



# Boards of Commissioners UPDATE

September, 2018

## **Boards of Commissioners Update – September 2018**

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**BOARD  
 UPDATE**

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**TO:** Boards of Commissioners  
 Fresno Housing Authority  
**DATE:** September 12, 2018  
**AUTHOR:** Emily De La Guerra  
**FROM:** Preston Prince, CEO/Executive Director   
**SUBJECT:** Fresno Housing Operating Budget as of July 31, 2018

**Executive Summary**

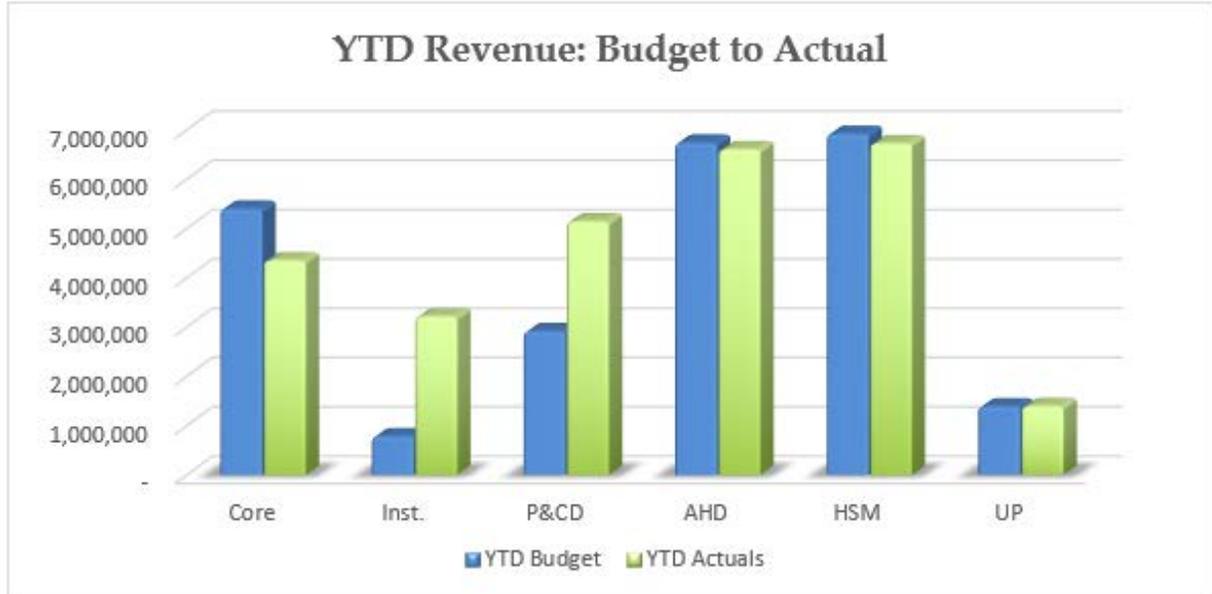
The purpose of this update is to present an overview of the financial operating results for the Fresno Housing Authority as of July 31, 2018. Please see the attached financial report for a summary of revenues and expenses by Agency division.

The financial report attachment shows the consolidation of all Agency operational budgets combined into six divisions. Projections have been incorporated into the year-to-date budget to account for the timing of cash flows and known variable expenses. These adjustments were based on historical trends and the most current information available.

The 2018 Operating Budget was approved by the Boards in December 2017 with total revenues of \$41.4 million and total operating expenses of \$38.0 million. As of July, total revenues are \$27.4 million, and total operating expenses are \$19.9 million. Net Operating Income is \$7.5 million, which means that the operating income exceeds the gross operating expenses during the first seven months of the year.

	<b>Fresno Housing Authority</b>		
	<b>Annual Budget</b>	<b>YTD Budget</b>	<b>YTD Actuals</b>
<b>OPERATING BUDGET</b>			
TOTAL INCOME	41,402,540	24,151,482	27,436,295
TOTAL EXPENSES	37,974,220	22,151,629	19,961,892
<b>NET OPERATING INCOME</b>	<b>3,428,320</b>	<b>1,999,853</b>	<b>7,474,403</b>
TOTAL NON-OPERATING EXPENSES	1,957,088	1,141,635	1,570,244
<b>NET INCOME</b>	<b>1,471,232</b>	<b>858,218</b>	<b>5,904,159</b>
<b>UNRESTRICTED NET INCOME</b>	<b>(441,488)</b>	<b>(257,535)</b>	<b>2,871,076</b>

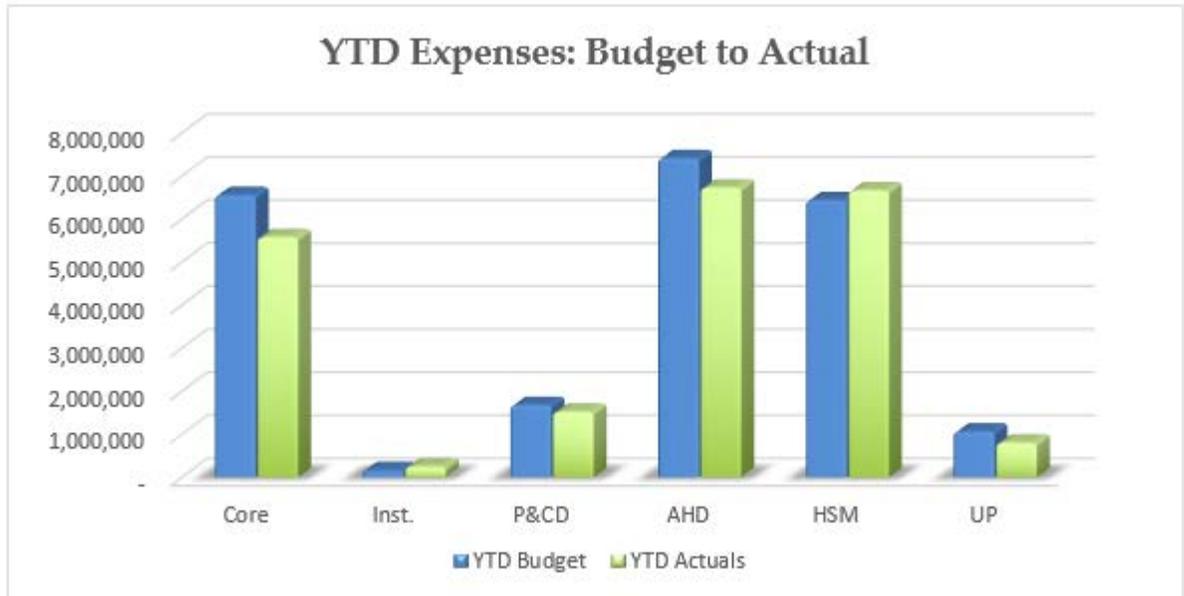
## Agency Revenue



UP - Unrestricted Properties: Agency-owned non-subsidized properties, for example Dayton, Woodside, and San Ramon (formerly known as Affordable Housing)  
HSM - Housing Management: Restricted, subsidized properties including all public housing, farm labor and migrant properties  
AHD - Assisted Housing Division: Housing Choice Voucher, Resident Services and Homeless programs  
P&CD - Planning & Community Development: Real Estate Development and Construction Management departments  
Inst. - Instrumentalities: Wholly-owned subsidiaries of the Agency, including HRFC, HSIC, and Silvercrest  
Core: Administrative Services departments including Accounting, Executive, Human Resources and Asset Management

- Overall, year-to-date revenue is \$27.4 million, or 14%, more than the year-to-date budget, mainly due to developer fee revenue in PC&D, and non-budgeted proceeds from a lawsuit in Instrumentalities.
- **Core:** Admin & Management Fee Income is less than budgeted due to expense reductions in IT Services and Staff Development. Fees for these two services are allocated to the programs and the revenue is booked in Core. If there are fewer expenses, there will be less revenue and the net effect on the overall budget will be zero.
- **Inst.:** Other Income is higher than projected because of a \$1.3 million payment received from the Department of Treasury as proceeds from the case of Clearwater HA vs. the United States regarding the 2012 public housing reserves offset. In July, HRFC also received just over \$1.1 million dollars in sales proceed from Viking Village Rental Assistance Demonstration (RAD). This money was transferred from the Housing Authority and into HRFC to be used for affordable housing purposes.
- **P&CD:** Developer Fee income is higher than anticipated due to the receipt of approximately \$1 million for developer fee revenue from Orange Cove RAD, Kingsburg Marion Villas and Southeast Fresno RAD. Other Income is higher than projected due to the prevailing wage monitoring income paid from Fresno Edison II, Parc Grove Commons III, and Magill Terrace.
- **AHD:** Other Income is higher than budgeted due to more income received from Yosemite Village, Renaissance at Alta Monte, and Renaissance at Santa Clara for resident services such as, service coordination adult activities, and administrative cost.

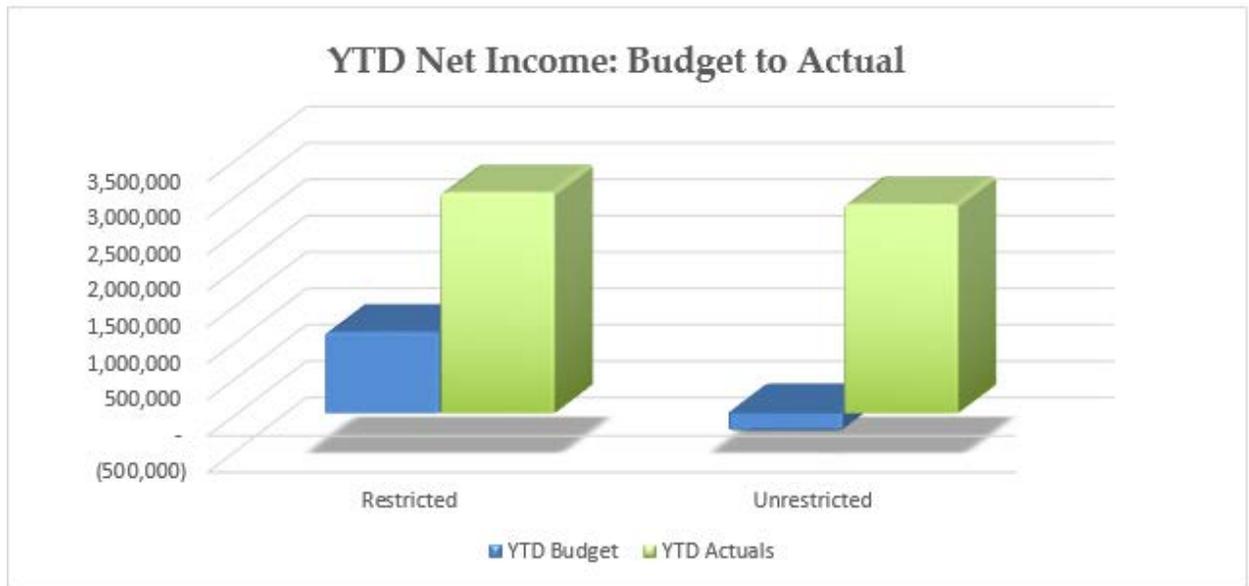
## Agency Expenses



UP - Unrestricted Properties: Agency-owned non-subsidized properties, for example Dayton, Woodside, and San Ramon (formerly known as Affordable Housing)  
HSM - Housing Management: Restricted, subsidized properties including all public housing, farm labor and migrant properties  
AHD - Assisted Housing Division: Housing Choice Voucher, Resident Services and Homeless programs  
P&CD - Planning & Community Development: Real Estate Development and Construction Management departments  
Inst. - Instrumentalities: Wholly-owned subsidiaries of the Agency, including HRFC, HSIC, and Silvercrest  
Core: Administrative Services departments including Accounting, Executive, Human Resources and Asset Management

- Overall, year-to-date operating expenses are \$19.9 million and non-operating expenses are \$1.5 million, or 8%, lower than budgeted for the first seven months of the year.
- **Agency-wide:** Payroll Expenses are approximately \$1.5 million, or 14%, lower than anticipated, mainly due to unfilled positions and/or planned hiring delays.
- **Agency-wide:** Administrative Expenses are \$739 thousand lower than budgeted across the Agency. Core shows the largest reductions in this line item, as Professional & Consulting Expenses have been less than anticipated for the seventh month of the year, as staff has strategically reduced contract costs. Staff expects that as the year progresses Professional & Consulting Fees will increase as planned projects begin and expenses are incurred. However, projections still show that there will be some nominal savings in this line item at year-end.
- **HMD:** Tenant Services Expense is higher than budget due to additional resident services and events at specific sites.
- **HMD:** Maintenance Expenses are slightly higher than projected primarily due to the preparation for The Real Estate Assessment Center's (REAC) Inspections at our public housing and farm labor sites. The Agency has also been spending funds on furniture for Emergency Housing at Sierra Terrace. These expenditures will be reimbursed through monthly rent payments from the County of Fresno.

## Agency Net Income



- Unrestricted net income is approximately \$3.1 million dollars higher than budgeted as of July 31, 2018. This will level out throughout the year, as expenses increase and no additional developer fees are expected for the rest of the year.
- Restricted net income is higher than budgeted due to the receipt of unbudgeted lawsuit proceeds in HRFC. This will remain a net positive increase to the 2018 financials throughout the year.

**Fresno Housing Authority  
Financial Results as of July 31, 2018**

	Core			Inst.			P&CD			AHD			HSM			UP			Fresno Housing Authority			YTD \$ Variance	YTD % Variance	% of Budget Remaining
	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals			
<b>OPERATING BUDGET</b>																								
INCOME																								
NET TENANT INCOME	-	-	-	-	-	-	-	-	-	-	-	21	5,935,766	3,462,530	3,440,758	2,300,350	1,341,871	1,370,841	8,236,116	4,804,401	4,811,620	7,219	0%	42%
INTEREST INCOME	7,000	4,083	4,853	866,667	505,556	594,975	-	-	-	-	-	-	17	10	-	-	-	-	873,684	509,649	599,828	90,179	18%	31%
OTHER INCOME	808,000	471,333	271,097	177,299	103,424	2,567,242	20,000	11,667	396,499	710,822	414,646	451,735	14,014	8,175	29,270	43,000	25,083	12,585	1,773,135	1,034,329	3,728,428	2,694,099	260%	-110%
ADMIN & MANAGEMENT FEE INCOME	8,441,439	4,924,173	4,075,450	300,000	175,000	53,792	-	-	-	-	-	51,423	-	-	-	-	-	-	8,741,439	5,099,173	4,180,665	(918,508)	-18%	52%
DEVELOPER FEE INCOME	-	-	-	-	-	-	4,979,660	2,904,802	4,746,245	-	-	-	-	-	-	-	-	-	4,979,660	2,904,802	4,746,245	1,841,443	63%	5%
HUD GRANT INCOME	-	-	-	-	-	-	-	-	-	9,491,065	5,536,455	5,625,235	4,916,293	2,867,838	2,709,511	-	-	-	14,407,358	8,404,292	8,334,746	(69,546)	-1%	42%
OTHER GRANT INCOME	-	-	-	-	-	-	-	-	-	1,354,390	790,061	476,940	1,000,338	583,531	547,078	36,420	21,245	10,745	2,391,148	1,394,836	1,034,763	(360,073)	-26%	57%
<b>TOTAL INCOME</b>	<b>9,256,439</b>	<b>5,399,589</b>	<b>4,351,400</b>	<b>1,343,966</b>	<b>783,980</b>	<b>3,216,009</b>	<b>4,999,660</b>	<b>2,916,468</b>	<b>5,142,744</b>	<b>11,556,277</b>	<b>6,741,162</b>	<b>6,605,354</b>	<b>11,866,428</b>	<b>6,922,083</b>	<b>6,726,617</b>	<b>2,379,770</b>	<b>1,388,199</b>	<b>1,394,171</b>	<b>41,402,540</b>	<b>24,151,482</b>	<b>27,436,295</b>	<b>3,284,813</b>	<b>14%</b>	<b>34%</b>
EXPENSES																								
PAYROLL EXPENSES	7,135,977	4,162,653	3,616,928	-	-	-	1,285,953	750,139	690,101	6,891,221	4,019,879	3,477,585	3,026,970	1,765,733	1,437,273	330,528	192,808	162,598	18,670,648	10,891,212	9,384,485	(1,506,727)	-14%	50%
ADMINISTRATIVE EXPENSES	3,445,759	2,010,026	1,616,428	237,825	138,731	193,874	1,583,998	923,999	808,917	4,741,805	2,766,053	2,719,692	2,169,865	1,265,755	1,063,455	213,403	124,485	87,354	12,392,655	7,229,049	6,489,720	(739,329)	-10%	48%
TENANT SERVICES EXPENSES	50,000	29,167	20,642	-	-	-	-	-	3,915	899,843	524,908	316,193	335,581	195,756	203,526	5,250	3,063	1,051	1,290,674	752,893	545,327	(207,566)	-28%	58%
UTILITY EXPENSES	173,427	101,166	85,177	-	-	-	-	-	-	-	-	76,818	1,882,686	1,098,234	975,319	270,410	157,739	165,262	2,326,523	1,357,138	1,302,576	(54,563)	-4%	44%
MAINTENANCE EXPENSES	404,862	236,170	221,738	25,000	14,583	-	3,000	1,750	12,172	44,354	25,873	41,257	1,922,431	1,121,418	1,407,094	351,490	205,036	282,604	2,751,137	1,604,830	1,964,865	360,035	22%	29%
TAXES & INSURANCE EXPENSES	23,720	13,837	13,761	8,900	5,192	3,415	1,000	583	3,890	7,900	4,608	4,750	460,962	268,895	239,042	40,101	23,392	10,061	542,583	316,507	274,919	(41,587)	-13%	49%
<b>TOTAL EXPENSES</b>	<b>11,233,745</b>	<b>6,553,018</b>	<b>5,574,674</b>	<b>271,725</b>	<b>158,506</b>	<b>197,289</b>	<b>2,873,951</b>	<b>1,676,471</b>	<b>1,518,995</b>	<b>12,585,122</b>	<b>7,341,322</b>	<b>6,636,295</b>	<b>9,798,495</b>	<b>5,715,789</b>	<b>5,325,709</b>	<b>1,211,182</b>	<b>706,523</b>	<b>708,930</b>	<b>37,974,220</b>	<b>22,151,629</b>	<b>19,961,892</b>	<b>(2,189,737)</b>	<b>-10%</b>	<b>47%</b>
<b>NET OPERATING INCOME</b>	<b>(1,977,306)</b>	<b>(1,153,429)</b>	<b>(1,223,274)</b>	<b>1,072,241</b>	<b>625,474</b>	<b>3,018,720</b>	<b>2,125,709</b>	<b>1,239,997</b>	<b>3,623,749</b>	<b>(1,028,845)</b>	<b>(600,160)</b>	<b>(30,941)</b>	<b>2,067,933</b>	<b>1,206,294</b>	<b>1,400,908</b>	<b>1,168,588</b>	<b>681,676</b>	<b>685,241</b>	<b>3,428,320</b>	<b>1,999,853</b>	<b>7,474,403</b>	<b>5,474,550</b>	<b>274%</b>	<b>-118%</b>
NON-OPERATING EXPENSES																								
TOTAL NON-OPERATING EXPENSES	-	-	-	500	292	22,073	-	-	-	120,000	70,000	91,364	624,771	364,450	1,118,909	279,850	163,246	1,021	1,025,121	597,987	1,233,367	635,380	106%	-20%
TOTAL FINANCING EXPENSES	-	-	-	-	-	29,118	-	-	-	-	-	-	602,183	351,273	334,897	329,784	192,374	93,014	931,967	543,647	457,029	(86,618)	-16%	51%
TOTAL ADJUSTMENTS & OPERATING TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	(1,700)	-	-	(118,452)	-	-	-	-	-	(120,152)	(120,152)	0%	0%
TOTAL NON-OPERATING EXPENSES	-	-	-	500	292	51,191	-	-	-	120,000	70,000	89,664	1,226,954	715,723	1,335,354	609,634	355,620	94,035	1,957,088	1,141,635	1,570,244	428,609	38%	20%
<b>NET INCOME</b>	<b>(1,977,306)</b>	<b>(1,153,429)</b>	<b>(1,223,274)</b>	<b>1,071,741</b>	<b>625,182</b>	<b>2,967,529</b>	<b>2,125,709</b>	<b>1,239,997</b>	<b>3,623,749</b>	<b>(1,148,845)</b>	<b>(670,160)</b>	<b>(120,605)</b>	<b>840,979</b>	<b>490,571</b>	<b>65,554</b>	<b>558,954</b>	<b>326,057</b>	<b>591,206</b>	<b>1,471,232</b>	<b>858,218</b>	<b>5,904,159</b>	<b>5,045,941</b>	<b>588%</b>	<b>-301%</b>
<b>UNRESTRICTED NET INCOME</b>	<b>(1,977,306)</b>	<b>(1,153,429)</b>	<b>(1,223,274)</b>				<b>2,125,709</b>	<b>1,239,997</b>	<b>3,623,749</b>	<b>(1,148,845)</b>	<b>(670,160)</b>	<b>(120,605)</b>				<b>558,954</b>	<b>326,057</b>	<b>591,206</b>	<b>(441,488)</b>	<b>(257,535)</b>	<b>2,871,076</b>	<b>3,128,611</b>	<b>1215%</b>	<b>750%</b>

## BOARD UPDATE

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**TO:** Boards of Commissioners

**DATE:** September 12, 2018

Fresno Housing Authority

**AUTHOR:** Aurora Ibarra

**FROM:** Preston Prince, CEO/Executive Director



**SUBJECT:** Update on 2018 Leasing and Housing Assistance Payments for  
The Housing Choice Voucher Program

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### Executive Summary

The purpose of this memo is to update the Boards of Commissioners on the status of voucher leasing and Housing Assistance Payments (HAP) for the Housing Choice Voucher (HCV) program as of July 31, 2018. Overall, challenges continue to present themselves as the rental market in Fresno County tightens and demand for affordable housing units increase. Staff continues their efforts to lease up in both programs, utilizing new and innovative approaches to house families in accordance with our mission. As in the past, we will continue to diligently monitor our HAP and voucher utilization rates and provide additional information to the Boards, as needed.

### City HCV

HAP expenditures for the months of January through July totaled \$25,123,460 with current voucher utilization of 100.1%. Overall projected voucher utilization for CY 2018 is 98.6%.

### County HCV

HAP expenditures for the months of January through July totaled \$19,379,432, with current voucher utilization of 94.5%. Overall projected voucher utilization for CY 2018 is 96.%.

### Leasing Update

Staff are currently assessing the success rate for families who were issued vouchers and searching for housing. An analysis of the most recent ninety days is being evaluated to assess the impacts the tight rental market is having on applicants searching for affordable housing. Staff has also evaluated and identified the success rate within every step of the leasing process to anticipate in which month voucher issuance may occur in order to estimate leasing rates for both programs.

In addition, to assist families locate affordable housing, payment standards were increased effective August 9, 2018 for new contracts and annual reexaminations with a November 1, 2018 anniversary date. Staff anticipate that the increase in payment standards will allow families the ability to compete in an increasingly tight rental market.

The leasing strategies previously enlisted to increase leasing will continue to be evaluated. Staff also continues to accommodate extensions on voucher search times. Staff will continue to analyze issues and trends, and adjust leasing strategies where appropriate.

# HCV Leasing and Spending Projection

## CA006 Two-Year Voucher Forecasting Summary

9/11/2018

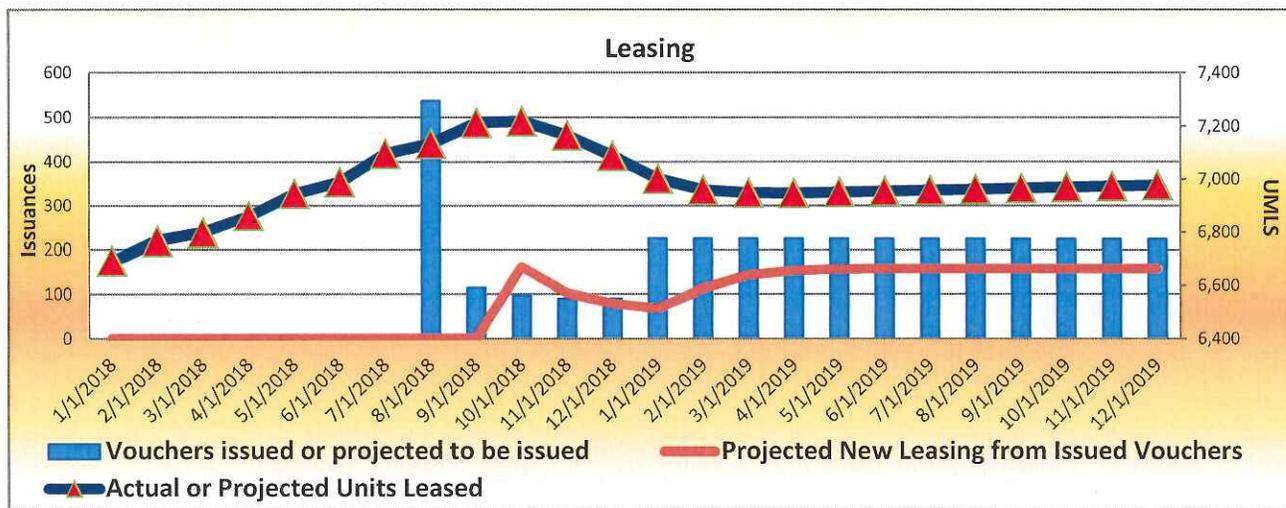
Prepared for: City Board of Commissioners

Prepared by: HUD Forecasting Tool

Using the Housing Choice Voucher (HCV) Two-Year Tool, which allows a user to examine a PHA's voucher program under a variety of leasing, per-unit cost (PUC), and other key program scenarios, the attached tool estimates the program to end the current year with \$4,224,369 HAP reserves or 10% of budget authority. This scenario relies upon the following key variables:

Success Rate	Attrition Rate	Time from Issuance to HAP Effective Date	
(How many issued vouchers will go to HAP)	(What percent of participants annually leave)	(How fast do successful issuances lease up)	
70%	11%	Leased in	Percent
		0-30 Days	52%
		31-60 Days	32%
		61-90 Days	11%
		91-120 Days	4%
		121-150 Days	1%
Year 1 PUC	Year 2 PUC		
(Average monthly cost of a voucher - Year 1)	(Average monthly cost of a voucher - Year 2)		
\$531	\$566		

After deciding upon the above variables, the largest driver of the program revolves around the decision to issue vouchers. This scenario includes issuing 929 vouchers for the remainder of 2018 and 2,700 in 2019. This results in a total of 343 new lease-ups this year and 1,734 new lease-ups next year. Please see the below graph, which shows issued vouchers and associated leasing, as well as the total program UMLs, which takes into account attrition:



Under this scenario, the PHA has no offset for next year or the following year. Additionally, the higher of this year's leased units or dollars is 100.1%, indicating full leasing indicator points in SEMAP. This is an estimate. Next year, the higher of leased units or dollars is 106.7%, indicating full leasing indicator points in SEMAP. This is an estimate.

### Leasing Activity Update

HAP expenditures for the months of January through July \$25,123,460 with current voucher utilization of 100.1%. Overall projected voucher utilization for CY 2018 is 98.6%. There are 2,500 pre-applications remaining on the City's 2017 waiting list. Staff continue to work diligently to analyze the impacts the tight rental market is having on applicants searching for affordable housing. Based on the financial capacity of the program and the information brought forward in the analysis, Payment Standards have been increased effective 8/9/2018 for new contracts and annual reexamination with a November 1, 2018 anniversary date.

# HCV Leasing and Spending Projection

## CA028 Two-Year Voucher Forecasting Summary

9/11/2018

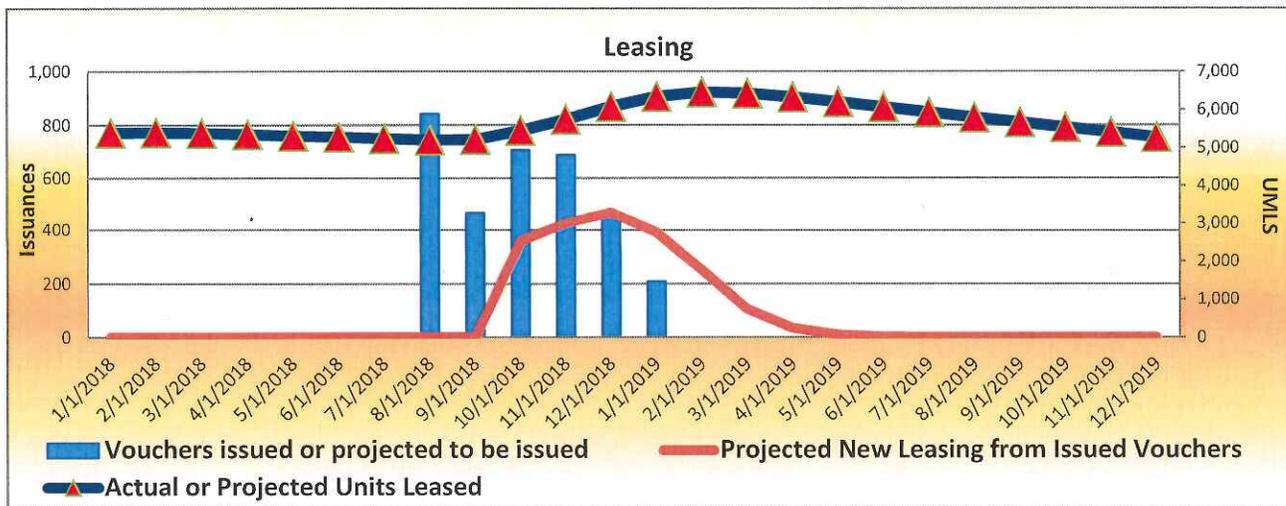
Prepared for: County Board of Commissioners

Prepared by: HUD Forecasting Tool

Using the Housing Choice Voucher (HCV) Two-Year Tool, which allows a user to examine a PHA's voucher program under a variety of leasing, per-unit cost (PUC), and other key program scenarios, the attached tool estimates the program to end the current year with \$3,319,766 HAP reserves or 9% of budget authority. This scenario relies upon the following key variables:

Success Rate	Attrition Rate	Time from Issuance to HAP Effective Date	
(How many issued vouchers will go to HAP)	(What percent of participants annually leave)	(How fast do successful issuances lease up)	
70%	11%	Leased in	Percent
		0-30 Days	52%
		31-60 Days	32%
		61-90 Days	11%
		91-120 Days	4%
		121-150 Days	1%
Year 1 PUC	Year 2 PUC		
(Average monthly cost of a voucher - Year 1)	(Average monthly cost of a voucher - Year 2)		
\$529	\$565		

After deciding upon the above variables, the largest driver of the program revolves around the decision to issue vouchers. This scenario includes issuing 3,158 vouchers in for the remainder of 2018 and 209 in the 2019. This results in a total of 1,253 new lease-ups this year and 797 new lease-ups next year. Please see the below graph, which shows issued vouchers and associated leasing, as well as the total program UMLs, which takes into account attrition:



Under this scenario, the PHA has no offset for next year or the following year. Additionally, the higher of this year's leased units or dollars is 97.7%, indicating partial leasing indicator points in SEMAP. This is an estimate. Next year, the higher of leased units or dollars is 117.2%, indicating full leasing indicator points in SEMAP. This is an estimate.

## Leasing Activity Update

HAP expenditures for the months of January through July totaled \$19,379,432 with current voucher utilization of 94.5%. Overall projected voucher utilization for CY 2018 is 96%. Staff continue to work diligently to analyze the impacts the tight rental market is having on applicants searching for affordable housing. Based on the financial capacity of the program and the information brought forward in the analysis, Payment Standards have been increased effective 8/9/2018 for new contracts and annual reexamination with a November 1, 2018 anniversary date.

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**TO:** Boards of Commissioners  
Fresno Housing Authority

**DATE:** September 12, 2018

**AUTHOR:** Blanca Navarro, Quality  
Assurance Analyst, HMD

**FROM:** Preston Prince, CEO/Executive Director



**SUBJECT:** Update to 2019 Public Housing Agency Plans

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### Executive Summary

The purpose of this memo is to provide the Board of Commissioners with updated information on the 2019 Agency Plans. As reported to the Board in July and August, the Agency commenced the 45-day public comment period for the 2019 PHA Agency Plans beginning on July 26, 2018. The comment period is now closed as of September 8, 2018. The Agency Plans were made available on our website and hard copies were made available for viewing at the five (5) locations below:

- Main Office – 1331 Fulton Street, Fresno CA
- Fairview Height Terrace – 2195 S. Maud, Fresno CA
- Sequoia Courts Terrace – 515 S Modoc, Fresno CA
- Wedgewood Commons – 2415 5<sup>th</sup> Street, Sanger CA
- Firebaugh (Housing Authority Office ) 1625 Allardt Drive, Firebaugh CA

Public comments were welcomed via email, by phone, or in person. The direct email address and phone number were available on our website and posted at the five (5) locations.

On September 4, 2018, both Housing Management Division (HMD) and Assisted Housing Division (AHD) met with the Resident Advisory Board (RAB). A list of attendees will be included in the RAB minutes.

The RAB Committee members from both departments received the Proposed Summary of Changes as presented to the public and the Board. During the meetings, all members were advised of the timeline for comments and staff reviewed the Summary of Changes with each Board. The minutes for each meeting will be included with the September Board memo.

HMD and AHD collaborated on outreach to public housing residents and Housing Choice Voucher (HCV) participants to advise them of staff availability during designated times and locations. The outreach was conducted by sending “We Want to Hear from You” flyers via email to both public housing residents

and HCV participants. The flyer was mailed in the monthly rental statements for public housing residents and an email blast to HCV participants. Staff was available at three (3) locations throughout Fresno County. Locations and dates are listed below:

- Cueva de Oso at Shockley Terrace – Selma, CA - August 30, 2018
- Firebaugh Community Room – Firebaugh, CA - September 5, 2018
- Fairview Heights – Fresno, CA – September 6, 2018

This was an opportunity for residents and participants to comment or ask questions regarding the proposed changes to the agency plans. The Agency Plan Coordinators for both departments along with management staff met with approximately thirty-four (34) public housing residents. There were no HCV participants at either of the meetings.

The Agency continued to receive several phone calls and emails via the dedicated email account and extension. Most calls and emails have been unrelated to the plans. The Agency received eight (8) comments, three (3) from staff, three (3) from public housing residents/participants and three (3) public comments from partnering agencies.

Staff is reviewing these comments and preparing responses. Attached are the comments received.

Public Comments							
#	Date	Plan/Program	Submitted by	Comment received	Response	Accepted	FH Comment
1	8/2/2018	ACOP City/County	Yolanda Keiser - Training & Special Projects Coordinator	<p>Page 213. Can we elaborate on the effective date of the EOP and how this impacts the actual move out and charge thru date.</p> <p>Example:</p> <ul style="list-style-type: none"> <li>• EIV shows date of death of sole member as 7/1/2018</li> <li>• Agency did not become aware of the death until 7/14/2018</li> <li>• Next of kin did not remove belongings and turn in the keys until 8/2/2018</li> </ul> <p>Or deceased was never "claimed" so belongings were never removed.</p> <p>What should the 6-End certification effective date be?</p>	Presented Comment to the Board on August 21, 2018.		Procedure/HUD describes how to process EOP when deceased tenant.
2	8/3/2018	ACOP City/County	Yolanda Keiser - Training & Special Projects Coordinator	<p>Comment - Proposed language in Section 4.23 states "may" be cancelled while language in Section 4.2 states "would be cancelled" page 68. Change is contradicting. (Chapter 4, Section 4.2 page 68)</p>	Reviewed language, comments are considered and will be changed to be in line with proposed changes in Section 4.23.	Incorporated change	
3	8/3/2018	ACOP City/County	Yolanda Keiser - Training & Special Projects Coordinator	<p>Section 4.10 Creating An applicant Pool</p> <p>Comment: Remove "reached the top of" language and replace with "are selected from" to be in line with change made to Section 4.11 Method of Selection (Chapter 4, Section 4.10, page 71)</p>	Reviewed language, will make recommend change to be in line with Section 4.11.	Incorporated change	
4	8/3/2018	ACOP City/County	Yolanda Keiser - Training & Special Projects Coordinator	<p>Section 9.22</p> <p>2. Procedures When the Change is Reported in a Timely Matter....</p> <p>Increases in the Resident Rent are effective on the first of the month....</p> <p>Comment: Consider rewording to align with change made to Section 9.18 Reporting Interims (Chapter 9, Section 9.18, page 170)</p>	Reviewed language, will make recommend change to be in line with Section 4.11.	Incorporated change	
5	8/6/2018	Annual Plan - City	David Brenner, Fresno Housing Authority Project Manager	<p>Request for the clarification of disposition activities in the Annual Plans.</p> <p>Suggested change - City of Fresno 2019 Draft Annual Plan:</p> <p>The following section of the City of Fresno 2019 Draft Plan (page 5 of 12) refers to the potential disposition of Low Income Public Housing Units.</p> <p>Request to consider adding the following language relating to all City AMPs: "... Section 18 disposition activities may include land which does not contain Low-Income Public Housing units or non-dwelling units and which could be utilized for the construction or preservation of another type of low-income housing or community facility"</p>	Presented Comment to the Board on August 21, 2018.	Incorporated change	
6	8/6/2018	Annual Plan - County	David Brenner, Fresno Housing Authority Project Manager	<p>Request for the clarification of disposition activities in the Annual Plans.</p> <p>Suggested change - Fresno County 2019 Draft Annual Plan:</p> <p>The following section of the Fresno County 2019 Draft Plan (page 5 of 12) refers to the potential disposition of Low-Income Public Housing Units.</p> <p>Request to consider adding the following language to all County AMPs: "... Section 18 disposition activities may include land which does not contain Low-Income Public Housing units or non-dwelling units and which could be utilized for the construction or preservation of another type of low-income housing or community facility"</p>	Presented Comment to the Board on August 21, 2018.	Incorporated change	

#	Date	Plan/Program	Submitted by	Comment received	Response	Accepted	FH Comment
7	8/28/2018	Admin Plan	Bill Talkington Jr, HCV RAB Committee member/HCV Participant	<p>I just have a two comments/questions.</p> <p>1.) The upper item on Page 4 (Item 9, Chapter 3, Section 3.4.5 - page 34) - The proposed change removes any mention of "false statements." Is there a reason for that?</p> <p>2.) The lower item on Page 5 (Item 15, Chapter 10, Section 10.2.3 - page 153) - The second paragraph mentions "information from third parties." I worry that a family might be subject to a false complaint from a neighbor who simply has a grudge against the family (for example, like the woman known as Barbeque Becky, calling 911 on the black family in Oakland, or like those various white woman calling 911 on law abiding black folks) Families should be protected from special inspections as a form of harassment.</p>	<p>1). When FH cannot verify all preferences claimed by the applicant, the applicant may request an informal review. 2). FH has a vetting process prior to conducting a complaint inspection.</p>		
8	9/7/2018	Admin Plan	Lucianna Ventresca, MSW Associate Director - Marjaree Mason Center	<p>I would like to express a concern regarding the current recommendation for the allocation of Housing Choice vouchers within our community. It appears that a designation has already been planned for 600 vouchers, which focuses mostly upon the Chronic Homeless and homeless individuals. Families, DV victims/families trying to establish a safe home on their own, poor elderly, generally poor (but not qualifying as Chronic Homeless), homeless adults with children-- need housing. While I certainly understand the need to house and target services to Chronic Homeless and make every effort to stabilize their lifestyle...these type vouchers should not be pre-designated as there are so many special populations with great needs. The number of families living in hotels, day by day, trying to care for their children until they can attain permanent housing, are abundant in Fresno. FUSD statistics regarding homeless families living in motels or other persons garages, are exorbitant. I believe these vouchers should not only be designated for HUD defined homeless, but for those we know need assistance to attain a home. While they do not meet the HUD definition of "homeless" they do meet the local demand for required housing for low income and needy-which I believe is the intent of the Housing Choice Vouchers. This current allocation appears to represent a flat focus upon one targeted group in a "homeless plan of action" that does not reflect the many needs or diverse homeless populations and low-income within our community, who are in need of housing.</p>	<p>Staff followed up with Ms. Ventresca to clarify the proposed change. The proposed change to homeless definitions and the change to limited preference for homeless number of vouchers are in two different chapters and unrelated to each other. The language for Limited Preference for Homeless vouchers does not mention a targeted homeless population and is intended to remain flexible to meet community needs.</p>		

#	Date	Plan/Program	Submitted by	Comment received	Response	Accepted	FH Comment
9	9/7/2018	Admin Plan	Shawn A. Jenkins, Senior VP - WestCare California, Inc.	<p>To Whom It May Concern:</p> <p>I would like to take a moment and comment on the positions and leadership role the Housing Authority has taken in the community to end homelessness. The Housing Authority has taken a prominent role in the Fresno Madera Continuum of Care (FMCoC) not only with being the Lead Agency for the Homeless Information System but also as the Collaborative applicant. The Housing Authority has been very active and even the at times the driving force which has led Fresno into numerous federal housing campaigns</p> <p>The Fresno Housing Authority is a unicorn among its peers always pressing to improve and provide a service to those in need. In the Housing Authority Fresno County 2019 HCV Administrative Plan Section 3.4.3 – Limited Preference Homeless: is yet another example of the agency stepping up where it's not mandatory but just the right thing to do.</p> <p>I applaud the Leadership at the Housing Authority, their mission driven staff, and the Board of Commissioners whom stand when needed behind or in front of them to all to do the right thing even in the face of adversity. There are countless agencies whom could learn the meaning of community-driven from what the Fresno Housing Authority models on a daily basis.</p> <p>Keep up the excellent work!</p>	Review with Angie		
10	9/7/2018	Admin Plan	Jody Ketcheside, TPOCC	I am pleased to see the provision for additional vouchers to be used to solve for homelessness. Fresno Housing Authority is one of few housing authorities in the nation that work closely with the continuum of care. Their participation is definitely a contributing factor to the successes the community has seen in reducing homelessness.	Review with Angie		
11	9/6/2018	ACOP City/County	Ruby Yanez, LIPH, RAB Committee member/Resident	<p>1. Chapter 5 - Occupancy Standards and Unit Offers, Section 5.3 - Plans for Unit offers. Comment: I think it should be 2 units so incase they don't like the first one. (Chapter 5, Section 5.3, page 84)</p> <p>2. Chapter 10 - Pets - It would not be fair to the other resident that have dogs cause some people are feeding the stray dogs. (Chapter 10)</p>	#1 Review Comment with HMD staff to consider suggestion. Called resident to clairfy comment #2, call was disconnected will attempt to contact again.		
12	9/6/2018	ACOP City/County	Felisha Sorondo, LIPH Resident Fairview	<p>Chapter 5 - Occupancy Standards and Unit Offers, Section 5.3 - Plans for Unit offers. Comment: I think we should offered at least two units. (Chapter 5, Section 5.3, page 84)</p>	Review Comment with HMD staff to consider suggestion.		

## BOARD UPDATE

O (559) 443-8400

F (559) 445-8981

1331 Fulton Mall

Fresno, California 93721

TTY (800) 735-2929

[www.fresnohousing.org](http://www.fresnohousing.org)

**TO:** Boards of Commissioners

Fresno Housing Authority

**FROM:** Preston Prince



**SUBJECT:** Budget and Goal Development Community Engagement Meetings

**DATE:** September 12, 2018

**AUTHOR:** Tammy Townsend

---

The purpose of this update is to inform the Boards of Commissioners of the planned Budget and Goal Development Community Engagement meetings. The Boards will recall that at the August 2018 Boards of Commissioners meetings, we outlined a goal and budget development process that included engaging with our community. The vision for these meetings is to understand the priorities of our residents and use that input to inform our annual goal and budget planning. The first meeting will be held next Monday, September 17<sup>th</sup> at Legacy Commons. The attached flyer will be mailed to HCV and LIPH residents living in the Southwest Fresno area.

Future meetings will be scheduled at Parc Grove Commons and in the Firebaugh Community (*dates TBD*).

# We want to hear from you!

Join us and give input on your housing needs.

FRESNO VIBRANT  
COMMUNITIES  
QUALITY HOUSING  
AUTHORITY ENGAGED  
RESIDENTS



## COMMUNITY ENGAGEMENT MEETING

Legacy Commons Community Center

2255 S Plumas St, Fresno, CA 93705

Monday, September 17, 2018

5:30 pm – 7:30 pm

Light Food · Family Friendly · Translation provided

## FRESNO HOUSING COMMUNITY MEETING

September 17, 2018

Legacy Commons

5:30 – 7:30 pm

- Ask questions
- Learn about budget priorities
- Provide input on future Fresno Housing plans
- Tell us what is important to you and your family!

FRESNO VIBRANT  
COMMUNITIES  
QUALITY HOUSING  
AUTHORITY ENGAGED  
RESIDENTS

1331 Fulton Street  
Fresno, CA 93721

## BOARD UPDATE

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Fresno, California 93721

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**TO:** Boards of Commissioners

**DATE:** September 12, 2018

Fresno Housing Authority

**AUTHOR:** Nicole Diaz

**FROM:** Preston Prince, CEO/Executive Director



**SUBJECT:** Update on the 2017 Annual Audited Basic Financial Statements

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### Executive Summary

The purpose of this update is to provide the Boards of Commissioners with drafts of the 2017 Annual Audited Basic Financial Statements for the Housing Authority of the City of Fresno and the Housing Authority of Fresno County. Staff will be asking the Boards to receive and file the Annual Financial Statements at the September 25<sup>th</sup> Boards of Commissioners meeting. In response to requests from Commissioners last year, draft materials are being provided in advance of said meeting, in order to provide additional time for the review, discussion, and acceptance of the 2017 audit.

The auditors and Agency staff are still in the process of making minor changes to the financial statements, including providing details on certain line items and correcting any grammatical and cosmetic issues to the Notes section of the financial statements. There will be no material financial changes between this draft and the final draft that the Boards will be asked to accept. The auditors are also still determining potential findings related to material weaknesses and/or significant deficiencies in internal controls. The final results will be presented to the Audit Committee and the Boards of Commissioners this month.

HOUSING AUTHORITY  
OF THE CITY OF FRESNO

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2017  
(Including Auditors' Report Thereon)

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HOUSING AUTHORITY OF THE CITY OF FRESNO  
Fresno, California

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **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, 2017, 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, 2017, 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***

The financial statements for the year ended December 31, 2017 reflect certain prior period adjustments as described further in Note 24 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 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. The accompanying Schedule of Modernization Cost Certificates for Completed Projects is presented for purposes of additional analysis 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 XX, 2018** 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  
**July XX, 2018**

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**Housing Authority of the City of Fresno  
Management's Discussion and Analysis  
Year Ended December 31, 2017**

***Introduction***

This narrative overview and analysis of the Housing Authority of the City of Fresno's (the "Agency") performance through December 31, 2017, is provided as a supplement to the Agency's year-end financial statements. Please read it in conjunction with the basic financial statements and the notes to the basic financial statements.

**Overview of the Basic Financial Statements**

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

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position, 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, 2017 and 2016. Fundamentally, this

statement shows where cash came from, how cash was used, and what the change in cash was during the year.

- The Notes to Basic Financial Statements provide additional information that is integral to a full understanding of the Basic Financial Statements. The Notes to the Basic Financial Statements can be found in this report after the Basic Financial Statements.
- Supplemental Information includes the Schedule of Expenditures of Federal Awards, presented for purposes of additional analysis as required by U.S. Office of Management and Budget 2 CFR 200, Uniform Administrative Requirements, Cost 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:

	December 31,		Increase (Decrease)	Percentage Change
	2017	2016		
<b>Assets</b>				
Current Assets	\$ 8,318,609	\$ 8,130,036	\$ 188,573	2.3%
Restricted Assets	2,600,850	4,925,337	(2,324,487)	-47.2%
Capital Assets, Net of Accumulated Depreciation	18,210,630	18,818,174	(607,544)	-3.2%
Other Assets	68,629,962	63,335,828	5,294,134	8.4%
Deferred Outflows	2,297,818	1,789,605	508,213	28.4%
<b>Total Assets</b>	<b>\$ 100,057,869</b>	<b>\$ 96,998,980</b>	<b>\$ 3,058,889</b>	<b>3.15%</b>
<b>Liabilities</b>				
Current Liabilities	\$ 4,855,558	\$ 8,017,386	\$ (3,161,828)	-39.44%
Non-Current Liabilities	20,350,232	18,631,087	1,719,145	9.23%
<b>Total Liabilities</b>	<b>25,205,790</b>	<b>26,648,473</b>	<b>(1,442,683)</b>	<b>-5.41%</b>
Deferred Inflows	299,172	437,428	(138,256)	-31.61%
<b>Total Liabilities and Deferred Inflows</b>	<b>25,504,962</b>	<b>27,085,901</b>	<b>(1,580,939)</b>	<b>-5.84%</b>
<b>Net Position</b>				
Net Investment in Capital Assets	3,919,932	4,769,521	(849,589)	-17.81%
Restricted Net Position	2,320,388	619,142	1,701,246	274.77%
Unrestricted Net Position	68,312,587	64,524,416	3,788,171	5.87%
<b>Total Net Position</b>	<b>74,552,907</b>	<b>69,913,079</b>	<b>4,639,828</b>	<b>6.64%</b>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<b>\$ 100,057,869</b>	<b>\$ 96,998,980</b>	<b>\$ 3,058,889</b>	<b>3.15%</b>

Total assets of the Agency at December 31, 2017, and 2016 amounted to \$100 million and \$97 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, 2016 to December 31, 2017 were decreases in current assets, specifically in restricted cash, Deferred Outflows of Resources, and increases in other assets. Restricted cash decrease was due to lack of pre-loading of HAP funds from HUD for the succeeding period that occurred in 2016 but not in 2017. Deferred Outflows of Resources, which is related to the defined benefit pension plan, increased from about \$1.79 million in 2016 to \$2.29 million in 2017.

Total liabilities of the Agency were \$25.2 million and \$26.6 million at December 31, 2017 and 2016, respectively. Current liabilities include short-term accounts payable, accrued liabilities, current portions of long-term debt, and unearned revenue. Current liabilities decreased from \$8 million in 2016 to \$4.8 million in 2017 due to unearned revenue related to restricted cash mentioned above, and payments on short-term portions of some loans. Non-current liabilities increased from \$18.6 million in 2016 to \$20 million in 2017 due to the new GASB 68 requirements around the accounting and reporting of pension liabilities. Due to these new requirements, the Agency added a \$1.4 million liability to the balance sheet while long-term notes payable decreased \$0.3 million. The pension liability represents the difference between the Agency's total pension liability and the current plan assets calculated at fair value. See Note 17 in the Notes to the Basic Financial Statements for more information.

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

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

The Agency's net position increased by 6.64% during the year from \$69.9 million in 2016 to \$74.5 million in 2017.

## 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, 2017 to December 31, 2017.

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), or as grant revenue from another funding sources. Non-operating revenues/expenses are earned/incurred when goods or services are not a part of normal business activity, for example, interest income or interest expense. Operating expenses are those costs incurred to maintain the housing units or to provide other services to our clientele. Capital contributions represent revenues earned from HUD for public housing capital repairs and rehabilitation.

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

	December 31,		Increase (Decrease)	Percentage Change
	2017	2016		
Operating Revenues	\$ 62,981,417	\$ 56,704,971	\$ 6,276,446	11.07%
Operating Expenses	63,583,188	59,160,045	4,423,143	7.48%
Operating Income/(Loss)	(601,771)	(2,455,074)	1,853,303	-75.49%
Non-Operating Revenues/(Expenses)	5,171,493	2,933,799	2,237,694	76.27%
Net Income/(Loss) before Capital Contributions	4,569,722	478,725	4,090,997	854.56%
Capital Contributions	77,328	-	77,328	100.00%
Increase/(Decrease) in Net Position	4,647,050	478,725	4,168,325	870.71%
Net Position, Beginning of Year	69,913,079	69,883,027	30,052	0.04%
Prior Period Adjustment	(7,222)	(448,673)	441,451	-98.39%
Net Position, Beginning of Year as Restated	69,905,857	69,434,354	471,503	0.68%
Net Position, End of Year	\$ 74,552,907	\$ 69,913,079	\$ 4,639,828	6.64%

The statement of revenues, expenses and changes in net position, which preceded this section, reflects the year ended December 31, 2017, compared to the year ended December 31, 2016. Overall, operating revenues increased by 11.07%, or \$6.3 million, from 2016 to 2017; operating expenses increased by 7.48%, or \$4.4 million for the year; non-operating revenues increased by \$2.24 million from 2016 to 2017; and capital contributions increased by \$77 thousand from prior year. These changes lead to a total increase in net position of \$4.6 million from December 31, 2016 to December 31, 2017. Explanations of the primary reasons for these changes are as follows:

- The increase in operating revenues is attributable to HUD’s additional funding of \$3.7 million for the Housing Choice Voucher and \$1.08 million for Low-Income Public Housing. The Agency also received \$1.5 million for Low-Income Weatherization Program from the State of California.
- The increase in operating expenses was related to housing assistance payments, and administrative expenses. Housing assistance payments for the Housing Choice Voucher program were more in 2017 than in 2016 due to the increase in the per unit costs (PUC) of each voucher, which indicates that the Agency is paying more subsidy for each voucher. If the PUC increases, so does the total

expenses for the year. Administrative expenses increased in 2017 due to additional staffing as more programs and properties were added.

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

### Capital Assets

The table below shows the Agency's capital assets, net of accumulated depreciation and amortization, at December 31, 2017, and December 31, 2016.

	December 31,		Increase (Decrease)	Percentage Change
	2017	2016		
Land	\$ 2,670,600	\$ 2,746,016	\$ (75,416)	-2.75%
Structures	10,949,196	14,021,018	(3,071,822)	-21.91%
Equipment	2,245,204	729,844	1,515,360	207.63%
Construction in Progress	2,345,630	1,321,296	1,024,334	77.52%
Total Capital Assets, Net	<u>\$ 18,210,630</u>	<u>\$ 18,818,174</u>	<u>\$ (607,544)</u>	<u>-3.23%</u>

Overall, the Agency's capital assets decreased by \$0.6 million during 2017, attributable to the sales of assets, net of accumulated depreciation. See Note 7 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, 2017 and 2016. Short-term borrowings include inter-fund loans between programs, between the City & County Housing Authorities, or between component units of the Agency. Notes payable- non-related parties include loans and mortgages with external entities. Notes payable- related parties includes loans from joint ventures and Agency-sponsored limited partnership.

	December 31,		Increase (Decrease)	Percentage Change
	2017	2016		
Short Term Borrowings (Interfund)	\$ 1,834,077	\$ 1,834,077	\$ -	0.00%
Notes Payable - Non-Related Parties	9,470,748	10,139,926	(669,178)	-6.60%
Notes Payable - Related Parties	4,819,950	4,547,566	272,384	5.99%
Total Debt	<u>\$ 16,124,775</u>	<u>\$ 16,521,569</u>	<u>\$ (396,794)</u>	<u>-2.40%</u>

The Notes Payable - Non-Parties decreased by \$669 thousand during the year due to principal payments to various lenders.

## **Economic Factors Affecting the Agency's Future**

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

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

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

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

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**HOUSING AUTHORITY OF THE CITY OF FRESNO**  
**Fresno, California**

**STATEMENT OF NET POSITION**  
**December 31, 2017**

**ASSETS**

**Current Assets**

Cash & Investments	\$	5,060,952
Accounts Receivable - Tenants, Net of Allowance for Doubtful Accounts of \$20,796		39,506
Miscellaneous Receivables, Net of Allowance for Uncollectable Accounts of \$60,086		434,115
Due From Other Governments		572,560
Due From Related Parties		1,736,687
Prepaid Expenses		474,789
<b>Total Current Assets</b>		<b><u>8,318,609</u></b>

**Restricted Assets**

Restricted Cash		<u>2,600,850</u>
<b>Total Restricted Assets</b>		<b><u>2,600,850</u></b>

**Non-Current Assets**

**Capital Assets**

Capital Assets - Not being depreciated		5,016,230
Capital Assets - Depreciable, Net of Accumulated Depreciation of \$40,357,950		<u>13,194,400</u>
<b>Total Capital Assets, Net</b>		<b><u>18,210,630</u></b>

**Other Non-Current Assets**

Notes Receivable From Related Parties, Net of allowance for doubtful accounts of \$0		30,075,780
Notes Receivable From Non-related Parties, Net of allowance for doubtful accounts of \$0		1,000,000
Interest Receivable - Related Parties		3,905,909
Interest Receivable - Non-related Parties		388,870
Investments In Joint Ventures		31,581,422
Assets Held For Sale		<u>1,677,981</u>
<b>Total Other Non-Current Assets</b>		<b><u>68,629,962</u></b>

<b>Deferred Outflow of Resources - Pension Related</b>		<u>2,297,818</u>
<b>Total Deferred Outflow of Resources</b>		<b><u>2,297,818</u></b>
<b>Total Assets and Deferred Outflows</b>		<b><u>\$ 100,057,869</u></b>

See accompanying notes to the basic financial statements

**HOUSING AUTHORITY OF THE CITY OF FRESNO**  
**Fresno, California**

**STATEMENT OF NET POSITION**  
**December 31, 2017**  
**(continued)**

**LIABILITIES AND NET POSITION**

**Current Liabilities**

Vendors & Contractors Payable	\$	429,709
Accrued Salaries		241,080
Accrued Compensated Absences		336,649
Resident Security Deposits		275,767
Due To Other Governments		201,507
Due To Related Parties		196,404
Other Current Liabilities - Non-Related Parties		1,091,458
Notes Payable - Related Parties		1,345,645
Notes Payable - Non-Related Parties		728,156
Unearned Revenue		9,183
<b>Total Current Liabilities</b>		<b><u>4,855,558</u></b>

**Non-Current Liabilities**

Notes Payable - Related Parties		3,474,305
Notes Payable - Non-related Parties		8,742,592
Accrued Interest Payable		591,720
Accrued Compensated Absences		183,026
Other Accrued Non-current Liabilities		69,193
Family Self-Sufficiency Escrow		5,994
Net Pension Liability		7,283,402
<b>Total Non-Current Liabilities</b>		<b><u>20,350,232</u></b>

**Deferred Inflows of Resources - Pension Related**

		299,172
<b>Total Deferred Inflows of Resources</b>		<b><u>299,172</u></b>
<b>Total Liabilities and Deferred Inflows</b>		<b><u>25,504,962</u></b>

**Net Position**

Net Investment in Capital Assets		3,919,932
Restricted for:		
Housing Assistance Payments		1,606,428
Other Externally Required Reserves		713,960
Unrestricted		68,312,587
<b>Total Net Position</b>		<b><u>74,552,907</u></b>
<b>Total Liabilities and Deferred Inflows and Net Position</b>		<b><u>\$ 100,057,869</u></b>

See accompanying notes to the basic financial statements

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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, 2017**

<b>Operating Revenues</b>	
Rental Revenue	\$ 3,258,298
Fee Revenue	552,747
HUD Grants	54,637,261
Other Governmental Grants	2,085,524
Other Revenue	2,447,587
<b>Total Operating Revenues</b>	<u><b>62,981,417</b></u>
<b>Operating Expenses</b>	
Administrative Expense	12,694,704
Tenant Services Expense	60,835
Utilities Expense	820,658
Maintenance & Operations Expense	2,094,641
Protective Services Expense	107,902
Insurance Expense	427,511
General Expense	2,989,945
Housing Assistance Payments	42,824,247
Depreciation	1,562,745
<b>Total Operating Expenses</b>	<u><b>63,583,188</b></u>
<b>Operating Income (Loss)</b>	<u><b>(601,771)</b></u>
<b>Non-Operating Revenues (Expenses)</b>	
Interest Revenue, Unrestricted	3,292
Interest Revenue, Restricted	3,253
Interest Revenue on Notes Receivable	1,308,920
Interest Expense	(389,987)
Fraud Recovery	37,470
Share of Joint Venture Net Income	392,363
Developer Fees	1,674,870
Transfer From/(To) Other Related Entity	(600)
Gain/(Loss) from Disposition of Capital Assets	2,141,912
<b>Total Non-Operating Revenues</b>	<u><b>5,171,493</b></u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u><b>4,569,722</b></u>
<b>Capital Contributions</b>	<u>77,328</u>
<b>Increase (Decrease) in Net Position</b>	<u><b>4,647,050</b></u>
<b>Net Position, Beginning of Year</b>	69,913,079
Prior Period Adjustment	(7,222)
<b>Adjusted Net Position, Beginning of Year</b>	<u><b>69,905,857</b></u>
<b>Net Position, End of Year</b>	<u><u><b>\$ 74,552,907</b></u></u>

See accompanying notes to the basic financial statements

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**HOUSING AUTHORITY OF THE CITY OF FRESNO**  
**Fresno, California**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>Cash Flows from Operating Activities:</b>	
Cash received from tenants	\$ 3,334,752
Cash received from others	2,916,178
Cash paid for issuance of notes receivable	(1,800,000)
Repayments and interest received on notes receivable	993,109
Cash paid to employees for services	(7,570,970)
Cash paid to suppliers for goods and services	(10,198,592)
Cash received from operating grants	53,023,151
Cash paid for housing assistance	(42,824,247)
Net cash provided by operating activities	<u>(2,126,619)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Cash received from developers	<u>1,674,870</u>
Net cash provided by noncapital financing activities	<u>1,674,870</u>
<b>Cash Flows From Capital Financing Activities:</b>	
Grants received to acquire/construct capital assets	77,328
Acquisition of capital assets	(1,163,287)
Issuance of notes payable	3,650,682
Principal paid on long term debt	(4,047,478)
Interest paid on long term debt	(239,549)
Net cash used for capital financing activities	<u>(1,722,304)</u>
<b>Cash Flows From Investing Activities:</b>	
Interest received from investments	<u>6,545</u>
Net cash provided by investing activities	<u>6,545</u>
Net increase (decrease) to cash	(2,167,508)
Cash at beginning of year	<u>9,829,310</u>
Cash at end of year	<u><u>\$ 7,661,802</u></u>

**HOUSING AUTHORITY OF THE CITY OF FRESNO**  
**Fresno, California**

**STATEMENT OF CASH FLOWS**  
**(Continued)**

**Reconciliation of Change in Net Position to Net**

**Cash Provided By (Used For) Operating Activities:**

Operating income (loss)	\$	(601,771)
Adjustments to reconcile change in net position to net cash provided by (used for) operating activities:		
Depreciation		1,562,745
Changes in joint ventures		392,363
Interest earned on notes receivable		1,308,920
Fraud recovery		37,470
Other expense		(600)
(Increase) decrease in accounts receivable - tenants		42,579
(Increase) decrease in accounts receivable - other		(196,090)
(Increase) decrease in due from other governments		333,166
(Increase) decrease in due from related parties		111,934
(Increase) decrease in prepaid insurance		(323,183)
(Increase) decrease in investment in joint venture		(392,363)
(Increase) decrease in notes receivable		(1,099,365)
(Increase) decrease in interest receivable		(1,016,446)
(Increase) decrease in deferred outflows		(508,213)
Increase (decrease) in accounts payable - vendors		220,754
Increase (decrease) in due to related parties		(278,890)
Increase (decrease) in accrued salaries		75,299
Increase (decrease) in accrued compensated absences		35,370
Increase (decrease) in other accrued liabilities		942,807
Increase (decrease) in accounts payable - other governments		9,163
Increase (decrease) in deferred revenue		(4,032,800)
Increase (decrease) in tenant security deposits payable		(3,595)
Increase (decrease) in pension liability		1,376,656
Increase (decrease) in deferred inflows		(138,256)
		(138,256)
Net cash provided by operating activities	\$	(2,126,619)

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

Cash and investments	\$	5,060,952
Restricted cash		2,600,850
Cash at end of year	\$	7,661,802

**Significant noncash transactions:**

Note received for the sale of property	\$	2,350,000
Net capital assets sold for a note	\$	208,088

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**HOUSING AUTHORITY OF THE CITY OF FRESNO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**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 certain housing programs and activities within 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's housing programs, are appointed to two-year terms.

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

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

**HOUSING AUTHORITY OF THE CITY OF FRESNO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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

A brief description of the Agency’s 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. In March 2011, the Agency entered into Purchase and Sale Agreement with Pacific Garden, LP related to the building and improvements, and Ground Lease agreement related to the land and improvement. The Limited Partnership pays rent to the Corporation for the use of the land. 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.

**HOUSING AUTHORITY OF THE CITY OF FRESNO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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 10 for further discussion.

**g) Capital Assets**

Capital assets are defined by the Agency as assets with an initial, individual cost of \$5,000 or more and having an estimated useful life of greater than one year. All purchased capital assets are valued at historical cost. Contributed capital assets are recorded at 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.

**HOUSING AUTHORITY OF THE CITY OF FRESNO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**i) Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets, including the interest due on the borrowing (excluding inter-fund borrowing). Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**j) Operating Revenue and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Agency, these revenues are typically rental charges 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 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 may differ from the estimates.

**HOUSING AUTHORITY OF THE CITY OF FRESNO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**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**

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, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	June 30, 2016, to June 30, 2017

**p) Deferred Outflows/Inflows of Resources**

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

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

**HOUSING AUTHORITY OF THE CITY OF FRESNO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**2) Cash and Investments**

Cash and investments held by the Agency at December 31, 2017, are classified as follows in the accompanying Statement of Net Position:

Cash & Investments	\$	5,060,952
Restricted Cash		2,600,850
<b>Total Cash</b>	<b>\$</b>	<b>7,661,802</b>

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, 2017, the Agency did not maintain a significant equity position in investment pool activities, it is the policy of the Agency to invest only in highly rated securities to the extent practicable and where applicable by law.

Concentration of Credit Risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer (other than external investment pools) that represent 5% or more of the Agency's total investments.

**HOUSING AUTHORITY OF THE CITY OF FRESNO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

Custodial Credit Risk

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

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

The Agency executed a "General Depository Agreement" with Wells Fargo on April 21, 2014. 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, 2017, \$128,423 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.

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**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:

<b>Cash Restricted for:</b>	<b>Cash Restriction</b>	<b>In Liabilities</b>	<b>In Restricted Net Assets</b>
USDA Project Reserves	\$ 500,951	\$ 322	\$ 500,629
CHFA	128,423	4,371	124,052
HAP Funding	1,606,428	-	1,606,428
Tenant Security Deposits	275,767	275,767	-
Other Federal/ State Funding	89,281	2	89,279
	<b><u>\$ 2,600,850</u></b>	<b><u>\$ 280,462</u></b>	<b><u>\$ 2,320,388</u></b>

**4) Accounts Receivable**

The Agency's accounts receivable consists of related party receivables, grant program receivables, overpayment to landlords and tenant rent receivables. Accounts receivable 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, 2017, consist of the following:

Accounts Receivable -Tenants, Net of Allowance for Doubtful Accounts of \$20,796	<u>\$ 39,506</u>
Miscellaneous Receivables, Net of Allowance for Uncollectable Accounts of \$60,086	\$ 22,150
Other	411,965
	<b><u>\$ 434,115</u></b>

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**5) Due from Other Governments**

Due from Other Governments consists of the following:

U.S. Department of HUD	\$	178,388
Other		394,172
		<u>\$ 572,560</u>

**6) Due from Related Parties**

Due from Related Parties consists of the following:

Housing Authority of the County of Fresno	\$	650,510
Housing Relinquished Fund Corporation		58,494
Silvercrest		507,853
Limited Partnership		519,830
		<u>\$ 1,736,687</u>

**7) Capital Assets**

Changes in capital assets during the fiscal year were as follows:

	Balance at 12/31/2016	Additions	Deletions	Balance at 12/31/2017
Capital assets not depreciated:				
Land	\$ 2,746,016	\$ 53,856	\$ (129,272)	\$ 2,670,600
Construction in progress	1,321,296	1,183,600	(159,266)	2,345,630
Total capital assets depreciated	4,067,312	1,237,456	(288,538)	5,016,230
Capital assets being depreciated:				
Buildings & Improvements	53,622,703	92,890	(2,933,882)	50,781,711
Equipment / Software	2,780,224	66,376	(75,961)	2,770,639
Total capital assets depreciated	56,402,927	159,266	(3,009,843)	53,552,350
Less accumulated depreciation for:				
Buildings	(39,601,685)	(1,474,933)	2,837,998	(38,238,620)
Equipment	(2,050,380)	(87,812)	18,862	(2,119,330)
Total accumulated depreciation	(41,652,065)	(1,562,745)	2,856,860	(40,357,950)
Total capital assets being depreciated, net	14,750,862	(1,403,479)	(152,983)	13,194,400
<b>TOTAL</b>	<b>\$ 18,818,174</b>	<b>\$ (166,023)</b>	<b>\$ (441,521)</b>	<b>\$ 18,210,630</b>

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**8) Notes Receivable**

The following is a summary of changes in notes receivable as of December 31, 2017:

	Restated Balance 12/31/2016 *	Additions	Payments	Balance 12/31/2017	Interest Receivable
<b>Notes Receivable - Non-Related Parties</b>					
City of Clovis	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ 87,500
Fresno Canyon Springs LP	500,000	-	-	500,000	301,370
<b>Total due from non-related parties</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>	<b>388,870</b>
<b>Notes Receivable - Related Parties</b>					
Better Opportunity Builders	125,000	-	-	125,000	-
Limited Partnerships:					
Edison II	-	4,150,000	-	4,150,000	110,667
Fresno Pacific Gardens LP	2,738,430	-	-	2,738,430	835,228
Parc Grove Commons II	3,129,538	-	-	3,129,538	1,485,321
Renaissance at Alta Monte	400,000	-	-	400,000	180,234
Renaissance at Santa Clara	400,000	-	-	400,000	225,504
Renaissance at Santa Clara- AHP	638,839 *	-	-	638,839	-
Renaissance at Trinity - AHP	200,000	-	-	200,000	-
Renaissance at Trinity	400,000	-	-	400,000	-
Southeast Fresno RAD	11,377,000	-	(696,712)	10,680,288	550,088
Viking Village RAD	959,272	-	(3,923)	955,349	34,500
YEC Limited (HOPE VI)	6,258,336	-	-	6,258,336	484,367
<b>Total due from related parties</b>	<b>26,626,415</b>	<b>4,150,000</b>	<b>(700,635)</b>	<b>30,075,780</b>	<b>3,905,909</b>
<b>TOTAL</b>	<b>\$ 27,626,415</b>	<b>\$ 4,150,000</b>	<b>\$ (700,635)</b>	<b>\$ 31,075,780</b>	<b>\$ 4,294,779</b>

\*Restated to include pass-through AHP Loan in December 2016. See the related Schedule of Changes on Notes Payable.

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, 2017, are \$500,000 and \$87,500, 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, and 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, 2017, are \$500,000 and \$301,370, respectively.

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Better Opportunities Builders, Inc.

On September 18, 2008, the Agency has made a loan of \$125,000 to Better Opportunities Builders, Inc. (BOB). 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, 2017, is \$125,000.

Fresno Edison II, LP

On April 14, 2017, the Agency entered into two loan agreements with Fresno Edison II, LP to develop and construct Low-Income housing units. The first loan, Capital and Operating Fund Loan agreement for \$1,800,000 bears an interest rate of 4.0% compounded annually and with a maturity date of April 14, 2072. Principal and interest payable annually commencing on June 1, 2019 from available cash flow. The outstanding principal and accrued interest balances at December 31, 2017, are \$1,800,000 and \$48,000, respectively. Interest revenue for the year was \$48,000.

The second loan, HACF Disposition Funds Loan Agreement for \$2,350,000 bears an interest rate of 4.0% compounded annually with a maturity date of April 14, 2072 with principal and interest payable annually commencing on May 1, 2017 from available cash flow. The note is secured by, among other security, a subordinate lien mortgage covering the fee simple interest of the Partnership. The outstanding principal and accrued interest balances at December 31, 2017, are \$2,350,000 and \$25,333, respectively. Interest revenue for the year was \$62,667. The total outstanding principal and interest balances due for both loans at December 31, 2017, is \$4,150,000 and \$110,667, 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 55 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, 2017, are \$1,588,656 and \$417,518, respectively. Interest revenue for the year was \$173,520.

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, 2017, are \$599,774 and \$204,781, respectively. Interest revenue for the year was \$42,071.

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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, 2017, are \$550,000 and \$212,929, respectively. Interest revenue for the year was \$39,924.

The outstanding principal and interest balances due for all three loans at December 31, 2017, are \$2,738,430 and \$835,228, respectively.

Parc Grove Commons II, LP

On January 27, 2010, the Agency authorized a loan to Parc Grove Commons II, LP, 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, 2017, are \$3,129,538 and \$1,485,321, respectively. Interest revenue for the year was \$321,967.

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, 2017, the outstanding principal and interest are \$400,000 and \$180,234, respectively. Interest revenue for the year was \$38,469.

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 "FH Loan"). The loan bears interest on the outstanding balance at 8.75%. The FH 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, 2017, the outstanding principal balance on the FH Loan was \$400,000 and accrued interest was \$225,504. Interest revenue for the year was \$50,391.

On November 14, 2014, the Agency entered into an AHP loan agreement with Santa Clara, LP, for \$638,839 with a maturity date of June 1, 2068. The loan bears interest at 8.75% per annum with the principal and interest due and payable in full on maturity date.

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The total principal and interest recorded for both loans at December 31, 2017 are \$1,038,839 and \$225,504, respectively.

Fresno Renaissance at Trinity, LP

On December 1, 2010, the Agency 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, 2017, is \$200,000.

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 a 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, 2017, is \$400,000.

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 three 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, 2017, is \$5,680,287.

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 three former public housing sites into two sites that will consist of 191-units of 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 the two loans at December 31, 2017, are \$10,680,288 and \$550,088, 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 sell 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 from available cash flow. The outstanding balance due at December 31, 2017, is \$827,963 with accrued interest in the amount of \$27,980 and interest revenue of \$27,979.

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On March 18, 2014, the Agency entered into a second loan agreement with Viking Village for \$917,387 for the rehabilitation 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 from available cash flow. The outstanding balance due at December 31, 2017, is \$127,387 with accrued interest in the amount of \$6,520 and interest revenue of \$4,755.

The outstanding principal balance due for the two loans at December 31, 2017, was \$955,349 and accrued interest was \$34,500.

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, 2017, accrued interest on this loan is \$484,367. For the period, interest revenue on the loan was \$64,304.

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, 2017, the outstanding balance for this loan is \$4,905,351.

The outstanding principal and interest balances due for all three loans at December 31, 2017, is \$6,258,335 and \$484,367, respectively.

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**9) Investment in Joint Ventures**

As of December 31, 2017, the Agency’s investment in joint ventures is comprised of the following:

<b>Joint Venture</b>	<b>Investment</b>
Housing Relinquished Fund Corp	\$ 31,474,258
Silvercrest, Inc.	(48,634)
Housing Self-Insurance Corp	152,413
Villa Del Mar, Inc.	3,385
<b>Total Investment in Joint Venture</b>	<b><u>\$ 31,581,422</u></b>

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 of Directors is comprised of two members of the City Housing Authorities and County Housing Authorities 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 of Directors is comprised of two members of the City Housing Authority and County Housing Authority’s Board of Commissioners. The Agency has an 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 of Directors is comprised of two members of the City Housing Authority and County Housing Authority Board of Commissioners. The Agency has a 50% equity interest in Silvercrest, Inc. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985.

Villa Del Mar, Inc. – 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 of Directors is comprised of two members of the City Housing Authority and County Housing Authority 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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**10) 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 as of December 31, 2017:

	<b>Noncurrent</b>
CalHFA Program	\$ 1,037,878
City Public Housing Program	566,671
Neighborhood Stabilization Program	73,432
<b>Total Assets Held for Sale</b>	<b><u>\$ 1,677,981</u></b>

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. At December 31, 2017, the carrying value of remaining asset held for sale is \$1,037,878.

In accordance with Section 5 of the Public Housing Act, the Agency sells single family homes to qualified low-income residents. At December 31, 2017, the book value of homes held for sale is \$566,671.

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, 2017, the carrying value of remaining homes held for sale is \$73,432.

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**11) Long-Term Liabilities**

Changes in long-term liabilities for the year ended December 31, 2017, are as follows:

	Restated Balance 12/31/2016	Additions	Payments/ Deletions	Balance 12/31/17	Due Within One Year
<b>Notes payable - non-related parties:</b>					
U.S. Department of Agriculture					
Mariposa FLH	\$ 409,069	\$ -	\$ (91,038)	\$ 318,031	\$ 88,317
California Housing Finance Agency					
Garland Gardens	766,423	-	(165,748)	600,675	181,909
HELP Program	557,216	-	(278,148)	279,068	279,068
City of Fresno NSP	44,441	-	-	44,441	44,441
Santa Clara-AHP	638,839 *	-	-	638,839	-
City of Fresno NSP 3	3,000,036	-	-	3,000,036	-
Mortgages:					
El Cortez Apartments	1,282,396	-	(35,052)	1,247,344	36,539
Dayton Square	1,615,649	-	(49,315)	1,566,334	45,874
Woodside Apartments	1,825,857	-	(49,877)	1,775,980	52,008
<b>Total notes payable - non-related parties</b>	<b>10,139,926</b>	<b>-</b>	<b>(669,178)</b>	<b>9,470,748</b>	<b>728,156</b>
<b>Notes payable - related parties:</b>					
P&CD (Pacific Garden) to HRFC	1,340,894	-	-	1,340,894	-
P&CD (Various pre-dev) to HRFC	893,565	3,650,682	(3,198,602)	1,345,645	1,345,645
Helm Home to HRFC	992,220	-	(120,180)	872,040	-
Relinquished Fund (Elderberry) to HRFC	5,000	-	(5,000)	-	-
Office building to HRFC	154,000	-	-	154,000	-
LIPH (Townsend) to HRFC	98,097	-	-	98,097	-
San Ramon (NSP 3) to HRFC	1,063,790	-	(54,516)	1,009,274	-
	<b>4,547,566</b>	<b>3,650,682</b>	<b>(3,378,298)</b>	<b>4,819,950</b>	<b>1,345,645</b>
<b>Other Liabilities:</b>					
Interest payable	441,282	178,990	(28,552)	591,720	-
Compensated Absences	484,305	2,504,038	(2,468,668)	519,675	336,649
Family Self-Sufficiency	5,994	-	-	5,994	-
Homebuyers earned payments	53,466	15,727	-	69,193	-
Net Pension Liability	5,906,746	1,544,084	(167,428)	7,283,402	-
	<b>6,891,793</b>	<b>4,242,839</b>	<b>(2,664,648)</b>	<b>8,469,984</b>	<b>336,649</b>
<b>TOTALS</b>	<b>\$21,579,285</b>	<b>\$ 7,893,521</b>	<b>\$ (6,712,124)</b>	<b>\$ 22,760,682</b>	<b>\$ 2,410,450</b>

\*Restated to include pass-through AHP Loan in December 2016. See the related Schedule of Changes on Notes Receivable.

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

<u>Year Ending December 31</u>	<u>Notes</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 2,073,801	\$ 591,720	\$ 2,665,521
2019	464,409	424,068	888,477
2020	2,699,708	400,519	3,100,227
2021	1,362,130	396,410	1,758,540
2022	1,292,336	518,954	1,811,290
2023-2027	2,211,860	1,073,374	3,285,234
2028-2032	1,326,329	713,332	2,039,661
2033-2037	1,574,751	808,778	2,383,529
2038-2042	1,285,374	108,547	1,393,921
	<u>\$ 14,290,698</u>	<u>\$ 5,035,702</u>	<u>\$ 19,326,400</u>

U.S. Department of Agriculture Notes-Mariposa FLH

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, 2017, the outstanding balance for the notes is \$318,031.

Garland Gardens

The Agency entered into a note with the California Housing Finance Agency (Cal-HFA) 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, 2017, the outstanding balance is \$600,675.

HELP Program

The Agency has entered into loan agreements with the California Housing Finance Agency (Cal-HFA). The purpose of the first loan is to establish a revolving source of funds to finance the acquisition, demolition and construction/rehabilitation costs for a 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 2017, the Agency paid \$278,148 on the principal. As of December 31, 2017, the outstanding principal balance is \$279,068.

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City of Fresno NSP (Neighborhood Stabilization Program)

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, 2017, 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, 2017, the current outstanding balance of this note is \$3,000,036.

Santa Clara-AHP

On November 14, 2014 the Agency entered into a promissory note with 1555 Santa Clara Street, LP in the amount of \$ 638,839 (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 simple interest at a rate of 8.75% per annum and is secured by a deed of trust on the Project. Payment in full is due and payable on June 1, 2068. As of December 31, 2017 and 2016, the principal balance on the AHP loan was \$638,839.

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 each apartment complex. On March 20, 2014, the three mortgages were re-financed for \$4,589,657 at 4.25% interest rate and set to mature on January 5, 2024. As of December 31, 2017, the balances are the following:

	<u>Principal</u>	<u>Monthly Payment</u>	<u>Due within 1 year</u>
El Cortez	\$ 1,247,344	\$ 7,470	\$ 36,539
Dayton Square	1,566,334	9,378	45,874
Woodside Apartments	1,775,980	10,632	52,008
	<u>\$ 4,589,658</u>		<u>\$ 134,421</u>

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Housing Relinquished Fund Corporation (HRFC)

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, 2017, is \$1,340,894.

The 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 \$893,565. During the year, \$3,650,682 was added and \$3,198,602 was paid. The outstanding balance at December 31, 2017, is \$1,345,645.

The Helm Home is located at 1749 L Street in Fresno, was purchased in March 2010 and is on the local register of historic sites. The loan carries an interest rate of 5% per annum and is due upon sale or refinance of the complex. During 2017, the Agency paid \$120,180 on the principal. The outstanding balance at December 31, 2017, is \$872,040.

The Agency entered into a promissory agreement with 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. During 2017, the Agency paid \$54,516 on the principal. As of December 31, 2017, the total outstanding loan balance is \$1,009,274.

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 upon retirement. Except for the Executive Director who is entitled to 100% of the value of their sick leave upon request, employees are paid 25% of the value of their unused sick leave upon voluntary separation, and 50% upon retirement or death.

Employees are paid 100% of unused vacation leave upon separation of employment as provided in the applicable collective bargaining agreement and in accordance with the law.

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As of December 31, 2017, accrued vacation and vested sick leave has been valued by the Agency at \$519,675 with the current portion due in the amount of \$336,649.

Family Self Sufficiency

The Family Self Sufficiency (FSS) program provides supportive services that enable participating low and moderate-income families 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, 2017, total \$5,994.

**12) Due to Other Governments**

Due to Other Governments consists of the following:

Payments in Lieu of Taxes	\$	44,205
U.S. Department of HUD		133,647
Other		23,655
		201,507
	\$	201,507

**13) Due to Related Parties**

Due to Related Parties at December 31, 2017, consist of the following:

Housing Authority of County of Fresno	\$	196,404
Other		-
		196,404
	\$	196,404

**14) Other Current Liabilities**

Other current liabilities at December 31, 2017, consist of the following:

Payroll- Withholding, Benefits payable	\$	229,556
Unclaimed Checks/ Refunds		190,526
Accrued Expenses		576,501
Others		94,875
		1,091,458
	\$	1,091,458

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**15) Unearned Revenues**

Unearned revenues consist of the following:

Prepaid tenant rents	\$ 9,183
	<u>\$ 9,183</u>

**16) Deferred Compensation**

The Agency offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all permanent employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. 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.

**17) Defined Benefit Pension Plan**

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

Plan's Major Benefit Options

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.

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

<b>Contract Package</b>			
	Active Misc	Active Misc	Receiving Misc.
<b>Benefit Provision</b>			
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	
<b>Pre-Retirement Death Benefits</b>			
Optional Settlement 2W	No	No	
1959 Survivor Benefit Level	No	No	
Special	No	No	
Alternate (firefighters)	No	No	
<b>Post-Retirement Death Benefits</b>			
Lump Sum	\$500	\$500	\$500
Survivor Allowance (PRSA)	No	No	No
COLA	2%	2%	2%

**Employees Covered:**

**Summary of Valuation Data (Counts)**

	<u>June 30, 2016</u>
1 Active Members	103
2 Transferred Members	27
3 Terminated Members	80
4 Retired Members and Beneficiaries	106
5 Active to Retired Ratio [(1) / (4)]	0.97

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.

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Contribution Description

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

For the measurement period ending June 30, 2017, (the measurement date), the average active employee contribution rate is 6.25 percent of annual pay, and the average employer's contribution rate is 6.857 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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**HOUSING AUTHORITY OF THE CITY OF FRESNO  
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Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2016 valuation was rolled forward to determine the June 30, 2017 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3%
Mortality Rate Table	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

Change of Assumptions

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 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 actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 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 7.15 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.

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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, 2015.

Asset Class	Current Target Allocation	Real Return Years 1 – 10 <sup>1</sup>	Real Return Years 11 <sup>2</sup>
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	(0.40%)	(0.90%)

<sup>1</sup> An expected inflation of 2.5% used for this period

<sup>2</sup> An expected inflation of 3.0% used for this period

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Changes in Net Pension Liability

The changes in Net Pension Liability for the year ended June 30, 2017, were as follows:

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Pension</b>	<b>Net Pension Liability</b>
<b>Balance at: 06/30/2016</b>	<b>\$ 31,047,424</b>	<b>\$ 25,140,676</b>	<b>\$ 5,906,748</b>
<b>Changes recognized for the measurement period:</b>			
Service Cost	734,975	-	734,975
Interest on Total Pension Liability	2,326,027	-	2,326,027
Changes of Assumptions	1,920,586	-	1,920,586
Differences between Expected and Actual Experience	15,516	-	15,516
Contributions - Employer	-	515,021	(515,021)
Contributions - Employee	-	366,062	(366,062)
Net Investment Income	-	2,776,486	(2,776,486)
Benefit Payments, including Refunds of Employee Contributions	(1,638,316)	(1,638,316)	-
Administrative Expense	-	(37,119)	37,119
<b>Net Changes during 2016 - 2017</b>	<b>3,358,788</b>	<b>1,982,134</b>	<b>1,376,654</b>
<b>Balance at: 06/30/2017</b>	<b>\$ 34,406,212</b>	<b>\$ 27,122,810</b>	<b>\$ 7,283,402</b>

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

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

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/ (Asset)	\$ 12,084,433	\$ 7,283,402	\$ 3,378,202

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Subsequent Events

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

Recognition of Gains and Losses

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

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

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

Expected Average Remaining Service Lifetime (EARSL)

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

The EARSL for the Plan for the measurement period ending June 30, 2017 is 3.6 years, which was obtained by dividing the total service years of 1,139 (the sum of remaining service lifetimes of the active employees) by 316 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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Deferred Outflows and Deferred Inflows of Resources

For the Measurement Period ending June 30, 2017, the Agency incurred a pension expense of \$1,376,654 .

As of June 30, 2017, 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.

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Changes of Assumptions	\$ 1,412,969	\$ (128,203)
Differences between Expected and Actual Experience	166,742	(170,969)
Payment on pension contributions between measurement date and fiscal year end	350,159	
Net Difference between Projected and Actual Earnings on Pension Plan Investments	367,948	
<b>Total</b>	<b>\$ 2,297,818</b>	<b>\$ (299,172)</b>

The \$350,159 in pension payments between June 30 and December 31, 2017, 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

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

Amortization of Deferred Outflows/(Inflows) of Resources

Measurement Periods Ended	
June 30:	
2018	\$ 342,168
2019	943,143
2020	565,751
2021	(202,575)
	<b>\$ 1,648,487</b>
Deferred Outflows	\$ 2,297,818
Deferred Inflows	(299,172)
	1,998,646
Net Payment on pension contributions between measurement date and fiscal year end	\$ (350,159)

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**18) Insurance Coverage**

HARRP

The Agency is a member of the Housing Authority Risk Retention Pool (HARRP). HARRP was established by public housing authorities participating in an intergovernmental cooperation agreement pursuant to specific statutes in Oregon, Washington, California and Nevada for the purpose of operating and maintaining a cooperative program of risk management and loss indemnification. HARRP offers property, general liability, automobile liability and physical damage, fidelity, and errors and omissions, which includes employment practices and director's and officers' liability insurance to participants. The relationship between the Agency and HARRP is such that HARRP is not a component unit of the Agency for financial reporting purposes.

The Agency's insurance expense was \$178,979 for the year ended December 31, 2017. The loss limits for the various types of insurance are follows: individual structure stated value, with full replacement cost, for property with a deductible per occurrence of \$10,000; \$2,000,000 for general liability with no deductible; \$2,000,000 for automobile liability, including losses arising from the use of a non-owned covered automobile; \$100,000 for employee dishonesty and forgery and alteration with a \$1,000 deductible; \$10,000 for employee 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 permissibly self-insured for workers' compensation claims through the California Housing Workers' Compensation Authority (CHWCA). Under this program, benefits are provided up to statutory levels when combined with the excess coverage provided through participation in the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) program.

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**19) 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 8 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.

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 8 for descriptions of any related party transactions between the Agency and the partnership.

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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 8 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 8 for descriptions of any related party transactions between the Agency and the partnership.

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**YEAR ENDED DECEMBER 31, 2017**

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 8 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 Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985. See Note 8 for descriptions of any related party transactions between the Agency and the partnership.

**HOUSING AUTHORITY OF THE CITY OF FRESNO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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.

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.

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.

**HOUSING AUTHORITY OF THE CITY OF FRESNO  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

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 8 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 8 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.

**HOUSING AUTHORITY OF THE CITY OF FRESNO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

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.

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.

Fulton West/Cedar Heights Scattered Site, LP

Fulton West/Cedar Heights Scattered Site, 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 Partnership was formed for the purpose of developing and operating a 45-unit project located in Fresno, California. The project qualifies for federal low-income housing tax credit program as described in the Internal Revenue Code Section 42. The project received low-income housing tax credits through the California Tax Credit Allocation Committee.

The partnership was originally formed on June 27, 2014, by Fulton West Scattered Site 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. BOAUSBLIHTC Fund 2015-1 is the Limited Partner and US Bancorp Community Development Corporation is the State Credit Partner.

Net profits or losses of the partnership are allocated 0.009% to the Administrative General Partner, 0.001% to the Managing General Partner, 98.99% to the Limited Partner and 1.0% to the State Credit Partner. 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.

Fresno Edison I Apartments, LP

Fresno Edison Apartments, 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 Partnership was formed for the purpose of developing and operating a 45-unit project located in Fresno, California. The project qualifies for federal low-income housing tax credit program as described in the Internal Revenue Code Section 42. The project received low-income housing tax credits through the California Tax Credit Allocation Committee.

**HOUSING AUTHORITY OF THE CITY OF FRESNO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

Fresno Edison apartments, L.P. was originally formed on February 1, 2015 and is a California limited partnership between Fresno Edison Apartments AGP, LLC as the Administrative General Partner, Silvercrest, Inc. as the Managing General Partner, PNC Real Estate Tax Credit Capital Institutional Fund 47, LP as the Original Investment Limited Partner, PNC Real Estate Tax Credit Capital Institutional Fund 53, LLC as the Investment Limited Partner and Columbia Housing SLP Corporation as the Special Limited Partner.

Net profits or losses of the partnership are allocated 0.005% to the Administrative General Partner, 0.005% to the Managing General Partner, 99.99% to the Investment Limited Partner and 0.0% to the Special Limited Partner. 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 8 for descriptions of any related party transactions between the Agency and the partnership.

Lowell Neighborhood Project, LP

Lowell Neighborhood Project, LP was formed for the purpose of developing and operating a 30-unit project located in the City of Fresno, California.

Lowell Neighborhood Project, L.P. was originally formed on June 18, 2015 and is a California limited partnership between Lowell Neighborhood Project AGP, LLC as the Administrative General Partner, Silvercrest, Inc. as the Managing General Partner, and U.S. Bankcorp Community Development Corporation as the Limited Partner.

Net profits or losses of the partnership are allocated 0.005% to the Administrative General Partner, 0.005% to the Managing General Partner, and 99.99% to the Limited Partner. 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 8 for descriptions of any related party transactions between the Agency and the partnership.

Fresno Edison II Apartments, LP

Fresno Edison Apartments, LP was formed in February 2015 to expand the development and availability of long-term housing for low-income persons residing in the City of Fresno, California. The project filed a notice to proceed related to construction in April 2017. As of December 31, 2017, there is no substantial activity to report.

Parc Grove Commons III, LP

Parc Grove III, LP was formed in June 2016 to expand the development and availability of long-term housing for low-income persons residing in the City of Fresno, California. The project filed a notice to proceed with construction in April 2016. As of December 31, 2017, there is no substantial activity to report.

**HOUSING AUTHORITY OF THE CITY OF FRESNO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**20) Other Related Parties**

Better Opportunities Builders, Inc.

The Executive Director of the Agency serves as the Secretary-Treasurer of Better Opportunities Builders, Inc. (BOB). The Agency's Director of Planning & Community Development serves as the Chief Executive Officer of BOB. One of the Agency's Commissioners serves on the Board of Directors of BOB. The remaining Board of Directors selected by other agencies. BOB has agreed to be the Managing General Partner in several low-income housing projects within the City of Fresno. The Agency provides management and bookkeeping services for BOB, and the Agency is reimbursed 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 2017. 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.

**HOUSING AUTHORITY OF THE CITY OF FRESNO  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**21) Interfund and Interagency Activity**

The following is a summary of changes in Inter-fund loans as of December 31, 2017:

	<b>Balance 12/31/16</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/17</b>	<b>Interest</b>
<b>Receivables:</b>					
City RF from NSP	\$ 1,128,277	-	-	\$ 1,128,277	\$ 222,163
City RF from El Cortez	205,800	-	-	205,800	20,306
City RF from P&CD	500,000	-	-	500,000	105,579
<b>Total Receivables</b>	<b>1,834,077</b>	<b>-</b>	<b>-</b>	<b>1,834,077</b>	<b>348,048</b>
<b>Payables:</b>					
City RF from NSP	\$ 1,128,277	-	-	\$ 1,128,277	\$ 222,163
City RF from El Cortez	205,800	-	-	205,800	20,306
City RF from P&CD	500,000	-	-	500,000	105,579
<b>Total Payables</b>	<b>1,834,077</b>	<b>-</b>	<b>-</b>	<b>1,834,077</b>	<b>348,048</b>

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

**22) 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.

**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.

**HOUSING AUTHORITY OF THE CITY OF FRESNO  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**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.

**23) 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 Choice Voucher	\$ 1,606,428
CHFA	124,052
USDA Programs	500,629
Other Federal/ State Programs	89,279
	<u>\$ 2,320,388</u>

**24) Prior Year Restatement**

During the year ended December 31, 2017, the Agency made certain adjustments to beginning equity for activities related to the affordable housing program.

The following schedule summarizes the effect of these restatements:

Net Position at Beginning of Year, as Previously reported	\$	69,913,079
The prior period adjustment is primarily related to a restatement of various assets and liabilities		(7,222)
<b>Net position at Beginning of Year, as Restated</b>	<b>\$</b>	<b><u>69,905,857</u></b>

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REQUIRED SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE CITY OF FRESNO**  
Schedule of Changes in Net Pension Liability and Related Ratios  
for the Measurement Period (Miscellaneous Plan)  
Last Ten Years\*

Measurement Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014
<b>TOTAL PENSION LIABILITY</b>				
Service Cost	\$734,975	\$631,345	\$631,110	\$627,365
Interest on Total Pension Liability	2,326,027	2,242,188	2,143,493	2,058,422
Changes of Benefit Terms	-	55,914	-	-
Changes of Assumptions	1,920,586	-	(516,001)	-
Difference between Expected and Actual Experience	15,516	22,974	(122,369)	-
Benefit Payments, Including Refunds of Employee Contributions	(1,638,316)	(1,639,744)	(1,487,628)	(1,463,163)
Net Change in Total Pension Liability	3,358,788	1,312,677	648,605	1,222,624
Total Pension Liability - Beginning	31,047,424	29,734,747	29,086,142	27,863,518
Total Pension Liability - Ending (a)	34,406,212	31,047,424	29,734,747	29,086,142
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - Employer	515,021	412,060	340,596	313,597
Contributions - Employee	366,062	344,384	336,751	307,963
Investment Income	2,776,486	145,546	586,662	3,933,088
Benefit Payments, Including Refunds of Employee Contributions	(1,638,316)	(1,639,744)	(1,487,628)	(1,463,163)
Administrative Expense	(37,119)	(15,781)	(29,146)	-
Net Change in Fiduciary Net Position	1,982,134	(753,535)	(252,765)	3,091,485
Plan Fiduciary Net Position - Beginning	25,140,676	25,894,211	26,146,976	23,055,491
Plan Fiduciary Net Position - Ending (b)	27,122,810	25,140,676	25,894,211	26,146,976
Plan Net Pension Liability - Ending (a) - (b)	\$7,283,402	\$5,906,748	\$3,840,536	\$2,939,166
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.83%	80.98%	87.08%	89.89%
Covered Payroll	\$ 5,215,616	\$5,007,615	\$4,869,500	\$ 4,707,335
Plan Net Pension Liability as a Percentage of Covered Payroll	139.65%	117.96%	78.87%	62.44%

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

**Benefit Changes:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016, valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes of Assumptions:** In 2017, the accounting discount rate reduced from 7.65 to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

\*The fiscal year ended December 31, 2014 was the first year of implementation. Information for the last 10 years is not available.

**HOUSING AUTHORITY OF THE CITY OF FRESNO**  
Schedule of Changes in Net Pension Liability and Related Ratios  
for the Measurement Period (Miscellaneous Plan)  
Last Ten Years\*

**Schedule of Plan Contributions for the Fiscal Years Ended December 31**

Employer Fiscal Year End	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially Determined Contribution	\$ 455,851	\$ 469,586	\$ 371,354	\$ 325,829
Contributions in Relation to the Actuarially Determined Contribution	(455,851)	(469,586)	(371,354)	(325,829)
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 5,781,250	\$ 5,406,119	\$ 5,029,081	\$ 4,520,151
Contributions as a Percentage of Covered Payroll	7.88%	8.69%	7.38%	7.21%

**Notes to Schedule of Plan Contributions:**

The actuarial methods and assumptions used to set the actuarially determined contributions for the Fiscal Year 2016-2017 were derived from the June 30, 2014 funding valuation report as follows:

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

\* The fiscal year ended December 31, 2014 was the first year of implementation. Information for the last 10 years is not available.

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SUPPLEMENTAL INFORMATION

**HOUSING AUTHORITY OF CITY OF FRESNO**  
**Schedule of Modernization Costs for Completed Projects**  
**Year ended December 31, 2017**

<u>Grant Number</u>	<u>Funds Approved</u>	<u>Funds Expended</u>	<u>Excess</u>
CA39P006501-13	1,150,125	1,150,125	-
CA39P006501-14	1,082,747	1,082,747	-
CA39R006502-14	330,559	330,559	-

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FINANCIAL DATA SCHEDULES

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

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Housing Authority City of Fresno (CA006)  
 FRESNO, CA  
 Entity Wide Balance Sheet Summary  
 Fiscal Year End: 12/31/2017

	14,169 Housing Counseling Assistance Program	14,257 Homelessness Prevention and Rapid Re-Housing Program (RA/F)	14,256 Neighborhood Stabilization Program (Recovery Act Funded)	10,427 Rural Rental Assistance Payments	14,218 Community Development Block Grant/Entitlement 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	14,185 Hope III
111 Cash - Unrestricted	\$2,199,882	\$66		\$1		\$84	\$100	\$79,413	\$0	
112 Cash - Restricted - Modernization and Development				\$500,951			\$1,606,428			
113 Cash - Other Restricted	\$95,595			\$16,530						
114 Cash - Tenant Security Deposits										
115 Cash - Restricted for Payment of Current Liabilities	\$2,295,477	\$66	\$0	\$517,482	\$0	\$84	\$1,606,528	\$79,413	\$0	\$0
100 Total Cash		\$16,979				\$32,574				
121 Accounts Receivable - PHA Projects										
122 Accounts Receivable - HUD Other Projects										
124 Accounts Receivable - Other Government	\$10,930						\$139,541	\$20,000	\$0	
125 Accounts Receivable - Miscellaneous	\$22,067									
126 Accounts Receivable - Tenants	\$3,027									
126.1 Allowance for Doubtful Accounts - Tenants	\$0									
126.2 Allowance for Doubtful Accounts - Other										
127 Notes, Loans, & Mortgages Receivable - Current				\$7,184						
128 Fraud Recovery				\$0						
128.1 Allowance for Doubtful Accounts - Fraud										
129 Accrued Interest Receivable										
129.1 Accrued Interest Receivable										
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$29,970	\$16,979	\$0	\$7,184	\$0	\$32,574	\$154,507	\$20,000	\$0	\$0
131 Investments - Unrestricted										
132 Investments - Restricted										
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets										
143 Inventories										
143.1 Allowance for Obsolete Inventories										
144 Inter Program Due From										
145 Assets Held for Sale	\$566,671									
150 Total Current Assets	\$2,892,118	\$17,045	\$0	\$24,666	\$0	\$32,668	\$1,761,035	\$99,413	\$0	\$0
161 Land	\$419,270			\$119,742				\$53,856		
162 Buildings	\$30,112,069			\$2,408,871						
163 Furniture, Equipment & Machinery - Dwellings										
164 Furniture, Equipment & Machinery - Administration	\$440,484							\$481,132		
165 Leasehold Improvements										
166 Accumulated Depreciation	\$26,379,207									
167 Construction In Progress	\$230,167									
168 Infrastructure										
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,822,783	\$0	\$0	\$383,421	\$0	\$0	\$43,072	\$53,856	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current	\$8,551,504									
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due										
173 Grants Receivable - Non Current										
174 Other Assets										
176 Investments in Joint Ventures	\$6,163,881									
180 Total Non-Current Assets	\$19,538,168	\$0	\$0	\$383,421	\$0	\$0	\$43,072	\$53,856	\$0	\$0
200 Deferred Outflow of Resources	\$219,903						\$834,108			
290 Total Assets and Deferred Outflow of Resources	\$22,650,189	\$17,045	\$0	\$908,087	\$0	\$32,668	\$2,638,215	\$153,269	\$0	\$0

Housing Authority City of Fresno (CA006)  
 FRESNO, CA  
 Entity Wide Balance Sheet Summary  
 Fiscal Year End: 12/31/2017

	Project Total	14,169 Housing Counseling Assistance Program	14,257 Homelessness Prevention and Rapid Re-Housing Program (R4F)	14,256 Neighborhood Stabilization Program (Recovery Act Funded)	10,427 Rural Rental Assistance Payments	14,218 Community Development Block Grant/Entitlement 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	14,185 Hope III
311 Bank Overdraft	\$17,424										
312 Accounts Payable - ≤ 90 Days	\$40,352		\$1,521		\$1,750			\$33,805	\$2,250	\$0	
313 Accounts Payable >90 Days Past Due											
321 Accrued Wage/Payroll Taxes Payable	\$11,793	\$735			\$1,338		\$1,510	\$49,308	\$0	\$0	
322 Accrued Compensated Absences - Current Portion	\$11,792	\$936			\$5,053		\$1,449	\$104,183	\$0	\$0	
324 Accrued Contingency Liability											
325 Accrued Interest Payable											
331 Accounts Payable - HUD PHA Programs								\$114,743			
332 Account Payable - PHA Projects	\$226,755				\$5,564			\$9,616			
333 Accounts Payable - Other Government	\$95,595				\$16,530						
341 Tenant Security Deposits	\$4,489				\$322						
342 Unearned Revenue					\$863,318						
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$29,048	\$1						\$110,304	\$17,829		
344 Current Portion of Long-term Debt - Operating Borrowings	\$69,193										
346 Accrued Liabilities - Other											
347 Inter Program - Due To			\$35,150		\$160,13	\$347,883	\$3,600	\$2,000,569			
348 Loan Liability - Current											
310 Total Current Liabilities	\$514,441	\$0	\$38,343	\$0	\$134,888	\$347,883	\$6,559	\$2,422,528	\$20,079	\$0	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$98,097				\$229,714						
352 Long-term Debt, Net of Current - Operating Borrowings											
353 Non-current Liabilities - Other	\$5,994										
354 Accrued Compensated Absences - Non Current	\$10,592		\$693		\$2,726		\$732	\$55,579		\$0	
355 Loan Liability - Non Current											
356 FASB 5 Liabilities											
357 Accrued Pension and OPEB Liabilities	\$697,022							\$2,643,875			
350 Total Non-Current Liabilities	\$817,705	\$0	\$693	\$0	\$232,440	\$0	\$732	\$2,699,454	\$0	\$0	\$0
300 Total Liabilities	\$1,326,146	\$0	\$38,936	\$0	\$367,328	\$347,883	\$7,291	\$5,121,982	\$20,079	\$0	\$0
400 Deferred Inflow of Resources	\$28,631							\$108,599			
508.4 Net Investment in Capital Assets	\$4,724,687				\$65,390			\$43,073	\$53,856		
511.4 Restricted Net Position	\$0				\$500,630			\$1,606,428			
512.4 Unrestricted Net Position	\$16,570,725	\$0	-\$21,891	\$0	-\$25,261	-\$347,883	\$25,367	-\$4,241,867	\$79,334	\$0	\$0
513 Total Equity - Net Assets / Position	\$21,295,412	\$0	-\$21,891	\$0	\$540,759	-\$347,883	\$25,367	-\$2,992,366	\$133,190	\$0	\$0
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$22,650,189	\$0	\$17,045	\$0	\$906,087	\$0	\$32,668	\$2,638,215	\$153,269	\$0	\$0

Housing Authority City of Fresno (CA006)  
 FRESNO, CA  
 Entity Wide Balance Sheet Summary  
 Fiscal Year End: 12/31/2017

	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	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	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$24,267	\$992	\$232,812	\$394	\$54	\$70,519	\$2,452,080	\$287	\$5,060,951		\$5,060,951
112 Cash - Restricted - Modernization and Development							\$0			\$0		\$0
113 Cash - Other Restricted	\$15,975						\$2,012		\$87,267	\$2,196,658		\$2,196,658
114 Cash - Tenant Security Deposits							\$17,715	\$29,953		\$275,768		\$275,768
100 Total Cash	\$15,975	\$24,267	\$992	\$232,812	\$394	\$54	\$90,246	\$2,582,033	\$87,554	\$7,533,377	\$0	\$7,533,377
121 Accounts Receivable - PHA Projects												
122 Accounts Receivable - HUD Other Projects			\$103,211		\$18,024			\$7,599		\$178,387		\$178,387
124 Accounts Receivable - Other Government				\$58,315		\$277,915				\$394,173		\$394,173
125 Accounts Receivable - Miscellaneous		\$7,833	\$3,601	\$0	\$3,464	\$5,984	\$191,570	\$436,407	\$1,329,324	\$2,148,654		\$2,148,654
126 Accounts Receivable - Tenants	\$33,654						\$4,059	\$522		\$60,302		\$60,302
126.1 Allowance for Doubtful Accounts - Tenants	-\$15,714						-\$2,055	\$0		-\$20,796		-\$20,796
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current								\$1,834,077		\$1,834,077	-\$1,834,077	\$0
128 Fraud Recovery										\$82,236		\$82,236
128.1 Allowance for Doubtful Accounts - Fraud										-\$60,086		-\$60,086
129 Accrued Interest Receivable								\$943,082		\$943,082	-\$348,048	\$595,034
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$17,940	\$7,833	\$106,812	\$58,315	\$21,488	\$283,899	\$251,517	\$3,221,887	\$1,329,324	\$5,560,029	-\$2,182,125	\$3,377,904
131 Investments - Unrestricted												
132 Investments - Restricted	\$128,423									\$128,423		\$128,423
135 Investments - Restricted for Payment of Current Liability												
142 Prepaid Expenses and Other Assets	\$9,310						\$2,223	\$3,813	\$459,446	\$474,792		\$474,792
143 Inventories												
143.1 Allowance for Obsolete Inventories												
144 Inter Program Due From	\$4,463							\$6,239,179		\$6,966,122	-\$6,966,123	\$1
145 Assets Held for Sale							\$1,037,878	\$73,432		\$1,677,981		\$1,677,981
150 Total Current Assets	\$176,111	\$32,100	\$107,804	\$291,127	\$744,362	\$283,953	\$1,381,864	\$12,120,144	\$1,876,324	\$22,340,724	-\$9,148,248	\$13,192,476
161 Land	\$158,970						\$106,690	\$1,612,800	\$199,270	\$2,670,598		\$2,670,598
162 Buildings	\$2,636,849						\$3,935,080	\$9,030,139	\$2,997,289	\$51,120,297		\$51,120,297
163 Furniture, Equipment & Machinery - Dwellings												
164 Furniture, Equipment & Machinery - Administration	\$32,814						\$0	\$1,362,181	\$1,258,773	\$2,432,052		\$2,432,052
165 Leasehold Improvements												
166 Accumulated Depreciation	-\$2,636,373				-\$82,631		-\$416,287	-\$4,918,090	-\$3,342,109	-\$40,357,949		-\$40,357,949
167 Construction in Progress					\$10,129					\$2,345,629		\$2,345,629
168 Infrastructure												
160 Total Capital Assets, Net of Accumulated Depreciation	\$192,260	\$0	\$0	\$0	\$10,129	\$0	\$3,625,483	\$7,966,400	\$1,113,223	\$18,210,627	\$0	\$18,210,627
171 Notes, Loans and Mortgages Receivable - Non-Current												
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due												
173 Grants Receivable - Non-Current												
174 Other Assets					\$405,737					\$405,737		\$405,737
176 Investments in Joint Ventures	\$192,260	\$0	\$0	\$0	\$1,615,866	\$0	\$3,625,483	\$58,002,226	\$1,113,223	\$84,567,575	\$0	\$84,567,575
180 Total Non-Current Assets	\$192,260	\$0	\$0	\$0	\$1,615,866	\$0	\$3,625,483	\$58,002,226	\$1,113,223	\$84,567,575	\$0	\$84,567,575
200 Deferred Outflow of Resources								\$207,493		\$2,297,820		\$2,297,820
290 Total Assets and Deferred Outflow of Resources	\$368,371	\$32,100	\$107,804	\$291,127	\$2,360,228	\$283,953	\$5,007,347	\$70,329,863	\$4,025,863	\$109,206,119	-\$9,148,248	\$100,057,871

Housing Authority City of Fresno (CA006)  
 FRESNO, CA  
 Entity Wide Balance Sheet Summary  
 Fiscal Year End: 12/31/2017

	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care	93.645 Child Welfare Services, State Grants	14.235 Supportive Housing Program	14.238 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
311 Bank Overdraft										\$17,424		\$17,424
312 Accounts Payable <= 90 Days	\$5,527	\$2,864	\$2,483	\$2,483		\$40,905	\$40,905	\$144,896	\$135,930	\$412,263		\$412,263
313 Accounts Payable >90 Days Past Due						\$0	\$0			\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$752	\$688	\$2,247	\$2,247	\$3,169	\$416	\$6,991	\$22,166	\$137,968	\$241,081		\$241,081
322 Accrued Compensated Absences - Current Portion		\$1,148	\$1,520	\$1,520	\$4,923		\$19,207	\$21,840	\$156,598	\$336,649		\$336,649
324 Accrued Contingency Liability												
325 Accrued Interest Payable												
331 Accounts Payable - HUD PHA Programs		\$18,845					\$107,335	\$706,548		\$813,883	-\$222,163	\$591,720
332 Account Payable - PHA Projects										\$133,588		\$133,588
333 Accounts Payable - Other Government	\$1,592						\$81,216	\$182,704	\$136,975	\$644,422		\$644,422
341 Tenant Security Deposits	\$15,974						\$17,115	\$28,953		\$275,767		\$275,767
342 Unearned Revenue	\$4,371						\$1	\$0		\$9,183		\$9,183
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$181,909						\$279,068	\$1,524,507		\$2,073,802		\$2,073,802
344 Current Portion of Long-term Debt - Operating Borrowings								\$0		\$0		\$0
345 Other Current Liabilities	\$528	\$314					\$39,789	\$7,531	\$288,481	\$493,835		\$493,835
346 Accrued Liabilities - Other												
347 Inter Program - Due To	\$299,510				\$1,128,469	\$291,688	\$2,059,891	\$9,992	\$322,000	\$286,722		\$286,722
348 Loan Liability - Current												
310 Total Current Liabilities	\$510,163	\$19,159	\$456,057	\$6,250	\$1,136,561	\$292,104	\$2,654,128	\$2,750,137	\$1,395,481	\$12,704,761	-\$7,188,286	\$5,516,475
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$418,766						\$4,009,310	\$7,307,010	\$154,000	\$12,216,897		\$12,216,897
352 Long-term Debt, Net of Current - Operating Borrowings								\$1,834,077		\$1,834,077	-\$1,834,077	\$0
353 Non-current Liabilities - Other								\$125,885	\$131,879	\$5,994		\$5,994
354 Accrued Compensated Absences - Non Current			\$734	\$951	\$2,637		\$10,689	\$11,827	\$85,962	\$183,022		\$183,022
355 Loan Liability - Non Current												
356 FASB 5 Liabilities												
357 Accrued Pension and OPEB Liabilities								\$657,691	\$3,284,814	\$7,283,402		\$7,283,402
350 Total Non-Current Liabilities	\$418,766	\$0	\$734	\$951	\$2,637	\$0	\$4,019,999	\$9,936,490	\$3,524,776	\$21,649,277	-\$1,959,962	\$19,689,315
300 Total Liabilities	\$928,929	\$19,159	\$456,791	\$7,201	\$1,139,198	\$292,104	\$6,674,127	\$12,686,627	\$4,920,257	\$34,354,038	-\$9,148,248	\$25,205,790
400 Deferred Inflow of Resources								\$27,015	\$134,927	\$269,172		\$269,172
508.4 Net Investment in Capital Assets	-\$408,416				\$10,129		-\$662,895	-\$865,116	\$959,224	\$3,919,932		\$3,919,932
511.4 Restricted Net Position	\$124,053						\$2,011	\$0	\$87,267	\$2,320,389		\$2,320,389
512.4 Unrestricted Net Position	-\$276,195	\$12,941	-\$348,987	\$283,926	\$1,210,901	-\$8,151	-\$1,005,896	\$58,481,337	-\$2,075,812	\$68,312,588		\$68,312,588
513 Total Equity - Net Assets / Position	\$560,559	\$12,941	-\$348,987	\$283,926	\$1,221,030	-\$8,151	-\$1,666,790	\$57,616,221	-\$1,029,321	\$74,552,909	\$0	\$74,552,909
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$568,371	\$32,100	\$107,804	\$291,127	\$2,360,228	\$283,953	\$5,007,347	\$70,329,863	\$4,025,863	\$105,206,119	-\$9,148,248	\$100,057,871

Housing Authority City of Fresno (CA006)  
 FRESNO, CA  
 Entity Wide Revenue and Expense Summary  
 Fiscal Year End: 12/31/2017

Submission Type: Audited/Single Audit	Project Total	14.169 Housing Counseling Assistance Program	14.257 Homeless Prevention and Rapid Re-Housing Program (RAF)	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlement 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
70300 Net Tenant Rental Revenue	\$ 1,055,231				\$ 220,971					
70400 Tenant Revenue - Other	\$ 13,534				\$ 666					
70500 Total Tenant Revenue	\$ 1,068,765				\$ 221,637					
70600 HUD PHA Operating Grants	\$ 3,429,405		\$ 121,413				\$ 84,658	\$ 48,990,566		
70700 Capital Grants	\$ 77,328									
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					\$ 66,411					
70900 Investment Income - Unrestricted	\$ 507,007									
71200 Mortgage Interest Income										
71300 Proceeds from Disposition of Assets Held for Sale										
71310 Cost of Sale of Assets										
71400 Fraud Recovery										
71500 Other Revenue	\$ 40,869				\$ 7,611	\$ 2,031	\$ 1,781	\$ 74,940	\$ 103,845	\$ 23,222
71600 Gain or Loss on Sale of Capital Assets	\$ (161,049)									
72000 Investment Income - Restricted	\$ 45				\$ 383			\$ 1,188		
70000 Total Revenue	\$ 4,962,430		\$ 121,413		\$ 296,053	\$ 2,031	\$ 86,439	\$ 49,170,539	\$ 23,222	
91100 Administrative Salaries	\$ 319,886		\$ 8,731		\$ 32,186		\$ 61,169	\$ 1,811,587		
91200 Auditing Fees	\$ 3,751		\$ 148		\$ 607		\$ 967	\$ 27,445	\$ 2,250	
91300 Management Fee	\$ 301,744				\$ 7,500			\$ 995,616		
91310 Book-keeping Fee	\$ 33,323							\$ 622,260		
91400 Advertising and Marketing	\$ 1,372				\$ 26			\$ 3,607		
91500 Employee Benefit Contributions - Administrative	\$ 151,543		\$ 3,617		\$ 21,332		\$ 26,199	\$ 99,637		
91600 Office Expenses	\$ 285,694		\$ 15,781		\$ 5,454		\$ 10,649	\$ 618,719		
91700 Legal Expense	\$ 5,666				\$ 639			\$ 1,504		
91800 Travel	\$ 45						\$ 2,096	\$ 13,701		
91810 Allocated Overhead										
91900 Other	\$ 163,851		\$ 16				\$ 6,473	\$ 337,353	\$ 30,772	
91000 Total Operating - Administrative	\$ 1,266,875		\$ 28,293		\$ 79,482		\$ 107,553	\$ 5,361,429	\$ 33,022	
92000 Asset Management Fee	\$ 46,440									
92100 Tenant Services - Salaries										
92200 Employee Benefit Contributions - Tenant Services										
92300 Tenant Services - Other										
92500 Total Tenant Services										

Housing Authority City of Fresno (CA006)  
 FRESNO, CA  
 Entity Wide Revenue and Expense Summary  
 Fiscal Year End: 12/31/2017

Submission Type: Audited/Single Audit	Project Total	14.169 Housing Counseling Assistance Program	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grant/Entitlement 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
93100 Water	\$ 144,997				\$ 5,917					
93200 Electricity	\$ 65,052				\$ 983			\$ 78		
93300 Gas	\$ 7,435				\$ 28					
93400 Fuel										
93500 Labor					\$ 4,193					
93600 Other	\$ 89,670									
93700 Employee Benefit Contributions - Utilities	\$ 130,496				\$ 15,469					
93800 Other Utilities Expense	\$ 437,650				\$ 26,590			\$ 78		
94100 Ordinary Maintenance and Operations - Labor	\$ 157,742				\$ 20,646					
94200 Ordinary Maintenance and Operations - Materials and Other	\$ 192,389				\$ 8,256		\$ 249	\$ 9,373		
94300 Ordinary Maintenance and Operations Contracts	\$ 367,348				\$ 48,240		\$ 2,138	\$ 103,935		
94500 Employee Benefit Contributions - Ordinary Maintenance										
94000 Total Maintenance	\$ 717,479				\$ 77,142		\$ 2,387	\$ 113,308		
95100 Protective Services - Labor										
95200 Protective Services - Other Contract Costs										
95300 Protective Services - Other										
95500 Employee Benefit Contributions - Protective Services										
95000 Total Protective Services										
96110 Property Insurance	\$ 30,482				\$ 3,240					
96120 Liability Insurance	\$ 3,869				\$ 375					
96130 Workmen's Compensation	\$ 36,901		\$ 197		\$ 5,962		\$ 1,392	\$ 67,284		
96140 All Other Insurance	\$ 11,585		\$ 65		\$ 1,988		\$ 178	\$ 17,457		
96100 Total Insurance Premiums	\$ 82,817		\$ 262		\$ 11,535		\$ 1,570	\$ 84,741		
96200 Other General Expenses	\$ 14,320		\$ 88,358		\$ 897			\$ 9,940		
96210 Compensated Absences	\$ 9,717		\$ 2,741		\$ 1,808		\$ 3,785	\$ 80,168		
96300 Payments in Lieu of Taxes	\$ 108,057									
96400 Bad debt - Other	\$ 1,797									
96500 Bad debt - Mortgages										
96600 Bad debt - Other										
96800 Severance Expense										
96000 Total Other General Expenses	\$ 149,891		\$ 91,099		\$ 2,705		\$ 3,785	\$ 90,108		
96710 Interest of Mortgage (or Bonds) Payable										
96720 Interest on Notes Payable (Short and Long Term)										
96730 Amortization of Bond Issue Costs										
96700 Total Interest Expense and Amortization Cost	\$									
96900 Total Operating Expenses	\$ 2,701,152		\$ 119,654		\$ 210,177		\$ 115,295	\$ 5,649,664	\$ 33,022	

Housing Authority City of Fresno (CA006)  
 FRESNO, CA  
 Entity Wide Revenue and Expense Summary  
 Fiscal Year End: 12/31/2017

Submission Type: Audited/Single Audit	14,169 Housing Counseling Assistance Program	14,257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14,256 Neighborhood Stabilization Program (Recovery Act Funded)	10,427 Rural Rental Assistance Payments	14,218 Community Development Block Grants/Entitlement Grants	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	14,866 Revitalization of Severely Distressed Public Housing	14,185 Hope III
97000 Excess of Operating Revenue over Operating Expenses	\$ 2,261,278	\$ 1,759	\$ 85,876	\$ 28,856	\$ 43,520,875	\$ (9,800)			
97100 Extraordinary Maintenance	\$ 63								
97200 Casualty Losses - Non-capitalized									
97300 Housing Assistance Payments	\$ 123	\$ 23,300			\$ 43,516,084				
97350 HAP Portability-In	\$ 554								
97400 Depreciation Expense	\$ 639,425		\$ 81,327		\$ 16,903				
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense		\$ 142,954	\$ 291,504	\$ 115,295	\$ 48,212,651	\$ 33,022			
90000 Total Expenses	\$ 3,342,452	\$ 142,954	\$ 291,504	\$ 115,295	\$ 48,212,651	\$ 33,022			
10010 Operating Transfer In	\$ 153,287								
10020 Operating Transfer Out	\$ (153,287)								
10030 Operating Transfers from/to Primary Government	\$ (2,680,098)					\$ 100,503			
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$ (2,680,098)					\$ 100,503			
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (1,060,120)	\$ (21,541)	\$ 4,549	\$ 2,031	\$ 71,647	\$ 957,888	\$ (9,800)		
11000 Required Annual Debt Principal Payments									
11030 Beginning Equity	\$ 21,432,759	\$ (1,628)	\$ (940,578)	\$ 536,210	\$ (349,914)	\$ (46,280)	\$ (3,550,254)	\$ 148,517	\$ 7,868,412
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$ 922,773	\$ 1,278	\$ 940,578					\$ (5,527)	\$ (7,868,412)
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity								\$ (4,198,794)	
11180 Housing Assistance Payments Equity									
11190 Unit Month Available	\$ 6,108	\$ 108	\$ 430			\$ 1,606,428			
11200 Excess Cash	\$ 5,862	\$ 108	\$ 474			\$ 82,445			
11610 Land Purchases	\$ 1,594,439								
11620 Building Purchases									
11630 Furniture & Equipment - Dwelling Purchases									
11640 Furniture & Equipment - Administrative Purchases									
11650 Leasehold Improvements Purchases									
11660 Infrastructure Purchases									
13510 CFFP Debt Service Payments									
13901 Replacement Housing Factor Funds									

Housing Authority City of Fresno (CA006)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2017

Submission Type: Audited/Single Audit	14.182 NIC S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care	93.645 Child Welfare Services- State Grants	14.235 Supporting Housing Program	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$ 132,114						\$ 174,249	\$ 1,675,736		\$ 3,258,298		\$ 3,258,298
70400 Tenant Revenue - Other	\$ 1,257									\$ 15,457		\$ 15,457
70500 Total Tenant Revenue	\$ 133,363						\$ 174,249	\$ 1,675,736		\$ 3,273,755		\$ 3,273,755
70600 HUD PHA Operating Grants		\$ 192,228	\$ 954,518	\$ 309,520	\$ 272,798					\$ 54,355,104		\$ 54,355,104
70610 Capital Grants										\$ 77,328		\$ 77,328
70710 Management Fee									\$ 1,348,657	\$ 1,348,657	\$ (1,348,657)	\$ -
70720 Asset Management Fee									\$ 61,448	\$ 61,448	\$ (61,448)	\$ 15,000
70730 Book Keeping Fee									\$ 655,223	\$ 655,223	\$ (655,223)	\$ -
70740 Front Line Service Fee									\$ 887,193	\$ 887,193	\$ (887,193)	\$ 887,193
70750 Other Fees									\$ 2,962,513	\$ 2,962,513	\$ (2,962,513)	\$ 912,193
70700 Total Fee Revenue						\$ 282,157		\$ 1,474,561		\$ 2,315,528		\$ 2,315,528
70800 Other Government Grants	\$ 329,949						\$ 162,450	\$ 1,474,561		\$ 3,286		\$ 3,286
71000 Investment Income - Restricted						\$ 88,560		\$ 712,956		\$ 1,172,711		\$ 1,172,711
71200 Mortgage Interest Income												
71300 Proceeds from Disposition of Assets Held for Sale												
71310 Cost of Sale of Assets												
71400 Fraud Recovery												
71500 Other Revenue	\$ 2,495						\$ 1,001,610	\$ 2,451,977		\$ 74,940		\$ 74,940
71600 Gain or Loss on Sale of Capital Assets									\$ 2,224,152	\$ 5,873,262	\$ (1,765,746)	\$ 4,107,516
72000 Investment Income - Restricted	\$ 1,184							\$ 3,500,000		\$ 2,188,951		\$ 2,188,951
70000 Total Revenue	\$ 466,996	\$ 192,226	\$ 956,871	\$ 311,034	\$ 371,460	\$ 282,157	\$ 1,338,309	\$ 8,665,768	\$ 5,189,945	\$ 72,436,891	\$ (3,816,060)	\$ 68,620,825
91100 Administrative Salaries	\$ 32,622		\$ 43,920	\$ 41,899	\$ 154,393	\$ 24,158	\$ 369,485	\$ 490,941	\$ 2,157,394	\$ 5,508,374		\$ 5,508,374
91200 Auditing Fees	\$ 8,900		\$ 626	\$ 515	\$ 1,556	\$ 550	\$ 17,841	\$ 16,938	\$ 23,136	\$ 105,233		\$ 105,233
91300 Management Fee	\$ 24,000	\$ 19,817					\$ 18,885	\$ 74,571		\$ 1,442,131		\$ 1,442,131
91310 Book-keeping Fee										\$ 655,583		\$ 655,583
91400 Advertising and Marketing	\$ 216						\$ 1,808	\$ 4,062	\$ 12,368	\$ 23,459		\$ 23,459
91500 Employee Benefit Contributions - Administrative	\$ 20,623		\$ 15,785	\$ 22,604	\$ 56,723	\$ 8,520	\$ 128,191	\$ 212,455	\$ 1,389,336	\$ 2,986,569		\$ 2,986,569
91600 Office Expenses	\$ 18,134		\$ 55,517	\$ 3,365	\$ 57,286	\$ 18,444	\$ 225,511	\$ 81,721	\$ 534,051	\$ 1,930,336		\$ 1,930,336
91700 Legal Expense	\$ 3,748						\$ 6,420	\$ 30,782	\$ 107,272	\$ 156,031		\$ 156,031
91800 Travel	\$ 6			\$ 4	\$ 5,570		\$ 360	\$ 8,366	\$ 71,683	\$ 105,662		\$ 105,662
91810 Allocated Overhead										\$ -		\$ -
91800 Other	\$ 20,870		\$ 35,796	\$ 14,671	\$ 23,711	\$ 10,186	\$ 77,955	\$ 127,719	\$ 599,830	\$ 1,460,363		\$ 1,460,363
91000 Total Operating - Administrative	\$ 129,123	\$ 19,817	\$ 151,644	\$ 83,053	\$ 299,243	\$ 61,855	\$ 849,703	\$ 1,007,563	\$ 4,895,081	\$ 14,373,750	\$ (3,769,620)	\$ 10,604,124
92000 Asset Management Fee										\$ 46,440		\$ 46,440
92100 Tenant Services - Salaries												
92200 Education Costs												
92300 Employee Benefit Contributions - Tenant Services								\$ 66		\$ 50,591		\$ 50,591
92400 Tenant Services - Other								\$ 66		\$ 50,591		\$ 50,591
92500 Total Tenant Services								\$ 66		\$ 50,591		\$ 50,591

Housing Authority City of Fresno (CA006)  
 FRESNO, CA  
 Entity Wide Revenue and Expense Summary  
 Fiscal Year End: 12/31/2017

Submission Type: Audited/Single Audit	14-182 N/C S/R Section 8 Programs	14-181 Supportive Housing for Persons with Disabilities	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	Subtotal	ELIM	Total
63100 Water	\$ 19,916			\$ 4,849			\$ 9,866	\$ 32,681	\$ 2,589	\$ 220,814		\$ 220,814
93200 Electricity	\$ 4,106			\$ 28,216			\$ 7,315	\$ 37,821	\$ 82,504	\$ 226,075		\$ 226,075
93300 Gas	\$ 1,572			\$ 13,795			\$ 280	\$ 7,152	\$ 765	\$ 31,030		\$ 31,030
93400 Fuel												
93500 Labor	\$ 11,426			\$ 6,912				\$ 42,562	\$ 1,400	\$ 156,173		\$ 156,173
93600 Shelter												
93700 Employee Benefit Contributions - Utilities	\$ 8,977			\$ 6,188			\$ 17,461	\$ 21,671	\$ 3,767	\$ 186,568		\$ 186,568
93800 Other Utilities Expense	\$ 45,996			\$ 59,961				\$ 141,887	\$ 91,033	\$ 820,660		\$ 820,660
93900 Total Utilities	\$ 54,973			\$ 66,149			\$ 17,461	\$ 163,558	\$ 94,800	\$ 1,007,228		\$ 1,007,228
94100 Ordinary Maintenance and Operations - Labor	\$ 32,278			\$ 26,676			\$ 17,930	\$ 13,093	\$ 149,578	\$ 404,850		\$ 404,850
94200 Ordinary Maintenance and Operations - Materials and Other	\$ 31,036			\$ 29,363			\$ 13,093	\$ 2,571	\$ 34,052	\$ 320,453		\$ 320,453
94300 Ordinary Maintenance and Operations Contracts	\$ 53,611			\$ 72,567			\$ 59,836	\$ 394,023	\$ 352,936	\$ 1,476,321		\$ 1,476,321
94500 Employee Benefit Contributions - Ordinary Maintenance												
94000 Total Maintenance	\$ 116,925			\$ 128,606			\$ 90,864	\$ 396,595	\$ 536,560	\$ 2,201,624		\$ 2,201,624
95100 Protective Services - Labor												
95200 Protective Services - Other Contract Costs												
95300 Protective Services - Other												
95500 Employee Benefit Contributions - Protective Services												
95000 Total Protective Services												
96100 Property Insurance	\$ 26,826			\$ 2,006			\$ 4,121	\$ 45,400	\$ 5,864	\$ 117,921		\$ 117,921
96120 Liability Insurance	\$ 210			\$ 273			\$ 67	\$ 2,711	\$ 442	\$ 5,237		\$ 5,237
96130 Workmen's Compensation	\$ 5,819			\$ 4,609			\$ 8,443	\$ 8,681	\$ 103,481	\$ 248,532		\$ 248,532
96140 All Other Insurance	\$ 1,155			\$ 1,182			\$ 2,451	\$ 2,416	\$ 16,812	\$ 55,820		\$ 55,820
96100 Total Insurance Premiums	\$ 34,000			\$ 8,072			\$ 15,081	\$ 56,500	\$ 126,599	\$ 427,510		\$ 427,510
96200 Other General Expenses	\$ 261			\$ 257			\$ 247,143	\$ 612,821	\$ 168,600	\$ 2,150,706		\$ 2,150,706
96210 Compensated Absences	\$ 1,711			\$ 6,904			\$ 45,246	\$ 44,872	\$ 195,584	\$ 415,737		\$ 415,737
96300 Payments in Lieu of Taxes												
96400 Bad debt - Tenant Months	\$ 13,374						\$ 2,976			\$ 34,140		\$ 34,140
96500 Bad debt - Mortgages												
96600 Bad debt - Other												
96800 Sundry Expenses												
96900 Total Other General Expenses	\$ 15,340			\$ 7,161			\$ 300,640	\$ 681,423	\$ 409,442	\$ 2,848,014		\$ 2,848,014
96710 Interest of Mortgage (or Bonds) Payable												
96720 Interest on Notes Payable (Short and Long Term)	\$ 64,606						\$ 94,636	\$ 218,019		\$ 389,988		\$ 389,988
96730 Amortization of Bond Issue Costs												
96700 Total Interest Expense and Amortization Cost	\$ 64,606						\$ 94,636	\$ 218,019		\$ 389,988		\$ 389,988
96900 Total Operating Expenses	\$ 406,011	\$ 19,817	\$ 1,056,101	\$ 286,857	\$ 418,424	\$ 213,236	\$ 1,368,396	\$ 2,502,052	\$ 6,058,710	\$ 21,158,577	\$ (3,816,060)	\$ 17,342,517

Housing Authority City of Fresno (CA006)  
 FRESNO, CA  
 Entity Wide Revenue and Expense Summary  
 Fiscal Year End: 12/31/2017

Submission Type: Audited/Single Audit	14,182 NC S/R Section 8 Programs	14,181 Supportive Housing for Persons with Disabilities	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	Subtotal	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	\$ 60,985	\$ 172,409	\$ (99,230)	\$ 24,177	\$ (46,964)	\$ 68,921	\$ (30,087)	\$ 6,163,714	\$ (868,774)	\$ 51,278,314	\$	\$ 51,278,314
97100 Extraordinary Maintenance												
97200 Casualty Losses - Non-capitalized												
97300 Housing Assistance Payments												
97350 HAP Portability-In												
97400 Depreciation Expense	\$ 12,097	\$ 314						\$ 406,768	\$ 260,815	\$ 1,562,745		\$ 1,562,745
97500 Fraud Losses												
97600 Capital Outlays - Governmental Funds												
97700 Debt Principal Payment - Governmental Funds												
97800 Dwelling Units Rent Expenses												
90000 Total Expenses	\$ 418,408	\$ 204,199	\$ 1,058,231	\$ 286,857	\$ 418,424	\$ 273,137	\$ 1,520,438	\$ 2,908,820	\$ 6,319,534	\$ 65,545,832	\$ (3,816,068)	\$ 61,729,566
10010 Operating Transfer In												
10020 Operating transfer Out												
10030 Operating Transfers from/to Primary Government												
10040 Operating Transfers from/to Component Unit												
10050 Proceeds from Notes, Loans and Bonds												
10060 Proceeds from Property Sales												
10070 Extraordinary Items, Net Gain/Loss												
10080 Special Items (Net Gain/Loss)												
10091 Inter Project Excess Cash Transfer In												
10092 Inter Project Excess Cash Transfer Out												
10093 Transfers between Program and Project - In												
10094 Transfers between Project and Program - Out												
10100 Total Other financing Sources (Uses)												
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 48,883	\$ (11,973)	\$ (101,369)	\$ 24,177	\$ (46,964)	\$ 9,020	\$ (182,129)	\$ 6,092,330	\$ (1,129,589)	\$ 4,647,048		\$ 4,647,048
11020 Required Annual Debt Principal Payments	\$ 199,540									\$ 199,540		\$ 199,540
11030 Beginning Equity	\$ (618,507)	\$ 24,914	\$ (387,050)	\$ 259,749	\$ 1,267,547	\$ (17,177)	\$ 1,513,520	\$ 42,711,643	\$ 57,573	\$ 69,913,081		\$ 69,913,081
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$ 9,056		\$ 139,429		\$ 447		\$ (2,998,177)	\$ 8,812,248	\$ 42,895	\$ (7,220)		\$ (7,220)
11050 Changes in Compensated Absence Balance												
11060 Changes in Contingent Liability Balance												
11070 Changes in Recognized Pension Transition Liability												
11080 Changes in Special Term/Severance Benefits Liability												
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents												
11100 Changes in Allowance for Doubtful Accounts - Other												
11170 Administrative Fee Equity												
11180 Housing Assistance Payments Equity												
11190 Unearned Months Available	\$ 615	\$ 50	\$ 1,567			\$ 315	\$ 384	\$ 2,476		\$ 1,606,428		\$ 1,606,428
11200 Excess Cash	\$ 572	\$ 365	\$ 1,567			\$ 318	\$ 352	\$ 2,425		\$ 94,488		\$ 94,488
11610 Land Purchases												
11620 Building Purchases												
11630 Furniture & Equipment - Dwelling Purchases												
11640 Furniture & Equipment - Administrative Purchases												
11650 Leasehold Improvements Purchases												
11660 Infrastructure Purchases												
13510 CFFP Debt Service Payments												
13901 Replacement Housing Factor Funds												

SINGLE AUDIT REPORTS AND RELATED SCHEDULES

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**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**

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

**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, 2017, 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 XX, 2018**.

**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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001, that we consider to be a significant deficiency.

### **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 XX, 2018

**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**

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

**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, 2017. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

### **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, 2017, and have issued our report thereon dated September XX, 2018. 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 XX, 2018

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**HOUSING AUTHORITY OF THE CITY OF FRESNO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2017**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal Domestic Assistance Number</b>	<b>Program Identification Number</b>	<b>Program Expenditures</b>
Department of Agriculture:			
Direct Assistance:			
Rural Rental Housing (rental assistance)	10.427		\$ 66,411
Farm labor housing Loans and Grants (loans)	10.405		318,031
<b>Subtotal - Department of Agriculture</b>			<b>384,442</b>
Department of Housing and Urban Development:			
Direct Assistance:			
Supportive Housing of Persons with Disabilities	14.181		192,226
Special Needs Assistance (SNAP)	14.235		272,798
Shelter Plus Care Program	14.238		954,518
Home Investment Partnerships Program	14.239		282,157
Homelessness Prevention and Rapid Re-Housing Program	14.257		121,413
Public and Indian Housing	14.850	Contract # SF-170	2,205,595
Public Housing Family Self-Sufficiency Under Resident Opportunity and Supportive Services	14.870	CA006RFS015A007	84,658
Section 8 Housing Voucher Program	14.871	Contract # SF-472	48,990,566
Public Housing Capital Funds Program	14.872	Contract # SF-170	1,301,138
Subtotal - HUD Direct Assistance			54,405,069
Passed through the State of California Housing Finance Agency:			
Section 8 New Construction and Sub Rehab	14.182	CHFA # 76-54-N	329,949
Passed through the City of Fresno:			
Community Development Block Grants/ Entitlement Grants	14.218	NSP3-13-0008	3,000,036
<b>Subtotal - U.S. Department of Housing and Urban Development</b>			<b>57,735,054</b>
Department of Health and Human Services (HHS):			
Passed through the Fresno county Social Services Department:			
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CWS TANF A-14-518	309,520
<b>Total expenditures of federal awards</b>			<b>\$ 58,429,016</b>

HOUSING AUTHORITY OF THE CITY OF FRESNO  
Notes to Schedule of Expenditures of Federal Awards  
Year ended December 31, 2017

(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. The Agency did not use the 10% de minimis indirect cost rate as covered in section 200.414 of the Uniform Guidance.

(b) Basis of Accounting

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

(c) Subrecipients

During the fiscal year ended December 31, 2017, 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 and the note matures on April 2, 2033. At December 31, 2017, the outstanding balance for the notes was \$318,031.

HOUSING AUTHORITY OF THE CITY OF FRESNO

Notes to Schedule of Expenditures of Federal Awards

(Continued)

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

(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, 2017, the current outstanding balance of this note is \$3,000,036.

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HOUSING AUTHORITY OF THE CITY OF FRESNO

Summary Schedule of Prior Audit Findings

Year ended December 31, 2017

**(2016-001) Timely Reconciliation of Pooled Cash Accounts to the Bank Statements**

The Agency uses a variety of bank accounts to segregate cash that is received and is to be expended on specific programs. These specific bank accounts are usually associated with a specific fund of the Agency and the monthly reconciliations for those bank accounts have been timely. However, the Agency also maintains banks accounts that are used for the Agency's pooled cash accounts. During fiscal year 2016, the Agency had not completed the monthly reconciliations of these pooled accounts in a timely manner. The December 2016 reconciliation had not been completed until July 2017.

Status

This finding is considered resolved.

**(2016-002) Improvements Needed in Closing of the Books at Year End**

For the Fiscal Year 2016 audit, the Agency had originally communicated to the auditors that the books would be closed and ready for audit by the end of March 2017. The auditors appropriately scheduled time for the final audit to be performed in the month of April. The Agency was still performing account reconciliations and reviews in April, as the books were not ready for audit. Subsequent field visits were made to tend to financial statement areas as they were completed. The Agency was still performing year end closing procedures in July.

Although it is not unusual for an entity to identify some adjustments subsequent to auditor's beginning fieldwork, the Agency did identify and record an unusually large amount of adjustments after the auditors had begun fieldwork. It is considered best practice for agencies to identify and post all necessary year-end adjustments prior to the commencement of the audit.

Status

This finding is considered resolved.

HOUSING AUTHORITY OF FRESNO COUNTY

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2017  
(Including Auditors' Report Thereon)

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**HOUSING AUTHORITY OF FRESNO COUNTY**  
**Fresno, California**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Housing Authority of Fresno County  
Fresno, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Housing Authority of Fresno County, California, and its discretely presented component unit, as of and for the year ended December 31, 2017, 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 4.3 percent, (3.6) 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, 2017, and the changes in financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

The financial statements for the year ended December 31, 2017 reflect certain prior period adjustment as described further in Notes 23 and 25 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 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. The accompanying Schedule of Modernization Cost Certificates for Completed Projects is presented for purposes of additional analysis 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 XX, 2018** 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 XX, 2018**

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**Housing Authority of Fresno County  
Management’s Discussion and Analysis  
Year Ended December 31, 2017**

**Introduction**

This narrative overview and analysis of the Housing Authority of Fresno County’s (the “Agency”) performance through December 31, 2017, is provided as a supplement to the Agency’s year-end financial statements. Please read it in conjunction with the basic financial statements and the notes to the basic financial statements.

**Overview of the Basic Financial Statements**

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

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

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

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

- The Statement of Net Position includes all of the Agency’s assets and liabilities, with the difference between the two reported as the net position. Assets and liabilities are presented in the order of liquidity and are classified as “current” (convertible to cash within one year) and “non-current”. This statement also provides a basis of measuring the liquidity and financial flexibility of the Agency. Over time, increases or decreases in net position will serve as a useful indicator of whether the Agency’s financial health is improving or deteriorating.
- The Statement of Revenues, Expenses, and Changes in Net Position reports the Agency’s revenues by source and its expenses by category to substantiate the changes in net position for the year. This statement measures the success of the Agency’s operations over the past year.
- The Statement of Cash Flows reports how the Agency’s cash was provided and used during the year. It also provides information about the Agency’s operating, investing, and financing activities, and can be used to reconcile cash balances at December 31, 2017, and 2016.

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:

	December 31,		Increase (Decrease)	Percentage Change
	2017	2016		
<b>Assets</b>				
Current Assets	\$ 2,956,273	\$ 3,650,949	\$ (694,676)	-19.03%
Restricted Assets	2,710,076	6,091,691	(3,381,615)	-55.51%
Capital Assets, Net of Accumulated Depreciation	15,779,016	14,824,454	954,562	6.44%
Other Assets	41,094,203	33,209,919	7,884,284	23.74%
Deferred Outflows	2,318,128	1,805,433	512,695	28.40%
<b>Total Assets</b>	<b>\$ 64,857,696</b>	<b>\$ 59,582,446</b>	<b>\$ 5,275,250</b>	<b>8.85%</b>
<b>Liabilities</b>				
Current Liabilities	\$ 4,063,943	\$ 8,125,510	\$ (4,061,567)	-49.99%
Non-Current Liabilities	12,113,345	9,588,009	2,525,336	26.34%
<b>Total Liabilities</b>	<b>16,177,288</b>	<b>17,713,519</b>	<b>(1,536,231)</b>	<b>-8.67%</b>
Deferred Inflows	301,817	441,296	(139,479)	-31.61%
<b>Total Liabilities and Deferred Inflows</b>	<b>16,479,105</b>	<b>18,154,815</b>	<b>(1,675,710)</b>	<b>-9.23%</b>
<b>Net Position</b>				
Net Investment in Capital Assets	9,822,921	10,206,098	(383,177)	-3.75%
Restricted Net Position	2,377,669	2,779,750	(402,081)	-14.46%
Unrestricted Net Position	36,178,001	28,441,783	7,736,218	27.20%
<b>Total Net Position</b>	<b>48,378,591</b>	<b>41,427,631</b>	<b>6,950,960</b>	<b>16.78%</b>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<b>\$ 64,857,696</b>	<b>\$ 59,582,446</b>	<b>\$ 5,275,250</b>	<b>8.85%</b>

Total assets of the Agency at December 31, 2017, and 2016 amounted to \$64.8 million and \$59.6 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, 2016 to December 31, 2017 are decreases in restricted cash was due to the additional fund received in 2016 was for January 2017 Housing Choice. The increase in other non-current assets by almost \$8 million was mainly attributable to loans made to Magill Terrace LP \$3.2 million, and Sanger Memorial Village \$3.4 million.

Total liabilities of the Agency were \$16.4 million and \$18.1 million at December 31, 2017 and 2016, respectively. Current liabilities include short-term accounts payable, accrued liabilities, current portions of long-term debt, and unearned revenue. Unearned revenue in the current year decreased by \$3.1 million due to the unearned revenue related to restricted cash mentioned above. Non-current liabilities increased from \$9.6 million in 2016 to \$12.1 million in 2017 was largely attributed to the new GASB requirements initiated in 2015. This liability represents the difference between the Agency's total pension liability and the current plan assets calculated at fair value. See Note 17 in the Notes to the Basic Financial Statements for more information.

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

- **Net investment 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 increased by 16% during the year from \$41.4 million in 2016 to \$48.3 million in 2017.

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, 2017 to December 31, 2017.

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. 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. 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.

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

	December 31,		Increase (Decrease)	Percentage Change
	2017	2016		
Operating Revenues	\$ 50,497,841	\$47,739,410	\$ 2,758,431	5.78%
Operating Expenses	50,602,689	48,812,512	1,790,177	3.67%
Operating Loss	(104,848)	(1,073,102)	968,254	-90.23%
Non-Operating Revenues	7,099,689	3,633,845	3,465,844	95.38%
Net Income/(Loss) before Capital Contributions	6,994,841	2,560,743	4,434,098	173.16%
Capital Contributions	67,608	-	67,608	100.00%
Increase/ in Net Position	7,062,449	2,560,743	4,501,706	175.80%
Net Position, Beginning of Year	41,427,631	38,729,538	2,698,093	6.97%
Prior Period Adjustment	(111,489)	137,350	(248,839)	-181.17%
Net Position, Beginning of Year as Restated	41,316,142	38,866,888	2,449,254	6.30%
Net Position, End of Year	\$ 48,378,591	\$41,427,631	\$ 6,950,960	16.78%

The preceding Statement of Revenues, Expenses and Changes in Net Position reflects the year ended December 31, 2017 compared to the year ended December 31, 2016. Overall, operating revenues increased by 5.78%, or \$2.7 million from 2016 to 2017; operating expenses increased by 3.67%, or \$1.8 million for the year; non-operating revenues increased by \$3.4 million from 2016 to 2017; and capital contributions increased by \$68 thousand from prior year. These changes lead to an increase in Net Position of \$6.9 million from December 31, 2016 to December 31, 2017. Explanations of the primary reasons for these changes are as follows:

- The increase in operating revenue was attributable to HUD’s additional funding of \$800 thousands for Low-Income Public Housing and \$550 thousand for the Housing Choice Voucher.
- The increase in operating expenses was mainly due to the increase in per unit costs (PUC) of each voucher for Housing Choice Voucher Program. If the PUC increases, so do total expenses for the year. Administrative expenses increased in 2017 was due to additional staffing added to the agency.

- The increase in non-operating revenues was attributable to sale of a couple of LIPH properties, increase in developer fees, and interest revenue on notes receivable.

### Capital Assets

The table below shows the Agency’s capital assets, net of accumulated depreciation, at December 31, 2017, and December 31, 2016:

	December 31,		Increase (Decrease)	Percentage Change
	2017	2016		
Land	\$ 1,981,565	\$ 1,996,870	\$ (15,305)	-0.77%
Structures	6,752,909	8,374,309	(1,621,400)	-19.36%
Equipment	752,428	768,469	(16,041)	-2.09%
Construction in Progress	6,292,114	3,684,807	2,607,307	70.76%
Total Capital Assets, Net	\$ 15,779,016	\$ 14,824,455	\$ 954,561	6.44%

Overall, the Agency’s capital assets increased by \$954 thousand which resulted from the sale of LIPH properties and increase in construction in progress for improvements made to County Mendota, County Orchard Apartments, County Maldonado Plaza and County Parlier Migrant Center.

### Debt Administration

The table below shows the Agency’s outstanding debt at December 31, 2017 and 2016. Short-term borrowings include inter-fund loans between programs, between the City & County Housing Authorities, or between component units of the Agency. Notes payable- non-related parties include loans and mortgages with external entities. Notes payable- related parties includes loans from joint ventures and Agency-sponsored limited partnership.

	December 31,		Increase (Decrease)	Percentage Change
	2017	2016		
Short Term Borrowings (Interfund)	\$ 983,949	\$ 1,807,461	\$ (823,512)	-45.56%
Notes Payable - Non-Related Parties	3,240,205	2,923,090	317,115	10.85%
Notes Payable - Related Parties	844,841	520,800	324,041	62.22%
Total Debt	\$ 5,068,995	\$ 5,251,351	\$ (182,356)	-3.47%

Most significantly, the Notes Payable-Related Parties decreased by \$182 thousand during the year due to payments toward our pre-development projects. See Note 7 for the Notes Receivable from related parties and Note 12 for a more detailed explanation of indebtedness.

### **Economic Factors Affecting the Agency’s Future**

The majority of the Agency’s funding comes from the U.S. Department of Housing and Urban Development (HUD) in the form of Section 8 housing assistance payments, Public Housing operating subsidies, Capital Fund grants, and other smaller grants. Over the past several years, Congress and the

federal government have continued to cut housing subsidies due to changes in budget priorities. These funding reductions continue to have an impact on the Agency's economic position because federal subsidies make up a majority of the Agency's revenue and there still is significant uncertainty about future funding levels. The Agency continues to explore alternative funding options to lessen our federal dependency through development activities and pursuit of other grants; however, HUD will most likely continue to be a major funding source over the foreseeable future.

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

While we acknowledge the challenges, and face political and economic realities head-on, we remain committed more than ever to our mission of creating and sustaining vibrant communities across Fresno County. Our strategy for accomplishing this includes: developing and maintaining quality affordable housing for low-income individuals throughout the 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.

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

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**HOUSING AUTHORITY OF FRESNO COUNTY**  
**Fresno, California**

**STATEMENT OF NET POSITION**  
**December 31, 2017**

<b>ASSETS</b>	<b>Primary Government</b>	<b>Kerman Acre, LP</b>
<b>Current Assets</b>		
Cash & Investments	\$ 2,016,420	\$ 43,802
Accounts Receivable - Tenants, Net of Allowance for Doubtful Accounts of \$10,600	115,916	2,057
Miscellaneous Receivables, Net of Allowance for Uncollectable Accounts of \$40,109	201,617	-
Due From Other Governments	436,204	-
Due From Related Parties	139,780	-
Prepaid Expenses	46,336	2,138
<b>Total Current Assets</b>	<b>2,956,273</b>	<b>47,997</b>
<b>Restricted Assets</b>		
Restricted Cash	2,710,076	13,048
<b>Total Restricted Assets</b>	<b>2,710,076</b>	<b>13,048</b>
<b>Non-Current Assets</b>		
<b>Capital Assets</b>		
Capital Assets - Not being depreciated	8,273,679	119,217
Capital Assets - Depreciable, Net of Accumulated Depreciation of \$62,718,577	7,505,337	2,415,152
<b>Total Capital Assets, Net</b>	<b>15,779,016</b>	<b>2,534,369</b>
<b>Other Non-Current Assets</b>		
Notes Receivable From Related Parties, Net of allowance for doubtful accounts of \$ 0	25,748,093	-
Interest Receivable - Related Parties	2,267,799	-
Interest Receivable - Non-related Parties	-	76,692
Investments In Joint Ventures	13,613,047	-
Equity Interest In Component Unit	(880,364)	-
Assets Held For Sale	345,628	-
<b>Total Other Non-Current Assets</b>	<b>41,094,203</b>	<b>76,692</b>
<b>Deferred Outflow of Resources - Pension Related</b>	<b>2,318,128</b>	<b>-</b>
<b>Total Deferred Outflow of Resources</b>	<b>2,318,128</b>	<b>-</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 64,857,696</b>	<b>\$ 2,672,106</b>

See accompanying notes to the basic financial statement

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**Fresno, California**

**STATEMENT OF NET POSITION**  
**December 31, 2017**  
**(Continued)**

<b>LIABILITIES AND NET POSITION</b>	<b>Primary Government</b>	<b>Kerman Acre, LP</b>
<b>Current Liabilities</b>		
Vendors & Contractors Payable	\$ 336,037	\$ 1,408
Accrued Salaries	81,614	-
Accrued Compensated Absences	241,998	-
Resident Security Deposits	307,171	5,696
Due To Other Governments	440,570	-
Due To Related Parties	650,525	9,938
Other Current Liabilities - Related Parties	829	161,831
Other Current Liabilities - Non-Related Parties	62,428	17,524
Notes Payable - Related Parties	1,648,237	-
Notes Payable - Non-Related Parties	222,813	-
Unearned Revenue	71,721	675
<b>Total Current Liabilities</b>	<b>4,063,943</b>	<b>197,072</b>
<b>Non-Current Liabilities</b>		
Notes Payable - Related Parties	844,841	782,020
Notes Payable - Non-related Parties	3,240,205	3,102,168
Accrued Interest Payable	468,720	430,476
Accrued Compensated Absences	130,197	-
Family Self-Sufficiency Escrow	81,604	-
Net Pension Liability	7,347,778	-
<b>Total Non-Current Liabilities</b>	<b>12,113,345</b>	<b>4,314,664</b>
<b>Deferred Inflows of Resources - Pension Related</b>	<b>301,817</b>	<b>-</b>
<b>Total Deferred Inflows of Resources</b>	<b>301,817</b>	<b>-</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>16,479,105</b>	<b>4,511,736</b>
<b>Net Position</b>		
Net Investment in Capital Assets	9,822,921	(1,511,650)
Restricted for:		
Housing Assistance Payments	436,633	-
Other Externally Required Reserves	1,941,036	6,177
Unrestricted	36,178,001	(334,157)
<b>Total Net Position</b>	<b>48,378,591</b>	<b>(1,839,630)</b>
<b>Total Liabilities and Deferred Inflows and Net Position</b>	<b>\$ 64,857,696</b>	<b>\$ 2,672,106</b>

See accompanying notes to the basic financial statement

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**HOUSING AUTHORITY OF FRESNO COUNTY**  
**Fresno, California**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Primary Government</b>	<b>Kerman Acre, LP</b>
<b>Operating Revenues</b>		
Rental Revenue	\$ 3,470,504	\$ 82,590
Fee Revenue	748,301	-
HUD Grants	41,877,230	-
Other Governmental Grants	2,929,546	43,495
Other Revenue	1,472,260	2,899
<b>Total Operating Revenues</b>	<b>50,497,841</b>	<b>128,984</b>
<b>Operating Expenses</b>		
Administrative Expense	9,100,447	68,146
Tenant Services Expense	8,381	-
Utilities Expense	1,453,782	10,299
Maintenance & Operations Expense	2,527,771	44,207
Protective Services Expense	31,523	538
Insurance Expense	474,865	5,021
General Expense	1,728,640	2,498
Housing Assistance Payments	33,853,191	-
Depreciation	1,424,089	141,096
<b>Total Operating Expenses</b>	<b>50,602,689</b>	<b>271,805</b>
<b>Operating Income (Loss)</b>	<b>(104,848)</b>	<b>(142,821)</b>
<b>Non-Operating Revenues (Expenses)</b>		
Interest Revenue, Unrestricted	2,718	-
Interest Revenue, Restricted	2,563	-
Interest Revenue on Notes Receivable	834,661	-
Interest Expense	(65,617)	(86,289)
Fraud Recovery	26,946	-
Share of Joint Venture Net Income	283,126	-
Loss from Equity Interest in Component Unit	(166,456)	-
Developer Fees	2,220,177	-
Transfer From/(To) Other Related Entity	600	-
Gain/(Loss) from Disposition of Capital Assets	3,960,971	-
<b>Total Non-Operating Revenues</b>	<b>7,099,689</b>	<b>(86,289)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>6,994,841</b>	<b>(229,110)</b>
<b>Capital Contributions</b>	<b>67,608</b>	<b>-</b>
<b>Increase (Decrease) in Net Position</b>	<b>7,062,449</b>	<b>(229,110)</b>
<b>Net Position, Beginning of Year</b>	<b>41,427,631</b>	<b>(1,808,561)</b>
Prior Period Adjustment	(111,489)	198,041
<b>Adjusted Net Position, Beginning of Year</b>	<b>41,316,142</b>	<b>(1,610,520)</b>
<b>Net Position, End of Year</b>	<b>\$ 48,378,591</b>	<b>\$ (1,839,630)</b>

See accompanying notes to the basic financial statement

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**HOUSING AUTHORITY OF FRESNO COUNTY**  
**Fresno, California**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Primary Government</u>
<b>Cash Flows from Operating Activities:</b>	
Cash received from tenants	\$ 3,504,213
Cash received from others	2,422,000
Cash paid for issuance of notes receivable	(2,440,000)
Interest payments received on notes receivable	15,869
Cash paid to employees for services	(4,116,476)
Cash paid to suppliers for goods and services	(11,071,763)
Cash received from operating grants	41,862,971
Cash paid for housing assistance	(33,853,191)
Net cash provided by operating activities	<u>(3,676,377)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Developer fees received	<u>2,220,177</u>
Net cash provided by noncapital financing activities	<u>2,220,177</u>
<b>Cash Flows From Capital Financing Activities:</b>	
Grants received to acquire/construct capital assets	67,608
Acquisition of capital assets	(2,657,307)
Proceeds from issuance of notes payable	600,126
Principal paid on notes payable	(258,041)
Interest paid on notes payable	(49,784)
Net cash used for capital financing activities	<u>(2,297,398)</u>
<b>Cash Flows From Investing Activities:</b>	
Interest received from investments	2,718
Interest on restricted cash	<u>2,563</u>
Net cash provided by investing activities	<u>5,281</u>
Net increase (decrease) to cash and cash equivalents	(3,748,317)
Cash and cash equivalents at beginning of year	<u>8,474,813</u>
Cash and cash equivalents at end of year	<u><u>\$ 4,726,496</u></u>

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**Fresno, California**

**STATEMENT OF CASH FLOWS**  
**(Continued)**

	<u>Primary Government</u>
<b>Reconciliation of Change in Net Position to Net</b>	
<b>Cash Provided By (Used For) Operating Activities:</b>	
Operating income (loss)	\$ (104,848)
Adjustments to reconcile change in net position to net cash provided by (used for) operating activities:	
Depreciation	1,424,089
Changes in joint ventures equity interest	283,126
Change in equity interest in component unit	(166,456)
Fraud recovery	26,946
Interest earned on notes receivable	834,661
Other revenue	600
(Increase) decrease in accounts receivable - tenants	(21,275)
(Increase) decrease in accounts receivable - other	(85,209)
(Increase) decrease in due from other governments	60,236
(Increase) decrease in due from related parties	286,648
(Increase) decrease in prepaid insurance and other assets	87,574
(Increase) decrease in interest receivable	(818,792)
(Increase) decrease in investment in joint ventures	(283,126)
(Increase) decrease in interest in component unit	318,696
Increase (decrease) in deferred outflows	(512,695)
Increase (decrease) in accounts payable - vendors	83,529
Increase (decrease) in due to related parties	(941,408)
Increase (decrease) in accrued salaries	(63,046)
Increase (decrease) in accounts payable - other governments	98,444
Increase (decrease) in deferred revenue	(3,014,326)
Increase (decrease) in other current liabilities	(96,782)
Increase (decrease) in FSS liabilities	10,285
Increase (decrease) in tenant security deposits payable	28,038
Increase (decrease) in compensated absences	79,375
Increase (decrease) in pension liability	1,388,818
Increase (decrease) in deferred inflows	(139,479)
	(3,676,377)
Net cash provided by operating activities	\$ (3,676,377)
<b>Reconciliation of Cash Per Statement of Net Position to Cash Per Statement of Cash Flows:</b>	
Cash and investments	\$ 2,016,420
Restricted cash	2,710,076
Cash at end of year	\$ 4,726,496
<b>Significant noncash transactions:</b>	
Note received for the sale of property	\$ 4,240,000
Net capital assets sold for a note	\$ 279,029

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**HOUSING AUTHORITY OF FRESNO COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**1) Summary of Significant Accounting Policies**

**a) General Purpose**

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

**b) Financial Reporting Entity**

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

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

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

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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

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

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

**c) Basis of Presentation**

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

The Agency has chosen to report their activity as one fund. The 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.

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

The Agency's operations are accounted for on an economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded at the time liabilities are incurred.

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

**e) Cash and Cash Equivalents**

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

**f) Assets Held for Sale**

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

**g) Capital Assets**

Capital assets are defined by the Agency as assets with an initial individual cost of \$5,000 or more and having an estimated useful life of greater than one year. All purchased capital assets are valued at historical cost. Contributed capital assets are recorded at 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.

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

**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.

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**i) Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets, including the interest due on the borrowing (excluding Inter-fund borrowing). Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**j) Operating Revenue and Expenses**

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

**k) Income Taxes**

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

**l) Grant Restrictions**

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

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

**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.

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**n) Notes Receivable**

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

**o) Defined Benefit Pension Plan**

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

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

Valuation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	June 30, 2016, to June 30, 2017

**p) Deferred Outflows/Inflows of Resources**

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

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

**HOUSING AUTHORITY OF FRESNO COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**2) Cash and Cash Equivalents**

Cash and cash equivalents held by the Agency at December 31, 2017, is classified as follows in the accompanying Statement of Net Position:

	Primary Government	Kerman Acre, LP.
Cash & Investments	\$ 2,016,420	\$ 43,802
Restricted Cash	2,710,076	13,048
<b>Total Cash</b>	<b>\$ 4,726,496</b>	<b>\$ 56,850</b>

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, 2017, the Agency did not maintain a significant equity position in investment pool activities, it is the policy of the Agency to invest only in highly rated securities to the extent practicable and where applicable by law.

Concentration of Credit Risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer (other than external investment pools) that represent 5% or more of the Agency's total investments.

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

Custodial Credit Risk

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

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

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

As of December 31, 2017, \$67,797 of the Agency's deposits held with the California Housing Finance Agency (Cal-HFA) were un-collateralized.

Equity in Investment Pool

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

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**3) Restricted Cash**

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

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

**4) Accounts Receivable**

<b>Cash Restricted for:</b>	<b>Cash Restriction</b>	<b>In Liabilities</b>	<b>In Restricted Net Assets</b>	<b>Kerman Acre, LP</b>
USDA Project Reserves	\$ 1,679,198	\$ 4,982	\$ 1,674,216	\$ -
CHFA	67,797	758	67,039	-
HAP Funding	438,140	1,507	436,633	-
Tenant Security Deposits	302,958	302,958	-	5,696
CA Office of Migrant Services	160,261	357	159,904	-
Other Reserves	61,722	21,845	39,877	35,463
	<b><u>\$ 2,710,076</u></b>	<b><u>\$ 332,407</u></b>	<b><u>\$ 2,377,669</u></b>	<b><u>\$ 41,159</u></b>

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

Accounts Receivable as of December 31, 2017, consists of the following:

Accounts Receivable - Tenants, Net of Allowance for Doubtful Accounts of \$10,600	<u>\$ 115,916</u>
Miscellaneous Receivables, Net of Allowance for Uncollectable Accounts of \$40,109	\$ 193,350
Other	8,267
	<u>\$ 201,617</u>

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**5) Due from Other Governments**

Due from Other Governments consists of the following:

U.S. Department of HUD	\$	101,731
Other		334,473
		\$ 436,204

**6) Due from Related Parties**

Silvercrest	\$	17,042
Limited Partnership		118,937
Other		3,801
		\$ 139,780

**7) Notes Receivable**

The following is a summary of changes in notes receivable as of December 31, 2017:

	<b>Restated Balance 12/31/2016</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance 12/31/2017</b>	<b>Interest Receivable</b>
Related Parties:					
Kerman Acre L.P	\$ 678,835	\$ -	\$ -	\$ 678,835	\$ 342,895
Kingsburg Marion Villas AHP	450,000	-	-	450,000	38,325
Magill Terrace LP	-	3,240,000	-	3,240,000	4,940
Mendota RAD	6,000,000	-	-	6,000,000	617,490
Orange Cove RAD	5,430,000	-	-	5,430,000	743,274
Orange Cove AHP	800,000	-	-	800,000	70,090
Reedley Kings River AHP	578,000	-	-	578,000	-
Reedley Trailside	2,431,000	-	-	2,431,000	193,007
Reedley Trailside- AHP	540,000 *	-	-	540,000	-
Shockley Terrace LP	2,160,258	-	-	2,160,258	154,578
Sanger Memorial Village	-	3,440,000	-	3,440,000	103,200
<b>TOTAL</b>	<b>\$ 19,068,093</b>	<b>\$ 6,680,000</b>	<b>\$ -</b>	<b>\$ 25,748,093</b>	<b>\$ 2,267,799</b>

\*Restated to include pass-through AHP Loan in December 2016. See the related Schedule of Changes on Notes Payable.

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

Kerman Acre, L.P.

On May 16, 2010, the Agency entered into a loan agreement with Kerman Acre, L.P., a related party to the Housing Authority of Fresno County. The note bears an interest rate of 7.5% compounded annually. Principal and interest payments are contingent upon residual funds available to Kerman Acre, L.P. The outstanding balance of the loan due from Kerman Acre, L.P. at December 31, 2017 is \$678,835 with accrued interest of \$342,895.

Kingsburg Marion Villas

On June 1, 2015, the Agency entered into an AHP loan agreement with Kingsburg Marion Villas, a related party to the Housing Authority of Fresno County in the amount of \$450,000. The Agency was awarded a grant through the Affordable Housing Program (AHP), and these funds were in turn loaned to the Kingsburg Marion Villas development. The note bears an interest rate of 3.36% compounded annually and matures in 55 years. As of December 31, 2017, the outstanding principal balance of the loan is \$450,000 with accrued interest of \$38,325.

Magill Terrace, LP

On December 12, 2017, the Agency entered into an HAFC Capital Funds Mortgage Note agreement with Sanger Memorial Village, LP, a related party to the Housing Authority of Fresno County in the amount of \$2,000,000. The note is secured by, among other security, a subordinate lien mortgage Deed of Trust. The note bears an interest rate of 4.00% per annum and matures on December 17, 2072. As of December 31, 2017, the outstanding principal balance of the loan is \$2,000,000 with accrued interest of \$2,322.

On December 12, 2017, the Agency entered into an HAFC Seller Financing Mortgage Note agreement with Sanger Memorial Village, LP, a related party to the Housing Authority of Fresno County in the amount of \$1,240,000. The note is secured by, among other security, a subordinate lien mortgage Deed of Trust. The note bears an interest rate of 4.00% per annum and matures on December 17, 2072. As of December 31, 2017, the outstanding principal balance of the loan is \$1,240,000 with accrued interest of \$2,618.

The outstanding balance of two loans at December 31, 2017 is \$3,240,000 with accrued interest of \$4,940.

Mendota RAD

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

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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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, 2017 is \$6,000,000 with accrued interest of \$617,490.

Orange Cove RAD

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

On December 20, 2013, the Agency entered into a second loan agreement for \$1,300,000 with Orange Cove RAD to rehabilitate five former public housing sites into four sites consisting of 87 low-income-housing units. The note bears a 3.32% interest rate compounded annually with a maturity date of December 20, 2068. Principal and interest payment will commence on September 1, 2015 from available Net Cash Flow as defined in the Partnership Agreement. The outstanding balance of these two loans at December 31, 2017 is \$5,430,000 with accrued interest of \$743,274.

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, 2017 is \$800,000 with accrued interest of \$70,090.

Reedley Kings River Commons

The Agency entered into a loan agreement with Reedley Kings River Commons, a related party to the Housing Authority of Fresno County. The Agency was awarded a grant through the Affordable Housing Program (AHP), these funds were in turn loaned to the Reedley Kings River Commons development. The note bears no interest with principal payable upon completion of the project. The outstanding balance of the loan due from Reedley Kings River Commons at December 31, 2017 is \$578,000.

Reedley Trailside Terrace

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

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Reedley Trailside, LP. The outstanding balance of this loan at December 31, 2017 is \$2,431,000 with accrued interest of \$193,007.

On December 1, 2015, the Partnership obtained a loan in the amount of \$540,000 from HAFC (the "AHP Loan") from the funds provided by the Federal Home Loan Bank of San Francisco pursuant to the regulations governing the Affordable Housing Program ("AHP"). Under the terms of the agreement, the AHP loan bears no interest and shall be payable from net cash flow and net cash proceeds, as defined in the Partnership Agreement. The AHP Loan shall be secured by a deed of trust on the Project and matures on June 1, 2070. The outstanding balance of this loan at December 31, 2017 is \$540,000.

Shockley Terrace, LP

On March 18, 2016, the Agency entered into an HAFC Capital Funds loan agreement with Shockley Terrace LP, a related party to the Housing Authority of Fresno County in the amount of \$1,010,257. The note is secured by the HAFC Capital Funds Construction Deed of Trust. The note bears an interest rate of 2.00% per annum and matures on March 18, 2071. As of December 31, 2017, the outstanding principal balance of the loan is \$1,010,258 with accrued interest of \$72,290.

On March 18, 2016, the Agency entered into an HAFC Mortgage loan agreement with Shockley Terrace LP, a related party to the Housing Authority of Fresno County in the amount of \$1,150,000. The note is secured by the HAFC Construction Deed of Trust. The note bears an interest rate of 2.00% per annum and matures on March 18, 2071. As of December 31, 2017, the outstanding principal balance of the loan is \$1,150,000, with accrued interest of \$82,288. The outstanding balance of two loans at December 31, 2017 is \$2,160,258 with accrued interest of \$154,578.

Sanger Memorial Village, LP

On March 30, 2017, the Agency entered into an HAFC Operating Funds Mortgage Note agreement with Sanger Memorial Village, LP, a related party to the Housing Authority of Fresno County in the amount of \$1,340,000. The note is secured by, among other security, a subordinate lien mortgage Deed of Trust. The note bears an interest rate of 4.00% per annum and matures on March 30, 2072. As of December 31, 2017, the outstanding principal balance of the loan is \$1,340,000 with accrued interest of \$40,200.

On March 30, 2017, the Agency entered into an HAFC Seller Financing loan agreement with Sanger Memorial Village, LP, a related party to the Housing Authority of Fresno County in the amount of \$2,100,000. The note is secured by, among other security, a subordinate lien mortgage or Deed of Trust. The note bears an interest rate of 4.00% per annum and matures on March 30, 2072. As of December 31, 2017, the outstanding principal balance of the loan is \$2,100,000, with accrued interest of \$63,000. The outstanding balance of two loans at December 31, 2017 is \$3,440,000 with accrued interest of \$103,200.

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**8) Assets Held for Sale**

Assets held for sale consist of homes that are being developed using a variety of Federal, State, and local funds as part of our Public Housing Program. No properties were sold during the year. The value of these properties as of December 31, 2017 is \$345,628.

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

**9) Changes in Capital Assets**

Changes in capital assets during the fiscal year ended December 31, 2017, were as follows:

	Balance at 12/31/2016	Additions	Deletions	Balance at 12/31/2017
Capital assets not depreciated:				
Land	\$ 1,996,870	\$ -	\$ (15,304)	\$ 1,981,566
Construction in progress	3,684,807	2,622,686	(15,380)	6,292,113
Total capital assets not depreciated	5,681,677	2,622,686	(30,684)	8,273,679
Capital assets being depreciated:				
Buildings & Improvements	71,499,604	48,141	(2,860,726)	68,687,019
Equipment	1,577,339	-	(40,444)	1,536,895
Total capital assets being depreciated	73,076,943	48,141	(2,901,170)	70,223,914
Less accumulated depreciation for:				
Buildings	(63,125,295)	(1,405,558)	2,596,743	(61,934,110)
Equipment	(808,870)	(16,041)	40,444	(784,467)
Total accumulated depreciation	(63,934,165)	(1,421,599)	2,637,187	(62,718,577)
Total capital assets being depreciated, net	9,142,778	(1,373,458)	(263,983)	7,505,337
<b>TOTAL</b>	<b>\$ 14,824,455</b>	<b>\$ 1,249,228</b>	<b>\$ (294,667)</b>	<b>\$ 15,779,016</b>

**HOUSING AUTHORITY OF FRESNO COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**10) Investment in Joint Ventures**

Investment in joint ventures as of December 31, 2017, consist of the following:

<b>Joint Venture</b>	<b>Investment</b>
Housing Relinquished Fund Corp	\$ 13,628,665
Silvercrest, Inc.	(48,634)
Housing Self-Insurance Corp	29,629
Villa Del Mar, Inc.	3,387
<b>Total Investment in Joint Venture</b>	<b>\$ 13,613,047</b>
<b>Change in Investment in Joint Venture</b>	
Balance at December 31, 2016	\$ 13,601,099
Change in Investment in Joint Venture	11,948
<b>Balance at December 31, 2017</b>	<b>\$ 13,613,047</b>

Housing Relinquished Fund Corporation (HRFC) - Created as a steward for the Housing Authority of the City and County of Fresno's development and investment capital. HRFC's Board of Directors is comprised of two members each of the City Housing Authority and County Housing Authority 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 of Directors is comprised of two members each of the City Housing Authority and County Housing Authority 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 of Directors is comprised of two members each of the City Housing Authority and County Housing Authority Board of Commissioners. The Agency has a 50% equity interest in Silvercrest, Inc. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985.

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

**HOUSING AUTHORITY OF FRESNO COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**11) Equity Investment in Component Unit**

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

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

As of December 31, 2017, the Agency’s share of its partners’ deficit in the Kerman Acre, L.P. component unit is \$880,364.

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**HOUSING AUTHORITY OF FRESNO COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**12) Changes in Long Term Liabilities**

Changes in long-term liabilities during the fiscal year ended December 31, 2017, were as follows:

	<b>Restated Balance 12/31/2016</b>	<b>Additions</b>	<b>Deletions/ Payments</b>	<b>Balance 12/31/2017</b>	<b>Due Within one year</b>
<b>Notes payable - non-related parties:</b>					
US Department of Agriculture					
Parlier FLH	\$ 107,150	\$ -	\$ (77,572)	\$ 29,578	\$ 29,525
Mendota FLH	677,823	-	(35,140)	642,683	35,308
Parkside CHFA	568,087	-	(145,330)	422,757	157,980
Kingsburg Marion- AHP	450,000	-	-	450,000	-
Kings River Commons- AHP	578,000	-	-	578,000	-
Orange Cove RAD- AHP	800,000	-	-	800,000	-
Reedley Trailside- AHP	540,000 *	-	-	540,000	-
Total due to non-related parties	<b>3,721,060</b>	<b>-</b>	<b>(258,042)</b>	<b>3,463,018</b>	<b>222,813</b>
<b>Notes payable - related parties:</b>					
P&CD (Various pre-dev) to HRFC	1,048,967	599,270	-	1,648,237	1,648,237
County HCV to HRFC	323,185	-	-	323,185	-
Office building to HRFC	66,000	-	-	66,000	-
County RF to HRFC	454,800	856	-	455,656	-
Total due to related parties	<b>1,892,952</b>	<b>600,126</b>	<b>-</b>	<b>2,493,078</b>	<b>1,648,237</b>
<b>Other Liabilities:</b>					
Interest Payable- others	452,886	24,706	(8,872)	468,720	-
Family Self-Sufficiency	71,319	183,476	(173,191)	81,604	-
Compensated Absences	292,820	580,877	(501,502)	372,195	241,998
Net Pension Liability	5,958,960	3,077,061	(1,690,243)	7,345,778	-
	<b>6,775,985</b>	<b>3,866,120</b>	<b>(2,373,808)</b>	<b>8,268,297</b>	<b>241,998</b>
<b>Total</b>	<b>\$12,389,997</b>	<b>\$4,466,246</b>	<b>\$ (2,631,850)</b>	<b>\$ 14,224,393</b>	<b>\$2,113,048</b>

\* Restated to include pass-through AHP Loan for Reedley Trailside. See related Schedule of Changes in Notes Receivable.

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

Year Ending December 31	Notes		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,871,050	\$ 468,720	\$ 2,339,770
2019	207,580	16,314	223,894
2020	129,072	5,863	134,935
2021	36,571	5,184	41,755
2022	36,938	4,817	41,755
2023-2027	190,333	18,442	208,775
2028-2032	2,028,087	8,688	2,036,775
2033-2037	71,570	644	72,214
2038-2042	1,384,895	-	1,384,895
	<u>\$ 5,956,096</u>	<u>\$ 528,672</u>	<u>\$ 6,484,768</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, 2017, the outstanding principal balance for all the notes is \$672,261.

Parkside

The Parkside Apartments project has two loans with the California Housing Finance Agency (Cal-HFA). The first note requires a monthly payment of \$15,178 and accrues interest at a rate of 8.3% per annum. The second loan of \$63,000 accrues interest at a rate of 3% per annum. This loan, principal and interest, is deferred until March 1, 2020. The outstanding principal balance of the two loans at December 31, 2017, is \$422,757.

Kingsburg Marion Villa

On July 1, 2015, the Agency entered into an AHP agreement with Rabobank in the amount of \$450,000 from funds provided by the Federal Home Loan Bank of San Francisco pursuant to the regulations governing the Affordable Housing Program ("AHP"). Under the terms of the agreement, the AHP Loan bears no interest and the principal is payable in full in 2030. The Agency has loaned the proceeds to Kingsburg Marion Villas, a related party. See Note 7 for the Notes Receivable from Kingsburg Marion Villas related to this AHP Loan. As of December 31, 2017, the outstanding principal balance is \$450,000.

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Kings River Commons

In December 2013, the Agency entered into an AHP agreement with Wells Fargo Financial National Bank in the amount of \$578,000 (the "AHP Loan") from funds provided by the Federal Home Loan Bank of San Francisco pursuant to the regulations governing the Affordable Housing Program ("AHP"). The Agency has loaned the proceeds to Kings River Commons, a related party. See Note 7 for the Notes Receivable from Kings River Commons related to this AHP Loan. As of December 31, 2017, the outstanding principal balance is \$578,000.

Orange Cove

In May 2015, the Agency entered into a loan agreement with Rabobank in the amount of \$450,000 (the "AHP Loan") from funds provided by the Federal Home Loan Bank of San Francisco pursuant to the regulations governing the Affordable Housing Program ("AHP"). Under the terms of the agreement, the AHP Loan bears no interest and the principal is payable in full in 2030. The Agency has loaned the proceeds to Orange Cove RAD, a related party. See Note 7 for the Notes Receivable from Orange Cove RAD related to this AHP Loan. As of December 31, 2017, the outstanding principal balance is \$800,000.

Reedley Trailside

On December 1, 2015, the Agency entered into a loan agreement with Mississippi Valley Company in the amount of \$540,000 (the "AHP Loan") from the funds provided by the Federal Home Loan Bank of San Francisco pursuant to the regulations governing the Affordable Housing Program ("AHP"). Under the terms of the agreement, the AHP loan bears no interest and the principal is payable in full in 2070. See Note 7 for the Notes Receivable from Reedley Trailside related to this AHP Loan. The outstanding balance of this loan at December 31, 2017 is \$ 540,000.

Housing Relinquished Fund Corporation (HRFC)

The Agency entered into various notes with the HRFC for the purpose of development activities. During 2017, the Agency added \$599,270. The notes accrue interest at 5% per annum and are due by the projected completion dates in 2018. As of December 31, 2017, the outstanding balance is \$1,648,237.

In February 2010, the Agency entered into a promissory note agreement with the Housing Relinquished Fund Corporation (HRFC) for \$323,185. This is a non-interest-bearing note, payable in full on March 31, 2013. The outstanding balance on this note as of December 31, 2017, is \$323,185.

The Agency entered into a promissory note agreement with the HRFC for \$66,000, representing partial funding related to the acquisition of the Central Office Building. This note is non-interest bearing and repayment terms are not explicitly stated. The outstanding balance on this note as of December 31, 2017, is \$66,000.

**HOUSING AUTHORITY OF FRESNO COUNTY  
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In April 2007, the Agency entered into a promissory note agreement with the Housing Relinquished Fund Corporation (HRFC) for \$655,656. The note is non-interest bearing and repayment terms are not explicitly stated. The outstanding balance as of December 31, 2017, is \$455,656.

Family Self Sufficiency

The Family Self Sufficiency (FSS) program provides supportive services that enable participating low-income and moderate-income families to achieve economic independence and self-sufficiency. The Agency contracts with each participating family to set aside funds in an interest-bearing account until that family can afford to pay its entire monthly rent without assistance from the Authority. Upon successful completion of the program requirements, the funds are released and disbursed to the family. The amount held for FSS participants at December 31, 2017, is \$ 81,604.

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, 2017, accrued vacation and vested sick leave have been valued by the Agency at \$372,195.

**13) Due to Other Governments**

Amounts due to other governments as of December 31, 2017, are as follows:

U.S. Department of HUD	\$	439,954
Other		616
		440,570
	\$	440,570

**14) Due to Related Parties**

Amounts due to related parties as of December 31, 2017, are as follows:

Housing Authority of City of Fresno	\$	650,510
Other		15
		650,525
	\$	650,525

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

Unearned revenues as of December 31, 2017, consist of the following:

Prepaid tenant rents	\$ 48,862
Other	<u>22,859</u>
	<u><u>\$ 71,721</u></u>

**16) Deferred Compensation**

The Agency offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all permanent employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. 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  
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**17) Defined Benefit Pension Plan**

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

Plan’s Major Benefit Options

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

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

<b>Contract Package</b>			
	Active Miscellaneous	Active Miscellaneous - PEPR	Receiving Miscellaneous
<b>Benefit Provision</b>			
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	
<b>Pre-Retirement Death Benefits</b>			
Optional Settlement 2W	No	No	
1959 Survivor Benefit Level	No	No	
Special	No	No	
Alternate (firefighters)	No	No	
<b>Post-Retirement Death Benefits</b>			
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  
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**Employees Covered:**

**Summary of Valuation Data (Counts)**

	<b>June 30, 2016</b>
1 Active Members	106
2 Transferred Members	37
3 Terminated Members	65
4 Retired Members and Beneficiaries	94
5 Active to Retired Ratio [(1) / (4)]	112.77%

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

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

**Contribution Description**

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

For the measurement period ending June 30, 2017, (the measurement date), the average active employee contribution rate is 6.25 percent of annual pay, and the average employer's contribution rate is 6.857 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  
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Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2016, valuation was rolled forward to determine the June 30, 2017, total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3%
Mortality Rate Table	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

Change of Assumptions

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 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 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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 expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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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 (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B and C funds), 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 PERF 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 equal 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.

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1-10</b>	<b>Real Return Years 11+</b>
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-2.20%	-2.70%

- (1) An expected inflation of 2.50% used for this period.
- (2) An expected inflation of 3.00% used for this period.

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Changes in Net Pension Liability

The Changes in Net Pension Liability for the year ended June 30, 2017, were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability
Balance at: 06/30/2016	31,321,848	25,362,892	5,958,956
Changes recognized for the measurement period:			
Service Cost	741,472	-	741,472
Interest on Total Pension Liability	2,346,586	-	2,346,586
Changes of Benefit Terms			-
Changes of Assumptions	1,937,562	-	1,937,562
Differences between Expected and Actual Experience	15,650	-	15,650
Contributions - Employer	-	519,574	(519,574)
Contributions - Employee	-	369,297	(369,297)
Net Investment Income	-	2,801,027	(2,801,027)
Benefit Payments, including Refunds of Employee Contributions	(1,652,796)	(1,652,796)	-
Administrative Expense	-	(37,447)	37,447
Net Changes during 2016 - 2017	3,388,474	1,999,655	1,388,822
Balance at: 06/30/2017	<u>\$ 34,710,325</u>	<u>\$ 27,362,547</u>	<u>\$ 7,347,778</u>

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

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

	Current		
	Discount Rate -1% (6.15%)	Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Plan's Net Pension Liability/ (Asset)	\$ 12,191,244	\$ 7,347,778	\$ 3,408,061

**HOUSING AUTHORITY OF FRESNO COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

Subsequent Events

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

Recognition of Gains and Losses

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

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

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

Expected Average Remaining Service Lifetime (EARSL)

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

The EARSL for the Plan for the measurement period ending June 30, 2017 is 4 years, which was obtained by dividing the total service years of 1,216 (the sum of remaining service lifetimes of the active employees) by 302 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

**HOUSING AUTHORITY OF FRESNO COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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Deferred Outflows and Deferred Inflows of Resources

For the measurement period ended June 30, 2017, the Agency incurred a pension expense of \$1,388,822.

As of June 30, 2017, the Housing Authority of Fresno County has deferred outflows and deferred inflows of resources related to pensions listed below. Contributions subsequent to the measurement date are also shown as a Deferred Outflow of Resources.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes of Assumptions	\$ 1,425,458	\$ (129,337)
Differences between Expected and Actual Experience	168,216	(172,480)
Payment on pension contributions between measurement date and fiscal year end	353,253	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	371,201	-
Total	\$ 2,318,128	\$ (301,817)

The \$353,253 in pension payments between June 30 and December 31, 2017, 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

**HOUSING AUTHORITY OF FRESNO COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Amortization of Deferred Outflows/(Inflows) of Resources	
Measurement Periods Ended	
June 30:	
2018	\$ 345,192
2019	951,479
2020	570,752
2021	<u>(204,365)</u>
	<u>\$ 1,663,058</u>
Deferred Outflows	\$ 2,318,128
Deferred Inflows	<u>(301,817)</u>
Net	<u>2,016,311</u>
Payment on pension contributions between measurement date and fiscal year end	<u>\$ (353,253)</u>

**18) Insurance Coverage**

HARRP

The Agency is a member of the Housing Authority Risk Retention Pool (HARRP). HARRP was established by public housing authorities participating in an intergovernmental cooperation agreement pursuant to specific statutes in Oregon, Washington, California and Nevada for the purpose of operating and maintaining a cooperative program of risk management and loss indemnification. HARRP offers property, general liability, automobile liability, and physical damage, fidelity, and errors and omissions, which includes employment practices and director's and officers' liability insurance to participants. Membership was comprised of 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.

The Agency's insurance expense was \$197,364 for the year ended December 31, 2017. The loss limits for the various types of insurance are as follows: individual structure stated value, with full replacement cost, for property with a deductible per occurrence of \$10,000; \$2,000,000 for general liability with no deductible; \$2,000,000 for automobile, including losses arising from the use of a non-owned covered automobile liability, including losses arising from the use of a non-owned covered automobile; \$100,000 for employee dishonesty and forgery and alteration with a \$1,000

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deductible; \$10,000 for theft with a \$1,000 deductible; and \$2,000,000 for errors and omissions with a 10% co-pay.

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

California Housing Worker's Compensation Authority

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

**19) Participation in Related Party Limited Partnerships**

Firebaugh Gateway, LP

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

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

Kingsburg Marion Villas, LP

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

The partnership was originally formed on March 18, 2014, by Kingsburg Marion Villas AGP, LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California Nonprofit public benefit corporation as the Managing General Partner. The day-to-day

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operations of the partnership are controlled by the Managing General Partner. PNC Bank National Association is the Investor Limited Partner; PNC Real Estate Tax Credit Capital Fund 47 is the State Limited Partner and Columbia Housing SLP Corporation as the Special Limited Partner.

Magill Terrace, LP

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

Mendota RAD, LP

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

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

Orange Cove RAD, LP

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

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

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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.

Reedley Trailside Terrace, LP

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

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

Sanger Memorial Village, LP

Sanger Memorial Village, LP was formed to expand the development and availability of long-term housing for low-income persons residing in the City of Sanger, California, including the sale of low-income housing tax credits and entering into agreements for the financing, planning, construction and development, on real property located in the City of Sanger, County of Fresno, California, of an affordable housing project, generally known as Memorial Village, this anticipated to include 48 units of multifamily housing.. The project filed the Notice to Proceed with construction on April 17, 2017 and as of December 31, 2017, there is no substantial activity to report.

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Shockley Terrace, LP

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

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

**20) Other Related Parties**

Better Opportunities Builders, Inc.

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

Housing Authority of the City of Fresno

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

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

**HOUSING AUTHORITY OF FRESNO COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**21) Interfund and Interagency Activity**

The following is a summary of changes in Inter-fund loans as of December 31, 2017:

	<b>Balance 12/31/2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2017</b>
<b>Receivables:</b>				
County RF from P&CD	\$ 500,000	-	-	\$ 500,000
<b>Total Receivables</b>	<b>\$ 500,000</b>	<b>-</b>	<b>-</b>	<b>\$ 500,000</b>
<b>Payables:</b>				
P&CD to County RF	\$ 500,000	-	-	\$ 500,000
<b>Total Payables</b>	<b>\$ 500,000</b>	<b>-</b>	<b>-</b>	<b>\$ 500,000</b>

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

On May 28, 2008, the Agency approved a loan of \$500,000 from the Relinquished Fund to the Planning and Community Development Fund. This loan carries an interest rate of 3% per annum. The outstanding balance of the loan and accrued interest at December 31, 2017, is \$500,000 and \$125,885 respectively.

**22) Contingent Liabilities**

Grants

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

Pending Litigation

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

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HUD Guaranteed Debt

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

**23) Prior Year Restatement**

During the year ended December 31, 2017, the Agency made certain adjustments to correctly present activity:

Net Position at Beginning of Year, as Previously reported	\$ 41,427,631
The prior period adjustment is primarily related to a restatement of change in investment in Joint Ventures	(111,489)
<b>Net position at Beginning of Year, as Restated</b>	<b><u><u>\$ 41,316,142</u></u></b>

During the year ended December 31, 2017, the Agency made certain adjustments to correctly present activity as Component Unit for KERMAN:

Net Position as Beginning of Year, as Previously Reported	\$ (1,808,561)
The prior period adjustment is related to the restatement of various asset and liability balances for Granada Commons, LP.	198,041
<b>Net Position at Beginning of Year, as Restated</b>	<b><u><u>\$ (1,610,520)</u></u></b>

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**24) Restricted Net Position**

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

The Agency has reported the following as restricted net position:

<b>Externally Required Restrictions:</b>	
USDA Programs	\$ 1,674,216
CHFA	67,039
Housing Choice Voucher	436,633
Migrant Services	159,904
Other Reserves	39,877
	<b>\$ 2,377,669</b>

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

**a) Organization**

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

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

Pursuant to the Amended and Restated Agreement of Limited Partnership dated March 16, 2010, (the “Partnership Agreement”), profits, losses and tax credits are allocated 51.00% to the Co-General Partner, 44.00% to the Managing General Partner and 5.00% to the Limited Partner.

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Pursuant to the terms of the Partnership Agreement, the Limited Partner is required to make capital contributions totaling \$100, the Co-General Partner is required to make capital contribution totaling \$800 and the Managing General Partner is required to make capital contributions totaling \$100.

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**HOUSING AUTHORITY OF FRESNO COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**b) Capital Assets**

Capital assets consist of the following as of December 31, 2017:

	Restated Balance at 12/31/2016	Additions	Deletions	Balance at 12/31/2017
Capital assets not depreciated:				
Land	\$ 119,217	\$ -	\$ -	\$ 119,217
Total capital assets not depreciated	<u>119,217</u>	<u>-</u>	<u>-</u>	<u>119,217</u>
Capital assets being depreciated:				
Dwelling structures	3,110,840	-	-	3,110,840
Dwelling equipment	327,259	-	-	327,259
Total capital assets being depreciated	<u>3,438,099</u>	<u>-</u>	<u>-</u>	<u>3,438,099</u>
Less accumulated depreciation for:				
Accumulated depreciation - building	(630,502)	(108,370)	-	(738,872)
Accumulated depreciation - equipment	(251,349)	(32,726)	-	(284,075)
Total accumulated depreciation	<u>(881,851)</u>	<u>(141,096)</u>	<u>-</u>	<u>(1,022,947)</u>
Total capital assets, net of depreciation	<u>2,556,248</u>	<u>(141,096)</u>	<u>-</u>	<u>2,415,152</u>
<b>Total</b>	<b><u>\$ 2,675,465</u></b>	<b><u>\$ (141,096)</u></b>	<b><u>-</u></b>	<b><u>\$ 2,534,369</u></b>

Restatement to reflect decrease in accumulated depreciation by \$196 thousand.

Capital assets are recorded at cost. Buildings, which include building improvements, are depreciated over their estimated useful lives of 40 years under the straight-line method. Land improvements are depreciated over their estimated useful life of 20 years under the straight-line method. Furniture and equipment are depreciated over their estimated useful life of 10 years under the straight-line method. Depreciation expense under FASB for the year ended was \$47,455. Under GASB, depreciation expense is an additional \$79,615 for a total depreciation for the year ended December 31, 2017, of \$127,070.

**HOUSING AUTHORITY OF FRESNO COUNTY  
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YEAR ENDED DECEMBER 31, 2017**

**c) Long Term Liabilities**

Changes in long term liabilities for December 31, 2017, are as follows:

		Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017
2302-02-000 RP LT BOB	BOB - RHED Loan	\$ 103,185	\$ -	\$ -	\$ 103,185
2302-04-000 RP LT HACF	HACF - CFRG Loan	678,835	-	-	678,835
2300-05-000 LT County of Fresno	Kerman Acre Fresno County	900,000	-	-	900,000
2300-08-000 LT CAP	Kerman Acre TCAC	2,202,168	-	-	2,202,168
	Accrued Interest Payable	269,407	161,069	-	430,476
		<u>\$ 4,153,595</u>	<u>\$ 161,069</u>	<u>\$ -</u>	<u>\$ 4,314,664</u>

Kerman Acre, LP

The Partnership entered into a HOME loan agreement (the “HOME Loan”) with the County of Fresno. The HOME Loan is in the amount of \$900,000 for the purpose of developing the Project and the loan bears no interest. The loan is secured by the deed of trust and matures on April 1, 2041. Payments are made from available cash flow as further defined in the Partnership Agreement. As of December 31, 2017, the outstanding principal balance was \$900,000.

The Partnership entered into a TCAC loan agreement in an amount not to exceed \$2,202,168 for the purpose of developing the rental property know as Granada Commons Apartments. The funds are to be used solely for eligible costs per the loan agreement. The note is dated March 16, 2010 and bears no interest. The loan is secured deed of trust and matures on March 16, 2065. All outstanding principal payments are due at maturity. As of December 31, 2017, the outstanding principal balance was \$2,202,168.

**d) Related party transactions**

Property Management Fee

Pursuant to the property management agreement date October 13, 2010, (the “Property Management Agreement”) with the Housing Authority of the Fresno County (the “Manager”), the Manager is to manage the operations of the Project. As defined in the Property Management Agreement, the property management fee is \$65.07 per unit per of month, excluding the manager’s unit. For the year ended, property management fees of \$9,300 were incurred.

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Ground Lease

Pursuant to the Ground Lease Agreement dated March 16, 2010, (the “Ground Lease”), the Partnership entered into a ground lease to pay the Managing General in the amount of \$10 per year plus additional rent as defined in the Ground Lease until the lease expires. In addition, the Partnership is obligated to pay all costs, expenses and obligations with respect to the property including property taxes, insurance, utilities operating costs and costs of maintenance. The lease term commenced on March 16, 2010 and expires on February 28, 2066. For the year ended December 31, 2017, ground lease expense was \$10, and is included in general and administrative expenses on the Statement of Operations. As of December 31, 2017, 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 year ended, the partnership management fee with interest was \$2,293, and is included in general partner fees on the Statement of Revenues & Expenses. As of December 31, 2017, the amount owed for Co-General Partner management fee was \$14,713 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, the partnership management fee with interest was \$22,926 and is included in General Partner fees on the Statement of Revenues & Expenses. As of December 31, 2017, the amount owed for Managing General Partner management fee was \$147,119, 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, 2017, the amount owed was \$17,524.

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

Due to HACF

Housing Authority of Fresno County (HACF) advanced funds to the Partnership for various operational costs. The outstanding balance does not bear interest and is payable out of available Net Cash Flow, as defined in the Partnership Agreement. As of December 31, 2017, the outstanding amount owed to HACF was \$9,938.

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, 2017, interest expense was \$12,800. As of December 31, 2017, the outstanding principal balance was \$103,185, with accrued interest of \$87,581.

Notes Payable – HAFC

On March 16, 2010, the Partnership entered into a Capital Fund Recovery Grant (the “CFRG”) assistance loan agreement with HAFC in the amount not to exceed \$1,200,000 for the purpose of developing the property. The CFRG loan has been made available by the U.S. Department of Housing and Urban Development pursuant to the American Recovery and Reinvestment Act of 2009. Prior to the completion of construction, the note bore interest at 5%. Subsequent to the construction completion the note bears an interest of 7.5%. The CFRG loan is secured by the deed of trust on the property and matures on March 16, 2065. As the second priority loan, along with the fourth priority loan, payments are made in accordance with their respective balance from 79.8% of net cash flow per the Partnership Agreement. For the year ended December 31, 2017, interest expense was \$73,489. As of December 31, 2017, the outstanding principal balance was \$678,835, with accrued interest of \$342,896.

**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

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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.

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REQUIRED SUPPLEMENTARY INFORMATION

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**HOUSING AUTHORITY OF FRESNO COUNTY**  
Schedule of Changes in Net Pension Liability and Related Ratios  
for the Measurement Period (Miscellaneous Plan)  
Last Ten Years\*

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

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

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016, valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

\*The fiscal year ended December 31, 2014 was the first year of implementation. Information for the last 10 years is not available.

**HOUSING AUTHORITY OF FRESNO COUNTY**  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 for the Measurement Period (Miscellaneous Plan)  
 Last Ten Years\*  
 (Continued)

**Schedule of Plan Contributions for the Fiscal Years Ended December 31**

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

\*The fiscal year ended December 31, 2014 was the first year of implementation. Information for the last 10 years is not available.

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**HOUSING AUTHORITY OF FRESNO COUNTY**  
Schedule of Changes in Net Pension Liability and Related Ratios  
for the Measurement Period (Miscellaneous Plan)  
Last Ten Years\*  
(Continued)

**Notes to Schedule of Plan Contributions:**

The actuarial methods and assumptions used to set the actuarially determined contributions for the Fiscal Year 2016-2017 were derived from the June 30, 2014 funding valuation report as follows:

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

\*The fiscal year ended December 31, 2014 was the first year of implementation. Information for the last 10 years is not available.

**Other Information:**

For changes to previous year's information, refer to past GASB 68 report.

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SUPPLEMENTAL INFORMATION

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**Schedule of Modernization Costs for Completed Projects**  
**Year ended December 31, 2017**

<u>Grant Number</u>	<u>Funds</u> <u>Approved</u>	<u>Funds</u> <u>Expended</u>	<u>Excess</u>
CA39P028501-14	\$ 1,623,792	\$ 1,623,792	-
CA39P028501-15	\$ 1,252,130	\$ 1,252,130	-

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FINANCIAL DATA SCHEDULE

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

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Housing Authority of Fresno County (CA028)  
 FRESNO, CA  
 Entity Wide Balance Sheet Summary  
 Fiscal Year End: 12/31/2017

Submission Type: Audited/ Single Audit	14,257	14,257	14,870	14,871	93,568	6.1 Component
	14,896 PIH Family Self-Sufficiency Program	14,870 Rural Homelessness Prevention and Rapid Re-Housing Program (RRP)	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	93,568 Temporary Assistance for Needy Families	6.1 Component Unit - Discreetly Presented
	Project Total					
311 Bank Overdraft	\$19,645					\$1,407
312 Accounts Payable <= 90 Days	\$38,857	\$21,823		\$6,214		
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$16,409	\$2,974	\$1,598	\$36,466		
322 Accrued Compensated Absences - Current Portion	\$25,458	\$8,233	\$4,193	\$73,727		
324 Accrued Contingency Liability						
325 Accrued Interest Payable	\$84					\$430,476
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government	\$304,306	\$1,561		\$3,357		
341 Temporary Security Deposits	\$109,291	\$53,656		\$1,507		\$5,696
342 Unearned Revenue	\$42,289	\$4,982				\$675
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$64,833				\$161,831
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities	\$10,798			\$62,815		\$27,462
346 Accrued Liabilities - Other	\$419	\$92	\$3,600	\$566,113		
347 Inter Program - Due To		\$127,151				
348 Loan Liability - Due To		\$127,151				
310 Total Current Liabilities	\$708,536	\$3,093	\$6,391	\$750,189	\$0	\$627,547
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						\$3,884,188
352 Long-term Debt, Net of Current - Operating Borrowings		\$607,427		\$323,185		
353 Non-current Liabilities - Other						
354 Accrued Compensated Absences - Non Current	\$14,724	\$4,353	\$1,069	\$91,605		
355 Loan Liability - Non Current				\$39,121		
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities	\$1,293,209	\$0	\$1,969	\$2,085,299		
360 Total Non-Current Liabilities	\$1,307,933	\$784	\$1,969	\$2,529,210	\$0	\$3,884,188
300 Total Liabilities	\$2,016,469	\$3,817	\$11,360	\$3,279,409	\$0	\$4,511,735
400 Deferred Inflow of Resources	\$93,121			\$95,656		
508.4 Net Investment in Capital Assets	\$8,349,295	\$1,145,885		\$291,781		-\$1,511,650
511.4 Restricted Net Position	\$0	\$1,674,217		\$436,633		\$6,177
512.4 Unrestricted Net Position	\$66,842	\$125,657	\$5,206	\$1,074,078	\$230	\$334,157
513 Total Equity - Net Assets / Position	\$8,416,137	\$19,584	\$3,036,925	\$1,829,226	\$239	-\$1,839,630
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$10,485,727	\$23,401	\$16,566	\$1,535,839	\$239	\$2,672,105

Housing Authority of Fresno County (CA028)  
 FRESNO, CA  
 Entity Wide Balance Sheet Summary  
 Fiscal Year End: 12/31/2017

Submission Type: Audited/ Single Audit	14-182 N/C S/R Section 8 Programs	14-235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$72	\$10	\$275	\$604,355	\$1,025,681	\$2,011,782		\$2,011,782
112 Cash - Restricted - Modernization and Development						\$2,346,174		\$2,346,174
113 Cash - Other Restricted			\$221,983			\$294,631		\$294,631
114 Cash - Tenant Security Deposits	\$16,580		\$27,253	\$14,524		\$14,524		\$14,524
115 Cash - Restricted for Payment of Current Liabilities	\$16,652	\$10	\$249,511	\$618,879	\$1,025,681	\$4,667,111	\$0	\$4,667,111
100 Total Cash								
121 Accounts Receivable - PHA Projects						\$101,731		\$101,731
122 Accounts Receivable - HUD Other Projects		\$44,173	\$300,538		\$29,028	\$334,472		\$334,472
124 Accounts Receivable - Other Government				\$134,889	\$29,990	\$381,506		\$381,506
125 Accounts Receivable - Miscellaneous			\$5,069	\$293		\$127,703		\$127,703
126 Accounts Receivable - Tenants	\$19,007		\$0	\$0	\$0	\$9,734		\$9,734
126.1 Allowance for Doubtful Accounts - Tenants	\$3,943		\$0	\$0	\$0	\$-40,109		\$-40,109
126.2 Allowance for Doubtful Accounts - Other			\$0	\$0	\$0	\$500,000	\$-500,000	\$0
127 Notes, Loans, & Mortgages Receivable - Current				\$500,000				
128 Fraud Recovery								
128.1 Allowance for Doubtful Accounts - Fraud								
129 Accrued Interest Receivable				\$388,603		\$388,603	\$-125,885	\$262,718
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$9,064	\$44,173	\$305,607	\$1,023,785	\$59,018	\$1,784,172	\$-625,885	\$1,158,287
131 Investments - Unrestricted			\$8,440			\$8,440		\$8,440
132 Investments - Restricted						\$67,797		\$67,797
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	\$11,672		\$533		\$5,968	\$48,475		\$48,475
143 Inventories								
143.1 Allowance for Obsolete Inventories				\$1,315,411		\$1,485,299	\$-1,485,299	\$0
144 Inter Program Due From						\$345,628		\$345,628
145 Assets Held for Sale	\$105,185	\$44,183	\$604,091	\$2,935,075	\$1,090,697	\$8,446,922	\$-2,111,184	\$6,335,738
150 Total Current Assets	\$41,254	\$110,118	\$501,800	\$163,039	\$2,100,782	\$2,100,782	\$0	\$2,100,782
161 Land	\$2,215,364		\$3,208,882	\$1,231,605	\$2,390,239	\$7,194,964		\$7,194,964
162 Buildings					\$0	\$327,259		\$327,259
163 Furniture, Equipment & Machinery - Dwellings				\$23,768	\$1,065,704	\$1,539,791		\$1,539,791
164 Furniture, Equipment & Machinery - Administration								
165 Leasehold Improvements				\$2,680,655	\$-1,063,248	\$-63,741,524		\$-63,741,524
166 Accumulated Depreciation				\$920,562	\$2,248,300	\$8,292,115		\$8,292,115
167 Construction Progress								
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$41,254	\$0	\$1,558,707	\$2,942,285	\$1,037,923	\$18,313,387	\$0	\$18,313,387
171 Notes, Loans and Mortgages Receivable - Non-Current				\$26,731,443		\$27,410,278		\$27,410,278
172 Notes, Loans & Mortgages Receivable - Non-Current - Past Due								
173 Grants Receivable - Non-Current								
174 Other Assets						\$419,587		\$419,587
176 Investments in Joint Ventures				\$12,732,683		\$12,732,683		\$12,732,683
180 Total Non-Current Assets	\$41,254	\$0	\$1,558,707	\$42,406,411	\$1,037,923	\$38,875,935	\$0	\$38,875,935
200 Deferred Outflow of Resources			\$101,766	\$249,199	\$901,288	\$2,318,128		\$2,318,128
200 Total Assets and Deferred Outflow of Resources	\$146,139	\$44,183	\$2,264,564	\$45,613,985	\$3,029,878	\$69,640,985	\$-2,111,184	\$67,529,801

Housing Authority of Fresno County (CA028)  
 FRESNO, CA  
 Entity Wide Balance Sheet Summary  
 Fiscal Year End: 12/31/2017

Submission Type: Audited/ Single Audit	14-182 N/C S/R Section 8 Programs	14-235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
311 Bank Overdraft						\$19,645		\$19,645
312 Accounts Payable <= 90 Days	\$17,117	\$31,418	\$54,220	\$615	\$86,328	\$317,799		\$317,799
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable	\$1,106	\$605	\$17,134	\$556	\$3,555	\$81,613		\$81,613
322 Accrued Compensated Absences - Current Portion			\$10,345	\$22,854	\$95,368	\$242,001		\$242,001
324 Accrued Contingency Liability								
325 Accrued Interest Payable				\$439,438		\$669,914		\$669,914
331 Accounts Payable - HUD PHA Programs						\$84		\$84
332 Account Payable - PHA Projects								
333 Accounts Payable - Other Government	\$4,322		\$40,326	\$1,175	\$355,047			\$355,047
341 Tenant Security Deposits	\$20,764		\$27,253	\$14,970	\$312,868			\$312,868
342 Unearned Revenue	\$759		\$22,202		\$72,394			\$72,394
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$157,980			\$1,646,237		\$2,032,881		\$2,032,881
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities			\$4,453	\$187,455	\$476,627	\$769,610		\$769,610
346 Accrued Liabilities - Other			\$10,657	\$86	\$46,194	\$57,448		\$57,448
347 Inter Program - Due To	\$152,328	\$44,887	\$591,219		\$1,485,298	\$1,485,299		\$-1
348 Loan Liability - Current								
310 Total Current Liabilities	\$354,408	\$76,910	\$777,809	\$2,315,394	\$708,072	\$6,616,602	\$-1,485,299	\$5,131,300
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$264,777			\$2,823,656	\$66,000	\$7,969,233		\$7,969,233
352 Long-term Debt, Net of Current - Operating Borrowings				\$500,000		\$500,000		\$0
353 Non-current Liabilities - Other	\$29,282			\$126,885		\$236,772		\$110,887
354 Accrued Compensated Absences - Non Current			\$5,264	\$12,888	\$51,595	\$130,198		\$130,198
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities	\$294,059	\$0	\$322,567	\$769,886	\$2,656,816	\$7,347,777		\$7,347,777
350 Total Non-Current Liabilities	\$648,465	\$76,910	\$1,105,640	\$6,567,209	\$3,682,483	\$22,800,582	\$-2,111,184	\$20,689,398
300 Total Liabilities								
400 Deferred Inflow of Resources			\$13,250	\$32,445	\$117,346	\$301,818		\$301,818
508.4 Net Investment in Capital Assets	\$-381,503		\$1,558,706	\$-1,529,608	\$971,924	\$8,311,270		\$8,311,270
511.4 Restricted Net Position	\$67,037		\$199,762		\$2,383,846			\$2,383,846
512.4 Unrestricted Net Position	\$187,560	\$32,727	\$612,814	\$40,566,687	\$-1,741,875	\$35,843,469		\$35,843,469
513 Total Equity - Net Assets / Position	\$-502,026	\$32,727	\$1,145,674	\$39,014,031	\$-769,951	\$46,538,585	\$0	\$46,538,585
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$146,439	\$44,183	\$2,264,564	\$45,613,685	\$3,028,878	\$69,640,985	\$-2,111,184	\$67,529,801

Housing Authority of Fresno County (CA028)  
 FRESNO, CA  
 Entity Wide Revenue and Expense Summary  
 Audited/ Single Audit FYE: 12/31/2017

	Project Total	14,896 PIH Family Self-Sufficiency Program	14,257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10,427 Rural Rental Assistance Payments	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	93,568 Temporary Assistance for Needy Families	6.1 Component Unit - Discretely Presented
70300 Net Tenant Rental Revenue	\$2,361,180			\$708,391				\$2,590,999
70400 Tenant Revenue - Other	\$35,809			\$8,233				\$83,569
70500 Total Tenant Revenue	\$2,396,989	\$0	\$0	\$716,624	\$0	\$0	\$0	
70600 HUD PHA Operating Grants	\$4,080,127	\$58,402			\$70,631	\$37,278,712		
70610 Capital Grants	\$67,608							
70710 Management Fee								
70720 Asset Management Fee								
70730 Book Keeping Fee								
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue								
70900 Other Government Grants				\$987,333				\$43,495
71100 Investment Income - Unrestricted	\$73,489			\$903				
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery								
71500 Other Revenue	\$84,096			\$14,362	\$259	\$53,892		\$1,900
71600 Gain or Loss on Sale of Capital Assets	\$279,028					\$90,076		
72000 Investment Income - Restricted								
72000 Total Revenue	\$6,423,281	\$88,402	\$0	\$1,109	\$70,890	\$37,423,150	\$0	\$128,984
91100 Administrative Salaries	\$556,958	\$37,313		\$77,256	\$52,697	\$1,344,419		\$7,147
91200 Auditing Fees	\$7,649	\$661		\$1,180	\$754	\$20,399		
91300 Management Fee	\$518,376			\$22,500		\$79,172		
91310 Book-keeping Fee	\$52,554					\$494,820		
91400 Advertising and Marketing	\$1,278			\$419		\$3,451		\$96
91500 Employee Benefit Contributions - Administrative	\$350,861	\$16,700		\$55,862	\$20,835	\$562,864		\$3,621
91600 Office Expenses	\$242,675			\$29,394	\$11,268	\$494,579		\$6,977
91700 Legal Expense	\$7,655			\$2,643		\$1,231		
91800 Travel	\$132			\$1,674	\$2,066	\$9,874		\$2
91810 Allocated Overhead								
91900 Other	\$197,380		\$149	\$39,995	\$9,230	\$259,869		\$51,164
91000 Total Operating - Administrative	\$1,835,518	\$54,674	\$149	\$228,923	\$96,850	\$3,963,218	\$0	\$69,027
92000 Asset Management Fee	\$84,169							
92100 Tenant Services - Salaries								
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services	\$2,085							
92400 Tenant Services - Other								
92500 Total Tenant Services	\$2,085	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Housing Authority of Fresno County (CA028)  
 FRESNO, CA  
 Entity Wide Revenue and Expense Summary  
 Audited/ Single Audit FYE: 12/31/2017

	Project Total	14,886 PIH Family Self-Sufficiency Program	14,257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10,427 Rural Rental Assistance Payments	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	93,568 Temporary Assistance for Needy Families	6.1 Component Unit - Discreetly Presented
93100 Water	\$199,584			\$55,984				\$4,159
93200 Electricity	\$97,245		\$6,363	\$6,363				\$888
93300 Gas	\$18,021		\$1,085	\$1,085				\$188
93400 Fuel								
93500 Labor								
93600 Sewer	\$248,379		\$52,169	\$52,169				\$3,732
93700 Employee Benefit Contributions - Utilities	\$246,385		\$21,885	\$21,885				\$1,332
93800 Other Utilities Expense	\$809,614	\$0	\$137,486	\$137,486	\$0	\$0	\$0	\$10,299
93000 Total Utilities								
94100 Ordinary Maintenance and Operations - Labor	\$276,286		\$69,903	\$69,903				\$7,307
94200 Ordinary Maintenance and Operations - Materials and Other	\$287,746		\$71,679	\$71,679	\$536	\$5,025		\$9,687
94300 Ordinary Maintenance and Operations Contracts	\$756,363		\$20	\$213,292	\$2,458	\$69,850		\$27,751
94500 Employee Benefit Contributions - Ordinary Maintenance			\$20	\$354,874	\$2,994	\$94,875	\$0	\$44,745
94000 Total Maintenance	\$1,320,425	\$0	\$20	\$354,874	\$2,994	\$94,875	\$0	\$44,745
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs								
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$56,797		\$9,534	\$9,534				\$2,780
96120 Liability Insurance	\$6,284		\$1,460	\$1,460				
96130 Workmen's Compensation	\$77,931	\$722	\$17,764	\$17,764	\$1,178	\$50,005		\$2,093
96140 All Other Insurance	\$35,371		\$4,723	\$4,723	\$3,518	\$2,916	\$24	\$148
96100 Total Insurance Premiums	\$176,383	\$722	\$33,481	\$33,481	\$4,696	\$52,923	\$24	\$5,021
96200 Other General Expenses	\$50,040		\$1,706	\$1,706	\$31	\$30,665		\$0
96210 Compensated Absences	\$34,676	\$3,772	\$18,975	\$18,975	\$7,008	\$250,819		\$1,616
96300 Payments in Lieu of Taxes	\$265,939							
96400 Bad debt - Tenant Rents	\$35,198		\$7,285	\$7,285				
96500 Bad debt - Mortgages								
96600 Bad debt - Other	\$2,418							
96800 Severance Expense	\$1,857		\$1,520	\$1,520				
96000 Total Other General Expenses	\$390,128	\$3,772	\$29,486	\$29,486	\$7,039	\$281,484	\$0	\$1,616
96710 Interest of Mortgage (or Bonds) Payable								
96720 Interest on Notes Payable (Short and Long Term)			\$7,326	\$7,326				\$86,289
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$7,326	\$7,326	\$0	\$0	\$0	\$86,289
96900 Total Operating Expenses	\$4,718,322	\$59,168	\$169	\$791,576	\$111,579	\$4,412,500	\$24	\$216,997
97000 Excess of Operating Revenue over Operating Expenses	\$1,704,959	-\$766	-\$169	\$928,755	-\$40,689	\$33,010,650	-\$24	-\$88,013

Housing Authority of Fresno County (CA028)  
 FRESNO, CA  
 Entity Wide Revenue and Expense Summary  
 Audited/ Single Audit FYE: 12/31/2017

	Project Total	14,886 PIH Family Self-Sufficiency Program	14,257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10,427 Rural Rental Assistance Payments	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	93,568 Temporary Assistance for Needy Families	6.1 Component Unit - Discretely Presented
97100 Extraordinary Maintenance								
97200 Casuality Losses - Non-capitalized								
97300 Housing Assistance Payments	\$2,123					\$33,656,031		
97350 HAP Portability-In								
97400 Depreciation Expense	\$1,357,821			\$27,983		\$6,996		\$141,096
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense		\$59,168	\$169	\$819,559	\$111,579	\$38,075,527	\$24	\$358,093
90000 Total Expenses	\$6,078,266							
10010 Operating Transfer In	\$331,767							
10020 Operating Transfer Out	-\$331,769							
10030 Operating Transfers from/to Primary Government	-\$2,586,449				\$76,428			
10040 Operating Transfers from/to Component Unit								
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss								
10080 Special Items (Net Gain/Loss)								
10091 Inter Project Excess Cash Transfer In								
10092 Inter Project Excess Cash Transfer Out								
10093 Transfers between Program and Project - In								
10094 Transfers between Project and Program - Out								
10100 Total Other financing Sources (Uses)	-\$2,586,451	\$0	\$0	\$0	\$76,428	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$2,241,436	-\$766	-\$169	\$900,772	\$35,739	-\$652,377	-\$24	-\$229,109
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$64,833	\$0	\$0	\$0	-\$161,831
11030 Beginning Equity	\$10,647,885	\$20,350	-\$125,482	\$2,136,150	-\$30,533	-\$1,176,849	\$263	-\$1,808,561
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$9,888							\$198,040
11050 Changes in Compensated Absence Balance								
11060 Changes in Contingent Liability Balance								
11070 Changes in Unrecognized Pension Transition Liability								
11080 Changes in Special Term/Severance Benefits Liability								
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity								
11180 Housing Assistance Payments Equity								
11190 Unit Months Available	\$8,040			\$1,200		\$436,633		\$2,160
11210 Number of Unit Months Leased	\$7,571			\$1,153		\$67,824		\$2,134
11270 Excess Cash	-\$750,955					\$65,821		
11610 Land Purchases	\$0							
11620 Building Purchases	\$0							
11630 Furniture & Equipment - Dwelling Purchases	\$0							
11640 Furniture & Equipment - Administrative Purchases	\$0							
11650 Leasehold Improvements Purchases	\$0							
11660 Infrastructure Purchases	\$0							
13510 OFFP Debt Service Payments	\$0							
13901 Replacement Housing Factor Funds	\$0							

Housing Authority of Fresno County (CA028)  
 FRESNO, CA  
 Entity Wide Revenue and Expense Summary  
 Audited/ Single Audit FYE: 12/31/2017

	14.182 N/C S/R Section 8 Programs	14.235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$163,260		\$325,083	\$194,547		\$3,835,051	\$0	\$3,835,051
70400 Tenant Revenue - Other	\$405		\$3,226	\$1,628		\$50,300	\$0	\$50,300
70500 Total Tenant Revenue	\$163,665	\$0	\$3,228,309	\$196,175	\$0	\$3,885,351	\$0	\$3,885,351
70600 HUD PHA Operating Grants		\$104,083				\$41,591,955		\$41,591,955
70610 Capital Grants						\$67,608		\$67,608
70710 Management Fee					\$1,382,004	\$1,382,004	-\$1,382,004	\$0
70720 Asset Management Fee					\$84,169	\$84,169	-\$84,169	\$0
70730 Book Keeping Fee					\$547,733	\$547,733	-\$547,733	\$360
70740 Front Line Service Fee					\$734,067	\$734,067		\$734,067
70750 Other Fees					\$2,747,973	\$2,747,973	-\$2,013,546	\$734,427
70700 Total Fee Revenue					\$2,747,973	\$2,747,973		\$734,427
70800 Other Government Grants	\$281,957		\$1,082,270			\$2,395,055		\$2,395,055
71100 Investment Income - Unrestricted			\$150	\$760,304	\$2,684	\$837,530		\$837,530
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery								
71500 Other Revenue	\$1,242	\$87	\$649,829	\$2,925,521	\$1,643,280	\$5,410,393	-\$914,407	\$4,495,986
71600 Gain or Loss on Sale of Capital Assets				\$4,240,000		\$3,961,231		\$3,961,231
72000 Investment Income - Restricted	\$939	\$44				\$2,562		\$2,562
70000 Total Revenue	\$447,803	\$104,170	\$2,060,602	\$8,122,000	\$4,393,937	\$60,953,550	-\$2,927,953	\$58,025,597
91100 Administrative Salaries	\$18,139	\$15,955	\$211,934	\$497,943	\$1,719,029	\$4,538,760		\$4,538,760
91200 Auditing Fees	\$8,900	\$137	\$3,114	\$8,723	\$19,932	\$70,449		\$70,449
91300 Management Fee	\$20,856		\$29,560			\$1,382,004	-\$1,382,004	\$0
91310 Book-keeping Fee						\$547,374	-\$547,373	\$1
91400 Advertising and Marketing	\$32		\$124	\$441	\$10,119	\$15,960		\$15,960
91500 Employee Benefit Contributions - Administrative	\$12,048	\$4,579	\$197,553	\$287,259	\$1,115,224	\$2,625,386		\$2,625,386
91600 Office Expenses	\$13,896	\$84,470	\$156,385	\$52,441	\$370,853	\$1,472,938	-\$418,766	\$1,054,172
91700 Legal Expense			\$4,539	\$18,791	\$87,768	\$122,627		\$122,627
91800 Travel	\$6		\$10,078	\$11,095	\$57,211	\$92,138		\$92,138
91810 Allocated Overhead								
91900 Other	\$4,182	\$4,395	\$45,700	\$173,532	\$434,202	\$1,219,818	-\$495,641	\$724,177
91000 Total Operating - Administrative	\$78,059	\$119,536	\$657,967	\$1,050,195	\$3,813,338	\$12,087,454	-\$2,843,784	\$9,243,670
92000 Asset Management Fee						\$84,169	-\$84,169	\$0
92100 Tenant Services - Salaries								
92200 Relocation Costs						\$2,085		\$2,085
92300 Employee Benefit Contributions - Tenant Services								
92400 Tenant Services - Other								
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$2,085	\$0	\$2,085

Housing Authority of Fresno County (CA028)  
 FRESNO, CA  
 Entity Wide Revenue and Expense Summary  
 Audited/ Single Audit FYE: 12/31/2017

	14.182 N/C S/R Section 8 Programs	14.235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
93100 Water	\$33,722		\$56,784	\$14,406	\$2,118	\$366,757		\$366,757
93200 Electricity	\$5,315		\$103,806	\$5,181	\$67,503	\$286,301		\$286,301
93300 Gas	\$727		\$13,752	\$6	\$628	\$34,407		\$34,407
93400 Fuel								
93500 Labor								
93600 Sewer	\$16,900		\$108,814	\$18,582	\$1,153	\$449,729		\$449,729
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense	\$12,236		\$41,969		\$3,082	\$326,889		\$326,889
93900 Total Utilities	\$68,900	\$0	\$325,125	\$38,175	\$74,484	\$1,464,083	\$0	\$1,464,083
94100 Ordinary Maintenance and Operations - Labor	\$16,394		\$74,582	\$11,610	\$122,382	\$578,464		\$578,464
94200 Ordinary Maintenance and Operations - Materials and Other	\$14,653		\$44,341	\$10,522	\$27,860	\$472,049		\$472,049
94300 Ordinary Maintenance and Operations Contracts	\$68,282	\$2,231	\$142,613	\$42,199	\$197,970	\$1,543,059	\$0	\$1,543,059
94500 Employee Benefit Contributions - Ordinary Maintenance								
94000 Total Maintenance	\$99,329	\$2,231	\$261,536	\$64,331	\$348,212	\$2,593,572	\$0	\$2,593,572
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs								
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$26,621		\$13,273	\$5,856	\$4,798	\$119,659		\$119,659
96120 Liability Insurance	\$508		\$1,704	\$344	\$362	\$10,662		\$10,662
96130 Workmen's Compensation	\$4,358	\$280	\$25,458	\$16,121	\$83,683	\$279,593		\$279,593
96140 All Other Insurance	\$1,335		\$4,622	\$3,963	\$13,350	\$69,972		\$69,972
96100 Total Insurance Premiums	\$32,822	\$280	\$45,057	\$26,284	\$102,193	\$479,886	\$0	\$479,886
96200 Other General Expenses	\$4		\$6,706	\$6,122	\$128,343	\$225,617		\$225,617
96210 Compensated Absences	\$2,998		\$5,151	\$58,743	\$359,005	\$742,763		\$742,763
96300 Payments in Lieu of Taxes						\$265,939		\$265,939
96400 Bad debt - Tenant Rents						\$46,058		\$46,058
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense					\$9,900	\$12,318		\$12,318
96900 Total Other General Expenses	\$6,577	\$0	\$13,857	\$64,865	\$516,352	\$1,315,176	\$0	\$1,315,176
96710 Interest of Mortgage (or Bonds) Payable								
96720 Interest on Notes Payable (Short and Long Term)	\$38,697			\$19,594		\$151,906		\$151,906
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	\$38,697	\$0	\$0	\$19,594	\$0	\$151,906	\$0	\$151,906
96900 Total Operating Expenses	\$324,384	\$122,047	\$1,303,542	\$1,263,444	\$4,854,579	\$18,178,331	\$2,927,953	\$15,250,378
97000 Excess of Operating Revenue over Operating Expenses	\$123,419	-\$17,877	\$757,060	\$6,858,556	-\$460,642	\$42,775,219	\$0	\$42,775,219

Housing Authority of Fresno County (CA028)  
 FRESNO, CA  
 Entity Wide Revenue and Expense Summary  
 Audited/ Single Audit FYE: 12/31/2017

	14.182 N/C S/R Section 8 Programs	14.235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
97100 Extraordinary Maintenance				\$166,456		\$166,456		\$166,456
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments	\$538		\$342,125			\$34,000,817		\$34,000,817
97350 HAP Portability-In								
97400 Depreciation Expense			\$31,289			\$1,565,185		\$1,565,185
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$324,922	\$122,047	\$1,676,956	\$1,429,900	\$4,854,579	\$53,910,789	-\$2,927,953	\$50,982,836
10010 Operating Transfer In			\$600			\$332,367		\$332,367
10020 Operating Transfer Out						-\$331,769		-\$331,769
10030 Operating Transfers from/to Primary Government				\$2,300,000		-\$210,021		-\$210,021
10040 Operating Transfers from/to Component Unit								
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss								
10080 Special Items (Net Gain/Loss)								
10091 Inter Project Excess Cash Transfer In								
10092 Inter Project Excess Cash Transfer Out								
10093 Transfers between Program and Project - In								
10094 Transfers between Project and Program - Out								
10100 Total Other financing Sources (Uses)	\$0	\$0	\$600	\$2,300,000	\$0	-\$209,423	\$0	-\$209,423
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$122,881	-\$17,877	\$384,246	\$8,992,100	-\$460,642	\$6,833,338	\$0	\$6,833,338
11020 Required Annual Debt Principal Payments				\$1,648,237	\$0	\$1,709,219		\$1,709,219
11030 Beginning Equity	\$157,980	\$0	\$0	\$30,070,971	-\$309,309	\$39,618,697		\$39,618,697
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$646,266	-\$14,850	-\$854,925		\$0	-\$86,550		-\$86,550
11050 Changes in Compensated Absence Balance	\$21,359		-\$93,497	-\$49,040	\$0			
11060 Changes in Contingent Liability Balance								
11070 Changes in Unrecognized Pension Transition Liability								
11080 Changes in Special Term/Severance Benefits Liability								
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity								
11180 Housing Assistance Payments Equity								
11190 Unit Months Available	\$49		\$2,328	\$2,168	\$0	\$436,633		\$436,633
11210 Number of Unit Months Leased	\$49		\$1,402	\$2,134	\$0	\$83,769		\$83,769
11270 Excess Cash						\$80,264		\$80,264
11610 Land Purchases					\$0	-\$750,955		-\$750,955
11620 Building Purchases					\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases					\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases					\$0	\$0		\$0
11650 Leasehold Improvements Purchases					\$0	\$0		\$0
11660 Infrastructure Purchases					\$0	\$0		\$0
13510 CFFP Debt Service Payments					\$0	\$0		\$0
13901 Replacement Housing Factor Funds					\$0	\$0		\$0

SINGLE AUDIT REPORTS AND RELATED SCHEDULES

DRAFT

**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***

Board of Commissioners  
Housing Authority of Fresno County  
Fresno, California

**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, 2017, 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 XX, 2018. Our report includes a reference to other auditors who audited the financial statements of Kerman Acre, LP, as described in our report on the Agency's financial statements. The financial statements of Kerman Acre, LP were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a significant deficiency.

### **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 XX, 2018

**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**

Board of Commissioners  
Housing Authority of Fresno County  
Fresno, California

**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, 2017. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

### **Report on Internal Control Over Compliance**

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

We have audited the basic financial statements of the Agency as of and for the year ended December 31, 2017, and have issued our report thereon dated September XX, 2018. 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 XX, 2018

DRAFT

**HOUSING AUTHORITY OF FRESNO COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2017**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Domestic Assistance Number	Program Identification Number	Program Expenditures
<b>Department of Agriculture:</b>			
<b>Direct Assistance:</b>			
Rural Rental Housing (rental assistance)	10.427		\$ 175,634
Farm labor housing Loans and Grants (loans)	10.405		672,261
Subtotal - Department of Agriculture			<u>847,895</u>
<b>Department of Housing and Urban Development:</b>			
<b>Direct Assistance:</b>			
Supporting Housing Program	14.235		104,083
Public and Indian Housing	14.850	Contract # SF-170	2,549,751
Public Housing Family Self-Sufficiency Under Resident Opportunity and Supportive Services	14.870	CA006RFS015A00	70,631
Section 8 Housing Voucher Program	14.871	Contract # SF-472	37,282,030
Section 8 Family Self-Sufficiency	14.896		58,402
Public Housing Capital Funds Program	14.872	Contract # SF-170	1,597,984
<b>Subtotal - HUD Direct Assistance</b>			<u><b>41,662,881</b></u>
<b>Passed through the State of California Housing Finance Agency:</b>			
Section 8 New Construction and Sub Rehab	14.182	CHFA # 76-54-N	281,957
<b>Subtotal - U.S. Department of Housing and Urban Development</b>			<u><b>41,944,838</b></u>
<b>Total expenditures of federal awards</b>			<u><b>\$ 42,792,733</b></u>

See accompanying notes to the schedule of expenditures of federal awards

HOUSING AUTHORITY OF FRESNO COUNTY

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2017

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

(a) Scope of Presentation

The accompanying schedule presents only the expenditures incurred (and related awards received) by the Housing Authority of Fresno County (Agency) that are reimbursable under federal programs of federal agencies providing financial assistance. For the purposes of this schedule, financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the 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. The Agency did not use the 10% de minimis indirect cost rate as covered in section 200.414 of the Uniform Guidance.

(b) Basis of Accounting

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

(c) Subrecipients

During the fiscal year ended December 31, 2017, the Agency disbursed no federal funds to subrecipients.

(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, which began on January 6, 2014 and end on April 2, 2035. At December 31, 2017, the outstanding balance for all the notes is \$672,261.

HOUSING AUTHORITY OF FRESNO COUNTY

Summary Schedule of Prior Audit Findings

Year ended December 31, 2017

**(2016-001) Timely Reconciliation of Pooled Cash Accounts to the Bank Statements**

The Agency uses a variety of bank accounts to segregate cash that is received and is to be expended on specific programs. These specific bank accounts are usually associated with a specific fund of the Agency and the monthly reconciliations for those bank accounts have been timely. However, the Agency also maintains banks accounts that are used for the Agency's pooled cash accounts. During fiscal year 2016, the Agency had not completed the monthly reconciliations of these pooled accounts in a timely manner. The December 2016 reconciliation had not been completed until July 2017.

Status

This finding is considered resolved.

**(2016-002) Improvements Needed in Closing of the Books at Year End**

For the Fiscal Year 2016 audit, the Agency had originally communicated to the auditors that the books would be closed and ready for audit by the end of March 2017. The auditors appropriately scheduled time for the final audit to be performed in the month of April. The Agency was still performing account reconciliations and reviews in April, as the books were not ready for audit. Subsequent field visits were made to tend to financial statement areas as they were completed. The Agency was still performing year end closing procedures in July.

Although it is not unusual for an entity to identify some adjustments subsequent to auditor's beginning fieldwork, the Agency did identify and record an unusually large amount of adjustments after the auditors had begun fieldwork. It is considered best practice for agencies to identify and post all necessary year-end adjustments prior to the commencement of the audit.

Status

This finding is considered resolved.

Boards of Commissioners  
Housing Authorities of the City and County of Fresno  
Fresno, California

We have audited the financial statements of the Housing Authorities of the City and County of Fresno for the year ended December 31, 2017, and have issued our report thereon dated **September XX, 2018**. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 13, 2018. Professional standards require that we provide you with the following information related to our audit.

#### Significant Audit Findings

##### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The more significant judgments and estimates reflected in the Agency's financial statements include:

- Judgments involving the useful lives and depreciation methodology to use for capital assets, including infrastructure
- Judgments concerning collectability of certain grants, notes and related party receivables
- Estimates regarding the amounts reflected as allowance for doubtful accounts
- Estimates of transactions related to net pension liabilities based on actuarial information is based on management's use of the California Public Employees' Retirement System's (CalPERS) actuarial study for its defined benefit plan. Management reviewed and approved the actuarial assumptions and calculations used to determine the net pension liability and related components.

We evaluated the key factors and assumptions used to develop these judgments and estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### ***Significant Difficulties Encountered in Performing the Audit***

We encountered no difficulties in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, except for one which relates to other revenue and beginning equity. The uncorrected misstatement detected as a result of the audit was not material, either individually or in the aggregate, to the financial statements taken as a whole. A material misstatement detected as a result of audit procedures was corrected by management and related to a prior period adjustment for the Agency's discretely presented component unit.

### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have obtained certain representations from management that are included in the management representation letter dated **September XX, 2018**.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to *management's discussion and analysis, the schedule of changes in net pension liability and related ratios and the schedule of plan contributions*, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Financial Data Schedules and Schedules of Modernization Costs Certificates of Completed Projects, which accompanies the financial statements but is not Required Supplementary Information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Commissioners and management of the Housing Authorities of the City and County of Fresno and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California  
September XX, 2018

DRAFT

Boards of Commissioners  
Housing Authorities of the City and County of Fresno  
Fresno, California

In planning and performing our audit of the financial statements of the Housing Authorities of the City and County of Fresno as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered Housing Authorities of the City and County of Fresno's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authorities of the City and County of Fresno's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authorities of the City and County of Fresno's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified.

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 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. We did not identify any deficiencies in the Housing Authorities of the City and County of Fresno's internal control that were considered to be material weaknesses.

We did, however, identify certain other matters identifying areas for improvement for consideration of the Agencies. These matters do not represent significant deficiencies or material weaknesses in internal control. These matters are as follows:

1. Enhancing Controls in the Payroll Area

It was noted that the Senior Accountant has the ability to process checks in the payroll system and release positive pay information. Even though she does not normally process payroll, best practice would be to restrict her access in the payroll system and allow her the ability to process payroll only as needed.

2. Enhancing Controls in the Accounts Payable Area

The employees that enter invoices into the accounts payable system have the ability to be the sole approver of invoices when the invoice is identified as an "utility payment". While the payments are reviewed once they are processed, best practice would be to identify certain vendors in the system as "utilities" and not enable the employees that enter invoices to have the ability to mark invoices as "utility payments".

3. Review of Certain General Ledger Accounts

It was noted during the year end audit that certain year end accounts had balances that may have needed further review, such as a receivable account with a credit balance. None of these unusual amounts were considered material. However, the Agencies may want to continue its general ledger efforts and investigate and resolve general ledger accounts with unusual ending balances. This review should include the unclaimed checks liabilities recorded in the Housing Choice Voucher Funds.

The Agencies may want to further look into the accounting for pre-development loans that are owed one of its joint ventures, the Housing Relinquished Fund Corporation (HRFC). While the total amount of the receivables agrees to the HRFC records, efforts should be made to ensure the individual project by project balances are accounted for properly. In reviewing the general ledger, it was also noted that these loans were charged a 5% interest rate. The Agency should consider formalizing the interest rate with Board approval.

This communication is intended solely for the information and use of management the Board of Commissioners, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California  
September XX, 2018