068
96700 Total Interest Expense and Amortization Cost	\$0	\$11,806	\$172,068
96900 Total Operating Expenses	\$26,688	\$4,450,454	\$17,747,390
97000 Excess of Operating Revenue over Operating Expenses	\$15,027	-\$813,045	\$37,226,590
97100 Extraordinary Maintenance			\$13,216
97300 Housing Assistance Payments			\$35,680,126
97400 Depreciation Expense		\$143,800	\$2,441,142
90000 Total Expenses	\$26,688	\$4,594,254	\$55,881,874
10010 Operating Transfer In			\$359,489
10020 Operating transfer Out			-\$359,485
10091 Inter Project Excess Cash Transfer In			\$200,000
10092 Inter Project Excess Cash Transfer Out			-\$200,000
10100 Total Other financing Sources (Uses)	\$0	\$0	\$4
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$15,027	-\$956,845	-\$907,890

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015

ELIM	Total					
	\$614,519					
	\$635,816					
	\$1,289,848					
	\$112,839					
\$0	\$2,653,022					
	\$2,330					
	\$33,931					
\$0	\$36,261					
	\$85,443					
	\$15,067					
	\$261,048					
	\$69,840					
\$0	\$431,398					
-\$568,142	\$33,939					
	\$470,422					
	\$163,444					
	\$24,003					
	\$36,571					
-\$568,142	\$728,379					
-\$15,000	\$157,068					
-\$15,000	\$157,068					
-\$3,135,444	\$14,611,946					
\$0	\$37,226,590					
	\$13,216					
	\$35,680,126					
	\$2,441,142					
-\$3,135,444	\$52,746,430					
	\$359,489					
	-\$359,485					
	\$200,000					
	-\$200,000					
\$0	\$4					
\$0	-\$907,890					

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015

	14.235 Supportive Housing Program	COCC	Subtotal
11020 Required Annual Debt Principal Payments	\$0	\$0	\$245,276
11030 Beginning Equity	\$0	\$2,414,136	\$41,827,165
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$27,097	-\$1,138,891	-\$3,578,818
11050 Changes in Compensated Absence Balance			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			-\$2,315,339
11180 Housing Assistance Payments Equity			\$785,521
11190 Unit Months Available			79476
11210 Number of Unit Months Leased			79088
11270 Excess Cash			\$229,605
11640 Furniture & Equipment - Administrative Purchases		\$186,893	\$239,941

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015

ELIM	Total					
	\$245,276					
	\$41,827,165					
	-\$3,578,818					
	-\$2,315,339					
	\$785,521					
	79476					
	79088					
	\$229,605					
	\$239,941					

SINGLE AUDIT REPORTS AND RELATED SCHEDULES

Board of Commissioners
Housing Authority of Fresno County
Fresno, California

**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

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, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 16, 2016.

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.

A handwritten signature in blue ink that reads "Danie Fan" followed by a stylized monogram or initials.

Irvine, California
September 16, 2016

Board of Commissioners
Housing Authority of Fresno County
Fresno, California

**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

Report on Compliance for Each Major Program

We have audited the Housing Authority of Fresno County's (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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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, 2015.

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.

Board of Commissioners
Housing Authority of Fresno County
Page three

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, 2015, and have issued our report thereon dated September 16, 2016. 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 that reads "Danie Fan" followed by a stylized set of initials "LF".

Irvine, California
September 16, 2016

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**HOUSING AUTHORITY OF FRESNO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015**

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		\$ 158,255
Farm labor housing Loans and Grants (loans)	10.405		896,555
Subtotal - Department of Agriculture			1,054,810
Department of Housing and Urban Development:			
Direct Assistance:			
Special Needs Assistance (SNAP)	14.261		38,839
Public and Indian Housing	14.850	Contract # SF-170	2,930,607
Public Housing Family Self-Sufficiency Under Resident Opportunity and Supportive Services	14.870	CA006RFS015A007	83,940
Section 8 Housing Voucher Program	14.871	Contract # SF-472	39,855,254
Section 8 Family Self-Sufficiency	14.896		62,544
Public Housing Capital Funds Program	14.872	Contract # SF-170	519,293
Subtotal - HUD Direct Assistance			43,490,477
Passed through the State of California Housing Finance Agency:			
Section 8 New Construction and Sub Rehab	14.182		251,121
Subtotal - U.S. Department of Housing and Urban Development			43,741,598
Total expenditures of federal awards			\$ 44,796,407

See accompanying notes to the schedule of expenditures of federal awards

HOUSING AUTHORITY OF FRESNO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015

(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 (Authority) 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 Authority 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.

(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) Sub-recipients

During the fiscal year ended December 31, 2015 the Authority disbursed no federal funds to sub-recipients.

(d) U.S. Department of Agriculture Notes

The Authority 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 beginning on January 6, 2014 and ending on April 2, 2035. At December 31, 2015 the outstanding balance for all the notes is \$896,555.

**HOUSING AUTHORITY OF FRESNO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015**

(A) Summary of Auditor's Results

1. An unmodified report was issued by the auditors on the financial statements of the auditee.
2. No material weaknesses and no significant deficiencies in internal control over financial reporting based on our audit of the financial statements of the auditee were reported.
3. The audit reported no noncompliance which is material to the financial statements of the auditee.
4. No material weaknesses or significant deficiencies in internal control over major programs of the auditee were reported.
5. An unmodified report was issued by the auditors on compliance for major programs.
6. The audit disclosed no audit findings required by the auditors to be reported under section 200.516 of the Uniform Guidance.
7. The major programs of the auditee were:
 - CFDA No. 10.405 U.S. Department of Agriculture - Farm Labor Housing Loans and Grants
 - CFDA No. 14.871 U.S. Department of Housing and Urban Development – Section 8 Housing Choice Vouchers
8. The dollar threshold used to distinguish Type A and Type B programs was \$1,343,892.
9. The Authority was not considered to be a low risk auditee for the year ended December 31, 2015 for purposes of major program determination.

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

There were no auditors' findings required to be reported in accordance with GAGAS.

(C) Findings and Questioned Costs for Federal Awards

There were no auditors' 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, 2015**

There were no audit findings identified in the prior year audit report requiring follow up.

**HOUSING AUTHORITY
OF THE CITY OF FRESNO**

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2015
(Including Auditors' Report Thereon)

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HOUSING AUTHORITY OF THE CITY OF FRESNO
Fresno, California

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Board of Commissioners
Housing Authority of the City of Fresno
Fresno, California

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Fresno, California, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which comprise the Agency'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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Fresno, California, as of December 31, 2015, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described further in note 16 to the financial statements, during the year ended December 31, 2015 the entity implemented Governmental Accounting Standards Board (GASB) Statement No. 68. The financial statements also reflect other certain prior period adjustment as described further in Note 23 to the financial statements. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *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 comprise the Housing Authority of the City of Fresno's basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the 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. Further, the Schedule of Actual Modernization Cost Certificates is presented for additional analyses in accordance with filing requirements with the U.S. Department of Housing and Urban Development.

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 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 September 16, 2016 on our consideration of the Housing Authority of the City of Fresno'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* in considering the Housing Authority of the City of Fresno's internal control over financial reporting and compliance.

Irvine, California
September 16, 2016

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**Housing Authority of the City of Fresno
Management's Discussion and Analysis
December 31, 2015**

Introduction

This narrative overview and analysis of the Housing Authority of the City of Fresno's (the "Agency") performance through December 31, 2015 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.

As required under U.S. generally accepted accounting principles (GAAP), the Agency uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation, are recognized in the period in which they are incurred. GAAP also requires the inclusion of three basic financial statements: the statement of net position (the balance sheet); the statement of revenues, expenses and changes in net position (the income statement); and the statement of cash flows. All assets and liabilities associated with the operation of the Agency are included in the statement of net position. In addition, GAAP requires the inclusion of this management's discussion and analysis (MD&A) section as required supplementary information.

The management's discussion and analysis is presented in conformance with the Government Accounting Standards Board (GASB) financial reporting model as set forth in GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments, as amended by GASB Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus.

Agency Overview

The Housing Authority of the City of Fresno was established in 1940 to provide affordable housing for low-income residents of the City of Fresno, California. The Authority was founded under the Health and Safety Code of the State of California and the United States Housing Act of 1937, and is governed by a seven-member Board of Commissioners appointed by the Mayor the City of Fresno. The Agency's primary source of funding is from the federal Department of Housing and Urban Development (HUD). HUD has a direct responsibility for administering Housing Programs under the United States Housing Act of 1937.

The Agency's mission is to create and sustain vibrant communities throughout Fresno. This mission is accomplished by administering a number of programs, including the Low Rent Public

Housing Program and the Section 8 Housing Choice Voucher Program. The Agency has established various instrumentalities and affiliates to partner and develop housing opportunities for over 50,000 of Fresno's lowest-income families, elderly, Veterans, and persons with disabilities. As the City's largest provider of affordable housing, the Agency recognizes that it takes tremendous amount of support to help people make a home and engage residents in building vibrant communities.

Significant Programs

Housing Choice Voucher. The Housing Choice Voucher program is designed to assist low-income families pay rent at an approved rental unit. Participants pay 30% of their adjusted gross income to the landlord for rent and the balance is paid by the Housing Assistance Payments (HAP) the Agency receives from HUD. Over 5,900 private owners of rental properties participate in the Housing Choice Voucher program, and the Agency has over 6,400 families participating in the program.

Low Rent Public Housing. The Agency's Public Housing Program includes approximately 600 public housing units scattered throughout the City of Fresno. Residents pay 30% of their adjusted gross income to the Agency as rent and HUD subsidizes the balance using a formula which HUD considers adequate to manage and maintain each property.

Public Housing Capital Fund. The Agency administers HUD's Capital Fund Program (CFP) which provides funding for modernization and improvement, new construction, and the development of public housing. Each year HUD establishes a new grant and publishes the amount awarded that can be expended over a period not to exceed four years.

Other Programs:

- CalHFA Section 8 New Construction
- USDA Farm Labor Housing
- Fresno County Emergency Housing
- Permanent Supportive Housing
- Shelter Plus Care
- Mainstream Voucher
- Resident Opportunities and Self Sufficiency
- Affordable Housing
- Low-Income Housing Tax Credit
- Special Needs Assistance
- Homeless Management Information Systems
- Resident Services

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 (85% of total operating revenue). In fiscal year 2015, the federal government operated under a Continuing Resolution that expired on December 11, 2014. On that date, the House then passed the Consolidated and Further Continuing Appropriations Act, 2015, to fund the federal government through October 2015. In anticipation of possible sequestration or a reduction in funding, the Authority placed in practice a plan to streamline Agency operations and reduce costs by eliminating non-essential expenditures. While a majority of the HUD funding was restored in 2015, there was, and 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.

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, and in some cases, possibly serve more low-income clients. The Agency has implemented several measures to reduce staffing costs by changing our business practices to gain efficiencies while minimizing reductions in services. As a result, the Agency is better poised to weather additional funding cuts without further capacity reductions.

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. While the partial return to normalcy in federal budget and appropriation levels was welcome, it will be short-term unless Congress acts to again moderate the impact of sequestration cuts. With the change in the composition of Congress where Republicans hold a majority in both Houses in 2015, it is unlikely that sequestration will be abandoned all together. More than likely, reductions in non-defense discretionary funding will accelerate in the Republican House and Senate plans that call for further reducing the deficit, and balancing the budget. While the federal budget prospects are uncertain and generally negative for future discretionary domestic spending, including housing programs, politics of both Presidential and Congressional elections in 2016 will ultimately dictate the outcomes for the Federal Budget decisions over the next four years.

While we acknowledge the aforementioned challenges and face these 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.

Overview of the Basic Financial Statements

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

- Financial Statements, including:
 - Statement of Net Position;
 - Statement of Revenues, Expenses and Changes in Net Position, and;
 - 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, 2015 and 2014. 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** provides 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 Principles, 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:

<u>ASSETS</u>	2015	2014	Increase/ (Decrease)	% Change
Current assets	\$ 9,322,580	\$ 7,441,063	\$ 1,881,517	22%
Restricted assets	2,916,738	2,362,800	553,938	23%
Capital assets, net	21,375,560	21,950,301	(574,741)	-3%
Other assets	60,464,216	60,429,769	34,447	0%
Deferred Outflows	327,741	-	327,741	0%
Total Assets	94,406,835	92,183,933	2,222,902	2%
<u>LIABILITIES</u>				
Current liabilities	5,801,024	5,463,393	337,631	6%
Non-current liabilities	17,956,317	14,604,557	3,351,760	23%
Deferred Inflows	766,467	-	766,467	0%
Total liabilities	24,523,808	20,067,950	4,455,858	22%
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	5,535,262	6,028,575	(493,313)	-8%
Restricted	2,646,373	2,079,758	566,615	-27%
Unrestricted	61,701,392	64,007,650	(2,306,258)	-4%
Total Net Position	69,883,027	72,115,983	(2,232,956)	-3%
Total Liabilities and Net Position	\$ 94,406,835	\$ 92,183,933	\$ 2,222,902	2%

Total assets of the Agency at December 31, 2015 and 2014 amounted to \$94.4 million and \$92.2 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, 2014 to December 31, 2015 were increases in current assets, specifically in interest receivable, due from other governments and assets held for sale. The changes in interest receivable are attributable to increases in loan activity to related parties. The amount due from other governments includes grant funds from local partners that weren't received by December 31, 2015, but will be received in 2016. Assets held for sale have increase since 2014 as Agency-owned single family assets become available for sale.

Total liabilities of the Agency were \$24.5 million and \$20.1 million at December 31, 2015 and 2014, respectively. Current liabilities include short-term accounts payable, accrued liabilities, current portions of long-term debt, and unearned revenue. Non-current liabilities are primarily made up of the long-term portion of notes and interest payable. Non-current liabilities increased from \$14.6 million in 2014 to \$18.0 million in 2015 due to the new GASB 68 requirements around the accounting and reporting of pension liabilities. Due to these new requirements, the Agency added a \$3.8 million liability to the balance sheet. This liability represents the difference between the Agency's total pension liability and the current plan assets calculated are fair value. See Note 15 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 decreased by 2% during the year from \$72.1 million in 2014 to \$69.9 million in 2015. The decrease in net position represents an increase in long-term liabilities, which are mostly attributable to the new GASB 68 requirements initiated in 2015.

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, 2015 to December 31, 2015.

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 Fees for development activities, or as grant revenue from

another funding source. 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:

	2015	2014	Increase (Decrease)	%
<u>OPERATING REVENUES</u>				
Rental revenue	\$ 3,089,770	\$ 2,894,035	\$ 195,735	7%
Fee revenue	354,951	476,859	(121,908)	-25%
HUD grants	54,383,867	53,508,904	874,963	2%
Other governmental grants	455,625	1,075,842	(620,217)	-58%
Other revenue	1,259,466	1,201,116	58,350	5%
Total operating revenues	59,543,679	59,156,756	386,923	1%
<u>OPERATING EXPENSES</u>				
Administrative	10,759,053	10,900,220	(141,167)	1%
Tenant services	499,593	153,454	346,139	226%
Utilities	530,752	628,874	(98,122)	-16%
Maintenance & operations	1,978,848	1,891,255	87,593	0%
Protective services	80,602	87,103	(6,501)	-7%
Insurance	314,550	265,620	48,930	18%
General	931,461	994,399	(62,938)	-6%
Housing assistance payments	44,993,932	45,052,228	(58,296)	0%
Amortization and depreciation	1,827,362	1,118,368	708,994	63%
Total operating expenses	61,916,153	61,091,521	824,632	1%
Operating income (loss)	(2,372,474)	(1,934,765)	(437,709)	-23%
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest revenue	974,070	437,066	537,004	123%
Interest expense	(387,485)	(462,390)	74,905	16%
Developer fees	1,451,931	1,740,661	(288,730)	-17%
Other	848,673	525,273	323,400	62%
Gain (loss) on disposition of capital assets	(49,824)	490,335	(540,159)	-110%
Total non-operating income	2,837,365	2,730,945	106,420	4%
Net income before contributions	464,891	796,180	(331,289)	-42%

Capital contributions - capital grants	157,128	0	157,128	0%
Increase (decrease) in net position	622,019	796,180	(174,161)	-22%
Net Position at beginning of year	72,115,985	70,844,237	1,271,748	2%
Prior Period Adjustment	(2,854,977)	475,566	(3,330,543)	-700%
Net Position - end of year	\$ 69,883,027	\$ 72,115,983	\$ (2,232,956)	-3%

The statement of revenues, expenses and changes in net position, which preceded this section, reflects the year ended December 31, 2015 compared to the year ended December 31, 2014. Overall, operating revenues increased by 1%, or \$387 thousand, from 2014 to 2015; operating expenses also increased by 1%, or \$825 thousand for the year; non-operating revenues increased by \$106 thousand from 2014 to 2015; and capital contributions increased by \$157 thousand from prior year. These changes lead to a total decrease in net position of \$2.2 million from December 31, 2014 to December 31, 2015. Explanations of the primary reasons for these changes are as follows:

- The primary reason for the increase in operating revenue is additional funding from HUD grants received by the Agency.
- Operating expenses increased overall due to strategic investments in administrative costs, including personnel and software. Because of funding reductions in prior years, the Agency had not back-filled several positions across the Agency. Some key positions were added back in 2015 now that funding has stabilized. The Agency also began a strategic effort of upgrading the Agency's software systems in 2015, which will cost approximately \$2 million dollars over the course of three years.

Capital Assets

The table below shows the Agency's capital assets, net of accumulated depreciation and amortization, at December 31, 2015 and December 31, 2014.

	2015	2014	Increase (Decrease)	%
Land	\$ 3,302,163	\$ 3,302,163	\$ -	0%
Structures	14,757,661	11,682,786	3,074,875	26%
Equipment	129,905	19,351	110,554	571%
Construction in progress	3,185,831	6,946,001	(3,760,170)	-54%
Total capital assets, net	\$ 21,375,560	\$ 21,950,301	\$ (574,741)	3%

Overall, the Agency's capital assets decreased by \$575 thousand during 2015, primarily resulting from depreciation exceeding capital additions in 2015. See Note 6 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, 2015 and 2014. 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.

	2015	2014	Increase (Decrease)	%
Short term borrowings (Interfund)	\$ 1,834,077	\$ 1,834,077	\$ -	0%
Notes payable- non-related parties	9,984,304	12,063,185	(2,078,881)	-17%
Notes payable- related parties	5,855,994	4,574,369	1,281,625	28%
Total debt	\$ 18,471,631	\$ 14,934,086	\$ 3,537,545	11%

Most significantly, the Notes Payable- Non-Related Parties decreased by \$2.1 million during the year due to the full payment on Line of Credit of \$1.1 million and principal payments to various lenders.

This financial report is designed to provide a general overview of the Agency'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 Mall
Fresno, CA 93721
Phone: (559) 457-4266

HOUSING AUTHORITY OF THE CITY OF FRESNO
Fresno, California

STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

ASSETS

Current Assets

Cash & Investments	\$ 4,735,830
Accrued Interest Receivable	1,639,448
Accounts Receivable - Tenants, Net of Allowance for Doubtful Accounts of \$19,506	71,162
Accounts Receivable - Other, Net of Allowance for Doubtful Accounts of \$60,085	1,032,695
Due From Other Governments	934,615
Prepaid Expenses	268,727
Assets Held For Sale	640,103
Total Current Assets	<u>9,322,580</u>

Restricted Assets

Restricted Cash	2,916,738
Total Restricted Assets	<u>2,916,738</u>

Non-Current Assets

Capital Assets

Capital Assets - Not being depreciated	6,487,994
Capital Assets - Depreciable, Net of Accumulated Depreciation of \$40,714,233	14,887,566
Total Capital Assets, Net	<u>21,375,560</u>

Other Non-Current Assets

Notes Receivable From Related Parties	26,852,877
Notes Receivable From Non-related Parties, net of allowance for doubtful accounts of \$2,505,032	1,000,000
Interest Receivable - Related Parties	336,222
Interest Receivable - Non-related Parties	333,870
Investments In Joint Ventures	30,625,817
Assets Held For Sale	1,315,430
Total Other Non-Current Assets	<u>60,464,216</u>

Deferred Outflow of Resources

Pension Contributions	286,907
Actuarial	40,834
Total Deferred Outflow of Resources	<u>327,741</u>

Total Assets and Deferred Outflows

\$ 94,406,835

HOUSING AUTHORITY OF THE CITY OF FRESNO
Fresno, California

STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015
(continued)

LIABILITIES AND NET POSITION

Current Liabilities

Vendors & Contractors Payable	\$	728,053
Accrued Salaries		140,440
Accrued Compensated Absences		293,590
Accrued Interest Payable		765,292
Resident Security Deposits		271,857
Due To Other Governments		438,289
Other Current Liabilities - Related Parties		609,773
Other Current Liabilities - Non-Related Parties		424,198
Notes Payable - Related Parties		1,574,627
Notes Payable - Non-Related Parties		372,929
Unearned Revenue		181,976
Total Current Liabilities		<u>5,801,024</u>

Non-Current Liabilities

Notes Payable - Related Parties		4,281,367
Notes Payable - Non-related Parties		9,611,374
Accrued Compensated Absences		163,580
Other Accrued Non-current Liabilities		53,466
Family Self-Sufficiency Escrow		5,994
Net Pension Liability		3,840,535
Total Non-Current Liabilities		<u>17,956,317</u>

Deferred Inflows of Resources

Actuarial		<u>766,467</u>
Total Deferred Inflows of Resources		<u>766,467</u>
Total Liabilities and Deferred Inflows		<u>24,523,808</u>

Net Position

Net Investment in Capital Assets		6,404,089
Restricted for:		
Housing Assistance Payments		1,723,446
Other Externally Required Reserves		922,927
Unrestricted		<u>60,832,565</u>
Total Net Position		<u>69,883,027</u>

Total Liabilities and Deferred Inflows and Net Position		<u><u>\$ 94,406,835</u></u>
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HOUSING AUTHORITY OF THE CITY OF FRESNO
Fresno, California

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

Operating Revenues	
Rental Revenue	\$ 3,089,770
Fee Revenue	354,951
HUD Grants	54,383,867
Other Governmental Grants	455,625
Other Revenue	1,259,466
Total Operating Revenues	<u>59,543,679</u>
Operating Expenses	
Administrative Expense	10,759,053
Tenant Services Expense	499,593
Utilities Expense	530,752
Maintenance & Operations Expense	1,978,848
Protective Services Expense	80,602
Insurance Expense	314,550
General Expense	931,461
Housing Assistance Payments	44,993,932
Depreciation	1,827,362
Total Operating Expenses	<u>61,916,151</u>
Operating Income (Loss)	<u>(2,372,472)</u>
Non-Operating Revenues (Expenses)	
Interest Revenue, Unrestricted	3,857
Interest Revenue, Restricted	3,930
Interest Revenue on Notes Receivable	936,283
Interest Expense	(357,485)
Fraud Recovery	19,268
Share of Joint Venture Net Income	642,541
Developer Fees	1,451,931
Transfer From/(To) Other Related Entity	186,864
Gain/(Loss) from Disposition of Capital Assets	(49,824)
Total Non-Operating Revenues	<u>2,837,365</u>
Income (Loss) Before Contributions and Transfers	<u>464,893</u>
Capital Contributions	<u>157,128</u>
Increase (Decrease) in Net Position	<u>622,021</u>
Net Position, Beginning of Year	<u>72,115,984</u>
Prior Period Adjustment	(2,854,978)
Adjusted Net Position, Beginning of Year	<u>69,261,006</u>
Net Position, End of Year	<u>\$ 69,883,027</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FRESNO
Fresno, California

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

Cash Flows from Operating Activities:

Cash received from tenants	\$	3,067,803
Cash received from others		2,535,984
Proceeds from the sale of assets held for sale		28,798
Repayments and interest received on notes receivable		385,512
Cash paid to employees for services		(6,578,266)
Cash paid to suppliers for goods and services		(6,706,679)
Cash received from operating grants		54,342,822
Cash paid for housing assistance		(44,993,932)
Net cash used by operating activities		2,082,042

Cash Flows from Noncapital Financing Activities:

Cash received from developers		1,451,931
Cash paid for repayment of line of credit		(1,128,277)
Net cash provided by noncapital financing activities		323,654

Cash Flows From Capital Financing Activities:

Acquisition of capital assets		(2,288,413)
Proceeds from sale of capital assets		6,177
Issuance of notes payable		2,301,152
Principal paid on long term debt		(1,970,132)
Interest paid on long term debt		(309,990)
Net cash used by capital financing activities		(2,104,078)

Cash Flows From Investing Activities:

Interest received from investments		3,857
Interest on restricted cash		3,930
Net cash provided by investing activities		7,787

Net increase (decrease) to cash		309,405
Cash at beginning of year		7,343,163
Cash at end of year	\$	7,652,568

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FRESNO
Fresno, California

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

Reconciliation of Change in Net Position to Net

Cash Provided By (Used For) Operating Activities:

Operating income (loss)	\$ (2,372,474)
Adjustments to reconcile change in net position to net cash provided by (used for) operating activities:	
Depreciation	1,827,362
Changes in joint ventures	642,541
Interest received on notes receivable	936,283
Fraud recovery	19,268
Other income	186,864
(Increase) decrease in accounts receivable - tenants	(30,050)
(Increase) decrease in accounts receivable - other	(341,656)
(Increase) decrease in due from other governments	(496,038)
(Increase) decrease in prepaid insurance	(44,053)
(Increase) decrease in investment in joint venture	(642,541)
(Increase) decrease in notes receivable	5,757
(Increase) decrease in assets held for resale	28,798
(Increase) decrease in interest receivable	(556,528)
(Increase) decrease in deferred outflows	(327,741)
Increase (decrease) in accounts payable - vendors	255,629
Increase (decrease) in due to related parties	71,428
Increase (decrease) in accrued salaries	(23,727)
Increase (decrease) in accrued compensated absences	(2,361)
Increase (decrease) in other accrued liabilities	49,826
Increase (decrease) in accounts payable - other governments	163,072
Increase (decrease) in deferred revenue	1,076,359
Increase (decrease) in FSS liabilities	(632)
Increase (decrease) in tenant security deposits payable	(11,185)
Increase (decrease) in pension liability	901,374
Increase (decrease) in deferred inflows	766,467
	\$ 2,082,042

Reconciliation of Cash Per Statement of Net Position to Cash Per Statement of Cash Flows:

Cash and investments	\$ 4,735,830
Restricted cash	2,916,738
Cash at end of year	\$ 7,652,568

Significant noncash transactions:

Transfer of a capital asset and offsetting liability	\$ 979,791
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See accompanying notes to the basic financial statements

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HOUSING AUTHORITY OF THE CITY OF FRESNO
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

(1) Summary of Significant Accounting Policies

(A) General Purpose

The Housing Authority of the City of Fresno, California (the Agency) is responsible for the development and implementation of housing programs and activities for the City 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, Emergency Housing, and others.

(B) Financial Reporting Entity

The Agency was established by a resolution of the Fresno City Council on March 14, 1940. The Agency is governed by a seven-member Board of Commissioners appointed by the Mayor of the City of Fresno, 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.

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.

**HOUSING AUTHORITY OF THE CITY OF FRESNO
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

A brief description of the Agency's blended component unit is as follows:

Pacific Gardens Enterprises, Inc. a California Corporation. In 2010, the Agency purchased 100% of the Corporation's outstanding stock. Pacific Gardens Enterprises, Inc. consists of a 56-unit affordable housing project in the City of Fresno. Separate financial statements are not issued for Pacific Gardens Enterprises, Inc.

(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 its 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.

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 its cash and investments, including restricted cash, to be cash and cash equivalents. The Agency considers all of its 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 7 for further discussion.

HOUSING AUTHORITY OF THE CITY OF FRESNO
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

(G) Capital Assets

The Agency's Board of Commissioners adopted its current Fixed Asset Capitalization Policy in 2013. Capital assets are defined by the Agency as assets with an initial, individual cost of \$5,000 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 fair market value at the time received. Interest expense incurred during the development period is capitalized.

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

(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.

Notes receivable are stated net of allowance for loans that were made as part of the HOPE VI Revitalization and Hope 3 programs that the Agency has substantial doubt as to their collectability.

(I) Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets, including 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 and operating grants. Operating expenses are necessary costs that have been incurred in order to provide the good or service that are 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 except for taxable transactions incurred by Pacific Gardens Enterprises, Inc., which is a California

HOUSING AUTHORITY OF THE CITY OF FRESNO
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

corporation owned and operated by the Agency. The Agency files federal and state tax returns for the corporation.

(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, and the California Housing Finance Agency 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 program exceeds certain levels, the payments on these notes must be increased.

(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 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 the City of Fresno. 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, 2014
Measurement Date (MD)	June 30, 2015
Measurement Period (MP)	June 30, 2014 to June 30, 2015

**HOUSING AUTHORITY OF THE CITY OF FRESNO
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

(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 two items that qualifies for for reporting in this category. Deferred outflows- pension contributions and deferred outflows- actuarial. Both of these items relate to the recording of the pension liability.

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- actuarial is the net difference between the projected and actual earnings on the Agency’s pension plan investments.

(2) Cash and Investments

Cash and investments held by the Agency at December 31, 2015 are classified as follows in the accompanying Statement of Net Position:

Cash and investments	\$ 4,735,830
Restricted cash	<u>2,916,738</u>
Total cash and investments	<u>\$ 7,652,568</u>

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, 2015 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.

**HOUSING AUTHORITY OF THE CITY OF FRESNO
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

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 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 (such as LAIF).

The Agency executed a "General Depository Agreement" with Bank of the West on September 23, 2009. 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, 2015 \$140,882 of the Agency's deposits held with the California Housing Finance Agency (CHFA) were uncollateralized. This amount is inclusive of tenant security deposits.

Equity in Investment Pool

The Agency's cash and investments are pooled with the Housing Authority of the County 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 THE CITY OF FRESNO
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

(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 (CHFA) can only be used for major repairs or insurance on the associated project and upon receipt of prior written approval from CHFA. Cash held as replacement reserves for the USDA projects cannot be disbursed without the approval of the USDA Rural Economic and Community Development. The funds held by CHFA, excess HAP funds and the funds held for the replacement of the USDA program projects are also reported as restricted net assets. The amounts held by the Agency on behalf of program participants, tenants and for future HAP payments not yet taken as revenue are also reported as payable from restricted assets. Details of restricted cash are as follows:

	<u>Cash Restriction</u>	<u>In Liabilities</u>	<u>In Restricted Net Assets</u>
Cash restricted for:			
HAP funding	\$ 1,723,446	\$ -	\$ 1,723,446
USDA project reserves	455,430	-	455,430
Tenant security deposits	270,366	270,366	-
Held in escrow	320,000	-	320,000
California Housing Finance Agency	129,257	-	129,257
Flexible benefits	18,240	-	18,240
	<u>\$ 2,916,738</u>	<u>\$ 270,366</u>	<u>\$ 2,646,373</u>

(4) Accounts Receivable

The Agency's accounts receivable consist 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, 2015 consist of the following:

Related parties for short-term activities	\$ 74,983
Due from grantors	120,628
Section 8 landlords (net of allowance of \$60,086)	88,623
Other program balances	48,461
Total accounts receivable	<u>\$ 1,032,695</u>

**HOUSING AUTHORITY OF THE CITY OF FRESNO
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

(5) Due from Other Governments

Due from Other Governments consists of the following:

Due from the U.S. Department of HUD	\$ 540,240
Due from other governments (i.e. CHFA, USDA, City of Fresno)	394,375
	\$ 934,615

(6) Capital Assets

	Balance at 12/31/2014	Additions	Deletions	Transfers	Balance at 12/31/2015
Capital assets not depreciated:					
Land	\$ 3,302,163	\$ -	\$ -	\$ -	\$ 3,302,163
Construction in progress	6,946,001	1,979,311	(979,791)	(4,759,689)	\$ 3,185,831
Total capital assets not depreciated	10,248,164	1,979,311	(979,791)	(4,759,689)	6,487,994
Capital assets being depreciated:					
Buildings & Improvements	48,870,948	13,800	(5,040)	4,759,689	\$ 53,639,397
Equipment	1,940,938	245,481	(224,016)	-	\$ 1,962,403
Total capital assets being depreciated	50,811,885	259,281	(229,056)	4,759,689	55,601,799
Less accumulated depreciation for:					
Buildings	(37,138,161)	(1,743,574)	-	-	\$(38,881,736)
Equipment	(1,971,586)	(83,788)	222,876	-	\$ (1,832,498)
Total accumulated depreciation	(39,109,748)	(1,827,362)	222,876	-	(40,714,233)
Total capital assets being depreciated, net	11,702,137	(1,568,081)	(6,180)	4,759,689	14,887,566
TOTAL	21,950,301	411,230	(985,971)	-	21,375,560

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**HOUSING AUTHORITY OF THE CITY OF FRESNO
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

(7) Notes Receivable

The following is a summary of changes in notes receivable as of December 31, 2015:

	<u>Balance 12/31/2014</u>	<u>Payments</u>	<u>Balance 12/31/2015</u>	<u>Interest Receivable</u>
<u>Notes Receivable - Non-Related Parties</u>				
City of Clovis	\$ 500,000	\$ -	\$ 500,000	\$ 72,500
Fresno Canyon Springs LP	500,000	-	500,000	261,370
Total due from nonrelated parties	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>333,870</u>
<u>Notes Receivable - Related Parties</u>				
Better Opportunity Builders	125,000	-	125,000	-
Limited Partnerships:				
Renaissance at Trinity	400,000	-	400,000	-
Renaissance at Trinity - AHP Loan	200,000	-	200,000	-
Alta Monte	400,000	-	400,000	95,482
Santa Clara	400,000	-	400,000	118,505
Parc Grove Commons II	3,129,538	-	3,129,538	863,851
YEC Limited	6,258,336	-	6,258,336	360,898
Fresno Pacific Gardens LP	2,738,430	-	2,738,430	419,928
Parc Grove Northwest	75,301	-	75,301	-
Southeast Fresno RAD	11,377,000	-	11,377,000	112,102
Viking Village RAD	1,749,272	-	1,749,272	4,904
Joint Ventures:				
Villa Del Mar	5,756	(5,756)	-	-
Total due from related parties	<u>26,858,633</u>	<u>(5,756)</u>	<u>26,852,877</u>	<u>1,975,670</u>
Totals	<u><u>\$ 27,858,633</u></u>	<u><u>\$ (5,756)</u></u>	<u><u>\$ 27,852,877</u></u>	<u><u>\$ 2,309,540</u></u>

Locally Held Soft Second Mortgages

During 2009 the Agency began selling homes developed using its HOPE VI revitalization grant, the Sierra Pointe development. The homes were sold to low-income, first-time homebuyers and financed with mortgages provided by the HRFC, a joint venture of the Agency.

The HOPE VI program also carries secondary loans on each of the units that were sold. These secondary loans, totaling \$2,395,568 are deferred for 30 years. Since the secondary loans are deferred for 30 years, the Agency has estimated an allowance equal to the amounts of the loans for \$2,395,568.

Both the primary and secondary loans become due upon transfer or sale of the unit and may be assumed by a qualified buyer, subject to approval by the Agency. The HOPE 3 program carried loans similar to those described above for the HOPE VI program. These secondary loans, totaling \$109,464 are deferred for 30 years. Since the secondary loans are deferred for 30 years, the Agency has estimated an allowance equal to the amounts of the loans for \$109,464.

HOUSING AUTHORITY OF THE CITY OF FRESNO
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

Both the primary and secondary loans become due upon transfer or sale of the unit and may be assumed by a qualified buyer, subject to approval by the Agency.

First Time Home Buyer Program

The Agency administers a first time home buyer program, originally funded by HUD, utilizing a HOPE 3 grant. Under this program, the Agency developed properties for the purpose of selling them to qualified low and moderate income families. These loans accrue no interest unless the borrower defaults on the loan, in which case the loan accrues interest at a rate of ten percent per annum. No payment is due on the loan unless the borrower sells or transfers the property or any interest therein. These notes hold their value for six years from date of execution and thereafter are forgiven on a monthly basis through the twentieth year from the date of execution. As of December 31, 2015, \$109,464 of these loans is outstanding. Since these loans are intended to be forgiven and not collected, the Agency has recorded an allowance for doubtful accounts equal to the principal amount of the loans.

City of Clovis

The Agency has purchased a \$500,000 subordinate, multifamily housing revenue bond for the Silver Ridge at Clovis Project. The bond was purchased with homebuyer reserve proceeds. The proceeds of the bond were used to develop an apartment complex for seniors in the City of Clovis. The bond matures September 1, 2040 and accrues interest at a rate of 1% per annum.

Annual principal and interest payments depend on the residual cash flows of this future tax credit project. The availability of these cash flows to make future payments is unknown. No payments have been received on this loan. The outstanding principal and interest balances due at December 31, 2015 are \$500,000 and \$72,500, respectively.

Fresno Canyon Springs, LP

The Agency has loaned \$500,000 to Fresno Canyon Springs, LP, a California limited partnership. This loan was made using homebuyer reserve proceeds. The funds were used to finance the construction of a twenty-eight unit, affordable housing, tax credit project. The loan is amortized over thirty years, matures January 12, 2033, and carries a simple interest rate of 4% per annum. Payments on this loan are due only if the project generates residual receipts. No payments have been received on this loan. The outstanding principal and interest balances due at December 31, 2015 are \$500,000 and \$261,370, respectively.

Better Opportunities Builders, Inc.

On September 18, 2008, the Agency has made a loan of \$125,000 to Better Opportunities Builders (BOB), Inc. The loan is unsecured and interest free. No payments are due on this loan for 60 months after the date the Agency records the final release of construction covenants for the projects pursuant to the Disposition and Development Agreement (DDA). BOB is considered to be a related party of the Agency. The outstanding balance due at December 31, 2015 is \$125,000.

HOUSING AUTHORITY OF THE CITY OF FRESNO
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

Fresno Renaissance at Trinity, LP

On December 1, 2010 the Agency authorized a loan of \$400,000 to Fresno Renaissance at Trinity, LP, a related party to the Housing Authority of the City of Fresno, for the purpose of financing a 21-unit low-income multifamily project known as Renaissance at Trinity. The loan bears no interest with payments due on or before the maturity date of November 30, 2065. The note is secured by deed of trust of the development's property located in Fresno, California. Fresno Renaissance at Trinity, LP, is considered to be related party of the Agency. The outstanding balance due at December 31, 2015 is \$400,000.

On December 1, 2010, the Agency has entered into a loan agreement with Fresno Renaissance at Trinity, LP. The Agency was awarded a grant through the Affordable Housing Program (AHP) and these funds were in turn loaned to the Fresno Renaissance at Trinity, LP. The note bears no interest with principal payable upon completion of the project. The outstanding balance of the loan due from Fresno Renaissance at Trinity, LP at December 31, 2015 is \$200,000.

Fresno Renaissance at Alta Monte, LP

On December 13, 2011, the Partnership entered into a loan agreement with the Housing Authority of the City of Fresno, an affiliate of the Administrative General Partner, for an amount of \$400,000. This loan is secured by a Deed of Trust, bears interest at a simple rate of 7.5% during construction and 8.75% after construction completion. The loan matures on November 30, 2065. The Loan is payable in annual amounts equal to 50% of the residual receipts as defined in Article 1, Section 1.3 of the promissory note dated December 13, 2011. As of December 31, 2015, the outstanding principal and interest are \$400,000 and \$95,482, respectively. For the period, interest revenue on the loan was \$35,895.

1555 Santa Clara Street, LP

On December 1, 2010, the Partnership entered into a loan agreement with the Housing Authority of the City of Fresno, an affiliate of the Administrative General Partner, for an amount of \$400,000 (the "FHA Loan"). The loan bears interest on the outstanding balance at 8.75%. The FHA loan is secured by a Deed of Trust, and matures on December 30, 2066. Beginning January 14, 2014, annual payments of interest and principal are due equal to 50% of the residual receipts, as defined in the Partnership Agreement. As of December 31, 2015, the outstanding principal balance on the FHA Loan was \$400,000 and accrued interest was \$118,505. For the period, interest revenue on the loan was \$41,713.

Parc Grove Commons II, LP

On January 27, 2010, the Agency authorized a loan to Parc Grove Commons II Limited Partnership for \$5,322,730 for the development and construction of a mixed-income tax-credit rental unit project comprised of 215 rental units of which 31 are Public Housing units. Interest accrues at a rate of 5%, compounded annually prior to construction completion and 7.5% compounded annually thereafter. The entire amount of principal and accrued interest for both notes is due and payable on February 1, 2065. The note is secured by the deed of trust of the development's property located in Fresno, California. The outstanding principal and interest balances due at December 31, 2015 are \$3,129,538 and \$863,851, respectively. Interest revenue for the year was \$278,610.

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YEC Limited

The Agency has authorized three loans to YEC Limited, a California Limited Partnership for the purpose of financing the development and construction of a 69-unit public housing development in Fresno, California known as Yosemite Village. The project received low-income housing tax credits through the California Tax Credit Allocation Committee and is intended for rental to low-income families.

The first loan was authorized on November 1, 2008 for \$990,000. This loan is secured by the deed of trust of the development's property. This loan and applicable interest, if any, is deferred until November 1, 2063. As of December 31, 2015 accrued interest on this loan is \$360,898.

The second loan was also authorized on November 1, 2008 for \$362,984 which was passed-through from an allocation of Replacement Housing Factor (RHF) funds provided by the U.S. Department of Housing and Urban Development (HUD). This loan is unsecured, non-interest bearing and is due November 1, 2063.

The third loan was authorized on November 6, 2009 for \$5,829,325. This loan is secured by the deed of trust of the development's property. This loan bears no interest and is deferred until November 1, 2063. As of December 31, 2015 the outstanding balance for this loan is \$4,905,351.

The outstanding principal and interest balances due for all three loans at December 31, 2015 is \$6,258,336 and \$360,898 respectively.

Fresno Pacific Gardens, LP

The Agency has authorized three loans to Fresno Pacific Gardens, LP, for the purpose of rehabilitation and construction of a mixed-income rental unit project composed of fifty-five rental units and one manager's unit known as Pacific Gardens on land owned by the Agency. All three loans are secured by a deed of trust of the development's property. Fresno Pacific Gardens LP is considered a related party of the Agency.

The first loan was authorized on March 14, 2011 for \$1,588,656. The loan bears an interest rate of 5.4625% compounded annually, with principal and interest payable annually commencing January 1, 2012 from available cash flow. The note is secured by the deed of trust of the development's property located in Fresno, California. The outstanding principal and accrued interest balances at December 31, 2015 are \$1,588,656 and \$181,666 respectively. Interest revenue for the year was \$97,454.

The second loan was also authorized on March 14, 2011 in the amount of \$599,774. The loan bears an interest rate of 5.4625% compounded annually, with principal and interest payable annually commencing January 1, 2012 from available cash flow after payment of the principal and interest due on the first loan. The outstanding principal and accrued interest balances due at December 31, 2015 are \$599,774 and \$112,632 respectively. Interest revenue for the year was \$35,088

The third loan was also authorized on March 14, 2011 in the amount of \$550,000. The loan bears an interest rate of 5.4625% compounded annually, with principal and interest payable annually commencing January 1, 2012 from available cash flow after payment of principal and interest due on the first and second loans. The outstanding principal and accrued interest balances due at December 31, 2015 are \$550,000 and \$125,720 respectively. Interest revenue for the year was \$33,197.

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The outstanding principal and interest balances due for all three loans at December 31, 2015 is \$2,738,430 and \$419,928, respectively.

Parc Grove Northwest, LP

In June 2006, the Agency approved a loan from the City Relinquished Fund for the development of Parc Grove Northwest. This note bears 0% interest with principal payable in upon sale. In February 2013, the sale of this development was completed and the property was transferred to Parc Grove Northwest, LP. This note was reclassified from an Interfund loan to a Related Party Notes from Parc Grove Commons NW, LP upon conversion of the property. The outstanding balance at December 31, 2015 was \$75,301.

Southeast Fresno RAD, LP

On December 18, 2013, the Agency entered into a loan agreement with Southeast Fresno RAD, LP for \$6,377,000 to purchase (3) former public housing sites and rehabilitate into a 191-unit low-income multi-family project. The note bears an interest rate of 3.32% compounded annually, with principal and interest payable monthly commencing January 1, 2016 from available cash flow, as defined in the Partnership Agreement. The outstanding balance due at December 31, 2015 is \$6,377,000.

On December 18, 2013, the Agency entered into a second loan agreement with Southeast Fresno RAD, LP for \$5,000,000 for the purpose of redevelopment and rehabilitation of (3) former public housing sites into (2) sites that will consist of the 191-unit low-income housing. The note bears an interest rate of 4.0% compounded annually. Principal and interest payment will commence on January 1, 2015 from available Cash Flow as defined in the Partnership Agreement.

The outstanding principal and accrued interest balances due for both loans at December 31, 2015 are \$11,377,000 and \$112,102, respectively.

Viking Village RAD, LP

On March 18, 2014, the Agency entered into a Purchase Loan agreement with Viking Village Fresno RAD, LP for \$831,886 to purchase a certain property to rehabilitate into low income housing units. The note bears a 3.32% interest compounded annually and with a maturity date of March 18, 2069. Principal is payable upon maturity and interest is payable in monthly installments.

On March 18, 2014, the Agency entered into a second loan agreement with Viking Village for \$917,387 for the rehabilitation into thirty-nine (39) rental units of the above mentioned property. The note bears a 3.36% interest compounded annually and with a maturity of March 18, 2069. Principal is payable upon maturity and interest is payable in monthly installments.

The outstanding principal balance due for the two loans at December 31, 2015 was \$1,749,273 and accrued interest was \$4,904. Interest revenue for the year was \$56,342.

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(8) Investment in Joint Ventures

As of December 31, 2015, the Agency's investment in joint ventures is comprised of the following:

Joint Venture	Investment
Housing Relinquished Fund Corp	\$ 29,801,084
Silvercrest, Inc.	145,764
Housing Self-Insurance Corp	678,010
Villa Del Mar, Inc.	959
Total investments in joint ventures	<u><u>\$ 30,625,817</u></u>
 Change in Investment in Joint Venture	
Balance December 31, 2014	\$ 29,983,276
Change in Investment in Joint Venture	642,541
Balance December 31, 2015	<u><u>\$ 30,625,817</u></u>

Housing Relinquished Fund Corporation (HRFC) – This entity was created as a steward for the Housing Authority of the City and County of Fresno's development and investment capital. HRFC's Board is comprised of two members of the City and County Board of Commissioners. The Agency has a 64.74% equity interest in HRFC. HRFC does not issue separate financial statements.

Housing Self Insurance Corporation (HSIC) – This entity was 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 is comprised of two members of the City and County Board of Commissioner's. The Agency has a 82.39% equity interest in HSIC. HSIC does not issue separate financial statements.

Silvercrest, Inc.- This entity is a California non-profit public benefit corporation. Silvercrest was 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 is comprised of two members of the City and County Board of Commissioner's. 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. – This entity was created 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 is comprised of two members of the City and County Board of Commissioners. The Agency has a 50% equity interest in Villa Del Mar, 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.

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(9) Assets Held for Sale

Assets held for sale consist of homes that are being developed using a variety of Federal, State, and local funds. The assets held for sale are recorded in the following funds:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
CalHFA Program	\$ -	\$ 1,315,430	\$ 1,315,430
City Public Housing Program	566,671	-	566,671
Neighborhood Stabilization Program	73,432	-	73,432
Total Assets Held for Sale	<u>\$ 640,103</u>	<u>\$ 1,315,430</u>	<u>\$ 1,955,533</u>

The Agency used a portion of loans from the California Housing Finance Agency (CalHFA) HELP Program to purchase properties for use in future developments or for the future sale to program participants. The Agency purchased a parcel of land at a total cost of \$1,037,878 to be used for future development. The Agency also purchased two condominiums at a total cost of \$277,552 to be sold to participants in one of their programs. The total value of these three properties is \$1,315,430 at December 31, 2015.

The purpose of the Neighborhood Stabilization Program is to purchase foreclosed homes through public auction, renovate the homes, and sell them to qualified low or moderate income families. This program was funded by HUD, with the funds passed through the City of Fresno. As of December 31, 2015 the carrying value of remaining homes held for sale is \$73,432.

In accordance with Section 5 of the Public Housing Act, the Agency sells single family homes to qualified low-income residents. At December 31, 2015, the book value of homes held for sale is \$566,671.

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(10) Long-Term Liabilities

Changes in long-term liabilities for the year ended December 31, 2015 are as follows:

	Balance 12/31/14	Additions	Payments/ Deletions	Balance 12/31/15	Due Within One Year
Notes payable - non-related parties:					
U.S. Department of Agriculture					
Mariposa FLH	\$ 604,726	\$ -	\$ (96,526)	\$ 508,200	\$ 99,130
California Housing Finance Agency					
Garland Gardens	1,055,051	-	(137,605)	917,446	151,022
HELP Program	1,270,742	-	(598,953)	671,789	-
City of Fresno NSP	44,441	-	-	44,441	-
City of Fresno NSP 3	3,000,036	-	-	3,000,036	-
Mortgages:					
El Cortez Apartments	1,348,017	-	(32,185)	1,315,832	33,374
Dayton Square	1,692,692	-	(39,998)	1,652,694	41,900
Woodside Apartments	1,919,203	-	(45,337)	1,873,866	47,503
Line of Credit	1,128,277	-	(1,128,277)	-	\$ -
Total notes payable - non-related parties	12,063,185	-	(2,078,881)	9,984,304	372,929
Notes payable - related parties:					
P&CD (Kerr Rug) to HRFC	607,744	-	-	607,744	-
P&CD (Pacific Garden) to HRFC	1,340,894	-	-	1,340,894	-
P&CD (Various pre-dev) to HRFC	293,002	2,165,184	(883,559)	1,574,627	1,574,627
Helm Home to HRFC	992,220	-	-	992,220	-
Relinquished Fund (Elderberry) to HRFC	5,000	-	-	5,000	-
Office building to HRFC	154,000	-	-	154,000	-
Cap Fund (Pacific Garden) to BOB	-	-	-	-	-
LIPH (Townsend) to HRFC	98,097	-	-	98,097	-
San Ramon (NSP 3) to HRFC	1,083,412	-	-	1,083,412	-
	4,574,369	2,165,184	(883,559)	5,855,994	1,574,627
Other Liabilities:					
Interest payable	771,264	64,329	(70,301)	765,292	765,292
Compensated Absences	459,531	635,155	(637,516)	457,170	293,590
Family Self-Sufficiency	6,626	-	(632)	5,994	-
Homebuyers earned payments	53,466	-	-	53,466	-
Net Pension Liability	2,939,165	901,370	-	3,840,535	-
	4,230,052	1,600,854	(708,449)	5,122,457	1,058,882
Totals	\$ 20,867,606	\$ 3,766,038	\$ (3,670,889)	\$ 20,962,755	\$ 3,006,438

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The beginning balance was restated to reflect the pension liability as of the beginning of the year due to the implementation of GASB Statement No. 68.

The following is a schedule of debt payment requirements to maturity for notes and mortgages payable.

<u>Year Ending December 31</u>	Notes		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,947,557	\$ 765,292	\$ 2,912,849
2017	1,095,786	482,100	1,577,886
2018	397,849	453,680	851,529
2019	424,150	429,373	853,523
2020	3,250,066	796,409	4,046,475
2021-2025	2,674,030	1,070,302	3,744,332
2026-2030	2,589,718	713,332	3,303,050
2031-2035	2,597,486	808,778	3,406,264
2036-2040	863,656	108,547	972,203
Total debt payment requirements	<u><u>\$ 15,840,298</u></u>	<u><u>\$ 5,627,813</u></u>	<u><u>\$ 21,468,111</u></u>

U.S. Department of Agriculture Notes

The Agency entered into two 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 on April 2, 2033. At December 31, 2015 the outstanding balance for the notes is \$508,200.

Garland Gardens

The Agency entered into a note with the California Housing Finance Agency (CHFA) on July 1, 1979 for \$2,406,600. The note accrues interest of 9.34% per annum, requires a monthly payment of \$19,196, and matures on January 1, 2021. At December 31, 2015 the outstanding balance is \$917,446.

HELP Program

The Agency has entered into loan agreements with the California Housing Finance Agency (CHFA). The purpose of the first loan is to establish a revolving source of funds to finance the acquisition, demolition and construction/rehabilitation costs for an infill and substandard single-family housing program. The purpose of the second loan is to establish a revolving loan fund to assist with the development of ownership housing. During 2015, the Agency paid \$634,172 of which \$598,952 and \$35,220 were applied to accrued interest and principal, respectively. As of December 31, 2015 the outstanding principal balance is \$671,789.

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City of Fresno NSP notes

In October 2009, the Agency entered into an agreement with the City of Fresno to administer the Neighborhood Stabilization Program (NSP), a federal program that is being funded by HUD. The City of Fresno agreed to loan the Agency up to \$5,000,000 to purchase foreclosed homes through public auction, renovate the homes, and sell them to qualified low or moderate income families. The Agency is responsible for executing the loans with the buyers. As the loans are repaid the Agency is to reimburse the City of Fresno. Because the dates of repayment will vary based on the affordability of each family, the annual amounts due to the City of Fresno are unknown; therefore, this note has not been included in schedule of debt payment requirements. As of December 31, 2015 the outstanding balance is \$44,441.

In March 2013, the Agency entered into a Loan Agreement with the City of Fresno for \$1,800,000 to administer the Neighborhood Stabilization Program, a federal program funded by HUD. This loan is intended for the construction, rehabilitation, and/or preservation of project units and affordable housing units. In March 2014, an Amendment to the Agreement was made to increase the loan amount to \$3,000,000. This note carries a 2% simple annual interest rate. Current payment terms are based upon residual cash flow of the properties being funded with principal and interest payable 30 years from origination date. As of December 31, 2015, the current outstanding balance of this note is \$3,000,036.

Mortgages

On January 14, 2004, the Agency borrowed \$5,000,000 from the Bank of the West, with the purpose of refinancing the debt on three apartment complexes: El Cortez Apartments, Dayton Square, and Woodside Apartments. Each of the three loans is secured by a different apartment complex. On March 20, 2014, the three mortgages were re-financed at 4.25% and set to mature on January 5, 2024. As of December 31, 2015 the balances are the following:

	Principal	Monthly Payment	Due within one year
El Cortez	\$1,315,834	\$7,470	\$33,374
Dayton Square	\$1,652,694	\$9,378	41,900
Woodside Apartments	\$1,873,866	\$10,632	47,503

Line of Credit

The Agency paid its line of credit balance of \$1,128,277 in full in 2015. The credit line has been extinguished as of December 31, 2015.

Housing Relinquished Fund Corporation (HRFC)

On June 2, 2010, the Agency recorded in the Planning and Community Development fund two promissory notes with the HRFC for the acquisition of property on G Street in Fresno, California to be used for the development of Chinatown SRO. The first loan for \$105,000 carried an interest

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rate of 5% per annum and was paid off on June 2, 2013. The second loan for \$755,000 carries an interest rate of 5% per annum and is due June 2, 2015. Payments for the second loan are to be made from the refinancing associated with Kerr Rug. The outstanding balance of the remaining loan at December 31, 2015 is \$607,744.

On June 2, 2010, the Agency recorded in the Planning and Community Development fund a promissory note entered into with the HRFC for \$2,700,000 for the acquisition of 100% of the shares of Pacific Gardens Enterprises, Inc., the sole owner of Pacific Gardens Apartments located in Fresno, California. Payments for the loan are to be made from the eventual sale or refinancing of the apartment complex. The loan carries an interest rate of 5% per annum and is due upon sale or refinance of the complex. The outstanding balance at December 31, 2015 is \$1,340,894.

Predevelopment loans are made throughout the year. Payments are to be made from the sale of the properties. The balance of these loans at the beginning of the year was \$293,002. During the year, \$2,165,184 was added and \$883,559 was paid. The outstanding balance at December 31, 2015 is \$1,574,627.

The Helm Home is located at 1749 L Street in Fresno, was purchased in March 2010 and is on the local register of Historical sites. The loan carries an interest rate of 5% per annum and is due upon sale or refinance of the complex. The outstanding balance at December 31, 2015 is \$992,220.

The Agency entered into a promissory agreement with the HRFC for \$154,000, a portion of the acquisition of the Central Office Building. This note bears no interest and is open ended with regard to payment. The outstanding balance on this note is \$154,000.

On October 1, 2006 the Agency obtained a loan from HRFC for the purchase of the property at 3129 E. Townsend properties for \$98,097. The note bears no interest and the principal is payable upon sale of property. This property is currently in Assets Held for Sale.

On August 28, 2013, the Board approved a \$1.25 million loan from HRFC for the San Ramon Court project for the rehabilitation of 32 multi-family housing units located at 1328 and 1346 E. San Ramon, Fresno. The note bears a simple interest of 4.0% per annum with a maturity date of August 27, 2068. Payment shall be from residual receipts of the property. As of December 31, 2015, the total outstanding loan balance is \$1,083,412.

Family Self Sufficiency

The Family Self Sufficiency (FSS) program provides supportive services that enable participating low 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 Agency. Upon successful completion of the program requirements, those funds are disbursed to the family. The Agency's liability to FSS participants at December 31, 2015 total \$5,994.

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 Agency'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

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request. Upon retirement, employees are paid 50% of the value of their unused sick leave. As of December 31, 2015, accrued vacation and vested sick leave have been valued by the Agency at \$457,170.

(11) Due to Other Governments

Due to Other Governments consists of the following:

Due to Housing Authority of Fresno County	\$ 238,923
Due to U.S. Department of HUD	192,714
Other	6,652
Total Due to Other Government	<u>\$ 438,289</u>

(12) Other Current Liabilities

Other current liabilities at December 31, 2015 consist of the following:

Related Parties:	
Due to HRFC	\$ 183,189
Due to HSIC	192,068
Due to other Related Parties	234,516
Total	<u>\$ 609,773</u>
Non-Related Parties:	
Withholdings and benefits payable	\$ 279,419
Unclaimed refunds	139,829
Other	4,950
Total	<u>\$ 424,198</u>

(13) Unearned Revenues

Unearned revenues consist of the following:

Prepaid HUD annual contributions	\$ 122,476
Prepaid rents	18,929
Other	40,571
Total	<u>\$ 181,676</u>

(14) 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. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income

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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 Authorities 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.

(15) Defined Benefit Pension Plan

Plan Descriptions 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 your agency has contracted.

Contract Package			
	Active Misc	Active Misc	Receiving Misc
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, 2013	June 30, 2014
1. Active Members	106	104
2. Transferred Members	26	27
3. Terminated Members	64	68
4. Retired Members and Beneficiaries	104	104
5. Active to Retired Ratio [(1) / (4)]	1.02	1.00

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. 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.

For the measurement period ending June 30, 2015 (the measurement date), the average active employee contribution rate is 6.25 percent of annual pay, and the average employer's contribution rate is 7.507 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, 2014 valuation was rolled forward to determine the June 30, 2015 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
Amortization Method/Period	For details, see June 30, 2012 Funding Valuation Report
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3%
Investment Rate of Return	7.65% Net of Pension Plan Investment Expenses, includes Inflation
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the Period from 1997 to 2007.
Mortality Rate Table ¹	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

¹ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS

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stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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 (Public Employees’ Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	Current Target Allocation	Real Return Years 1 – 10¹	Real Return Years 11²
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

Pension Plan Fiduciary Net Position

The Plan’s Fiduciary Net Position at June 30, 2015 was \$25,894,211. As of the start of the period, the Net Pension Liability was \$2,939,165.

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Changes in Net Pension Liability

The Changes in Net Pension Liability for the year ended June 30, 2015 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability /(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at: 06/30/2014	29,086,141	26,146,976	2,939,165
Changes Recognized for the Measurement Period			
Service Cost	631,110	-	631,110
Interest on Total Pension Liability	2,143,493	-	2,143,493
Changes of Benefit Terms	-	-	-
Changes of Assumptions	(516,001)	-	(516,001)
Differences between Expected and Actual Experience	(122,369)	-	(122,369)
Plan to Plan Resource ovement	-	-	-
Contributions - Employer	-	340,596	(340,596)
Contributions - Employees	-	336,751	(336,751)
Net Investment Income	-	586,662	(586,662)
Benefit Payments, including Refunds of Employee Contributions	(1,487,628)	(1,487,628)	-
Administrative Expense	-	(29,146)	29,146
Net Changes during 2014-2015	648,605	(252,765)	901,370
Balance at: 06/30/2015	29,734,746	25,894,211	3,840,535

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

	Discount Rate – 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan's Net Pension Liability/ (Asset)	\$7,752,205	\$3,840,535	\$608,630

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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:

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 June 30, 2015 measurement date is 4.1 years, which was obtained by dividing the total service years of 1,169 (the sum of remaining service lifetimes of the active employees) by 285 (the total number of 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.

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Deferred Outflows and Deferred Inflows of Resources

As of June 30, 2015, the Housing Authority of the City of Fresno 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 Outflows of Resources	Deferred inflows of Resources
Changes of Assumptions	\$ -	\$ (386,734)
Differences between Expected and Actual Experiences	40,834	(134,044)
Pension payments between June 30 and December 31, 2015	286,907	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(245,689)
Total	\$ 327,741	\$ (766,467)

Pension expense for the current year is \$1,848,048.

The \$286,907 in pension payments between June 30 and December 31, 2015, 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 year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Periods Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2016	(\$331,968)
2017	(331,968)
2018	(326,379)
2019	264,671
2020	-

(16) 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, automobile, fidelity, and officers' liability insurance to participants. Membership was comprised of approximately 90 public housing authorities at December 31, 2014. The relationship between the Agency and HARRP is such that HARRP is not a component unit of the Agency for financial reporting purposes.

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The Agency's insurance expense was \$314,550 for the year ended December 31, 2015. The loss limits for the various types of insurance are follows: \$2,000,000 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; \$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 Agency is insured for Statutory Workers' Compensation by the Safety National Casualty Corporation. The pool provides up to \$5,000,000 per occurrence.

(17) Participation in Related Party Limited Partnerships

YEC Limited

YEC Limited, a California Limited Partnership, was formed to construct, hold and otherwise operate the 69-unit single family residential project known as Yosemite Village. The project is located in Fresno, California and is intended for rental to low-income families. The project received low-income housing tax credits through the California Tax Credit Allocation Committee.

The partnership was originally formed on February 7, 2007, by the Housing Authority of the City of Fresno as the Co-General Partner and Silvercrest, Inc., a California non-profit public benefit corporation, as the Managing General Partner. The day to day operations of the partnership are controlled by the Managing General Partner. This agreement was later amended to admit Columbia Housing/PNC Institutional Fund XLI Limited Partnership as the Investment Limited Partner and Columbia Housing SLP Corporation as the Special Limited Partner.

Together, the two General Partners (the Housing Authority of the City of Fresno and Silvercrest Inc.) are allocated 0.01% interest of all net profits (or net losses) of the partnership. 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. See Note 7 for descriptions of any related party transactions between the Agency and the partnership.

Parc Grove Commons II, Limited Partnership

Parc Grove Commons II, a California Limited Partnership, was formed for the development and construction of a mixed-income tax-credit rental unit project comprised of 215 rental units. The project is located in Fresno, California and is intended for rental to low-income families. The project received low-income housing tax credits through the California Tax Credit Allocation Committee.

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The partnership was originally formed on March 11, 2008, by Silvercrest Inc., a California non-profit public benefit corporation as the Managing General Partner, and the Housing Authority of the City of Fresno as the Co-General Partner. The day to day operations of the partnership are controlled by the Managing General Partner. This agreement was later amended on January 27, 2010 to admit Wachovia Affordable Housing Community Development Corporation as the Investor Limited Partner and as State Equity Limited Partner.

Together, the two General Partners, (the Housing Authority of the City of Fresno and Silvercrest Inc.) are allocated a 0.01% interest of all net profits (or net losses) of the partnership. 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. See Note 7 for descriptions of any related party transactions between the Agency and the partnership.

Fresno Renaissance at Trinity, LP

Fresno Renaissance at Trinity, a California Limited Partnership, was formed to acquire, construct/rehabilitate, and operate the Renaissance at Trinity Apartments, a 21-unit permanent supportive housing project located in Fresno, California. The project received low-income housing tax credits through the California Tax Credit Allocation Committee.

The partnership was originally formed on June 9, 2010, by Fresno Renaissance at Trinity, 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. The agreement was later amended as of December 1, 2010 to admit PNC Real Estate Tax Credit Capital Institutional Fund 47 Limited Partnership as the Investment Limited Partner, and Colombia Housing SLP Corporation as the Special Limited Partner.

Together, the two General Partners (Fresno Renaissance at Trinity LLC and Silvercrest Inc.) are allocated 0.01% interest of all net profits (or net losses) of the partnership. 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. See Note 7 for descriptions of any related party transactions between the Agency and the partnership.

Fresno Pacific Gardens, LP

Fresno Pacific Gardens, a California Limited Partnership, was formed to acquire, construct/rehabilitate, and operate the Fresno Pacific Gardens Apartments, a 56-unit multi-family housing development located in Fresno, California. The partnership received low-income housing tax credits through the California Tax Credit Allocation Committee.

The partnership was originally formed on January 1, 2011, by Fresno Pacific Gardens 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. The agreement was later amended as of March 14, 2011 to admit PNC Real Estate Tax Credit Capital Institutional Fund 46 Limited Partnership as the Investment Limited Partner, and Colombia Housing SLP Corporation as the Special Limited Partner.

Together, the two General Partners (Fresno Pacific Gardens AGP LLC and Silvercrest Inc.) are allocated 0.01% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing

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Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985. See Note 7 for descriptions of any related party transactions between the Agency and the partnership.

Fresno Renaissance at Alta Monte, LP

Fresno Renaissance at Alta Monte, a California Limited Partnership, was formed to acquire, construct / rehabilitate, and operate the Fresno Renaissance at Alta Monte, a 70-unit permanent supportive housing project located in Fresno, California. The project received low-income housing tax credits through the California Tax Credit Allocation Committee.

The partnership was originally formed on September 23, 2009, by Fresno Renaissance at Alta Monte 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. The agreement was later amended as of June 23, 2011 to admit PNC Real Estate Tax Credit Capital Institutional Fund 49 Limited Partnership as the Investment Limited Partner, and Colombia Housing SLP Corporation as the Special Limited Partner.

Together, the two General Partners (Fresno Renaissance at Alta Monte LLC and Silvercrest Inc.) are allocated 0.01% interest of all net profits (or net losses) of the partnership. 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. See Note 7 for descriptions of any related party transactions between the Agency and the partnership.

1555 Santa Clara Street, LP

1555 Santa Clara Street, a California Limited Partnership, was formed to acquire, construct, and operate 1555 Santa Clara Street, a 30-unit permanent supportive housing project located in the Fresno, California. The project received low-income housing tax credits through the California Tax Credit Allocation Committee.

The partnership was originally formed on December 14, 2011, by 1555 Santa Clara Street 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. The agreement was later amended as of June 22, 2011 to admit PNC Real Estate Tax Credit Capital Institutional Fund 47 Limited Partnership as the Investment Limited Partner, and Colombia Housing SLP Corporation as the Special Limited Partner.

Together, the two General Partners (1555 Santa Clara Street LLC and Silvercrest Inc.) are allocated 0.01% interest of all net profits (or net losses) of the partnership. 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. See Note 7 for descriptions of any related party transactions between the Agency and the partnership.

Bridges at Florence, LP

Bridges at Florence LP, a California Limited Liability Company, was formed to acquire, construct, and operate Bridges at Florence, a 34 unit affordable-housing complex and community resource building located in Fresno, California. The project received low-income housing tax credits through the California Tax Credit Allocation Committee. The purpose of this project is to expand availability of long-term housing for low-income persons residing in the City of Fresno, California.

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The partnership was originally formed on April 12, 2012, by Bridges at Florence 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. The agreement was later amended as of April 4, 2013 to admit PNC Bank, National Association as the Investor Limited Partner, and Colombia Housing SLP Corporation as the Special Limited Partner.

Silvercrest, Inc., as Managing General Partner, is allocated 0.005% interest of all net profits (or net losses) of the partnership. Bridges at Florence AGP, LLC, as Administrative General Partner, is allocated 0.005% interest of all net profits (or net losses) of the partnership. 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. See Note 7 for descriptions of any related party transactions between the Agency and the partnership.

Parc Grove Commons Northwest, LP

Parc Grove Commons Northwest LP, was formed to acquire, construct, and operate Parc Grove Commons Northwest, a 148 unit affordable-housing complex and community resource building. The project received low-income housing tax credits through the California Tax Credit Allocation Committee. The purpose of this project is to expand availability of long-term housing for low income persons residing in the City of Fresno, California.

The partnership was originally formed on March 1, 2012, by Parc Grove Commons Northwest 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. The agreement was later amended as of February 13, 2013 to admit Wells Fargo Affordable Housing Community Development Corporation as the Investor Limited Partner, and to-be-designated entity as the Special Limited Partner.

Silvercrest Inc. is the Managing General Partner and the Withdrawing Limited Partner. Parc Grove Commons Northwest AGP, LCC, is the Administrative General Partner. Each of those two entities is allocated 0.005% interest of all net profits (or net losses) of the partnership. 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. See Note 7 for descriptions of any related party transactions between the Agency and the partnership.

802 Van Ness Avenue, LP

802 Van Ness LP, was formed to acquire, construct, and operate an affordable-housing complex, community resource building, and commercial space located in Fresno, California. The project received low-income housing tax credits through the California Tax Credit Allocation Committee.

The partnership was originally formed on October 17, 2013, by 802 Van Ness Avenue 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 Real Estate Tax Credit Capital Institutional Fund 52 Limited Partnership is the Investor Limited Partner, and Columbia Housing SLP Corporation is the Special Limited Partner.

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As the Managing General Partner and Administrative General Partner, Silvercrest, Inc. and 802 Van Ness Avenue AGP, LLC, respectively, are allocated 0.005% interest of all net profits (or net losses) of the partnership. 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. See Note 7 for descriptions of any related party transactions between the Agency and the partnership.

Southeast Fresno RAD, LP

Southeast Fresno RAD, LP was formed to acquire, construct and/or rehabilitate, and operate a scattered site affordable-housing development and community resource building in Fresno, 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 Southeast Fresno 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. R4 FR Acquisition LLC is the Investor Limited Partner, and Silvercrest, Inc. is the Withdrawing Special Limited Partner.

Net profits or losses of the partnership are allocated 0.005% to each of the two General Partners, Silvercrest Inc. and Southeast Fresno RAD AGP, LLC. 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. See Note 7 for descriptions of any related party transactions between the Agency and the partnership.

Viking Village Fresno RAD, LP

Viking Village Fresno RAD, LP was formed to acquire, construct and/or rehabilitate, and operate an affordable-housing development and community resource building in Fresno, 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 Viking Village Fresno 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, PNC Real Estate Tax Credit Capital Fund 47 is the State Limited Partner and Columbia Housing SLP Corporation as the Special Limited Partner.

Net profits or losses of the partnership are allocated 0.005% to each of the two General Partners, Silvercrest Inc. and Viking Village Fresno RAD AGP, LLC. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the Fresno County, at P.O. Box 11985, Fresno, California 93776-1985. See Note 7 for descriptions of any related party transactions between the Agency and the partnership.

Fulton West/Cedar Heights Scattered Site, LP

Fulton West/Cedar Heights Scattered Site, LP was formed to expand the development and availability of long-term housing for low income person residing in the City of Fresno, California, including the sale of low-income housing tax credits and entering into agreements for the financing,

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planning, construction and development, on real property the will include 45 units of multi-family housing. The project will begin construction in 2016 and as of December 31, 2015 there is no substantial activity to report.

Fresno Edison Apartments, LP

Fresno Edison Apartments, LP was formed to expand the development and availability of long-term housing for low income persons residing in the City of Fresno, California, including the sale of low-income housing tax credits and entering into agreements for the financing, planning, construction and development, on real property known as Edison Apartments, Phase I and is anticipated to include 64 units of multi-family housing. The project will begin construction in 2016 and as of December 31, 2015 there is no substantial activity to report.

Lowell Neighborhood Project, LP

Lowell Neighborhood Project, LP was formed to expand the development and availability of long-term housing for low income persons residing in the City of Fresno, California, including the sale of low-income housing tax credits and entering into agreements for the financing, planning, construction and development, on real property and will include 30 units of multi-family housing. The project will begin construction in 2016 and as of December 31, 2015 there is no substantial activity to report.

(18) 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 Chief Financial Officer 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 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.

BOB maintains its own administrative staff. The salaries of this staff are paid through the Agency's payroll system. The Agency also provides management and bookkeeping services for BOB. BOB reimburses the Agency on a monthly basis for these costs.

Housing Authority of the County of Fresno

The Housing Authority of the County of Fresno was established by a resolution of the Fresno County Board of Supervisors on February 5, 1946. The Authority is governed by a seven-member Board of Commissioners who are appointed to four year terms by the County Board of Supervisors, reports on a calendar year, and has issued separate financial and compliance audits for 2014. 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. 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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(19) Interfund and Interagency Activity

The following is a summary of changes in Interfund loans as of December 31, 2015:

	Balance 12/31/14	Additions/ Deletions	Balance 12/31/15	Due within One Year
Receivables:				
City RF from NSP	\$ 1,128,277	\$ -	\$ 1,128,277	\$ 1,128,277
City RF from El Cortez	205,800	-	205,800	-
City RF from P&CD	500,000	-	500,000	-
Total Receivables	\$ 1,834,077	\$ -	\$ 1,834,077	\$ 1,128,277
Payables:				
City RF from NSP	\$ 1,128,277	\$ -	\$ 1,128,277	\$ 1,128,277
City RF from El Cortez	205,800	-	205,800	-
City RF from P&CD	500,000	-	500,000	-
Total Payables	\$ 1,834,077	\$ -	\$ 1,834,077	\$ 1,128,277

The Agency has made various Interfund loans. Interfund balances have been eliminated in the Statement of Net Assets. One loan carries no interest. Those loans that accrue interest are as follows:

On May 28, 2008, the Agency approved a loan of \$500,000 from the Relinquished Fund (RF) to the Planning and Community Development (P&CD) Fund. This loan carries an interest rate of 3% per annum. The outstanding balance of the loan and accrued interest at December 31, 2015 is \$500,000 and \$80,885 respectively.

(20) Contingent Liabilities

A. 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.

B. 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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C. Guarantees

The Agency has made certain guarantees with regards to the completion of development projects, including repayment of construction loans and tax credit delivery. On these development projects, the Agency has also made guarantees with regards to operating deficits for defined periods beyond stabilization of the property. In addition, the Agency has indemnified Silvercrest, Inc. and Better Opportunities Builder, Inc. related to general partner and developer obligations.

D. 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 will be 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.

E. Pension Liability

The Agency is currently researching a potential liability for additional pension expense. Currently details are not clearly defined, and the range of exposure, if any, has not been determined.

(21) Restricted Net Position

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

Externally required restrictions:

Housing Assistance Payments	\$ 1,723,446
Affordable Housing	455,430
USDA projects	320,000
California Housing Finance Agency (CHFA)	129,257
Other	18,240
Total	<u><u>\$ 2,646,373</u></u>

**HOUSING AUTHORITY OF THE CITY OF FRESNO
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

(22) Prior Year Restatement

During the year ended December 31, 2015, the Agency made certain adjustments to beginning equity as a result of a material reclassification of notes payable and other immaterial audit adjustments.

The following schedule summarizes the effect of these restatements:

Net Position at Beginning of Year, as Previously Reported	\$ 72,115,984
Adjustment to reflect pension liability as of the beginning of the year (implementation of GASB 68)	(2,963,094)
Adjustment to reflect timing correction in affordable housing program	101,237
Other	6,879
Net Position at Beginning of Year, as Restated	<u><u>\$ 69,261,006</u></u>

(REQUIRED SUPPLEMENTARY INFORMATION)

**HOUSING AUTHORITY OF THE CITY OF FRESNO
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2015**

Schedule of Changes in Net Pension Liability and Related Ratios for the Measurement Periods Ended June 30

Measurement Period	2014 *	2015 *
TOTAL PENSION LIABILITY:		
Service Cost	627,365	631,110
Interest on Total Pension Liability	2,058,422	2,143,493
Changes of Assumptions	0	(516,001)
Difference between Expected and Actual Experience	0	(122,369)
Benefit Payments, Including Refunds of Employee Contributions	(1,463,163)	(1,487,628)
Net Change in Total Pension Liability	1,222,624	648,605
Total Pension Liability - Beginning	27,863,518	29,086,142
Total Pension Liability - Ending	<u>29,086,142</u>	<u>29,734,747</u>
PLAN FIDUCIARY NET POSITION:		
Contributions – Employer	313,597	340,596
Contributions - Employee	307,963	336,751
Net Investment Income	3,933,088	586,662
Benefit Payments, Including Refunds of Employee Contributions	(1,463,163)	(1,487,628)
Administrative Expense	0	(29,146)
Net Change in Fiduciary Net Position	3,091,485	(252,765)
Plan Fiduciary Net Position - Beginning	23,055,491	26,146,976
Plan Fiduciary Net Position - Ending	<u>26,146,976</u>	<u>25,894,211</u>
Plan Net Pension Liability/(Asset)	2,939,166	3,840,536
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.89%	87.08%
Covered Employee Payroll ¹	4,707,335	4,869,500
Plan Net Pension Liability/ (Asset) as a Percentage of Covered Employee Payroll	62.44%	78.87%

**Information is not available for 10 years*

¹ Covered-Employee Payroll presented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 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: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

**HOUSING AUTHORITY OF THE CITY OF FRESNO
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF PLAN CONTRIBUTIONS FOR THE YEAR ENDED DECEMBER 31, 2015.

Employer Fiscal Year End	2015	2014
Actuarially Determined Contribution ²	\$ 343,617	\$ 316,377
Contributions in Relation to the Actuarially Determined Contribution ²	(343,617)	(316,377)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll ^{3,4}	\$ 4,912,678	\$ 4,749,075
Contributions as a Percentage of Covered-Employee Payroll ³	7.01%	6.69%

- 1 As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be determined as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.
- 2 Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.
- 3 Covered-Employee Payroll presented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.
- 4 Payroll from prior year \$4,727,670 was assumed to increase by 3.00 percent payroll growth assumption.

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Year Ended December 31, 2015 were derived from the June 30, 2012 and June 30, 2013 funding valuation reports.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2012 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50 Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

SUPPLEMENTAL INFORMATION

**HOUSING AUTHORITY OF THE CITY OF FRESNO
SUPPLEMENTAL INFORMATION
YEAR ENDED DECEMBER 31, 2015**

Schedule of Modernization Costs for Completed Contracts:

<u>Grant Number</u>	<u>Funds Approved</u>	<u>Funds Expended</u>	<u>Excess</u>
CA39P006501-12	\$ 1,151,754	\$ 1,151,754	-
CA39R006501-12	\$ 339,796	\$ 339,796	-
CA39R006501-13	\$ 48,132	\$ 48,132	-
CA39R006502-13	\$ 319,255	\$ 319,255	-

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**HOUSING AUTHORITY OF THE CITY OF FRESNO
SUPPLEMENTAL INFORMATION
YEAR ENDED DECEMBER 31, 2015**

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 City of Fresno (CA006)

FRESNO, CA

Entity Wide Balance Sheet Summary
Audited/Single Audit FYE 12/31/2015

	Project Total	14.169 Housing Counseling Assistance Program	14.257 Homelessness Prevention and Rapid Re- Housing Program (RAF)
111 Cash - Unrestricted	\$2,296,457	\$3	\$2,049
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$100,713		
100 Total Cash	\$2,397,170	\$3	\$2,049
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects	\$292,114		
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous	\$233		
126 Accounts Receivable - Tenants	\$33,441		
126.1 Allowance for Doubtful Accounts - Tenants	-\$18,917		
126.2 Allowance for Doubtful Accounts - Other	\$0		
127 Notes, Loans, & Mortgages Receivable - Current			
129 Accrued Interest Receivable	\$238,262		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$545,133	\$0	\$0
142 Prepaid Expenses and Other Assets			
143.1 Allowance for Obsolete Inventories	\$0		
144 Inter Program Due From	\$254,334		
145 Assets Held for Sale	\$566,671		
150 Total Current Assets	\$3,763,308	\$3	\$2,049
161 Land	\$838,544		
162 Buildings	\$32,747,877		
164 Furniture, Equipment & Machinery - Administration	\$474,628		
166 Accumulated Depreciation	-\$27,873,534		
167 Construction in Progress	\$126,991		
160 Total Capital Assets, Net of Accumulated Depreciation	\$6,314,506	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current	\$6,230,953		
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
174 Other Assets	\$1,045,517		
176 Investments in Joint Ventures	\$6,163,881		
180 Total Non-Current Assets	\$19,754,857	\$0	\$0
200 Deferred Outflow of Resources	\$38,040		
290 Total Assets and Deferred Outflow of Resources	\$23,556,205	\$3	\$2,049

Housing Authority City of Fresno (CA006)

FRESNO, CA

Entity Wide Balance Sheet Summary
Audited/Single Audit FYE 12/31/2015

14.256 Neighborhood Stabilization Program (Recovery Act Funded)	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlem ent Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.866 Revitalization of Severely Distressed Public Housing
\$380,880	\$35,099			\$31,777	\$58,016	\$1,323,628
	\$455,430			\$1,723,446		
	\$12,904					
\$380,880	\$503,433	\$0	\$0	\$1,755,223	\$58,016	\$1,323,628
				\$1,830		
			\$6,816	\$0		
				\$148,709	\$78,629	
				\$6,039		
				\$0	\$0	
			\$0	-\$60,086	\$0	-\$2,395,568
						\$2,395,568
\$0	\$0	\$0	\$6,816	\$96,492	\$78,629	\$0
					\$0	
	\$10,601			\$178,393		
\$73,432						
\$454,312	\$514,034	\$0	\$6,816	\$2,030,108	\$136,645	\$1,323,628
	\$119,742					
	\$2,408,871					\$2,343,060
	\$279			\$481,133	\$0	\$5,395
	-\$1,982,537			-\$403,585		-\$630,210
\$0	\$546,355	\$0	\$0	\$77,548	\$0	\$1,718,245
						\$4,905,351
\$0	\$546,355	\$0	\$0	\$77,548	\$0	\$6,623,596
				\$129,863		
\$454,312	\$1,060,389	\$0	\$6,816	\$2,237,519	\$136,645	\$7,947,224

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Balance Sheet Summary
Audited/Single Audit FYE 12/31/2015

	Project Total	14.169 Housing Counseling Assistance Program	14.257 Homelessness Prevention and Rapid Re- Housing Program (RAF)
311 Bank Overdraft	\$169,059		
312 Accounts Payable <= 90 Days	\$124,261		\$3,327
321 Accrued Wage/Payroll Taxes Payable	\$6,338		
322 Accrued Compensated Absences - Current Portion	\$41,293		
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government	\$2,496		
341 Tenant Security Deposits	\$100,713		
342 Unearned Revenue	\$5,035		
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities	\$36,168		
346 Accrued Liabilities - Other			
347 Inter Program - Due To	\$188,677		
348 Loan Liability - Current			
310 Total Current Liabilities	\$674,040	\$0	\$3,327
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$98,097		
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other	\$59,460		
354 Accrued Compensated Absences - Non Current	\$22,358		
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities	\$445,763		
350 Total Non-Current Liabilities	\$625,678	\$0	\$0
300 Total Liabilities	\$1,299,718	\$0	\$3,327
400 Deferred Inflow of Resources	\$88,963		
508.4 Net Investment in Capital Assets	\$6,216,411		
511.4 Restricted Net Position	\$0		
512.4 Unrestricted Net Position	\$15,951,113	\$3	-\$1,278
513 Total Equity - Net Assets / Position	\$22,167,524	\$3	-\$1,278
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$23,556,205	\$3	\$2,049

Housing Authority City of Fresno (CA006)

FRESNO, CA

Entity Wide Balance Sheet Summary

Audited/Single Audit FYE 12/31/2015

14.256 Neighborhood Stabilization Program (Recovery Act Funded)	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlem ent Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.866 Revitalization of Severely Distressed Public Housing
	\$3,352			\$31,914	\$1,825	
	\$252		\$33	\$22,629		
	\$6,823	\$140	\$152	\$119,574		
\$222,163						
				\$173,966		
	\$1,097					
	\$12,903					
	\$369			\$95,933	\$0	
	\$99,131					
\$1,128,277						
					\$3,743	
		\$349,774	\$50,708	\$1,675,315		
\$1,350,440	\$123,927	\$349,914	\$50,893	\$2,119,331	\$5,568	\$0
\$44,441	\$409,068				\$0	
	\$3,888			\$67,708		
				\$1,521,760		
\$44,441	\$412,956	\$0	\$0	\$1,589,468	\$0	\$0
\$1,394,881	\$536,883	\$349,914	\$50,893	\$3,708,799	\$5,568	\$0
				\$303,702		
-\$44,441	\$38,156			\$77,548		\$1,718,244
	\$455,430		\$0	\$1,723,446		
-\$896,128	\$29,920	-\$349,914	-\$44,077	-\$3,575,976	\$131,077	\$6,228,980
-\$940,569	\$523,506	-\$349,914	-\$44,077	-\$1,774,982	\$131,077	\$7,947,224
\$454,312	\$1,060,389	\$0	\$6,816	\$2,237,519	\$136,645	\$7,947,224

Housing Authority City of Fresno (CA006)

FRESNO, CA

Entity Wide Balance Sheet Summary
Audited/Single Audit FYE 12/31/2015

	14.185 Hope III	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities
111 Cash - Unrestricted	\$6,689		\$27,599
113 Cash - Other Restricted		\$129,257	
114 Cash - Tenant Security Deposits		\$11,625	
100 Total Cash	\$6,689	\$140,882	\$27,599
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants		\$34,772	
126.1 Allowance for Doubtful Accounts -Tenants		-\$590	
126.2 Allowance for Doubtful Accounts - Other	-\$109,464		
127 Notes, Loans, & Mortgages Receivable - Current	\$109,464		
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$34,182	\$0
142 Prepaid Expenses and Other Assets			
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From		\$1,620	
145 Assets Held for Sale			
150 Total Current Assets	\$6,689	\$176,684	\$27,599
161 Land		\$158,970	
162 Buildings		\$2,636,849	
164 Furniture, Equipment & Machinery - Administration		\$32,813	\$1,567
166 Accumulated Depreciation		-\$2,614,529	\$0
167 Construction in Progress			
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$214,103	\$1,567
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$0	\$214,103	\$1,567
200 Deferred Outflow of Resources			
290 Total Assets and Deferred Outflow of Resources	\$6,689	\$390,787	\$29,166

Housing Authority City of Fresno (CA006)

FRESNO, CA

Entity Wide Balance Sheet Summary
Audited/Single Audit FYE 12/31/2015

14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.235 Supportive Housing Program	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC
	\$196,256			\$45,128	\$407,682	\$4,656
	\$0				\$320,000	\$18,239
	\$0			\$18,700	\$126,425	
\$0	\$196,256	\$0	\$0	\$63,828	\$854,107	\$22,895
\$175,485		\$65,825				
	\$46,305		\$261,865	\$84,375		
				\$110,242	\$68,064	\$686,905
				\$16,238	\$547	
			\$0	\$0	\$0	
\$0	\$0	\$0	\$0	\$0	\$0	\$0
					\$1,128,277	
		\$213,989			\$323,868	
\$175,485	\$46,305	\$279,814	\$261,865	\$210,855	\$1,520,756	\$686,905
\$242					\$21,614	\$246,871
\$980	\$454	\$6,549		\$16,136	\$3,589,538	\$1,120,921
				\$1,315,429		
\$176,707	\$243,015	\$286,363	\$261,865	\$1,606,248	\$5,986,015	\$2,077,592
				\$106,690	\$2,114,600	\$324,229
				\$3,935,080	\$5,596,438	\$3,610,608
		\$82,631			\$125,941	\$758,015
		-\$82,631		-\$131,169	-\$3,606,147	-\$3,389,890
					\$3,058,841	
\$0	\$0	\$0	\$0	\$3,910,601	\$7,289,673	\$1,302,962
		\$1,200,000			\$14,232,374	
				\$1,990,000		
				\$694,768	\$116,492	\$0
					\$24,461,936	
\$0	\$0	\$1,200,000	\$0	\$6,595,369	\$46,100,475	\$1,302,962
					\$40,685	\$119,153
\$176,707	\$243,015	\$1,486,363	\$261,865	\$8,201,617	\$52,127,175	\$3,499,707

Housing Authority City of Fresno (CA006)

FRESNO, CA

Entity Wide Balance Sheet Summary

Audited/Single Audit FYE 12/31/2015

	14.185 Hope III	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities
311 Bank Overdraft			
312 Accounts Payable <= 90 Days		\$6,141	
321 Accrued Wage/Payroll Taxes Payable		\$597	
322 Accrued Compensated Absences - Current Portion		\$1,152	
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			\$18,748
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government	\$3,060		
341 Tenant Security Deposits		\$14,057	
342 Unearned Revenue		\$12,656	\$25,553
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$151,022	
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities - Other			
347 Inter Program - Due To		\$187,465	
348 Loan Liability - Current			
310 Total Current Liabilities	\$3,060	\$373,090	\$44,301
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$766,423	
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other			
354 Accrued Compensated Absences - Non Current		\$651	
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities			
350 Total Non-Current Liabilities	\$0	\$767,074	\$0
300 Total Liabilities	\$3,060	\$1,140,164	\$44,301
400 Deferred Inflow of Resources			
508.4 Net Investment in Capital Assets		-\$703,342	\$1,567
511.4 Restricted Net Position		\$129,257	
512.4 Unrestricted Net Position	\$3,629	-\$175,292	-\$16,702
513 Total Equity - Net Assets / Position	\$3,629	-\$749,377	-\$15,135
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$6,689	\$390,787	\$29,166

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Balance Sheet Summary
Audited/Single Audit FYE 12/31/2015

14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.235 Supportive Housing Program	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC
					\$291,787	
	\$6,538	\$5,645	\$251	\$20,932		\$143,112
\$32	\$567	\$2,232	\$370	\$4,730	\$7,327	\$95,333
\$616	\$459	\$4,316		\$11,242	\$21,464	\$86,356
				\$27,458	\$734,975	
				\$18,700	\$125,485	
				\$2,291		\$40,508
					\$122,776	
					\$1,574,627	
\$139,429				\$946	\$92,777	\$999,830
\$387,834		\$331,165	\$263,386	\$1,311,283		\$433,918
\$527,911	\$7,564	\$343,358	\$264,007	\$1,397,582	\$2,971,218	\$1,799,057
				\$4,755,237	\$8,371,276	\$154,000
					\$104,050	
\$363	\$174	\$2,234		\$6,073	\$12,026	\$48,106
					\$476,751	\$1,396,262
\$363	\$174	\$2,234	\$0	\$4,761,310	\$8,964,103	\$1,598,368
\$528,274	\$7,738	\$345,592	\$264,007	\$6,158,892	\$11,935,321	\$3,397,425
					\$95,147	\$278,656
		\$0		-\$844,637	-\$1,204,378	\$1,148,962
		\$0			\$320,000	\$18,239
-\$351,567	\$235,277	\$1,140,771	-\$2,142	\$2,887,362	\$40,981,085	-\$1,343,575
-\$351,567	\$235,277	\$1,140,771	-\$2,142	\$2,042,725	\$40,096,707	-\$176,374
\$176,707	\$243,015	\$1,486,363	\$261,865	\$8,201,617	\$52,127,175	\$3,499,707

Housing Authority City of Fresno (CA006)

FRESNO, CA

Entity Wide Balance Sheet Summary

Audited/Single Audit FYE 12/31/2015

	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$4,815,919		\$4,815,919
113 Cash - Other Restricted	\$2,646,372		\$2,646,372
114 Cash - Tenant Security Deposits	\$270,367		\$270,367
100 Total Cash	\$7,732,658	\$0	\$7,732,658
121 Accounts Receivable - PHA Projects	\$1,830		\$1,830
122 Accounts Receivable - HUD Other Projects	\$540,240		\$540,240
124 Accounts Receivable - Other Government	\$392,545		\$392,545
125 Accounts Receivable - Miscellaneous	\$1,092,782		\$1,092,782
126 Accounts Receivable - Tenants	\$91,037		\$91,037
126.1 Allowance for Doubtful Accounts - Tenants	-\$19,507		-\$19,507
126.2 Allowance for Doubtful Accounts - Other	-\$2,565,118		-\$2,565,118
127 Notes, Loans, & Mortgages Receivable - Current	\$3,633,309	-\$1,128,277	\$2,505,032
129 Accrued Interest Receivable	\$776,119	-\$237,163	\$538,956
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$3,943,237	-\$1,365,440	\$2,577,797
142 Prepaid Expenses and Other Assets	\$268,727		\$268,727
143.1 Allowance for Obsolete Inventories	\$0		\$0
144 Inter Program Due From	\$5,179,526	-\$5,179,526	\$0
145 Assets Held for Sale	\$1,955,532		\$1,955,532
150 Total Current Assets	\$19,079,680	-\$6,544,966	\$12,534,714
161 Land	\$3,662,775		\$3,662,775
162 Buildings	\$53,278,783		\$53,278,783
164 Furniture, Equipment & Machinery - Administration	\$1,962,402		\$1,962,402
166 Accumulated Depreciation	-\$40,714,232		-\$40,714,232
167 Construction in Progress	\$3,185,832		\$3,185,832
160 Total Capital Assets, Net of Accumulated Depreciation	\$21,375,560	\$0	\$21,375,560
171 Notes, Loans and Mortgages Receivable - Non-Current	\$26,568,678	-\$705,800	\$25,862,878
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$1,990,000		\$1,990,000
174 Other Assets	\$1,856,777	-\$86,191	\$1,770,586
176 Investments in Joint Ventures	\$30,625,817		\$30,625,817
180 Total Non-Current Assets	\$82,416,832	-\$791,991	\$81,624,841
200 Deferred Outflow of Resources	\$327,741		\$327,741
290 Total Assets and Deferred Outflow of Resources	\$101,824,253	-\$7,336,957	\$94,487,296

Housing Authority City of Fresno (CA006)

FRESNO, CA

Entity Wide Balance Sheet Summary

Audited/Single Audit FYE 12/31/2015

	Subtotal	ELIM	Total
311 Bank Overdraft	\$460,846		\$460,846
312 Accounts Payable <= 90 Days	\$347,298		\$347,298
321 Accrued Wage/Payroll Taxes Payable	\$140,440		\$140,440
322 Accrued Compensated Absences - Current Portion	\$293,587		\$293,587
325 Accrued Interest Payable	\$984,596	-\$222,163	\$762,433
331 Accounts Payable - HUD PHA Programs	\$192,714		\$192,714
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government	\$6,653		\$6,653
341 Tenant Security Deposits	\$271,858		\$271,858
342 Unearned Revenue	\$182,345		\$182,345
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$372,929		\$372,929
344 Current Portion of Long-term Debt - Operating Borrowings	\$2,702,904	-\$1,128,277	\$1,574,627
345 Other Current Liabilities	\$1,272,893		\$1,272,893
346 Accrued Liabilities - Other			
347 Inter Program - Due To	\$5,179,525	-\$5,179,526	-\$1
348 Loan Liability - Current			
310 Total Current Liabilities	\$12,408,588	-\$6,529,966	\$5,878,622
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$14,598,542	-\$705,800	\$13,892,742
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other	\$163,510	-\$101,191	\$62,319
354 Accrued Compensated Absences - Non Current	\$163,581		\$163,581
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities	\$3,840,536		\$3,840,536
350 Total Non-Current Liabilities	\$18,766,169	-\$806,991	\$17,959,178
300 Total Liabilities	\$31,174,757	-\$7,336,957	\$23,837,800
400 Deferred Inflow of Resources	\$766,468		\$766,468
508.4 Net Investment in Capital Assets	\$6,404,090		\$6,404,090
511.4 Restricted Net Position	\$2,646,372		\$2,646,372
512.4 Unrestricted Net Position	\$60,832,566		\$60,832,566
513 Total Equity - Net Assets / Position	\$69,883,028	\$0	\$69,883,028
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$101,824,253	-\$7,336,957	\$94,487,296

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary
 Audited/Single Audit FYE 12/31/2015

	Project Total	14.169 Housing Counseling Assistance Program	14.257 Homelessness Prevention and Rapid Re- Housing Program (RAF)
70300 Net Tenant Rental Revenue	\$1,058,467		
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$1,058,467	\$0	\$0
70600 HUD PHA Operating Grants	\$2,144,248		
70610 Capital Grants	\$157,128		
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$86,979		
71200 Mortgage Interest Income	\$346,805		
71310 Cost of Sale of Assets	-\$29,069		
71400 Fraud Recovery			
71500 Other Revenue	\$19,909		\$0
71600 Gain or Loss on Sale of Capital Assets	\$109,798		
72000 Investment Income - Restricted			
70000 Total Revenue	\$3,894,265	\$0	\$0
91100 Administrative Salaries	\$265,632		
91200 Auditing Fees	\$2,014		
91300 Management Fee	\$337,196		
91310 Book-keeping Fee	\$37,351		
91400 Advertising and Marketing	\$945		
91500 Employee Benefit contributions - Administrative	\$269,821		
91600 Office Expenses	\$48,904		
91700 Legal Expense	\$7,971		
91800 Travel			
91900 Other	\$500		
91000 Total Operating - Administrative	\$970,334	\$0	\$0
92000 Asset Management Fee	\$50,760		
92400 Tenant Services - Other	\$387,604		
92500 Total Tenant Services	\$387,604	\$0	\$0
93100 Water	\$80,166		
93200 Electricity	\$62,484		
93300 Gas	\$5,344		
93600 Sewer			
93700 Employee Benefit Contributions - Utilities	\$86,596		
93000 Total Utilities	\$234,590	\$0	\$0

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015

	Project Total	14.169 Housing Counseling Assistance Program	14.257 Homelessness Prevention and Rapid Re- Housing Program (RAF)
94100 Ordinary Maintenance and Operations - Labor	\$219,306		
94200 Ordinary Maintenance and Operations - Materials and Other	\$188,733		
94300 Ordinary Maintenance and Operations Contracts	\$379,180		
94500 Employee Benefit Contributions - Ordinary Maintenance	\$97,461		
94000 Total Maintenance	\$884,680	\$0	\$0
95200 Protective Services - Other Contract Costs	\$6,320		
95000 Total Protective Services	\$6,320	\$0	\$0
96110 Property Insurance	\$27,723		
96120 Liability Insurance	\$5,364		
96130 Workmen's Compensation	\$58,670		
96140 All Other Insurance	\$7,556		
96100 Total insurance Premiums	\$99,313	\$0	\$0
96200 Other General Expenses	\$395,763		\$814
96210 Compensated Absences	\$50,297		
96300 Payments in Lieu of Taxes	\$69,291		
96400 Bad debt - Tenant Rents	\$27,279		
96800 Severance Expense			
96000 Total Other General Expenses	\$542,630	\$0	\$814
96720 Interest on Notes Payable (Short and Long Term)	\$110		
96700 Total Interest Expense and Amortization Cost	\$110	\$0	\$0
96900 Total Operating Expenses	\$3,176,341	\$0	\$814
97000 Excess of Operating Revenue over Operating Expenses	\$717,924	\$0	-\$814
97100 Extraordinary Maintenance	\$2,955		
97300 Housing Assistance Payments			
97400 Depreciation Expense	\$979,012		
90000 Total Expenses	\$4,158,308	\$0	\$814
10010 Operating Transfer In	\$152,034		
10020 Operating transfer Out	-\$152,033		
10091 Inter Project Excess Cash Transfer In	\$271,683		
10092 Inter Project Excess Cash Transfer Out	-\$271,683		
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$1	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$264,042	\$0	-\$814

Housing Authority City of Fresno (CA006)
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Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015

14.256 Neighborhood Stabilization Program (Recovery Act Funded)	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlem ent Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.866 Revitalization of Severely Distressed Public Housing
	\$8,805	\$307		\$32,451		
	\$11,758			\$14,656		
	\$38,891	\$346	\$465	\$59,077	\$0	\$900
	\$4,096			\$11,289		
\$0	\$63,550	\$653	\$465	\$117,473	\$0	\$900
	\$1,485					
\$0	\$1,485	\$0	\$0	\$0	\$0	\$0
	\$2,972					\$70
	\$575					\$14
	\$2,309	\$3,905	\$1,225	\$54,862		
	\$522	\$198	\$395	\$16,889		
\$0	\$6,378	\$4,103	\$1,620	\$71,751	\$0	\$84
	\$287		\$685	\$37,369	\$35	\$1,431
	\$2,403	\$3,053	\$5,829	\$193,162		
	\$2,148					
				\$10,850		
\$0	\$4,838	\$3,053	\$6,514	\$241,381	\$35	\$1,431
	\$7,230					
\$0	\$7,230	\$0	\$0	\$0	\$0	\$0
\$221	\$137,776	\$111,741	\$95,306	\$5,953,304	\$1,990	\$2,416
-\$221	\$149,777	-\$105,341	-\$44,077	\$44,256,904	\$15,510	-\$4,176
	\$4,950					
				\$43,578,048		
	\$81,332			\$9,622		\$78,102
\$221	\$224,058	\$111,741	\$95,306	\$49,540,974	\$1,990	\$80,518
\$0	\$0	\$0	\$0	\$0	\$0	\$0
-\$221	\$63,495	-\$105,341	-\$44,077	\$669,234	\$15,510	-\$82,278

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary
 Audited/Single Audit FYE 12/31/2015

	Project Total	14.169 Housing Counseling Assistance Program	14.257 Homelessness Prevention and Rapid Re- Housing Program (RAF)
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$22,775,485	\$3	-\$464
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$343,919		
11050 Changes in Compensated Absence Balance			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	5196		
11210 Number of Unit Months Leased	5098		
11270 Excess Cash	\$2,257,905		
11610 Land Purchases	\$0		
11620 Building Purchases	\$0		
11630 Furniture & Equipment - Dwelling Purchases	\$13,554		
11640 Furniture & Equipment - Administrative Purchases	\$30,139		
11650 Leasehold Improvements Purchases	\$0		
11660 Infrastructure Purchases	\$0		

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015

14.256 Neighborhood Stabilization Program (Recovery Act Funded).	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlem ent Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.866 Revitalization of Severely Distressed Public Housing
\$0	\$99,131	\$0	\$0	\$0	\$0	\$0
-\$940,348	\$460,011	-\$244,573	\$0	-\$1,270,131	\$115,567	\$8,029,502
				-\$1,174,085		
				-\$3,499,500		
				\$1,724,518		
	480			85254	180	
	480			83790	180	

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015

	14.185 Hope III	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities
70300 Net Tenant Rental Revenue		\$139,179	
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$0	\$139,179	\$0
70600 HUD PHA Operating Grants		\$339,854	\$159,105
70610 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted			\$526
71200 Mortgage Interest Income			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue		\$9,765	
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted		\$295	
70000 Total Revenue	\$0	\$489,093	\$159,631
91100 Administrative Salaries		\$49,475	
91200 Auditing Fees		\$6,307	
91300 Management Fee		\$24,000	\$25,781
91310 Book-keeping Fee			
91400 Advertising and Marketing		\$19	
91500 Employee Benefit contributions - Administrative		\$10,699	
91600 Office Expenses		\$552	
91700 Legal Expense		\$512	
91800 Travel			
91900 Other		\$16,287	\$220
91000 Total Operating - Administrative	\$0	\$107,851	\$26,001
92000 Asset Management Fee			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water		\$14,728	
93200 Electricity		\$7,124	
93300 Gas		\$2,064	
93600 Sewer		\$10,865	
93700 Employee Benefit Contributions - Utilities			
93000 Total Utilities	\$0	\$34,781	\$0

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary
 Audited/Single Audit FYE 12/31/2015

14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.235 Supportive Housing Program	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC
				\$155,699	\$1,521,620	
\$0	\$0	\$0	\$0	\$155,699	\$1,521,620	\$0
\$832,312		\$247,547	\$436,115			
						\$1,408,817
						\$49,836
						\$665,928
						\$354,802
						\$2,479,383
	\$277,832			\$78,356	\$16,276	
					\$16,170	\$2,145
					\$502,505	
					\$0	
		\$60,751			\$2,199,426	\$1,522,588
				\$472,896	\$4,045	
					\$101	
\$832,312	\$277,832	\$308,298	\$436,115	\$706,951	\$4,260,143	\$4,004,116
\$35,705	\$32,723	\$145,947	\$32,205	\$241,275	\$573,349	\$1,698,961
\$848	\$155	\$514	\$267	\$530	\$2,826	\$21,986
				\$4,200	\$63,786	
	\$124				\$2,485	\$8,371
\$12,962	\$6,439	\$43,051	\$8,720	\$60,789	\$336,149	\$937,079
\$8	\$1,566	\$518	\$2,848	\$27,265	\$79,874	\$194,469
					\$9,809	\$135,692
		\$1,263		\$6,000	\$17,221	\$64,955
\$21,608	\$7,223	\$108,121	\$3,106	\$209,615	\$256,425	\$1,064,335
\$71,131	\$48,230	\$299,414	\$47,146	\$549,674	\$1,341,924	\$4,125,848
		\$30,862		\$54,234		\$26,893
\$0	\$0	\$30,862	\$0	\$54,234	\$0	\$26,893
	\$3,768			\$1,855	\$18,261	\$1,631
	\$22,588			\$4,262	\$30,664	\$88,625
	\$13,287			\$450	\$5,450	\$4,330
	\$6,200			\$1,808	\$40,297	\$1,156
\$0	\$45,843	\$0	\$0	\$8,375	\$94,672	\$95,742

Housing Authority City of Fresno (CA006)
FRESNO, CA

Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015

	14.185 Hope III	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities
94100 Ordinary Maintenance and Operations - Labor		\$16,183	
94200 Ordinary Maintenance and Operations - Materials and Other		\$37,512	
94300 Ordinary Maintenance and Operations Contracts		\$55,978	\$248
94500 Employee Benefit Contributions - Ordinary Maintenance		\$3,499	
94000 Total Maintenance	\$0	\$113,172	\$248
95200 Protective Services - Other Contract Costs			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance		\$3,690	
96120 Liability Insurance		\$714	
96130 Workmen's Compensation		\$9,926	
96140 All Other Insurance		\$684	
96100 Total insurance Premiums	\$0	\$15,014	\$0
96200 Other General Expenses		\$1,029	
96210 Compensated Absences		\$3,981	
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents		\$2,722	
96800 Severance Expense			
96000 Total Other General Expenses	\$0	\$7,732	\$0
96720 Interest on Notes Payable (Short and Long Term)		\$92,750	
96700 Total Interest Expense and Amortization Cost	\$0	\$92,750	\$0
96900 Total Operating Expenses	\$0	\$371,300	\$26,249
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$117,793	\$133,382
97100 Extraordinary Maintenance			
97300 Housing Assistance Payments			\$177,004
97400 Depreciation Expense		\$9,604	
90000 Total Expenses	\$0	\$380,904	\$203,253
10010 Operating Transfer In			
10020 Operating transfer Out			
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)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$108,189	-\$43,622

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary
 Audited/Single Audit FYE 12/31/2015

14.238 Shelter Plus Care	93.645 Child Welfare Services State Grants	14.235 Supportive Housing Program	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC
	\$19,713				\$2,677	\$413
	\$28,273				\$8,214	\$99,718
\$1,336	\$18,054	\$22,980	\$6	\$14,379	\$322,824	\$246,452
	\$3,879				\$882	
\$1,336	\$69,919	\$22,980	\$6	\$14,379	\$334,597	\$346,583
	\$42,167					\$30,631
\$0	\$42,167	\$0	\$0	\$0	\$0	\$30,631
	\$1,842			\$1,554	\$9,127	\$3,745
	\$356			\$327	\$95	\$725
\$1,427	\$5,374	\$3,599	\$572	\$4,741	\$9,618	\$52,523
\$601	\$584	\$1,507	\$68	\$1,801	\$4,634	\$11,467
\$2,028	\$8,156	\$5,106	\$640	\$8,423	\$23,474	\$68,460
			\$49,379	\$61,251	\$16,829	\$270,781
\$4,445	\$3,886	\$15,392	\$611	\$28,164	\$54,766	\$168,207
						\$33,097
\$4,445	\$3,886	\$15,392	\$49,990	\$89,415	\$71,595	\$472,085
				\$20,154	\$238,300	\$13,941
\$0	\$0	\$0	\$0	\$20,154	\$238,300	\$13,941
\$78,940	\$218,201	\$373,754	\$97,782	\$744,654	\$2,104,562	\$5,180,183
\$753,372	\$59,631	-\$65,456	\$338,333	-\$37,703	\$2,155,581	-\$1,176,067
\$811,889		\$12,222	\$340,475	\$74,294		
				\$131,169	\$369,972	\$168,547
\$890,829	\$218,201	\$385,976	\$438,257	\$950,117	\$2,474,534	\$5,348,730
\$0	\$0	\$0	\$0	\$0	\$0	\$0
-\$58,517	\$59,631	-\$77,678	-\$2,142	-\$243,166	\$1,785,609	-\$1,344,614

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary
 Audited/Single Audit FYE 12/31/2015

	14.185 Hope III	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities
11020 Required Annual Debt Principal Payments	\$0	\$151,022	\$0
11030 Beginning Equity	\$3,629	-\$857,566	\$28,487
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			
11050 Changes in Compensated Absence Balance			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available		612	
11210 Number of Unit Months Leased		600	
11270 Excess Cash			
11610 Land Purchases			
11620 Building Purchases			
11630 Furniture & Equipment - Dwelling Purchases			
11640 Furniture & Equipment - Administrative Purchases			
11650 Leasehold Improvements Purchases			
11660 Infrastructure Purchases			

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015

14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.235 Supportive Housing Program	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC
\$0	\$0	\$0	\$0	\$0	\$122,777	\$0
-\$293,050	\$175,646	\$1,218,449	\$0	\$2,285,891	\$38,390,825	\$2,238,621
					-\$79,727	-\$1,070,381
						\$0
						\$0
						\$0
						\$61,156
						\$0
						\$0

Housing Authority City of Fresno (CA006)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Audited/Single Audit FYE 12/31/2015

	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$3,089,772		\$3,089,772
70400 Tenant Revenue - Other	\$134		\$134
70500 Total Tenant Revenue	\$3,089,906	\$0	\$3,089,906
70600 HUD PHA Operating Grants	\$54,383,867		\$54,383,867
70610 Capital Grants	\$157,128		\$157,128
70710 Management Fee	\$1,408,817	-\$1,408,817	\$0
70720 Asset Management Fee	\$49,836	-\$49,836	\$0
70730 Book Keeping Fee	\$665,928	-\$665,779	\$149
70750 Other Fees	\$354,802		\$354,802
70700 Total Fee Revenue	\$2,479,383	-\$2,124,432	\$354,951
70800 Other Government Grants	\$455,624		\$455,624
71100 Investment Income - Unrestricted	\$105,831	\$15,000	\$120,831
71200 Mortgage Interest Income	\$849,310		\$849,310
71310 Cost of Sale of Assets	-\$30,829		-\$30,829
71400 Fraud Recovery	\$19,268		\$19,268
71500 Other Revenue	\$3,838,700	-\$1,090,848	\$2,747,852
71600 Gain or Loss on Sale of Capital Assets	\$587,769		\$587,769
72000 Investment Income - Restricted	\$3,929		\$3,929
70000 Total Revenue	\$65,939,886	-\$3,200,280	\$62,739,606
91100 Administrative Salaries	\$5,025,899		\$5,025,899
91200 Auditing Fees	\$79,456		\$79,456
91300 Management Fee	\$1,475,443	-\$1,408,817	\$66,626
91310 Book-keeping Fee	\$665,776	-\$665,779	-\$3
91400 Advertising and Marketing	\$12,300		\$12,300
91500 Employee Benefit contributions - Administrative	\$2,867,027		\$2,867,027
91600 Office Expenses	\$429,008		\$429,008
91700 Legal Expense	\$162,818		\$162,818
91800 Travel	\$106,729	-\$12,786	\$93,943
91900 Other	\$2,516,160	-\$495,101	\$2,021,059
91000 Total Operating - Administrative	\$13,340,616	-\$2,582,483	\$10,758,133
92000 Asset Management Fee	\$50,760	-\$49,836	\$924
92400 Tenant Services - Other	\$499,593		\$499,593
92500 Total Tenant Services	\$499,593	\$0	\$499,593
93100 Water	\$128,599		\$128,599
93200 Electricity	\$216,367		\$216,367
93300 Gas	\$31,134		\$31,134
93600 Sewer	\$68,054		\$68,054
93700 Employee Benefit Contributions - Utilities	\$86,596		\$86,596
93000 Total Utilities	\$530,750	\$0	\$530,750

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015

	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$299,855		\$299,855
94200 Ordinary Maintenance and Operations - Materials and Other	\$388,864		\$388,864
94300 Ordinary Maintenance and Operations Contracts	\$1,161,116		\$1,161,116
94500 Employee Benefit Contributions - Ordinary Maintenance	\$121,106		\$121,106
94000 Total Maintenance	\$1,970,941	\$0	\$1,970,941
95200 Protective Services - Other Contract Costs	\$80,603		\$80,603
95000 Total Protective Services	\$80,603	\$0	\$80,603
96110 Property Insurance	\$50,723		\$50,723
96120 Liability Insurance	\$8,170		\$8,170
96130 Workmen's Compensation	\$208,751		\$208,751
96140 All Other Insurance	\$46,906		\$46,906
96100 Total insurance Premiums	\$314,550	\$0	\$314,550
96200 Other General Expenses	\$835,653	-\$582,961	\$252,692
96210 Compensated Absences	\$534,196		\$534,196
96300 Payments in Lieu of Taxes	\$69,291		\$69,291
96400 Bad debt - Tenant Rents	\$32,149		\$32,149
96800 Severance Expense	\$43,947		\$43,947
96000 Total Other General Expenses	\$1,515,236	-\$582,961	\$932,275
96720 Interest on Notes Payable (Short and Long Term)	\$372,485	\$15,000	\$387,485
96700 Total Interest Expense and Amortization Cost	\$372,485	\$15,000	\$387,485
96900 Total Operating Expenses	\$18,675,534	-\$3,200,280	\$15,475,254
97000 Excess of Operating Revenue over Operating Expenses	\$47,264,352	\$0	\$47,264,352
97100 Extraordinary Maintenance	\$7,905		\$7,905
97300 Housing Assistance Payments	\$44,993,932		\$44,993,932
97400 Depreciation Expense	\$1,827,360		\$1,827,360
90000 Total Expenses	\$65,504,731	-\$3,200,280	\$62,304,451
10010 Operating Transfer In	\$152,034		\$152,034
10020 Operating transfer Out	-\$152,033		-\$152,033
10091 Inter Project Excess Cash Transfer In	\$271,683		\$271,683
10092 Inter Project Excess Cash Transfer Out	-\$271,683		-\$271,683
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$1	\$0	\$1
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$435,156	\$0	\$435,156

**Housing Authority City of Fresno (CA006)
FRESNO, CA**

**Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2015**

	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	\$372,930		\$372,930
11030 Beginning Equity	\$72,115,984		\$72,115,984
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$2,668,112		-\$2,668,112
11050 Changes in Compensated Absence Balance			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity	-\$3,499,500		-\$3,499,500
11180 Housing Assistance Payments Equity	\$1,724,518		\$1,724,518
11190 Unit Months Available	91722		91722
11210 Number of Unit Months Leased	90148		90148
11270 Excess Cash	\$2,257,905		\$2,257,905
11610 Land Purchases	\$0		\$0
11620 Building Purchases	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$13,554		\$13,554
11640 Furniture & Equipment - Administrative Purchases	\$91,295		\$91,295
11650 Leasehold Improvements Purchases	\$0		\$0
11660 Infrastructure Purchases	\$0		\$0

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SINGLE AUDIT REPORTS AND RELATED SCHEDULES

Board of Commissioners
Housing Authority of the City of Fresno
Fresno, California

**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

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 the City of Fresno (Agency), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated September 16, 2016.

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*.

Agency's Response to Finding

The Agency's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
September 16, 2016

Board of Commissioners
Housing Authority of the City of Fresno
Fresno, California

**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

Report on Compliance for Each Major Program

We have audited the Housing Authority of the City of Fresno's 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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, 2015.

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 defined to be 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, 2015, and have issued our report thereon dated September 16, 2016. 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.

Irvine, California
September 16, 2016

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**HOUSING AUTHORITY OF THE CITY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015**

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		\$ 83,160
Farm labor housing Loans and Grants (loans)	10.405		508,199
Subtotal - Department of Agriculture			591,359
Department of Housing and Urban Development:			
Direct Assistance:			
Supportive Housing of Persons with Disabilities	14.181		159,105
Special Needs Assistance (SNAP)	14.261		247,548
Shelter Plus Care Program	14.238		832,312
Home Investment Partnerships Program	14.239		436,115
Public and Indian Housing	14.850	Contract # SF-170	1,995,709
Public Housing Family Self-Sufficiency Under Resident Opportunity and Supportive Services	14.870	CA006RFS015A007	51,229
Section 8 Housing Voucher Program	14.871	Contract # SF-472	50,173,457
Public Housing Capital Funds Program	14.872	Contract # SF-170	305,667
Subtotal - HUD Direct Assistance			54,201,141
Passed through the State of California Housing Finance Agency:			
Section 8 New Construction and Sub Rehab	14.182	CHFA # 76-54-N	339,854
Passed through the City of Fresno:			
Neighborhood Stabilization Program (loan)	14.218		3,000,036
Subtotal - U.S. Department of Housing and Urban Development			57,541,031
Department of Health and Human Services (HHS)			
Passed through the Fresno county Social Services Department:			
Stephanie Tubbs Jones Child Welfare Services Program	93.645		277,832
Total expenditures of federal awards			\$ 58,410,222

See accompanying notes to the schedule of expenditures of federal awards

HOUSING AUTHORITY OF THE CITY OF FRESNO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015

(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 the City of Fresno (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 Authority 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.

(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, 2015, the Authority disbursed no federal funds to subrecipients.

(d) U.S. Department of Agriculture Notes

The Agency entered into two 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 ending on April 2, 2035. At December 31, 2015 the outstanding balance for the notes is \$508,199.

(e) Neighborhood Stabilization Program Loan

In March 2013, Agency entered into a Loan Agreement with the City of Fresno to administer the Neighborhood Stabilization Program, a federal program funded by HUD. This loan is intended for the construction, rehabilitation, and/or preservation of project units and affordable housing units. This note carries a 2% simple annual interest rate. Current payment terms are based upon residual cash flow of the properties being funded with principal and interest payable 30 years from origination date. As of December 31, 2015, the current outstanding balance of this note is \$3,000,036.

**HOUSING AUTHORITY OF THE CITY OF FRESNO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015**

(A) Summary of Auditor's Results

1. An unmodified report was issued by the auditors on the financial statements of the auditee.
2. No material weaknesses and no significant deficiencies in internal control over financial reporting based on our audit of the financial statements of the auditee was reported.
3. The audit disclosed no reported noncompliance which is material to the financial statements of the auditee.
4. No material weaknesses and no significant deficiencies in internal control over major programs of the auditee were reported.
5. An unmodified report was issued by the auditors on compliance for major programs.
6. The audit disclosed no audit findings required by the auditors to be reported under section 200.516 of the Uniform Guidance.
7. The major programs of the auditee were:
 - CFDA No. 14.871 U.S. Department of Housing and Urban Development – Section 8 Housing Choice Vouchers
8. The dollar threshold used to distinguish Type A and Type B programs was \$1,752,307.
9. The Authority was not considered to be a low risk auditee for the year ended December 31, 2015 for purposes of major program determination.

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

There were no auditors' findings required to be reported in accordance with GAGAS.

(C) Findings and Questioned Costs for Federal Awards

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

**HOUSING AUTHORITY OF THE CITY OF FRESNO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2015**

There were one audit finding identified in the prior year audit report requiring follow up.

(2014-001) Prior Period Restatement

Status

No prior period adjustments were identified by the audit process and, as a result, that finding is considered resolved.

**Minutes of the Meeting
Of the Fresno Housing Authority**

AUDIT COMMITTEE

Tuesday, November 17, 2015

3:30 p.m.

There was a duly noticed meeting of the Audit Committee on November 17, 2015.

1. The meeting was called to order by Commissioner Sablan at 3:38 p.m., and members present and absent were as follows:

PRESENT: Stacy Sablan
 Craig Scharton
 Adrian Jones
 Reneeta Anthony
 Rueben Scott

ABSENT: Jim Petty

Also in attendance: Preston Prince, CEO/Executive Director; Tracewell Hanrahan, CFO/Deputy Executive Director; Jim Barker, Chief Finance Officer; Ken Price, Baker Manock and Jensen-General Counsel; Tiffany Mangum, Special Assistant to the CEO/Executive Director; and Michael Van Putten, Budget Analyst.

2. Approval of agenda as posted

Commissioner Anthony motioned for the Committee's approval of the agenda as posted. This action was seconded by Commissioner Scott, and by unanimous vote of the agenda as posted was approved.

3. Public Comment

No public comment.

4. Overview of the 2016 Operating and HAP Budgets

Michael Van Putten, Budget Analyst, provided the Committee with an overview of the 3rd quarter operating results, 2015 year end projections, unrestricted operating funds, and the changes in revenue and expenses for the 2016 Budget Draft.

Tracewell Hanrahan, CFO/Deputy Executive Director, provided additional clarification on a few of the budget projections.

Jim Barker, Chief Finance Officer, commented on the new system Yardi and how it will allow the Agency to provide the tools and reports for the Committee to make qualified decisions.

The Audit Committee advised staff to return with recommendations on a reserve policy and options for community investment policy. The Committee would like to use the policies to determine the money the Agency may invest or have re-invested in current programs.

5. ADJOURNMENT

There being no further business to be considered by the Audit Committee, the meeting was adjourned at approximately 4:25 p.m.

Preston Prince, Secretary