

**HOUSING AUTHORITY
OF THE CITY OF FRESNO**

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2011
(Including Auditors' Report Thereon)

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HOUSING AUTHORITY OF THE CITY OF FRESNO

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2011

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To the Board of Commissioners
**HOUSING AUTHORITY OF
THE CITY OF FRESNO**

INDEPENDENT AUDITORS' REPORT

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, 2011, which collectively comprise the Authorities' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of the City of Fresno, California's, management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the financial statements of the Housing Authority of the City of Fresno, California, as of December 31, 2011, and the respective changes in financial position and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2012, on our consideration of the Housing Authority of the City of Fresno, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, 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 the 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.

To the Board of Commissioners
**HOUSING AUTHORITY OF
THE CITY OF FRESNO**
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Accounting principles generally accepted in the United States of America require that *management's discussion and analysis* on pages 3 to 11 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 the 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 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 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 and opinion or provide any assurance.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial data schedules are presented for purposes of additional analysis as required by the Department of Housing and Urban Development's Real Estate Assessment Center and is not a required part of the financial statements. The financial data schedules are the responsibility of management and were derived from and relate 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Irvine, California
September 12, 2012

HOUSING AUTHORITY OF THE CITY OF FRESNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the Agency's performance for the year ended December 31, 2011 is prepared as a supplement to our accompanying year-end financial statements. We respectfully request readers to consider the information presented here in conjunction with additional information furnished in the financial statements and notes to the financial statements.

INTRODUCTON

The Housing Authority of the City of Fresno, California (the "Agency") is committed to innovative housing solutions and excellence in housing and resident services for low-income households throughout the City of Fresno. The Agency is continuously working towards being a responsive organization that meets the needs of its many different constituents as well as the broader Fresno community. Our mission is to create and sustain vibrant communities throughout Fresno.

The Agency's unwavering commitment is to provide quality housing and services that are accessible to low-income and very-low-income residents to help build strong families and communities. The Agency emphasizes the value of good design in its developments and the creation of opportunities that support vibrant and engaged communities possessing a strong and vital link between residents and service providers. The Agency is continually assisting and working with community organizations and local stakeholders in the development of high quality affordable housing. Such activities have lead to the deconcentration of poverty and the development of healthy market-rate, mixed income communities.

Our vision is to develop and expand the availability of quality affordable housing and to respond compassionately to community needs. In addition our desire is to build support and awareness that housing is a key component of vibrant, sustainable communities, and to strengthen the Agency's ability to address the challenges facing Fresno families and neighborhoods while maintaining the public's trust and confidence.

OVERVIEW OF THE AGENCY

The Housing Authority of the City of Fresno: Housing Authority of the City of Fresno serves a population of nearly 500,000 residents in an area covering roughly 100 square miles. The Agency manages 18 public housing properties organized into four Asset Management Projects (AMPs), has authority to provide 6,779 Section 8 housing vouchers and administers a home buyer program. The Agency also owns three bond-financed properties, The Woodside, El Cortez, and Dayton Square that are managed as affordable housing with no outside operating subsidy. The Agency is engaged in multiple ongoing development and modernization projects throughout the city. In addition to its Public Housing and Housing Choice Voucher programs, the Agency owns and manages a 40-unit farm labor housing program financed through the United States Department of Agricultural (USDA), a 51-unit Section 8 new construction development financed through the California Housing Finance Agency (CalHFA), and an emergency housing property on behalf of the County of Fresno. In addition, the Agency manages a residential rehab program for the City of Fresno Redevelopment Agency (RDA).

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

- Financial Statements, including the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and Statement of Cash Flows.
- Notes to the Basic Financial Statements,

The Agency like other governmental and quasi-governmental entities uses fund accounting to ensure and demonstrate compliance with funding related legal requirements. The , funds are combined in a Proprietary Fund.

The Agency's Proprietary Fund Type 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 which presents within this single fund type information, the activities of the Agency as a whole.

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

- **Statement of Net Assets** - Include all of the Agency's assets and liabilities and provide information about the amounts and investments in assets and the obligations to creditors. It also provides a basis of assessing the liquidity and financial flexibility of the Agency. Over time, increases or decreases in net assets will serve as a useful indicator of whether its financial health is improving or deteriorating.
- **Statement of Revenues, Expenses, and Changes in Net Assets** - Report the Agency's revenues by source and its' expenses by category to substantiate the change in net assets for the year. This statement measures the success of the Agency's operations over the past year.
- **Statement of Cash Flows** – Report the Agency's cash receipts and cash payments during the year, and provides information about the Agency's operating, investing, and financing activities.
- **Notes to Basic Financial Statements** – Provides additional information that is essential to a full understanding of the data provided in the Basic Financial Statements. The Notes to Basic Financial Statements can be found in this report after the Basic Financial Statements.
- **Supplemental Information** – Reports the schedule of expenditures of federal awards presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations and includes other supplemental information such as Financial Data Schedules which are submitted to HUD's Real Estate Assessment Center (REAC) on-line systems.

SIGNIFICANT PROGRAMS

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

Public Housing. The Agency's Public Housing Program includes approximately 1,000 public housing units which are scattered throughout the City of Fresno. Residents pay 30% of their adjusted gross income to the Agency as rent and HUD subsidizes the balance using a formula approach which HUD considers adequate to manage and maintain each property.

Public Housing Capital Fund/ARRA Program. The Agency administers HUD's Capital Fund Program (CFP) which provides funding for modernization and improvement, new construction, and development of public housing. Each year HUD establishes a new grant and publishes the amount awarded that can be expended over a period not to exceed four years. The recovery and stimulus funds received from the American Recovery Reinvestment Act were fully expended during the year.

Other Programs:

CalHFA Section 8 New Construction

USDA Farm Labor Housing

Fresno County Emergency Housing

Supportive Housing

Community Housing Partnership Program with the Fresno City RDA

Low Income Housing Opportunity Program

Shelter Plus Care

HOPE VI

Housing Counseling Assistance

Home Ownership Opportunities and Training

Shelter Plus Care

Mainstream Voucher

Resident Opportunities and Self Sufficiency

Family Self Sufficiency

Neighborhood Stabilization Program

Homeless Prevention and Rapid Re-Housing

Affordable Housing

FINANCIAL ANALYSIS

Net Assets

Net assets represent the Agency's equity, a portion of which is restricted to certain uses. Net assets are 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. Although the Agency's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- **Restricted net assets:** These are assets subject to external limitations on the way in which they may be used and/or having time-related restriction.
- **Unrestricted net assets:** These assets are available for any use that is lawful and prudent based on the Agency's stated mission, strategic plans, and/or amounts specifically assigned by management.

Net assets are summarized and segregated by type in the following table:

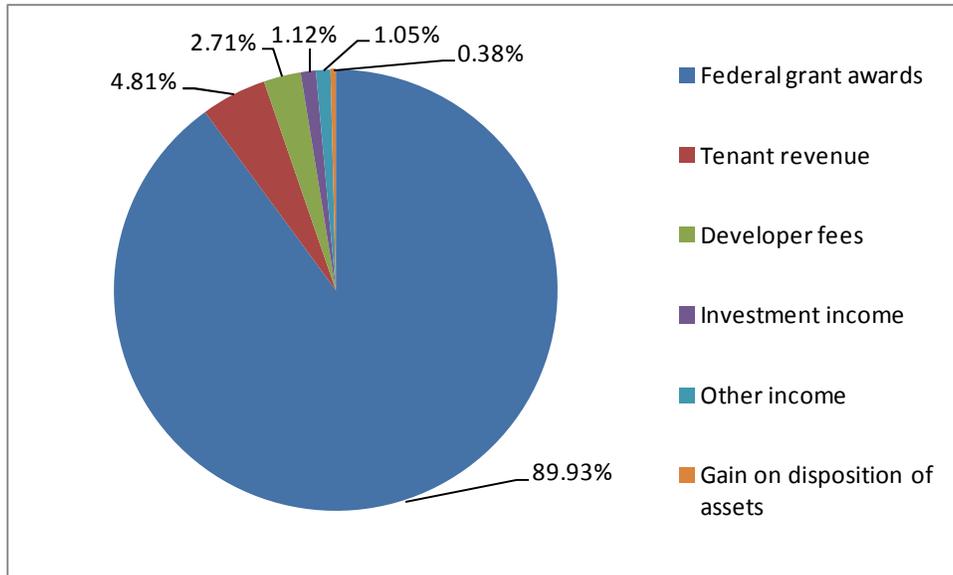
Statements of Net Assets

<u>ASSETS</u>	2011	2010	Increase (Decrease)	%
Current assets	\$ 9,995,740	\$ 33,700,384	\$ (23,704,644)	-70.34%
Restricted assets	5,905,124	5,057,628	847,496	16.76%
Capital assets, net	24,498,379	29,437,158	(4,938,779)	-16.78%
Other assets	46,764,541	22,320,566	24,443,975	109.51%
Total Assets	<u>\$ 87,163,784</u>	<u>\$ 90,515,736</u>	<u>\$ (3,351,952)</u>	<u>-3.70%</u>
<u>LIABILITIES</u>				
Current liabilities	6,140,938	6,795,258	(654,320)	-9.63%
Non-current liabilities	16,295,403	12,701,353	3,594,050	28.30%
Total liabilities	<u>22,436,341</u>	<u>19,496,611</u>	<u>2,939,730</u>	<u>15.08%</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	18,168,148	18,629,223	(461,075)	-2.48%
Restricted	5,529,471	25,777,831	(20,248,360)	-78.55%
Unrestricted	41,029,824	26,612,071	14,417,753	54.18%
Total net assets	<u>64,727,443</u>	<u>71,019,125</u>	<u>(6,291,682)</u>	<u>-8.86%</u>
Total liabilities and net assets	<u>\$ 87,163,784</u>	<u>\$ 90,515,736</u>	<u>\$ (3,351,952)</u>	<u>-3.70%</u>

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by \$64.7 million (see total net assets). Of this amount, \$41.0 million (unrestricted net assets) may be used to meet the Agency’s ongoing obligations, \$5.5 million is restricted for specific purposes (restricted net assets) and \$18.2 million is invested in capital assets, net of related debt.
- Total net assets decreased \$6.3 million (8.86%) from the prior year. This change is mainly due to a \$3.4 million decline in total assets and \$2.9 million increase in total liabilities due primarily to a restatement of beginning equity resulting from a change in presentation. In past years The Housing Authority of the City of Fresno and The Housing Authority of the County of Fresno were combined into a single reporting entity. For Fiscal Year 2011 both housing authorities are being presented separately.
- The Agency’s current ratio which measures its ability to pay back its short-term liabilities with its short-term assets decreased from 4.96 in 2010 to 1.63 in 2011. This decrease is primarily due to the reduction in cash and investments resulting from the current year change in presentation and the reclassification of certain entities from blended component units to joint ventures.

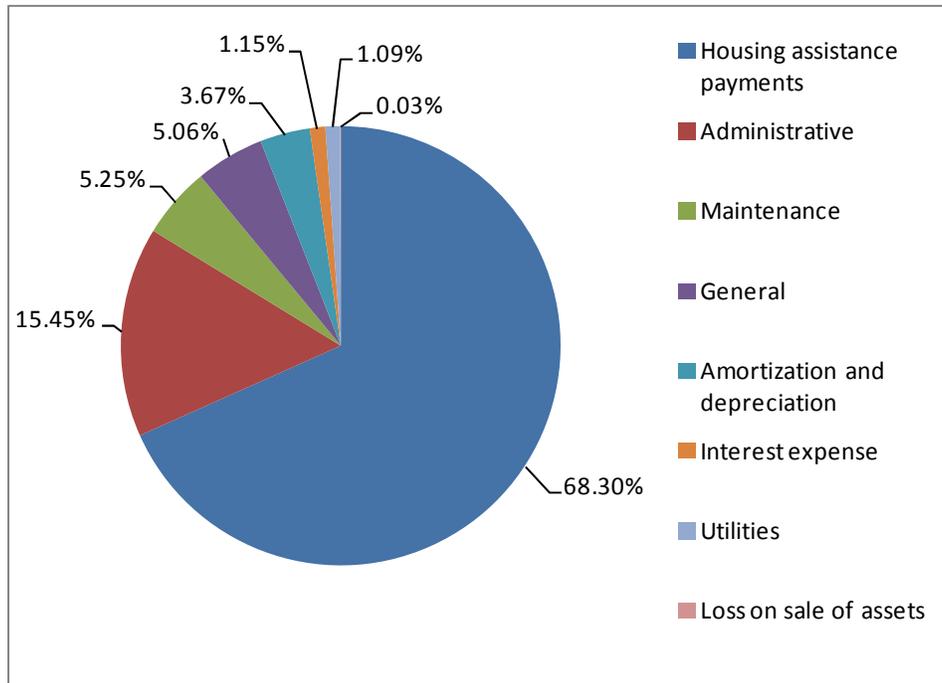
- Capital assets, net of depreciation declined from \$29.4 million to \$24.5 million, a 16.78% decrease from the prior year. The change is primarily the result of current year depreciation of \$2.4 million, and reclassification of certain items to assets held for sale.
- Other assets increased by \$24.4 million (109.51%) due to a \$1.6 million decrease in notes and mortgages receivable, \$20.1 million increase in investment in joint ventures and reclassification of assets held for sale of approximately \$4.0 million.
- Current liabilities include liabilities currently due, and within one year along with current portion of long-term debt. The current balance declined from the prior year primarily due to a reduction in accounts payable.
- Noncurrent liabilities include notes and other mortgages payable which reported a net increase of \$3.6 million primarily due to the change in presentation.

Fiscal Year 2011 Revenues



Federal grant awards	\$ 59,108,235	89.93%
Tenant revenue	3,158,387	4.81%
Developer fees	1,781,826	2.71%
Investment income	738,927	1.12%
Other income	691,113	1.05%
Gain on disposition of assets	249,590	0.38%
Total revenue for 2011	\$ 65,728,078	100.00%

Fiscal Year 2011 Expenditures



Housing assistance payments	\$ 44,525,536	68.30%
Administrative	10,071,516	15.45%
Maintenance	3,420,720	5.25%
General	3,300,611	5.06%
Amortization and depreciation	2,395,351	3.67%
Interest expense	748,100	1.15%
Utilities	709,069	1.09%
Loss on sale of assets	16,791	0.03%
Total expenditures for 2011	<u>\$ 65,187,694</u>	<u>100.00%</u>

Change in Net Assets

Operating and nonoperating revenue and expenses summarized:

Statements of Revenues, Expenses and Changes in Net Assets

	2011	2010	Increase (Decrease)	%
<u>OPERATING REVENUES</u>				
Rents	\$ 3,158,387	\$ 3,347,960	\$ (189,573)	-5.66%
Fees from related parties	33,702	682,178	(648,476)	-95.06%
Operating subsidy	54,111,993	53,522,023	589,970	1.10%
Other	657,411	2,828,423	(2,171,012)	-76.76%
Total operating revenues	<u>57,961,493</u>	<u>60,380,584</u>	<u>(2,419,091)</u>	<u>-4.01%</u>
<u>OPERATING EXPENSES</u>				
Administrative	10,071,516	10,837,508	(765,992)	-7.07%
Utilities	709,069	791,804	(82,735)	-10.45%
Maintenance	3,420,720	2,948,487	472,233	16.02%
General	3,300,611	6,118,395	(2,817,784)	-46.05%
Housing assistance payments	44,525,536	44,596,798	(71,262)	-0.16%
Loss on assets held for sale	16,791	1,595,794	(1,579,003)	-98.95%
Amortization and Depreciation	2,395,351	2,110,148	285,203	13.52%
Total operating expenses	<u>64,439,594</u>	<u>68,998,934</u>	<u>(4,559,340)</u>	<u>-6.61%</u>
Operating (loss)	(6,478,101)	(8,618,350)	2,140,249	-24.83%
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Grants	1,974,865	12,221,496	(10,246,631)	-83.84%
Developer fees	1,781,826	-	1,781,826	100.00%
Investment income	504,323	429,860	74,463	17.32%
Changes in joint ventures	234,604	-	234,604	100.00%
Gain on disposition/sale of capital assets	249,590	3,989,283	(3,739,693)	-93.74%
Interest expense	(748,100)	(456,187)	(291,913)	63.99%
Income tax expense	-	(649,961)	649,961	-100.00%
Other	-	6,959	(6,959)	-100.00%
Total nonoperating income (expense)	<u>3,997,108</u>	<u>15,541,450</u>	<u>(11,544,342)</u>	<u>-74.28%</u>
Net income (loss) before contributions	(2,480,993)	6,923,100	(9,404,093)	-135.84%
Capital Contributions - capital grants	<u>3,021,377</u>	<u>1,299,771</u>	<u>1,721,606</u>	<u>132.45%</u>
Changes in net assets	540,384	8,222,871	(7,682,487)	-93.43%
Net assets at beginning of year	71,019,125	62,796,254	8,222,871	13.09%
Prior period adjustments	<u>(6,832,066)</u>	-	<u>(6,832,066)</u>	<u>100.00%</u>
Net assets at beginning of year - restated	<u>64,187,059</u>	<u>62,796,254</u>	<u>1,390,805</u>	<u>2.21%</u>
Net Assets - end of year	<u>\$ 64,727,443</u>	<u>\$ 71,019,125</u>	<u>\$ (6,291,682)</u>	<u>-8.86%</u>

The Agency reported an overall net increase in net assets of \$540,384 for 2011. Key elements of other changes are as follows:

- Operating revenue \$58.0 million decreased by \$2.4 million (4.01%) from the prior year due to a \$3.9 million decline in earned Section 8 housing assistance payments and administrative fees. These decreases from the prior year were partially offset by an increase in interest income on long-term notes receivable of \$0.4 million.
- Operating expenses of \$64.4 million were \$4.6 million (6.61%) lower than the previous year due to cost-cutting measures most significantly in administrative, general expenses, and loss on assets held for sale. These expense savings helped to offset the current year reduction in operating income.
- Nonoperating income of \$4.0 million was lower than the prior year by \$11.5 million (74.28%). The most significant change of \$10.1 million was due to a reduction in federal funding stemming from the conclusion of programs that were funded by the federal stimulus package. These decreases were partially offset by an increase of \$1.8 million from developer fees and additional earnings in a number of other line items.
- During the year the Agency incurred before depreciation expenses \$62.8 million for all programs. The largest programs continue to be Housing Choice Voucher Program (\$49.0 million) and Public Housing (\$5.1 million).

Economic Events that will Financially Impact the Agency's Future

The Agency's dependence on HUD for funding its' ongoing operations will undoubtedly continue. The current federal budget deficit will go on having a significant impact on the Agency's operating budget due to our historical reliance more so than may be the case for state or local governments. In 2011 the Agency received 90% of its operating and nonoperating revenues from federal grants: 98% of the grants were specifically provided by HUD. The Agency will continue to explore alternative funding options to lessen this dependency through its' development activities, and pursuit of other grants. However HUD will more likely than not continue to be a major funding source.

Historically, the federal government has chosen to play a principal role in providing funding for low-income housing developments and housing authorities since prior to the National Housing Act of 1937. While federal support for affordable housing has fluctuated with each administration, there has been a long-term record of nationwide financial support. However there are discussions at the federal level recommending decreased funding for the public housing and housing choice voucher programs, two of the largest programs administered by the Agency. The 2009 American Recovery and Reinvestment Act (ARRA) provided stimulus and recovery funds which were used towards modernization of existing public housing, homelessness prevention, neighborhood revitalization and new construction. This grant was fully expended in 2011.

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, clean and affordable housing promoting safe, healthy and vibrant communities. It is essential we be mindful of the impact the current recession is having on how we provide services, that impacts the way we navigate through future operating and development opportunities and the way we interface with our residents and other community members. Our residents continue to be the most vulnerable sector as the recession continues. Job cuts, declining work hours, and slow growth in job creation is hampering their ability to "make ends meet" which in turn has decreased their share of the rent received by the Agency. The

recession has also tightened the availability of desired funding sources while increasing the cost of capital needed to fund new construction.

While we acknowledge the aforementioned challenges and face these political and economic realities head-on, we remain committed more than ever to our mission including future development and expansion of quality affordable housing. Our strategy for accomplishing this includes growing and preserving appropriate residential assets and, fostering local development and relationships with our community partners and other stakeholders. We are confident our strategy will allow us to attain these goals and continue to strengthen and enhance the Agency's ability to address the housing and quality of life challenges facing Fresno communities both now and in the future.

REQUEST FOR ADDITIONAL INFORMATION

The Agency designed the financial report to provide the reader with general overview of its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Administrative Officer, the Housing Authority of the City of Fresno, P.O. Box 11985, Fresno, California 93776-1985.



FRESNO VIBRANT
COMMUNITIES
QUALITY HOUSING
AUTHORITY ENGAGED RESIDENTS



Vibrant Communities ~ Quality Housing ~ Engaged Residents

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HOUSING AUTHORITY OF THE CITY OF FRESNO

Statement of Net Assets

December 31, 2011

ASSETS

Current assets:

Cash and investments	\$	5,540,343
Accounts receivable - tenants (net of allowance for doubtful accounts of \$23,508)		50,530
Accounts receivable - other (net of allowance for doubtful accounts of \$327,525)		690,437
Accounts receivable - related parties		96,052
Accounts receivable - joint ventures		8,875
Due from other governments		852,966
Interest receivable		14,621
Prepaid expenses and other assets		235,705
Notes receivable		200,000
Assets held for sale		2,306,211
Total current assets		<u>9,995,740</u>

Restricted assets:

Restricted cash		<u>5,905,124</u>
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Capital assets:

Land		4,055,494
Buildings		64,075,353
Equipment - dwelling		1,193,864
Equipment - administration		5,541,357
Accumulated depreciation		(55,212,210)
Construction in progress		4,844,521
Total capital assets		<u>24,498,379</u>

Other noncurrent assets:

Notes receivable		1,000,000
Notes receivable from related parties (net of allowance for doubtful accounts of \$2,490,904)		18,883,746
Interest receivable from related parties		379,841
Developer fees receivable		984,737
Investment in joint ventures		20,147,586
Deferred outflows		239,102
Assets held for sale		4,513,113
Other assets		616,416
Total other noncurrent assets		<u>46,764,541</u>
Total assets	\$	<u>87,163,784</u>

See accompanying notes to basic financial statements

HOUSING AUTHORITY OF THE CITY OF FRESNO

Statement of Net Assets

December 31, 2011

(Continued)

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable - vendors	\$	825,569
Accounts payable - other governments		2,543,527
Accrued salaries		243,247
Accrued interest payable		17,835
Tenant security deposits payable		304,444
Other current liabilities		622,990
Current portion of long-term liabilities		509,808
Current portion of loans payable to related parties		855,304
Deferred revenue		218,214
Total current liabilities		<u>6,140,938</u>

Noncurrent liabilities:

Long-term liabilities		10,619,218
Long-term loans payable to related parties		4,761,538
Interest payable to related parties		417,135
Derivative instrument liability		239,102
Other		258,410
Total other noncurrent liabilities		<u>16,295,403</u>
Total liabilities		<u>22,436,341</u>

Net assets:

Invested in capital assets, net of related debt		18,168,148
Restricted for:		
Externally required reserves		728,077
Housing assistance payments		4,801,394
Unrestricted		<u>41,029,824</u>
Total net assets		<u>64,727,443</u>
Total liabilities and net assets	\$	<u>87,163,784</u>

See accompanying notes to basic financial statements

HOUSING AUTHORITY OF THE CITY OF FRESNO
Statement of Revenues, Expenses and Changes in Net Assets
Year ended December 31, 2011

OPERATING REVENUES:

Rents	\$ 3,158,387
Fees from related parties	33,702
Operating grants	54,111,993
Other	<u>657,411</u>
Total operating revenue	<u>57,961,493</u>

OPERATING EXPENSES:

Administrative	10,071,516
Utilities	709,069
Maintenance	3,420,720
General	3,300,611
Housing assistance payments	44,525,536
Loss on sale of assets held for sale	16,791
Amortization	3,192
Depreciation	<u>2,392,159</u>
Total operating expenses	<u>64,439,594</u>
Operating income (loss)	<u>(6,478,101)</u>

NONOPERATING REVENUES (EXPENSES):

Grants	1,974,865
Developer fees	1,781,826
Investment income - unrestricted	492,405
Investment income - restricted	11,918
Changes in joint ventures	234,604
Gain (loss) on sale/disposition of capital assets	249,590
Interest expense	<u>(748,100)</u>
Total nonoperating revenues (expenses)	<u>3,997,108</u>
Net income (loss) before capital contributions	(2,480,993)
Capital contributions - capital grants	<u>3,021,377</u>
Changes in net assets	540,384
Net assets at beginning of year	<u>64,187,059</u>
Net assets at end of year	<u>\$ 64,727,443</u>

See accompanying notes to basic financial statements

HOUSING AUTHORITY OF THE CITY OF FRESNO

Statement of Cash Flows
Year Ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from tenants	\$ 3,130,170
Cash received from others	1,119,901
Proceeds from the sale of assets held for sale	2,087,202
Cash paid to acquire assets held for sale	(243,298)
Cash paid for issuance of notes receivable	(3,338,430)
Repayments received on notes receivable	250,000
Cash paid to joint ventures	(5,788,021)
Cash paid to employees for services	(5,052,605)
Cash paid to suppliers for goods and services	(15,782,545)
Cash received from operating grants	54,263,966
Cash paid for housing assistance	(44,610,249)
Net cash used by operating activities	<u>(13,963,909)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Cash received from grants	1,974,865
Cash received from developers	797,089
Cash received from draws on line of credit	480,627
Cash paid for repayment of line of credit	(2,044,878)
Issuance of notes payable to related parties	1,400,601
Principal payments on long term debt	(3,569,471)
Interest paid on debt	(121,866)
Net cash provided by noncapital financing activities	<u>(1,083,033)</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:

Grants received to acquire/construct capital assets	3,021,377
Acquisition of capital assets	(1,005,772)
Proceeds from sale of capital assets	1,168,596
Principal paid on long term debt	(626,121)
Interest paid on long term debt	(299,971)
Net cash used by capital financing activities	<u>2,258,109</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received from investments	349,451
Interest on restricted cash	143,550
Net cash provided by investing activities	<u>493,001</u>

Net increase (decrease) to cash	(12,295,832)
Cash at beginning of year	<u>23,741,299</u>
Cash at end of year	<u>\$ 11,445,467</u>

See accompanying notes to basic financial statements

HOUSING AUTHORITY OF THE CITY OF FRESNO

Statement of Cash Flows
Year Ended December 31, 2011
(Continued)

RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:

Operating income (loss)	\$ (6,478,101)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Depreciation	2,392,159
Gain (loss) on sale/disposition of capital assets	249,590
Changes in joint ventures	234,604
(Increase) decrease in accounts receivable - tenants	(15,394)
(Increase) decrease in accounts receivable - other	457,248
(Increase) decrease in due from other governments	151,973
(Increase) decrease in notes receivable	(3,088,430)
(Increase) decrease in other current receivables	23,416
(Increase) decrease in prepaid expenses and other assets	(31,883)
(Increase) decrease in assets held for resale	2,972,314
(Increase) decrease in deposits	6,373
(Increase) decrease in investment in joint venture	(5,788,021)
Increase (decrease) in accounts payable - vendors	(524,391)
Increase (decrease) in due to related parties	(1,390,196)
Increase (decrease) in accrued salaries	(335,668)
Increase (decrease) in accounts payable - other governments	(2,343,038)
Increase (decrease) in deferred revenue	(24,886)
Increase (decrease) in other current liabilities	(354,403)
Increase (decrease) in tenant security deposits payable	(19,196)
Increase (decrease) in long-term liabilities	<u>(57,979)</u>
 Net cash provided by (used for) operating activities	 \$ <u>(13,963,909)</u>

RECONCILIATION OF CASH PER STATEMENT OF NET ASSETS TO CASH PER THE STATEMENT OF CASH FLOWS:

Cash and investments	\$ 5,540,343
Restricted cash	<u>5,905,124</u>
Cash at end of year	<u>\$ 11,445,467</u>

Significant noncash investing, capital or financing activities for the year ended December 31, 2011 included the following:

Approximately \$1.5 million of capital assets were reclassified to assets held for sale.

See accompanying notes to basic financial statements

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2011

(1) **Summary of Significant Accounting Policies**

(A) **General Purpose**

The Housing Authority of the City of Fresno, California (the Authority) is responsible for the development and implementation of housing programs and activities for the City of Fresno, California. The Authority provides housing programs to over 7,800 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 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. Commissioners are appointed for four year terms by the City Council.

As required by generally accepted accounting principles, these financial statements present the Housing Authority and any component units. A component unit is an entity for which primary government entity 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 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 BASIC FINANCIAL STATEMENTS

(Continued)

(1) **Summary of Significant Accounting Policies, (Continued)**

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 Authority’s blended component unit is as follows:

Pacific Gardens Enterprises, Inc. a California Corporation. In 2010, the Authority 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. Pacific Gardens Enterprises, Inc. does not issue separate component unit financial statements.

(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 Authority has chosen to report its activity as one fund. The fund of the Authority 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 Authority’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. Under this basis of accounting and measurement focus, the Authority applies (a) all Governmental Accounting Standards Board (GASB) pronouncements and (b)

HOUSING AUTHORITY OF THE CITY OF FRESNO
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

Financial Accounting Standards Board (FASB) Statements and Interpretations, and Accounting Principles Board (APB) Statements opinions, and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

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

(E) Interest Rate Swaps

The Authority has entered into interest rate swap agreements to fix the interest rates on certain outstanding variable rate debt. These agreements are recorded at fair value. The changes in fair value of hedging derivative investments do not affect investment revenue but are reported as deferrals. As of December 31, 2011, all potential hedging derivatives of the Authority are considered to be effective hedges.

(F) Cash and Cash Equivalents

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

(G) Assets Held for Sale

Several of the Authority's funds administer home ownership programs. Assets held for sale consist of housing units set aside by the Authority for these home ownership programs. These assets are recorded at the Authority's cost to purchase the property or upon entering into a contract for sale, the estimated realizable value, if lower. See note 6 for further discussion.

(H) Capital Assets

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

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

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(I) Allowance for Doubtful Accounts

Accounts receivable - tenants are stated net of an allowance for doubtful accounts. The Authority estimates an allowance based on an analysis of specific tenants, taking into consideration past due accounts and an assessment of the tenant's ability to pay. The total allowance for doubtful tenant accounts was \$23,508 at December 31, 2011.

Accounts receivable – other are stated net of allowance for certain amounts owed to the Authority from landlord participants. The total allowance for doubtful accounts receivable – other was \$327,525 at December 31, 2011.

Notes receivable are stated net of allowance for loans that were made as part of the HOPE VI Revitalization and Hope 3 programs that the Authority is uncertain as to when amounts will be collected. The total allowance for notes receivable was \$2,490,904 at December 31, 2011.

(J) Net Assets

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

(K) Operating Revenue and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary finds. For the Authority, 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 nonoperating revenue and expenses.

(L) Income Taxes

The Authority 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 Authority. The Authority files federal and state tax returns for the corporation.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(M) Grant Restrictions

The Authority 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 Authority's U.S. Department of Agriculture program exceeds certain levels, the payments on these notes must be increased.

(N) Use of Estimates

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

(O) 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 Authority. 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.

(2) Cash and Investments

Cash and investments held by the Authority at December 31, 2011 are classified as follows in the accompanying Statement of Net Assets:

Cash and investments as of December 31, 2011, are classified in the accompanying financial statements as follows:

Cash and investments	\$ 5,540,343
Restricted cash	<u>5,905,124</u>
Total cash and investments	<u>\$11,445,467</u>

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

Cash and investments as of December 31, 2011, consist of the following:

Cash on hand	\$ 1,550
Deposits with financial institutions	1,403,188
Deposits held by regulatory agencies (CHFA)	160,325
Equity in investment pool	<u>9,880,404</u>
 Total cash and investments	 <u>\$11,445,467</u>

Investments Authorized by the California Government Code and the Entity's Investment Policy

The table below identifies the investment types that are authorized for the Authority by the California Government Code and the Authority's investment policy. The table also identifies certain provisions of the California Government Code (or the Authority's investment policy, if more restrictive) that addresses interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Authority, rather than the general provisions of the California Government Code or the Authority's investment policy.

<u>Investment Types Authorized by State Law</u>	<u>Authorized By Investment Policy</u>	<u>*Maximum Maturity</u>	<u>*Maximum Percentage Of Portfolio</u>	<u>*Maximum Investment In One Issuer</u>
Local Agency Bonds	No	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	Yes	92 days	20%	None
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	No	N/A	20%	10%
Time Certificates of Deposit	Yes	5 years	30%	None
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

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 Authority's Investment Policy, the Authority 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.

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity</u>			
		<u>Less Than 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>Over 3 years</u>
Equity in Investment Pool	\$9,880,404	9,880,404	-	-	-
Total	\$9,880,404	9,880,404	-	-	-

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. Presented below is the minimum rating required by (where applicable) the California Government Code, the Authority's investment policy and the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Fair Value</u>	<u>Rating as of Year End</u>	
			<u>AAA</u>	<u>Not Rated</u>
Equity in Investment Pool	N/A	\$9,880,404	-	9,880,404
		\$9,880,404	-	9,880,404

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(2) **Cash and Investments, (Continued)**

Concentration of Credit Risk

The investment policy of the Authority 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 Authority's total investments.

Custodial Credit Risk

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

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

The Authority executed a "General Depository Agreement" with Bank of the West on September 23, 2009. This agreement states that "any portion of the PHA funds not insured by a Federal insurance organization shall be fully (110%) 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, 2011 \$160,325 of the Authority's deposits held with the California Housing Finance Agency (CHFA) were uncollateralized.

HOUSING AUTHORITY OF THE CITY OF FRESNO
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

Equity in Investment Pool

The Authority'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 Authority'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. The Authority values all of its cash and investments in the investment pool at fair value on a portfolio basis. Cash and investments of the investment pool consist mainly of an investment in the State of California Local Agency Investment Fund.

Investment in State Investment Pool

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

(3) Restricted Cash

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

Cash in the amount of \$160,325 was held by the California Housing Finance Agency (CHFA) and can only be used for major repairs or insurance on the associated project, upon receipt of prior written approval from CHFA. Cash in the amount of \$387,662 was held for the replacement of the USDA projects and cannot be disbursed without the approval by the USDA Rural Economic and Community Development.

The funds held by CHFA, excess HAP funds, the funds held for the replacement of the USDA program projects are also reported as restricted net assets. The amounts held by the Authority on behalf of program participants, tenants and for future HAP payments not yet taken as revenue are also reported as payable from restricted assets.

Cash and investments were also restricted for the following amounts at December 31, 2011: \$279,780 was restricted for tenant security deposits, \$4,801,393 was restricted for future Housing Assistance Payments, and \$275,964 was restricted for other payables.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(4) Notes Receivable

The following is a summary of changes in notes receivable as of December 31, 2011:

	Restated Balance 1/1/11	<u>Additions</u>	Payments Received	Balance 12/31/11	Due in One Year
Bank of the West	\$ 250,000	200,000	(250,000)	200,000	200,000
City of Clovis	500,000	-	-	500,000	-
Fresno Canyon Springs LP	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Subtotals	<u>1,250,000</u>	<u>200,000</u>	<u>(250,000)</u>	<u>1,200,000</u>	<u>200,000</u>
Related party notes:					
BOB	125,000	-	-	125,000	-
Limited Partnerships:					
Renaissance at Trinity	-	400,000	-	400,000	-
Parc Grove Commons II	5,322,730	-	-	5,322,730	-
YEC Limited	6,258,335	-	-	6,258,335	-
Fresno Pacific Gardens LP	-	2,738,430	-	2,738,430	-
Joint Ventures:					
HRFC	-	3,978,495	-	3,978,495	-
Silvercrest	55,000	-	-	55,000	-
Villa Del Mar	<u>5,756</u>	<u>-</u>	<u>-</u>	<u>5,756</u>	<u>-</u>
Subtotals	<u>11,766,821</u>	<u>7,116,925</u>	<u>-</u>	<u>18,883,746</u>	<u>-</u>
Totals	<u>\$13,016,821</u>	<u>7,316,925</u>	<u>(250,000)</u>	<u>20,083,746</u>	<u>200,000</u>

The beginning balance was increased by \$60,756 to reflect certain receivables due from the joint ventures and was decreased by \$1,700,000 for certain receivables from BOB that are now accounted as a receivable in the HRFC joint venture. The beginning balance was also decreased by \$9,872,852 to properly reflect certain amounts as receivables in the HRFC joint venture.

See additional disclosures for related party transactions at notes 14, 15 and 16.

Bank of the West

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

The HOPE VI program also carries secondary loans on each of the units that were sold. These secondary loans, totaling \$2,362,984, are deferred for 30 years. Since the secondary loans are deferred for 30 years, the Authority has estimated an allowance equal to the amounts of the loans for \$2,362,984 (also see note 1I).

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(4) Notes Receivable, (Continued)

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

The Bank of the West provided loans of up to \$10,000 per property sold in the Sierra Pointe Development. The Authority established a receivable from the Bank of the West for these loans issued. This amount is considered to be short-term as reimbursement for the loans are expected to be collected within one year. The outstanding balance of these loans at December 31, 2011 is \$200,000.

City of Clovis

The Authority has purchased a \$500,000 subordinate, multifamily housing revenue bond for the Silverridge at Clovis Project. The bond was purchased with Public Housing 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. Interest on this loan of \$62,500 has been accrued and is reported as other noncurrent assets, while \$5,000 is reported as income for the fiscal year ended December 31, 2011. No payments have been received on this loan; the outstanding balance due at December 31, 2011 is \$500,000.

Fresno Canyon Springs LP

The Authority has loaned \$500,000 to Fresno Canyon Springs LP, a California limited partnership. This loan was made using Public Housing homebuyer reserve proceeds. The funds were used to finance the construction of a twenty-eight unit, affordable housing, tax credit project. The loan is amortized over thirty years, matures January 12, 2033, and carries a simple interest rate of 4% per annum. Payments on this loan are due only if the project generates residual receipts. Interest on this loan of \$181,315 has been accrued and is reported as other noncurrent assets, while \$20,000 is reported as income for the fiscal year ended December 31, 2011. No payments have been received on this loan; the outstanding balance due at December 31, 2011 is \$500,000.

Better Opportunities Builders, Inc.

The Authority has made a loan to Better Opportunities Builders (BOB), Inc. The loan, with a balance of \$125,000, is unsecured and interest free. No payments are due on these loans for 60 months after the date the Agency records the final release of construction covenants for the projects pursuant to the DDA. BOB is considered to be a related party of the Authority. The outstanding balance due at December 31, 2011 is \$125,000.

HOUSING AUTHORITY OF THE CITY OF FRESNO
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(4) Notes Receivable, (Continued)

Fresno Renaissance at Trinity, LP

On December 1, 2010 the Housing Authority of the City of Fresno authorized a loan of \$400,000 to Fresno Renaissance at Trinity, LP, for the purpose of financing a 21-unit low-income multifamily project known as Renaissance at Trinity. The loan does not bear interest and no payments are due before the maturity date of November 30, 2065. The note is secured by deed of trust of the development's property located in Fresno, California. Fresno Renaissance at Trinity, LP, is considered to be related party of the Authority. The outstanding balance due at December 31, 2011 is \$400,000.

Parc Grove Commons II, LP

On January 27, 2010, the Authority authorized a loan to Parc Grove Commons II Limited Partnership for \$5,322,730 for the development and construction of a mixed-income tax-credit rental unit project comprised of 215 rental units of which 31 are low income 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 balance due at December 31, 2011 is \$5,322,730.

YEC Limited

The Authority 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. The accrued interest on this loan is \$139,351.

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 6, 2064. As of December 31, 2011 the outstanding balance for this loan is \$4,905,351.

The outstanding balance due for all three loans at December 31, 2011 is \$6,258,335.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(4) Notes Receivable, (Continued)

Fresno Pacific Gardens, LP

The Authority has authorized three loans to Fresno Pacific Gardens, LP, for the purpose of rehabilitation and construction of a mixed-income rental unit project composed of fifty-five rental units and one manager's unit known as Pacific Gardens on land owned by the Authority. 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 Authority.

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 balance due at December 31, 2011 is \$1,588,656.

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 balance due at December 31, 2011 is \$599,774.

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 balance due at December 31, 2011 is \$550,000.

The outstanding balance due for all three loans at December 31, 2011 is \$2,738,430.

Housing Relinquished Fund Corporation (HRFC)

The Housing Relinquished Fund Corp committed funds to the Parc Groves Commons II Development. The Authority completed the sale of a parcel of land in 2010 in the amount of \$3,978,495. A loan in the same amount was then made to the Housing Relinquished Fund Corp to support the above commitment and HRFC's role in increasing the supply of affordable housing.

Parc Grove Commons II is expected to repay the HRFC with residual receipts cash flow from the development. There is no noted repayment date or interest rate associated with the receivable from HRFC. The outstanding balance due at December 31, 2011 is \$3,978,495.

First Time Home Buyer Program

The Authority administers a first time home buyer program, originally funded by HUD, utilizing a HOPE 3 grant. Under this program the Authority developed properties for the purpose of selling them to qualified low and moderate income families.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(4) Notes Receivable, (Continued)

These loans accrue no interest unless the borrower defaults on the loan, in which case the loan accrues interest at a rate of ten percent per annum. No payment is due on the loan unless the borrower sells or transfers the property or any interest therein. These notes hold their value for six years from date of execution and thereafter are forgiven on a monthly basis through the twentieth year from the date of execution. As of December 31, 2011, \$127,520 of these loans is outstanding. Since these loans are intended to be forgiven and not collected, the Authority has recorded an allowance for doubtful accounts (see note 1I).

(5) Capital Assets

	Restated Balance at <u>1/1/11</u>	<u>Increases</u>	<u>Decreases</u>	Balance at <u>12/31/11</u>
Capital assets not being depreciated:				
Land	\$ 4,180,494	-	(125,000)	4,055,494
Construction in progress	<u>7,727,519</u>	<u>555,651</u>	<u>(3,438,649)</u>	<u>4,844,521</u>
Total capital assets not being depreciated	<u>11,908,013</u>	<u>555,651</u>	<u>(3,563,649)</u>	<u>8,900,015</u>
Capital assets being depreciated:				
Buildings	62,025,658	3,699,695	(1,650,000)	64,075,353
Equipment - dwelling	1,275,421	-	(81,557)	1,193,864
Equipment - administration	<u>5,616,728</u>	<u>744,726</u>	<u>(820,097)</u>	<u>5,541,357</u>
Total capital assets being depreciated	<u>68,917,807</u>	<u>4,444,421</u>	<u>(2,551,654)</u>	<u>70,810,574</u>
Less accumulated depreciation for:				
Buildings	(47,654,117)	(1,872,910)	-	(49,527,027)
Equipment - dwelling	(1,196,791)	(37,850)	84,122	(1,150,519)
Equipment - administration	<u>(4,921,550)</u>	<u>(481,399)</u>	<u>868,285</u>	<u>(4,534,664)</u>
Total accumulated depreciation	<u>(53,772,458)</u>	<u>(2,392,159)</u>	<u>952,407</u>	<u>(55,212,210)</u>
Total capital assets being depreciated, net	<u>15,145,349</u>	<u>2,052,262</u>	<u>(1,599,247)</u>	<u>15,598,364</u>
Total capital assets, net	<u>\$ 27,053,362</u>	<u>2,607,913</u>	<u>(5,162,896)</u>	<u>24,498,379</u>

The beginning balance for land, buildings, equipment and accumulated depreciation was adjusted by (\$108,693), (\$1,546,533), (\$166,658) and \$987,918, respectively, to reflect the Authority's interest in the Office Building as of the beginning of the year. The beginning balance for construction in progress includes a \$1,549,830 reclassification from construction in progress to assets held for sale.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(5) Capital Assets, (Continued)

There were also certain reclassifications were made to the beginning balances of certain capital asset categories,

Depreciation expense in the amount of \$2,392,159 was charged for the year ended December 31, 2011.

(6) 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:

HOPE VI Program	\$ 177,600
CalHFA Program	1,315,430
City Public Housing Program	595,740
City Relinquished Fund	107,347
Planning and Community Development	1,202,690
Neighborhood Stabilization Program	<u>3,420,517</u>
	<u>\$ 6,819,324</u>

The purpose of the Public Housing Home Buyer Program, administered by the Authority and sanctioned by HUD, is to sell single family homes, originally owned by the Public Housing Programs, to qualified low or moderate income families. These units are valued at historical cost less depreciation up to the date that they were made available for resale and any fix up costs incurred are added to the cost. The home's sale price is based on a fair value appraisal of the home and a promissory note is received from the buyer representing the difference between the appraised value and the actual sales price. These subordinated loans are forgivable if the family owns and occupies the residence for more than five years. The Authority's accounting policy is to apply an allowance against these notes in anticipation of families maintaining continuous ownership however recapture of the unforgiving amount is due upon early departure. No units were sold during the fiscal year ended December 31, 2011.

The purpose of the HOPE VI program is to develop an entire community consisting of rental units, homebuyer units, and a community center. Fifty-three lots were developed by the Authority for sale to low and moderate income families. The Authority has sold fifty-two of these units, of which two were sold in the current year at a loss of \$73,969. As of December 31, 2011 the Authority is carrying on house in assets held for sale at a value of \$177,600.

The Planning and Community Development department of the Authority has purchased five parcels at two locations within the City of Fresno that are being redeveloped for mixed-use. The Authority has funded the purchase of these properties through loans from the Housing Relinquished Fund Corporation, a joint venture of the Authority. As of December 31, 2011 the carrying value of the two properties is \$1,202,690.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(6) Assets Held for Sale, (Continued)

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 is being funded by HUD, with the funds passed through the City of Fresno. See note 7 for the balance of loans due back to the City of Fresno. As of December 31, 2011 the carrying value of homes held for sale is \$3,420,517.

The Authority 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 Authority purchased a parcel of land at a total cost of \$1,037,878 to be used for future development. The authority also purchased two condominiums at a total cost of \$277,552 to be sold to participants in one of their programs. The total value of these three properties is \$1,315,430 at December 31, 2011 and is listed in assets held for sale.

The Authority used funds from their City Relinquished Fund to purchase two additional single family homes. The Authority is rehabilitating the homes with the intentions of selling them to eligible low income buyers. The value of these two homes at December 31, 2011 was \$107,347 and is listed as assets held for sale.

(7) Long-Term Liabilities

Changes in long-term liabilities for the year ended December 31, 2011 are as follows:

	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/11</u>	<u>Due within</u> <u>One Year</u>
U.S. Department of					
Agriculture notes	\$ 990,600	861	(88,350)	903,111	94,728
Garland Gardens CHFA note	1,537,824	13,558	(152,617)	1,398,765	104,092
HELP Program CHFA notes	1,393,035	-	-	1,393,035	-
City of Fresno NSP notes	3,427,526	1,045,742	(2,026,008)	2,447,260	-
Mortgages:					
El Cortez Apartments	1,050,656	1,781	(38,653)	1,013,784	37,020
Dayton Square	1,433,713	-	(50,231)	1,383,482	47,994
Woodside Apartments	1,690,330	2,878	(62,119)	1,631,089	59,482
Line of Credit	1,564,251	480,627	(2,044,878)	-	-
Net Pension Obligation	23,102	86,274	(77,033)	32,343	-
Net OPEB Obligation	16,856	73,644	(55,672)	34,828	-
Family Self Sufficiency	503,319	118,005	(202,718)	418,606	-
Compensated absences payable	665,968	859,970	(1,053,215)	472,723	166,492
Total long-term debt	<u>\$14,297,180</u>	<u>2,683,340</u>	<u>(5,851,494)</u>	<u>11,129,026</u>	<u>509,808</u>

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(7) Long-Term Liabilities, (Continued)

Changes in long-term liabilities for the year ended December 31, 2011 are as follows:

Related Parties:	Restated Balance <u>1/1/11</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/11</u>	Due within <u>One Year</u>
Parc Grove I to BOB	\$ 310,379	-	-	310,379	-
P&CD to BOB	699,976	599,774	(479,777)	819,973	-
Housing Authority of the County of Fresno	544,177	-	-	544,177	-
Joint Ventures:					
Parc Grove I to Silvercrest	-	367	-	367	-
P&CD to HRFC	4,490,071	-	(1,660,526)	2,829,545	-
P&CD to HRFC	-	800,460	-	800,460	800,460
Various to HRFC	667,306	-	(509,365)	157,941	54,844
Office Building to HRFC	<u>154,000</u>	-	-	<u>154,000</u>	-
Total due to related parties	<u>\$6,865,909</u>	<u>1,400,601</u>	<u>(2,649,668)</u>	<u>5,616,842</u>	<u>855,304</u>

The beginning balance was increased by \$6,511,353 to reflect notes payable owed to certain joint ventures and other related parties as of the beginning of the year.

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

Year Ending December 31	<u>Notes</u>		<u>Mortgages</u>		Hedging Derivatives,	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Net</u>	
2012	\$ 198,820	124,948	144,496	129,166	106,397	703,827
2013	286,845	136,917	150,866	124,315	101,084	800,027
2014	1,536,686	384,927	3,732,992	27,333	(87,777)	5,594,161
2015	234,360	99,755	-	-	-	334,115
2016	248,655	85,459	-	-	-	334,114
2017-2021	<u>1,189,545</u>	<u>170,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,360,517</u>
	<u>\$3,694,911</u>	<u>1,002,978</u>	<u>4,028,354</u>	<u>280,814</u>	<u>119,704</u>	<u>9,126,761</u>

The above table incorporates the net receipts/payments of the hedging derivative instruments that are associated with the mortgage debt issues. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary. Refer to Note 8 for additional information regarding the derivative instruments associated with the debt of the Authority.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(7) Long-Term Liabilities, (Continued)

U.S. Department of Agriculture Notes

The Authority entered into two notes with the United States Department of Agriculture Farmer Homes Administration under the Farm Labor Housing Union Loan program. In accordance with the notes the Authority used the funds for the acquisition and development of four multi-unit rental housing developments. The notes accrue interest at 1% per annum. The notes mature at various dates beginning on January 6, 2014 and ending on April 2, 2035. At December 31, 2011 the outstanding balance for the notes is \$903,111.

Garland Gardens

The Authority entered into a note with the California Housing Finance Agency (CHFA) on July 1, 1979 for \$2,406,600. The note accrues interest of 9.34% per annum, requires a monthly payment of \$19,196, and matures on January 1, 2021. At December 31, 2011 the outstanding balance is \$1,398,765.

HELP Program

The Authority has entered into loan agreements with the California Housing Finance Agency (CHFA). The purpose of the first loan is to establish a revolving source of funds to finance the acquisition, demolition and construction/rehabilitation costs for an infill and substandard single-family housing program. The purpose of the second loan is to establish a revolving loan fund to assist with the development of ownership housing. Payment of interest and principal on these loans is deferred until the due date. Balances and terms of these two loans are as follows:

<u>Date of the Loan</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Available</u>	<u>Drawn</u>	<u>Interest Accrued</u>
2/5/2003	3%	2/5/2013	\$ 550,000	77,605	9,494
2/17/2004	3%	2/17/2014	<u>1,600,000</u>	<u>1,315,430</u>	<u>188,101</u>
			<u>\$2,150,000</u>	<u>1,393,035</u>	<u>197,595</u>

City of Fresno NSP notes

In October 2009, the Authority 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 Authority 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 Authority is responsible for executing the loans with the buyers. As the loans are repaid the Authority 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, 2011 the outstanding balance is \$2,447,260.

HOUSING AUTHORITY OF THE CITY OF FRESNO
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(7) Long-Term Liabilities, (Continued)

Mortgages

On January 14, 2004, the Authority borrowed \$5,000,000 from the Bank of the West, with the purpose of refinancing the debt on three apartment complexes: El Cortez Apartments, Dayton Square, and Woodside Apartments. Each of the three loans is secured by a different apartment complex. The loans are due January 5, 2014, require monthly payments of interest that accrue at the adjusted LIBOR rate, and require payments of principal that increase on an annual basis. The interest payments noted above are based on the original interest rate of 5.16%. A balloon payment is due January 5, 2014 of \$3,716,138. These loans are an interest rate derivative transaction. The interest rate on these loans as of December 31, 2011 was 3.29%. The total market values of these loans as of December 31, 2011 are discussed in more detail in footnote 9. The amount owed on these loans as of December 31, 2011 was \$4,028,355.

Line of Credit

The Authority has an unsecured line of credit with the Bank of the West up to \$4,000,000. Interest accrues on this loan at 4% per annum. The Authority considers all draws on this line of credit to be due within one year. Since payments on this line of credit are not structured, no interest amounts for this loan have been included in the debt payment requirements table above. As of December 31, 2011, the Authority had no outstanding balance.

Family Self Sufficiency

The Family Self Sufficiency (FSS) program provides supportive services that enable participating low and moderate income families to achieve economic independence and self-sufficiency. The Authority 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, those funds are disbursed to the family. The Authority's liability to FSS participants at December 31, 2011 total \$418,606.

Compensated Absences Payable

It is the Authority'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 Authority 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, 2011, accrued vacation and vested sick leave have been valued by the Authority at \$472,723.

HOUSING AUTHORITY OF THE CITY OF FRESNO
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(7) Long-Term Liabilities, (Continued)

Better Opportunities Builders, Inc.

During 2008 and 2009, Better Opportunities Builders (BOB), Inc loaned the Authority's Parc Grove Fund \$310,379 for the pre-development phase of the Parc Grove development. This note bears no interest and is open ended with regards to payment. The outstanding balance at December 31, 2011 is \$310,379.

In 2010, BOB loaned the Authority \$699,676 for the benefit of the Parc Grove II Apartments. The loan shall mature in four years and carries an interest rate of 6% per annum. The outstanding balance and accrued interest at December 31, 2011 is \$220,199 and \$11,307, respectively.

In March 2011, BOB loaned the Authority \$599,774 for a portion of the construction of the Pacific Gardens housing project. The loan shall mature in four years and carries an interest rate of 6% per annum. The outstanding balance at December 31, 2011 is \$599,774.

The total amount outstanding and payable to BOB related to these development activities is \$819,973.

Housing Authority of the County of Fresno

The Housing Authority of the County of Fresno loaned the Authority's Parc Grove Fund \$544,177, which was borrowed from the CHFA HELP program. The loan earns interest at a rate of 3.5% per annum. The Authority incurs the interest expense while the Housing Authority of the County of Fresno holds the liability with CHFA. The outstanding balance due to the Housing Authority of the County of Fresno at December 31, 2011 is \$544,177.

Housing Relinquished Fund Corporation (HRFC)

On March 24, 2010, the Authority entered into a promissory note agreement with the HRFC for \$925,000 for the acquisition and development of 8 parcels of land on L Street in Fresno, California. The loan carries an interest rate of 3% per annum and is due March 24, 2013. The outstanding balance of the loan and accrued interest at December 31, 2011 is \$462,707 and \$62,570, respectively.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(7) **Long-Term Liabilities, (Continued)**

On June 2, 2010, the Authority recorded in the Planning and Community Development fund two promissory notes with the HRFC for the acquisition of property on G Street in Fresno, California to be used for the development of Chinatown SRO. The first loan for \$105,000 carries an interest rate of 5% per annum and is due on June 2, 2013. The second loan for \$755,000 carries an interest rate of 5% per annum and is due June 2, 2015. Payments for the second loan are to be made from the refinancing associated with SRO. The outstanding balance of both loans and accrued interest at December 31, 2011 is \$675,352 and \$49,649, respectively.

On June 2, 2010, the Authority 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 June 2, 2013. The outstanding balance and accrued interest at December 31, 2011 is \$1,340,894 and \$149,040, respectively.

On July 1, 2010, the Authority recorded in the Planning and Community Development fund a promissory note entered into with the HRFC for \$450,000 for the acquisition of property on Van Ness Avenue in Fresno, California which will be redeveloped into a mixed-use development. This loan carries an interest rate of 5% per annum and is due July 1, 2015. The outstanding balance of the loan and accrued interest at December 31, 2011 is \$350,592 and \$26,246, respectively.

The total outstanding balance related to these development activities payable to HRFC is \$2,829,545.

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

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(8) Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2011, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

	<u>Changes in Fair Value</u>		<u>Fair Value at December 31, 2011</u>		
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	<u>Notional</u>
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow	\$ (23,608)	Debt	82,063	1,716,078
Pay-fixed interest rate swap	Deferred outflow	(17,333)	Debt	60,253	1,259,977
Pay-fixed interest rate swap	Deferred outflow	<u>(28,584)</u>	Debt	<u>96,786</u>	<u>2,023,945</u>
		<u>\$ (69,525)</u>		<u>239,102</u>	<u>5,000,000</u>

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates.

These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(8) Derivative Instruments, (Continued)

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of the Authority's hedging derivative instruments outstanding at December 31, 2011, along with the credit rating of the associated counterparty.

<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
Pay-fixed interest rate swap	Hedge interest rate risk on the Dayton Square mortgage	\$1,716,078	1/26/04	1/5/14	Pay 3.290%; receives 68% of the 1 month USD LIBOR	A+/A1
Pay-fixed interest rate swap	Hedge interest rate risk on the El Cortez mortgage	1,259,977	1/26/04	1/5/14	Pay 3.290%; receives 68% of the 1 month USD LIBOR	A+/A1
Pay-fixed interest Rate swap	Hedge interest rate risk on the Woodside mortgage	2,023,945	1/26/04	1/5/14	Pay 3.290%; receives 68% of the 1 month USD LIBOR	A+/A1

Credit risk. As of the December 31, 2011, all hedging derivatives are liabilities and therefore credit risk is minimal. It is the Authority's policy to enter into derivative agreements with highly rated counterparties. As of the December 31, 2011, all of the Authority's interest rate swap counterparties are rated A+ or higher by Standard & Poor's, and A1 or higher by Moody's.

To minimize its exposure to loss related to credit risk, it is the Authority's policy to require counterparty collateral posting provisions in certain events. These terms require full collateralization of the fair value of hedging derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparty's credit rating fall below A- as issued by Standard & Poor's or A3 as issued by Moody's Investors Service. Collateral posted is to be in the form of U.S. Treasury securities held by a third-party custodian.

It is the Authority's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(8) **Derivative Instruments, (Continued)**

The aggregate fair value of hedging derivative instruments in asset positions at December 31, 2011, was (\$239,102). This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted.

The Authority enters into derivative agreements with multiple counterparties to limit concentration of credit risk. Currently, the Authority has interest rate swaps with three different counterparties and no counterparty accounts for more than 41% of outstanding notional. The Authority monitors counterparty credit risk on an ongoing basis.

Interest rate risk. Interest payments on the Authority's variable rate debt will typically increase as interest rates increase. As of the end of the period, all hedging derivatives are pay-fixed, receive-variable, cash flow hedges. The Authority believes it has significantly reduced interest rate risk by entering into interest rate swaps. As interest rates increase, variable rate debt interest payments increase and net swap payments decrease. As interest rates decrease, variable rate debt payments decrease and net swap payments increase.

Rollover risk. Rollover risk is the risk that a hedging derivative instrument associated with a hedgeable item does not extend to the maturity of that hedgeable item. As of December 31, 2011 rollover risk is not material to the Authority.

Basis risk. The Authority is exposed to basis risk on its pay-fixed interest rate swap and rate cap hedging derivative instruments because the variable-rate payments received by the Authority on these hedging derivative instruments are based on a rate or index other than interest rates the Authority pays on its hedged variable-rate debt, which is remarketed every 30 days. As of December 31, 2011, the weighted-average interest rate on the Authority's hedged variable-rate debt is 3.290 percent, while the SIFMA swap index rate is 3.2893 percent and 68 percent of LIBOR is 3.290 percent.

Termination risk. The Authority or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument is in a liability position, the Authority would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

(9) **Deferred Compensation**

The Authority 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.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(9) Deferred Compensation, (Continued)

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

(10) Defined Benefit Pension Plan

The Authority contributes to the California Public Employees Retirement System (PERS), an agent single-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial reports may be obtained from its executive office at 400 "Q" Street, Sacramento, California 95811.

Participants are required to contribute 7% of their annual covered salary. The Authority makes the contributions required of the Authority's employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and the Authority contracts with employee bargaining groups.

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period January 1, 2011 to December 31, 2011 has been determined by an actuarial valuation of the plan as of June 30, 2008. The contribution rate indicated for the period is 3.255% of payroll for the City miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of December 31, 2011, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from January 1, 2011 to December 31, 2011. A summary of principle assumptions and methods used to determine the ARC is shown below.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(10) Defined Benefit Pension Plan, (Continued)

Valuation Date	June 30, 2008
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	32 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0% and an annual production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. The Schedule of Funding Progress, presented below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(10) Defined Benefit Pension Plan, (Continued)

Schedule of Funding Progress

Required Supplementary Information – City Miscellaneous

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability (UAAL)/ (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL As a % of Payroll</u>
6/30/07	23,356,031	24,446,269	(1,090,238)	104.7%	4,001,444	(45.3%)
6/30/08	23,663,941	25,547,636	(1,883,695)	108.0%	4,157,066	(45.3%)
6/30/09	25,061,322	26,238,881	(1,177,559)	104.7%	4,547,879	(25.9%)

Three-Year Trend Information

Annual Pension Cost (Employer Contribution)

<u>Fiscal Year</u>	<u>City Miscellaneous</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/09	\$ 202,368	100%	-
12/31/10	183,093	100%	-
12/31/11	193,147	100%	100%

(11) Other Post Employment Benefit (OPEB) - Retiree Supplemental Cash Benefit Program

The Authority offers retirees a cash benefit program. This program is intended to provide a voluntary non-vested benefit to eligible retirees participating under the CalPERS Public Employees' Medical and Hospital Care Act non transferable. The Boards of Commissioners retain the right to significantly change (or terminate) the level of contributions under this program.

The Authority contributes \$225 per month toward health insurance for each eligible retiree.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(11) Other Post Employment Benefit (OPEB) - Retiree Supplemental Cash Benefit Program, (Continued)

An actuarial valuation of the Retirees Supplemental Cash Benefit Program was performed as of June 1, 2010. The number of eligible retirees as December 31, 2011 was 26 and the average monthly benefit was \$6,094. The Authority has accumulated a reserve from current and prior year funding estimates which is adequate to cover the annual amounts expended based on a pay as you go methodology. A summary of principle assumptions and methods used to determine the annual recommended contribution is shown below:

Valuation Date	June 1, 2010
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Amortization Period	Closed 30 year
Actuarial Assumptions:	
Investment Rate of Return	5.0% per year
Payroll Increase	3.0% per year
Inflation	3.0% per year

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded accrued liability to payroll. The Schedule of Funding Progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Determination of Net OPEB Obligation as of December 31, 2011

Annual Required Contribution (ARC)	\$ 86,274
Interest	1,725
Adjustment to ARC	<u>(1,725)</u>
Annual OPEB Cost	86,274
Contributions made	<u>(77,033)</u>
Increase in Obligation	9,241
Net Obligation, beginning of year	<u>23,102</u>
Net Obligation, end of year	<u><u>\$ 32,343</u></u>

Schedule of Funding Progress

Valuation Date	Actuarial Normal Accrued Liability	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
6/01/08	N/A	N/A	N/A	N/A	N/A	N/A
6/01/09	N/A	N/A	N/A	N/A	N/A	N/A
6/01/10*	\$3,161,063	-	3,161,063	00.0%	5,919,878	53.40%

* The valuation was performed based on combined information from both the Authority and the Housing Authority of the County of Fresno.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(11) **Other Post Employment Benefit (OPEB) - Retiree Supplemental Cash Benefit Program, (Continued)**

Schedule of Employer Contributions

<u>Date</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
12/31/10	86,274	63,171	73.2%	23,102
12/31/11	86,274	77,033	89.2%	32,343

(12) **Other Post Employment Benefits Other than Pensions**

Plan Descriptions: The Authority administers a single-employer defined benefit plan which provides lifetime medical healthcare benefits to retirees and their dependents that are at least 50 years of age when they retire and have worked a minimum of five years of service. Retirees are eligible for a health insurance stipend of approximately \$225 per month, except for former Executive Directors, who receive the actual costs of their health benefits.

Funding Policy: The contribution required to be made is based on a pay-as-you-go method (i.e., as medical insurance premiums become due) subject to amendment by the Board of Commissioners. For the year ended December 31, 2011, the Authority contributed \$55,672 to the plan, including \$55,672 for current premiums (100% of total premiums).

Annual OPEB Cost and Net OPEB Obligation: The Authority's annual (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB statement number 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation for these benefits:

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(12) Other Post Employment Benefits Other than Pensions, (Continued)

Annual required contribution	\$ 73,644
Interest	-
Adjustment to ACR	-
Annual OPEB cost	<u>73,644</u>
Contributions made (including premiums paid)	<u>(55,672)</u>
Increase in net Obligation	17,972
Net Obligation (asset)—beginning of year	<u>16,856</u>
Net Obligation (asset)—end of year	<u>\$ 34,828</u>

The Authority’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net Obligation</u>
12/31/09	N/A	N/A	N/A
12/31/10	73,644	77.1%	16,856
12/31/11	73,644	75.6%	34,828

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

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 5% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 4% annually. Both rates included an inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a closed basis over 30 years. It is assumed the Authority’s payroll will increase 3% per year.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(12) Other Post Employment Benefits Other than Pensions, (Continued)

Funded Status and Funding Progress: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded ration (a/b)	Covered Payroll (c)	UAAL as a Percentage of covered payroll ((b-a)/c)
6/1/08	N/A	N/A	N/A	N/A	N/A	N/A
6/1/09	N/A	N/A	N/A	N/A	N/A	N/A
6/1/10*	\$0	\$2,534,328	\$2,534,328	0%	\$5,919,878	42.96%

* The valuation was performed based on combined information from both the Authority and the Housing Authority of the County of Fresno.

(13) Insurance Coverage

The Authority is a member of the Housing Authority Risk Retention Pool (HARRP). HARRP was established by public housing authorities participating in an intergovernmental cooperation agreement pursuant to specific statutes in Oregon, Washington, California and Nevada for the purpose of operating and maintaining a cooperative program of risk management and loss indemnification. HARRP offers property, general, automobile, fidelity, and officers' liability insurance to participants. Membership was comprised of 90 public housing authorities at December 31, 2011. The relationship between the Authority and HARRP is such that HARRP is not a component unit of the Authority for financial reporting purposes.

The Authority paid premiums totaling \$126,686 during the year. The loss limits for the various types of insurance varied as follows: \$2,000,000 for property with a deductible per occurrence of \$10,000; \$2,000,000 for general liability with no deductible; \$2,000,000 for automobile, including losses arising from the use of a non-owned covered automobile; \$100,000 for employee dishonesty and forgery and alteration with a \$1,000

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(13) Insurance Coverage, (Continued)

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 Authority. HSIC records an expense when it pays for repairs to the Authority's properties when incurred. HSIC records revenue when it receives payment from the Authority for insurance premiums recorded as expense by the Authority.

California Housing Worker's Compensation Authority

The Authority is insured for workers' compensation claims by the California Housing Workers' Compensation Authority (CHWCA). Under this program, the pool provides up to \$500,000 workers' compensation coverage and \$500,000 employer's liability coverage. CHWCA also provides excess workers' compensation coverage with the following limits: the Authority is insured for Statutory Workers' Compensation by the Safety National Casualty Corporation. The pool provides up to \$1,000,000 per occurrence.

(14) Investment in Joint Ventures

As of December 31, 2011, the Authority's investment in joint ventures is comprised of the following:

<u>Joint Venture</u>	<u>Investment</u>
Housing Relinquished Fund Corporation	\$18,443,687
Housing Self Insurance Corporation	1,650,723
Silvercrest, Inc.	52,528
Villa Del Mar, Inc.	<u>648</u>
Total investments in joint ventures	<u>\$20,147,586</u>

Housing Relinquished Fund Corporation (HRFC) - Created as a steward for the Housing Authority of the City and County of Fresno's development and investment capital. HRFC's Board is comprised of two members of the City and County Board of Commissioner's. The Housing Authority of the City of Fresno has a 74.83 % equity interest in HRFC. HRFC does not issue separate financial statements.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(14) **Investment in Joint Ventures, (Continued)**

Housing Self Insurance Corporation (HSIC) - Organized to provide additional security against a variety of insurable and non-insurable losses to include deductibles, payouts, settlements, and other related obligations. HSIC's Board is comprised of two members of the City and County Board of Commissioner's. The Housing Authority of the City of Fresno has a 85.81% equity interest in HSIC. HSIC does not issue separate financial statements.

Silvercrest, Inc., a California non-profit public benefit corporation – Was formed as a vehicle to own and operate a number of housing developments throughout Fresno County, primarily in a limited partnership arrangement with local developers. Silvercrest, Inc.'s Board is comprised of two members of the City and County Board of Commissioner's. The Housing Authority of the City of Fresno has a 50% equity interest in Silvercrest, Inc. Silvercrest, Inc. does not issue separate financial statements.

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

(15) **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 (the General Partner) and Silvercrest, Inc, a California non-profit public benefit corporation and a joint venture of the Housing Authority of the City of Fresno. The agreement was later amended to remove Silvercrest, Inc as a partner and admit Columbia Housing/PNC Institutional Fund XLI Limited Partnership as the Investment Limited Partner and Columbia Housing SLP Corporation as the Special Limited Partner.

Yosemite Village is located in Fresno, California and was placed into service during 2009. Financing for the construction of Yosemite Village was obtained through notes from the Authority and the limited partner, PNC. The PNC loan is short-term, while the loan from the Authority is deferred for 55 years and non-interest bearing. Yosemite Village participates in the low-income housing tax credit program under Section 42 of the Internal Revenue Code. Various agreements dictate the maximum income levels of the new tenants and also provide restrictions on leasing. Further, project-based vouchers have been allocated to this project.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(15) **Participation in Related Party Limited Partnerships, (Continued)**

The Housing Authority of the City of Fresno is allocated 0.01% interest of all net profits (or net losses) of the partnership. The supplementary information following the basic financial statements provides unaudited financial statements of the Authority's limited partnerships. Complete audited financial statements 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 4 for descriptions of any related party transactions between the Authority 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, Housing Authority of the City of Fresno as the Co-General Partner, and Wachovia Affordable Housing Community Development Corporation as the Investor Limited Partner and as State Equity Limited Partner. The agreement was later amended on January 27, 2010 to withdraw the Housing Authority of the City of Fresno as the Co-General Partner.

Silvercrest Inc.

Silvercrest Inc., a joint venture of the Housing Authority of the City of Fresno is allocated a 0.01% interest of all net profits (or net losses) of the partnership. The supplementary information following the basic financial statements provides unaudited financial statements of the Authority's limited partnerships. 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 4 for descriptions of any related party transactions between the Authority and the partnership.

Fresno Renaissance at Trinity LP

Fresno Renaissance at Trinity, a California Limited Partnership, was formed to acquire, construct and/or rehabilitate as applicable, and operate the Renaissance at Trinity Apartments, a 21 unit multi-family permanent supportive housing project located in the Fresno, California. 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.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(15) Participation in Related Party Limited Partnerships, (Continued)

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 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. The supplementary information following the basic financial statements provides unaudited financial statements of the Authority's limited partnerships. 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 4 for descriptions of any related party transactions between the Housing Authority and the partnership.

Fresno Pacific Gardens LP

Fresno Pacific Gardens, a California Limited Partnership, was formed to acquire, construct and/or rehabilitate as applicable, and operate the Fresno Pacific Gardens Apartments, a 56 unit multi-family permanent supportive housing project located in the Fresno, California. 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 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 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. The supplementary information following the basic financial statements provides unaudited financial statements of the Authority's limited partnerships. 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 BASIC FINANCIAL STATEMENTS

(Continued)

(15) **Participation in Related Party Limited Partnerships, (Continued)**

Fresno Renaissance at Alta Monte LP

Fresno Renaissance at Alta Monte, a California Limited Partnership, was formed to acquire, construct and/or rehabilitate as applicable, and operate the Fresno Renaissance at Alta Monte, a 70 unit multi-family permanent supportive housing project located in the Fresno, California. 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 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 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. The supplementary information following the basic financial statements provides unaudited financial statements of the Authority's limited partnerships. 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.

1555 Santa Clara Street LP

1555 Santa Clara Street, a California Limited Partnership, was formed to acquire, construct and/or rehabilitate as applicable, and operate 1555 Santa Clara Street, a 30 unit multi-family permanent supportive housing project located in the Fresno, California. 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 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 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.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(15) Participation in Related Party Limited Partnerships, (Continued)

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. The supplementary information following the basic financial statements provides unaudited financial statements of the Authority's limited partnerships. 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.

(16) Other Related Parties

Better Opportunities Builders, Inc.

The Executive Director of the Authority serves as the Secretary-Treasurer of Better Opportunities Builders, Inc. (BOB). Another of the Authority's staff serves as the Executive Officer of BOB. One of the Authority's Commissioners serves on the Board of Directors of BOB. Accordingly, the Authority can exercise significant influence over BOB. BOB has agreed to be the managing general partner in several low income housing projects within the City of Fresno.

BOB maintains its own administrative staff. The salaries of this staff are paid through the Authority's payroll system. The Authority also provides management and bookkeeping services for BOB. BOB reimburses the Authority on a monthly basis for these costs. During 2011, the Authority charged BOB \$20,200 for these services. As of December 31, 2011, BOB owed the Authority \$33,586 for direct charges paid by the Authority on behalf of BOB. Total expenses paid by the Authority during the year totaled \$108,697.

The Authority has made a loan to Better Opportunity Builders, Inc. in conjunction with various development opportunities. The outstanding balance due at December 31, 2011 is \$125,000 (see also note 4).

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 2011. 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. In prior years both entities reported their financial and compliance audits on a combined basis and individually in the supplemental sections of the combined report. The 2011 presentation has been provided as recommended by HUD.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(16) Other Related Parties, (Continued)

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.

(17) Interfund and Interagency Activity

The following is a summary of changes in interfund loans as of December 31, 2011:

	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/11</u>	<u>Due within</u> <u>One Year</u>
Receivables:					
LIHOP from SPC	\$ 126,682	-	-	126,682	-
City RF from NSP	1,564,251	480,627	(1,096,224)	948,654	948,654
City RF from various	<u>1,384,325</u>	<u>-</u>	<u>(308,766)</u>	<u>1,075,559</u>	<u>-</u>
Total receivables	<u>\$ 3,075,258</u>	<u>480,627</u>	<u>(1,404,990)</u>	<u>2,150,895</u>	<u>948,654</u>
Payables:					
Affordable Housing to various	\$ 205,800	-	-	205,800	-
SPC to LIHOP	126,682	-	-	126,682	-
Various to RF	308,766	-	(308,766)	-	-
P&CD to various	500,000	-	-	500,000	-
NSP to City RF	1,564,251	480,627	(1,096,224)	948,654	948,654
Parc Grove Commons to City RF	<u>369,759</u>	<u>-</u>	<u>-</u>	<u>369,759</u>	<u>-</u>
Total payables	<u>\$ 3,075,258</u>	<u>480,627</u>	<u>(1,404,990)</u>	<u>2,150,895</u>	<u>948,654</u>

The Authority has made various interfund loans. Interfund balances have been eliminated in the Statement of Net Assets. The majority of these loans carry no interest. Those loans that accrue interest are as follows:

On May 28, 2008, the Authority approved a loan of \$500,000 from the Relinquished Fund to the Planning and Community Development Fund. This loan carries an interest rate of 3% per annum. The outstanding balance of the loan and accrued interest at December 31, 2011 is \$500,000 and \$35,885 respectively.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(18) Contingent Liabilities

A. Grants

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

C. Guarantees

The Authority is general partners in a number of projects being developed, including Parc Grove Commons, Granada Commons, and Yosemite Village. As general partner, they have made certain guarantees with regards to the completion of the projects, repayment of the construction loans, tax credit delivery and operating deficit. In addition, the Authority has indemnified Silvercrest, Inc (as co-General Partner) and Better Opportunities Builder, Inc (as developer) related to general partner and developer obligations.

D. HUD Guaranteed Debt

In 1999, HUD directed the Authority 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 Authority 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.

(19) Restricted Net Assets

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

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(19) Restricted Net Assets, (Continued)

Externally required reserves:	
USDA replacement reserves	\$ 374,672
CHFA replacement and insurance reserves	146,317
Other restricted amounts	<u>201,088</u>
Subtotal	728,077
 Housing Assistance Payments	 <u>4,801,394</u>
 Total	 <u>\$5,529,471</u>

(20) Reconciliation of Beginning Equity to Prior Year Financial Date Schedule

During the year ended December 31, 2011, the Authority adjusted beginning equity to correctly reflect its ownership in certain assets as of the beginning of the year. Adjustments were made to the investment in joint venture balance to properly reflect the Authority's correct value as of the beginning of the year. Adjustments were also made to properly reflect the Authority's cash and capital asset balances as of the beginning of the year.

The following schedule summarizes the components of this reconciliation:

Net assets at end of year as reported on the 2010 Financial Data Schedule	\$71,019,125
 Adjustment for assets related to investment in joint ventures	 (5,307,494)
 Adjustment for LIHOP related cash balances	 (860,960)
 Adjustment for capital assets	 <u>(663,612)</u>
 Net assets at beginning of year as reported in 2011 Financial Statements	 <u>\$64,187,059</u>

(21) Subsequent Events

Bridges at Florence LP

On April 12, 2012, Silvercrest, Inc, a joint venture of the Housing Authority of the City of Fresno, entered into an agreement to form the Bridges at Florence, a California Limited Liability Company to acquire, construct and/or rehabilitate as applicable and operate the Bridges at Florence, a 34 unit affordable-housing complex and community resource building. The purpose of this project is to expand availability of long-term housing for low income persons residing in the City of Fresno, California.

HOUSING AUTHORITY OF THE CITY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(21) **Subsequent Events, (Continued)**

Silvercrest, Inc is the Managing General Partner and the Limited Partner. Bridges at Florence AGP, LCC, is the Administrative General Partner. Silvercrest, Inc, is allocated 99.995% interest of all net profits (or net losses) of the partnership.

Parc Grove Commons Northwest LP

On March 1, 2012, Silvercrest, Inc, a joint venture of the Housing Authority of the City of Fresno, entered into an agreement to form Parc Grove Commons Northwest, a California Limited Liability Company to acquire, construct and/or rehabilitate as applicable and operate Parc Grove Commons Northwest, a 148 unit affordable-housing complex and community resource building. The purpose of this project is to expand availability of long-term housing for low income persons residing in the City of Fresno, California.

Silvercrest, Inc is the Managing General Partner and the Limited Partner. Parc Grove Commons Northwest AGP, LCC, is the Administrative General Partner. Silvercrest, Inc, is allocated 99.995% interest of all net profits (or net losses) of the partnership.

SUPPLEMENTAL INFORMATION

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.185 Hope III	14.866 Revitalization of Severely Distressed Public Housing
70300 Net Tenant Rental Revenue	\$1,656,487	\$167,795			
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$1,656,487	\$167,795	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$3,352,961		\$49,102,121		
70610 Capital Grants	\$1,278,456				
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	\$9,030	\$531,509			
71100 Investment Income - Unrestricted	\$9,662		\$1,100	\$1	\$2,476
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					\$240,153
71310 Cost of Sale of Assets					-\$314,122
71400 Fraud Recovery			\$51,010		
71500 Other Revenue	\$449,655	\$6,424	\$209,020		\$11,510
71600 Gain or Loss on Sale of Capital Assets	\$16,200		\$15,811		
72000 Investment Income - Restricted		\$1,064	\$10,064		
70000 Total Revenue	\$6,772,451	\$706,792	\$49,389,126	\$1	-\$59,983
91100 Administrative Salaries	\$285,313	\$32,376	\$1,799,856		\$12,155
91200 Auditing Fees	\$9,869	\$2,500	\$19,414		
91300 Management Fee	\$640,213	\$24,000	\$962,592		
91310 Book-keeping Fee	\$58,621		\$601,625		
91400 Advertising and Marketing	\$773	\$13	\$318		

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.185 Hope III	14.866 Revitalization of Severely Distressed Public Housing
91500 Employee Benefit contributions - Administrative	\$103,348	\$13,484	\$605,583		\$4,242
91600 Office Expenses	\$55,648	\$3,213	\$108,052		\$675
91700 Legal Expense	\$9,987	\$401			\$2,460
91800 Travel			\$6,523		
91810 Allocated Overhead					
91900 Other	\$1,107,993	\$35,982	\$651,496		\$7,404
91000 Total Operating - Administrative	\$2,271,765	\$111,969	\$4,755,459	\$0	\$26,936
92000 Asset Management Fee	\$79,920				
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other			\$2,388		
92500 Total Tenant Services	\$0	\$0	\$2,388	\$0	\$0
93100 Water	\$153,679	\$11,079			\$392
93200 Electricity	\$86,477	\$6,716			\$8
93300 Gas	\$5,807	\$582			
93400 Fuel					
93500 Labor					
93600 Sewer	\$140,498	\$14,004			
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$386,461	\$32,381	\$0	\$0	\$400
94100 Ordinary Maintenance and Operations - Labor	\$310,030	\$51,028	\$7,455		
94200 Ordinary Maintenance and Operations - Materials and Other	\$496,051	\$36,718	\$22,746		\$1,088
94300 Ordinary Maintenance and Operations Contracts	\$1,067,177	\$59,885	\$31,436		\$3,284
94500 Employee Benefit Contributions - Ordinary Maintenance	\$103,065	\$20,590			

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.185 Hope III	14.866 Revitalization of Severely Distressed Public Housing
94000 Total Maintenance	\$1,976,323	\$168,221	\$61,637	\$0	\$4,372
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs	\$5,716	\$4,032			
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$5,716	\$4,032	\$0	\$0	\$0
96110 Property Insurance	\$34,659	\$14,457			\$194
96120 Liability Insurance	\$6,184	\$768			\$35
96130 Workmen's Compensation	\$38,436	\$6,284	\$7,424		\$276
96140 All Other Insurance	\$22,000	\$3,199	\$19,099		\$225
96100 Total insurance Premiums	\$101,279	\$24,708	\$26,523	\$0	\$730
96200 Other General Expenses	\$2,127	\$327	\$30,610		\$2,465
96210 Compensated Absences	\$83,062	\$14,415	\$288,007		\$8,286
96300 Payments in Lieu of Taxes	\$125,451				
96400 Bad debt - Tenant Rents	\$21,653	\$8,264			
96500 Bad debt - Mortgages					
96600 Bad debt - Other			\$79,283		\$110,208
96800 Severance Expense	\$31,688		\$6,969		
96000 Total Other General Expenses	\$263,981	\$23,006	\$404,869	\$0	\$120,959
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)	\$19,351	\$206,475			
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$19,351	\$206,475	\$0	\$0	\$0
96900 Total Operating Expenses	\$5,104,796	\$570,792	\$5,250,876	\$0	\$153,397

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.185 Hope III	14.866 Revitalization of Severely Distressed Public Housing
97000 Excess of Operating Revenue over Operating Expenses	\$1,667,655	\$136,000	\$44,138,250	\$1	-\$213,380
97100 Extraordinary Maintenance	\$1,100	\$83,315			
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments			\$43,741,727		
97350 HAP Portability-In			\$23,993		
97400 Depreciation Expense	\$1,361,208	\$53,871	\$18,094		\$78,790
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$6,467,104	\$707,978	\$49,034,690	\$0	\$232,187
10010 Operating Transfer In					
10020 Operating transfer Out					-\$134,330
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)	\$0	\$0	\$0	\$0	-\$134,330
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$305,347	-\$1,186	\$354,436	\$1	-\$426,500

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.185 Hope III	14.866 Revitalization of Severely Distressed Public Housing
11020 Required Annual Debt Principal Payments	\$0	\$139,058	\$0	\$0	\$0
11030 Beginning Equity	\$22,299,582	-\$1,127,251	\$4,283,487	\$568	\$8,870,334
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$5,821,859	-\$35,660	\$287,677		\$228
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			\$124,207		
11180 Housing Assistance Payments Equity			\$4,801,393		
11190 Unit Months Available	7992	600	81348		
11210 Number of Unit Months Leased	7816	594	80468		
11270 Excess Cash	\$3,707,458				
11610 Land Purchases	\$102,211				
11620 Building Purchases	\$654,349				
11630 Furniture & Equipment - Dwelling Purchases	\$0				
11640 Furniture & Equipment - Administrative Purchases	\$19,136				
11650 Leasehold Improvements Purchases	\$0				
11660 Infrastructure Purchases	\$0				
13510 CFFP Debt Service Payments	\$502,760				
13901 Replacement Housing Factor Funds	\$502,760				

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	9 Other Federal Program 2	2 State/Local	1 Business Activities	14.870 Resident Opportunity and Supportive Services	10.427 Rural Rental Assistance Payments
70300 Net Tenant Rental Revenue			\$1,441,277		\$169,543
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$0	\$0	\$1,441,277	\$0	\$169,543
70600 HUD PHA Operating Grants				\$80,289	
70610 Capital Grants					
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		\$546,015		\$5,503	\$103,402
71100 Investment Income - Unrestricted		\$6,071	\$1,999		\$12
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		\$1,249,818	\$26,555		\$7,600
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					\$427
70000 Total Revenue	\$0	\$1,801,904	\$1,469,831	\$85,792	\$280,984
91100 Administrative Salaries		\$125,302		\$38,004	\$16,604
91200 Auditing Fees			\$4,000		\$546
91300 Management Fee					\$7,500
91310 Book-keeping Fee		\$12,000			\$4,799
91400 Advertising and Marketing		\$606			\$417

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	9 Other Federal Program 2	2 State/Local	1 Business Activities	14.870 Resident Opportunity and Supportive Services	10.427 Rural Rental Assistance Payments
91500 Employee Benefit contributions - Administrative		\$22,349		\$12,589	\$6,450
91600 Office Expenses		\$37,060		\$2,709	\$1,922
91700 Legal Expense					
91800 Travel		\$1,618			\$532
91810 Allocated Overhead					
91900 Other		\$341,530	\$194,015	\$26,970	\$12,814
91000 Total Operating - Administrative	\$0	\$540,465	\$198,015	\$80,272	\$51,584
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other					
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0
93100 Water		\$4,422	\$56,179		\$9,212
93200 Electricity		\$98,018	\$30,239		\$1,152
93300 Gas		\$10,333	\$4,170		\$243
93400 Fuel					
93500 Labor					
93600 Sewer		\$4,030	\$2,187		\$8,430
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$0	\$116,803	\$92,775	\$0	\$19,037
94100 Ordinary Maintenance and Operations - Labor			\$2,758		\$21,196
94200 Ordinary Maintenance and Operations - Materials and Other		\$92,402	\$18,131		\$29,213
94300 Ordinary Maintenance and Operations Contracts		\$33,952	\$331,781	\$0	\$25,691
94500 Employee Benefit Contributions - Ordinary Maintenance			\$7		\$5,439

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	9 Other Federal Program 2	2 State/Local	1 Business Activities	14.870 Resident Opportunity and Supportive Services	10.427 Rural Rental Assistance Payments
94000 Total Maintenance	\$0	\$126,354	\$352,677	\$0	\$81,539
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs		\$33,065			\$1,423
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$33,065	\$0	\$0	\$1,423
96110 Property Insurance		\$4,088	\$10,840		\$2,171
96120 Liability Insurance		\$730			\$387
96130 Workmen's Compensation		\$1,906		\$805	\$2,026
96140 All Other Insurance		\$6,410	\$2,503	\$299	\$1,174
96100 Total insurance Premiums	\$0	\$13,134	\$13,343	\$1,104	\$5,758
96200 Other General Expenses		\$679,461	\$3,192		\$471
96210 Compensated Absences		\$5,279		\$3,029	\$8,899
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents		\$211			
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense				\$1,387	
96000 Total Other General Expenses	\$0	\$684,951	\$3,192	\$4,416	\$9,370
96710 Interest of Mortgage (or Bonds) Payable			\$229,881		
96720 Interest on Notes Payable (Short and Long Term)		\$77,401			\$7,623
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$77,401	\$229,881	\$0	\$7,623
96900 Total Operating Expenses	\$0	\$1,592,173	\$889,883	\$85,792	\$176,334

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	9 Other Federal Program 2	2 State/Local	1 Business Activities	14.870 Resident Opportunity and Supportive Services	10.427 Rural Rental Assistance Payments
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$209,731	\$579,948	\$0	\$104,650
97100 Extraordinary Maintenance					\$53,013
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments					
97350 HAP Portability-In					
97400 Depreciation Expense		\$173,334	\$178,839		\$81,852
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$0	\$1,765,507	\$1,068,722	\$85,792	\$311,199
10010 Operating Transfer In		\$154,330			
10020 Operating transfer Out					
10030 Operating Transfers from/to Primary Government		-\$2,771,577	-\$5,330,484		
10040 Operating Transfers from/to Component Unit		\$14,362,184	-\$14,362,184		
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	\$11,744,937	-\$19,692,668	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$11,781,334	-\$19,291,559	\$0	-\$30,215

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	9 Other Federal Program 2	2 State/Local	1 Business Activities	14.870 Resident Opportunity and Supportive Services	10.427 Rural Rental Assistance Payments
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$86,045
11030 Beginning Equity	\$0	\$12,655,777	\$21,488,105	\$0	\$326,895
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$1,878,152	-\$1,878,380		
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		0	2280		480
11210 Number of Unit Months Leased		0	2240		461
11270 Excess Cash					
11610 Land Purchases					
11620 Building Purchases					
11630 Furniture & Equipment - Dwelling Purchases					
11640 Furniture & Equipment - Administrative Purchases					
11650 Leasehold Improvements Purchases					
11660 Infrastructure Purchases					
13510 CFFP Debt Service Payments					
13901 Replacement Housing Factor Funds					

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.181 Supportive Housing for Persons with Disabilities	14.169 Housing Counseling Assistance Program	14.875 Public Housing Neighborhood Networks Grants
70300 Net Tenant Rental Revenue					
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$427,463		\$243,172	\$100,988	
70610 Capital Grants					
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		\$335,139			
71100 Investment Income - Unrestricted	\$37	\$249	\$44		
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	\$104,926	\$746			
71600 Gain or Loss on Sale of Capital Assets		-\$2,157			
72000 Investment Income - Restricted					
70000 Total Revenue	\$532,426	\$333,977	\$243,216	\$100,988	\$0
91100 Administrative Salaries	\$69,507	\$48,859	\$32,042	\$72,650	
91200 Auditing Fees		\$315			
91300 Management Fee		\$14,229			
91310 Book-keeping Fee		\$6,000			
91400 Advertising and Marketing		\$10			

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.181 Supportive Housing for Persons with Disabilities	14.169 Housing Counseling Assistance Program	14.875 Public Housing Neighborhood Networks Grants
91500 Employee Benefit contributions - Administrative	\$26,728	\$17,770		\$19,325	
91600 Office Expenses	\$38	\$17,630		\$622	
91700 Legal Expense					
91800 Travel				\$966	
91810 Allocated Overhead					
91900 Other	\$25,699	\$23,013		\$19,061	
91000 Total Operating - Administrative	\$121,972	\$127,826	\$32,042	\$112,624	\$0
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other					
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0
93100 Water		\$3,969			
93200 Electricity		\$22,391			
93300 Gas		\$18,135			
93400 Fuel					
93500 Labor					
93600 Sewer		\$8,171			
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$0	\$52,666	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor		\$18,888			
94200 Ordinary Maintenance and Operations - Materials and Other		\$34,870			
94300 Ordinary Maintenance and Operations Contracts	\$564	\$10,441	\$147	\$89	
94500 Employee Benefit Contributions - Ordinary Maintenance		\$5,341			

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.181 Supportive Housing for Persons with Disabilities	14.169 Housing Counseling Assistance Program	14.875 Public Housing Neighborhood Networks Grants
94000 Total Maintenance	\$564	\$69,540	\$147	\$89	\$0
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs		\$49,102			
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$49,102	\$0	\$0	\$0
96110 Property Insurance		\$1,780			
96120 Liability Insurance		\$320			
96130 Workmen's Compensation	\$1,064	\$3,146		\$1,314	
96140 All Other Insurance	\$494	\$1,407		\$163	
96100 Total insurance Premiums	\$1,558	\$6,653	\$0	\$1,477	\$0
96200 Other General Expenses					
96210 Compensated Absences	\$14,954	\$13,973			
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$14,954	\$13,973	\$0	\$0	\$0
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	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$139,048	\$319,760	\$32,189	\$114,190	\$0

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.181 Supportive Housing for Persons with Disabilities	14.169 Housing Counseling Assistance Program	14.875 Public Housing Neighborhood Networks Grants
97000 Excess of Operating Revenue over Operating Expenses	\$393,378	\$14,217	\$211,027	-\$13,202	\$0
97100 Extraordinary Maintenance		\$64,968			
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments	\$393,334		\$208,543		
97350 HAP Portability-In					
97400 Depreciation Expense		\$4,269			\$21,085
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$532,382	\$388,997	\$240,732	\$114,190	\$21,085
10010 Operating Transfer In				\$13,202	
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)	\$0	\$0	\$0	\$13,202	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$44	-\$55,020	\$2,484	\$0	-\$21,085

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.181 Supportive Housing for Persons with Disabilities	14.169 Housing Counseling Assistance Program	14.875 Public Housing Neighborhood Networks Grants
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	-\$151,644	\$133,508	\$11,757	\$0	\$25,126
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors					
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	655		504		
11210 Number of Unit Months Leased	655		461		
11270 Excess Cash					
11610 Land Purchases					
11620 Building Purchases					
11630 Furniture & Equipment - Dwelling Purchases					
11640 Furniture & Equipment - Administrative Purchases					
11650 Leasehold Improvements Purchases					
11660 Infrastructure Purchases					
13510 CFFP Debt Service Payments					
13901 Replacement Housing Factor Funds					

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.218 Community Development Block Grants/Entitlement Grants	14.235 Supportive Housing Program	14.VSH HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.884 Competitive Capital Fund Stimulus Grant
70300 Net Tenant Rental Revenue					
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants		\$514,514	\$290,485		
70610 Capital Grants					\$1,742,921
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					
71100 Investment Income - Unrestricted	\$54	\$2			
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale				\$1,420,511	
71310 Cost of Sale of Assets				-\$1,363,333	
71400 Fraud Recovery					
71500 Other Revenue	\$104,029	\$35,918			
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted			\$282		
70000 Total Revenue	\$104,083	\$550,434	\$290,767	\$57,178	\$1,742,921
91100 Administrative Salaries	\$30,633	\$15,834	\$10,212	\$78,897	
91200 Auditing Fees					
91300 Management Fee					\$154,265
91310 Book-keeping Fee		\$1,918			
91400 Advertising and Marketing				\$7,359	

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.218 Community Development Block Grants/Entitlement Grants	14.235 Supportive Housing Program	14.VSH HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.884 Competitive Capital Fund Stimulus Grant
91500 Employee Benefit contributions - Administrative	\$18,177	\$5,310	\$2,615	\$22,292	
91600 Office Expenses	\$7,470	\$439	\$4	\$1,288	
91700 Legal Expense				\$1,777	
91800 Travel	\$2,856	\$3,778	\$154		
91810 Allocated Overhead					
91900 Other	\$12,777	\$100,888	\$2,066	\$21,299	
91000 Total Operating - Administrative	\$71,913	\$128,167	\$15,051	\$132,912	\$154,265
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other		\$15,128			
92500 Total Tenant Services	\$0	\$15,128	\$0	\$0	\$0
93100 Water					
93200 Electricity					
93300 Gas					
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$0	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$165			\$2,474	
94200 Ordinary Maintenance and Operations - Materials and Other				\$80	
94300 Ordinary Maintenance and Operations Contracts	\$169			\$408	
94500 Employee Benefit Contributions - Ordinary Maintenance					

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.218 Community Development Block Grants/Entitlement Grants	14.235 Supportive Housing Program	14.VSH HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.884 Competitive Capital Fund Stimulus Grant
94000 Total Maintenance	\$334	\$0	\$0	\$2,962	\$0
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
96110 Property Insurance				\$1,462	
96120 Liability Insurance	\$241			\$268	
96130 Workmen's Compensation	\$671	\$309	\$167	\$1,440	
96140 All Other Insurance	\$347	\$49	\$29	\$1,003	
96100 Total insurance Premiums	\$1,259	\$358	\$196	\$4,173	\$0
96200 Other General Expenses	\$289	\$700			
96210 Compensated Absences	\$17,085	\$6,276		\$5,319	
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$17,374	\$6,976	\$0	\$5,319	\$0
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)				\$48,352	
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$48,352	\$0
96900 Total Operating Expenses	\$90,880	\$150,629	\$15,247	\$193,718	\$154,265

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.218 Community Development Block Grants/Entitlement Grants	14.235 Supportive Housing Program	14.VSH HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.884 Competitive Capital Fund Stimulus Grant
97000 Excess of Operating Revenue over Operating Expenses	\$13,203	\$399,805	\$275,520	-\$136,540	\$1,588,656
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments			\$162,953		
97350 HAP Portability-In					
97400 Depreciation Expense		\$1,261			
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$90,880	\$151,890	\$178,200	\$193,718	\$154,265
10010 Operating Transfer In					
10020 Operating transfer Out	-\$13,202				
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)	-\$13,202	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$1	\$398,544	\$112,567	-\$136,540	\$1,588,656

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.218 Community Development Block Grants/Entitlement Grants	14.235 Supportive Housing Program	14.VSH HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.884 Competitive Capital Fund Stimulus Grant
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$4,444	\$11,959	\$175,110	-\$367,556	\$2,306,191
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			-\$287,677		-\$3,838,656
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					
11210 Number of Unit Months Leased					
11270 Excess Cash					
11610 Land Purchases					
11620 Building Purchases					
11630 Furniture & Equipment - Dwelling Purchases					
11640 Furniture & Equipment - Administrative Purchases					
11650 Leasehold Improvements Purchases					
11660 Infrastructure Purchases					
13510 CFFP Debt Service Payments					
13901 Replacement Housing Factor Funds					

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.885 Formula Capital Fund Stimulus Grant	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			\$60,843	\$3,495,945	-\$241,473	\$3,254,472
70400 Tenant Revenue - Other						
70500 Total Tenant Revenue	\$0	\$0	\$60,843	\$3,495,945	-\$241,473	\$3,254,472
70600 HUD PHA Operating Grants				\$54,111,993		\$54,111,993
70610 Capital Grants				\$3,021,377		\$3,021,377
70710 Management Fee			\$1,802,799	\$1,802,799	-\$1,802,799	\$0
70720 Asset Management Fee			\$79,920	\$79,920	-\$79,920	\$0
70730 Book Keeping Fee			\$684,963	\$684,963	-\$684,963	\$0
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue			\$2,567,682	\$2,567,682	-\$2,567,682	\$0
70800 Other Government Grants		\$443,668	\$599	\$1,974,865		\$1,974,865
71100 Investment Income - Unrestricted			\$5,541	\$27,248		\$27,248
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale				\$1,660,664		\$1,660,664
71310 Cost of Sale of Assets				-\$1,677,455		-\$1,677,455
71400 Fraud Recovery				\$51,010		\$51,010
71500 Other Revenue			\$2,822,500	\$5,028,701	-\$1,436,005	\$3,592,696
71600 Gain or Loss on Sale of Capital Assets			\$107,547	\$137,401		\$137,401
72000 Investment Income - Restricted				\$11,837		\$11,837
70000 Total Revenue	\$0	\$443,668	\$5,564,712	\$70,411,268	-\$4,245,160	\$66,166,108
91100 Administrative Salaries		\$63,995	\$2,043,248	\$4,775,487		\$4,775,487
91200 Auditing Fees			\$17,842	\$54,486		\$54,486
91300 Management Fee				\$1,802,799	-\$1,802,799	\$0
91310 Book-keeping Fee				\$684,963	-\$684,963	\$0
91400 Advertising and Marketing			\$5,959	\$15,455		\$15,455

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.885 Formula Capital Fund Stimulus Grant	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	COCC	Subtotal	ELIM	Total
91500 Employee Benefit contributions - Administrative		\$29,980	\$645,661	\$1,555,903		\$1,555,903
91600 Office Expenses		\$593	\$165,871	\$403,234		\$403,234
91700 Legal Expense			\$40,517	\$55,142		\$55,142
91800 Travel		\$212	\$73,546	\$90,185		\$90,185
91810 Allocated Overhead						
91900 Other		\$65,809	\$2,027,267	\$4,676,083	-\$1,246,328	\$3,429,755
91000 Total Operating - Administrative	\$0	\$160,589	\$5,019,911	\$14,113,737	-\$3,734,090	\$10,379,647
92000 Asset Management Fee				\$79,920	-\$79,920	\$0
92100 Tenant Services - Salaries						
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services						
92400 Tenant Services - Other		\$353	\$14,850	\$32,719		\$32,719
92500 Total Tenant Services	\$0	\$353	\$14,850	\$32,719	\$0	\$32,719
93100 Water			\$2,888	\$241,820		\$241,820
93200 Electricity			\$708	\$245,709		\$245,709
93300 Gas			\$2,191	\$41,461		\$41,461
93400 Fuel						
93500 Labor						
93600 Sewer			\$2,592	\$179,912		\$179,912
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						
93000 Total Utilities	\$0	\$0	\$8,379	\$708,902	\$0	\$708,902
94100 Ordinary Maintenance and Operations - Labor				\$413,994		\$413,994
94200 Ordinary Maintenance and Operations - Materials and Other			\$33,482	\$764,781		\$764,781
94300 Ordinary Maintenance and Operations Contracts			\$175,215	\$1,740,239	\$0	\$1,740,239
94500 Employee Benefit Contributions - Ordinary Maintenance			\$50	\$134,492		\$134,492

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.885 Formula Capital Fund Stimulus Grant	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	COCC	Subtotal	ELIM	Total
94000 Total Maintenance	\$0	\$0	\$208,747	\$3,053,506	\$0	\$3,053,506
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs				\$93,338		\$93,338
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0	\$93,338	\$0	\$93,338
96110 Property Insurance			\$0	\$69,651		\$69,651
96120 Liability Insurance			\$1,428	\$10,361		\$10,361
96130 Workmen's Compensation		\$1,097	\$35,751	\$102,116		\$102,116
96140 All Other Insurance		\$584	\$16,075	\$75,060	-\$14,599	\$60,461
96100 Total insurance Premiums	\$0	\$1,681	\$53,254	\$257,188	-\$14,599	\$242,589
96200 Other General Expenses		\$35,896	\$216,348	\$971,886		\$971,886
96210 Compensated Absences		\$9,925	\$203,680	\$682,189		\$682,189
96300 Payments in Lieu of Taxes				\$125,451	-\$111,726	\$13,725
96400 Bad debt - Tenant Rents				\$30,128		\$30,128
96500 Bad debt - Mortgages						
96600 Bad debt - Other				\$189,491		\$189,491
96800 Severance Expense			\$14,956	\$55,000		\$55,000
96000 Total Other General Expenses	\$0	\$45,821	\$434,984	\$2,054,145	-\$111,726	\$1,942,419
96710 Interest of Mortgage (or Bonds) Payable				\$229,881		\$229,881
96720 Interest on Notes Payable (Short and Long Term)			\$222,368	\$581,570	-\$63,352	\$518,218
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$222,368	\$811,451	-\$63,352	\$748,099
96900 Total Operating Expenses	\$0	\$208,444	\$5,962,493	\$21,204,906	-\$4,003,687	\$17,201,219

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.885 Formula Capital Fund Stimulus Grant	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	COCC	Subtotal	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$235,224	-\$397,781	\$49,206,362	-\$241,473	\$48,964,889
97100 Extraordinary Maintenance				\$202,396		\$202,396
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments		\$235,224		\$44,741,781	-\$241,473	\$44,500,308
97350 HAP Portability-In				\$23,993		\$23,993
97400 Depreciation Expense			\$419,556	\$2,392,159		\$2,392,159
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$0	\$443,668	\$6,382,049	\$68,565,235	-\$4,245,160	\$64,320,075
10010 Operating Transfer In				\$167,532		\$167,532
10020 Operating transfer Out			-\$20,000	-\$167,532		-\$167,532
10030 Operating Transfers from/to Primary Government				-\$8,102,061		-\$8,102,061
10040 Operating Transfers from/to Component Unit				\$0		\$0
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	-\$20,000	-\$8,102,061	\$0	-\$8,102,061
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$0	-\$837,337	-\$6,256,028	\$0	-\$6,256,028

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.185 Hope III	14.866 Revitalization of Severely Distressed Public Housing
111 Cash - Unrestricted	\$4,121,999		\$762,663	\$569	\$212,994
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted	\$48,932	\$146,317	\$4,801,393		
114 Cash - Tenant Security Deposits	\$163,474	\$14,008			
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$4,334,405	\$160,325	\$5,564,056	\$569	\$212,994
121 Accounts Receivable - PHA Projects			\$25,869		
122 Accounts Receivable - HUD Other Projects	\$212,488				
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous			\$376,069		
126 Accounts Receivable - Tenants	\$62,886	\$7,071			
126.1 Allowance for Doubtful Accounts - Tenants	-\$19,710	-\$3,798			
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	-\$327,525	-\$127,520	-\$2,362,984
127 Notes, Loans, & Mortgages Receivable - Current				\$127,520	\$2,562,984
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable	\$14,621				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$270,285	\$3,273	\$74,413	\$0	\$200,000
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets		\$7,505			
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From	\$80,507				\$922,385
145 Assets Held for Sale	\$595,740				\$177,600
150 Total Current Assets	\$5,280,937	\$171,103	\$5,638,469	\$569	\$1,512,979

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.185 Hope III	14.866 Revitalization of Severely Distressed Public Housing
161 Land	\$1,675,406	\$158,970			
162 Buildings	\$47,180,327	\$2,636,849			\$2,343,060
163 Furniture, Equipment & Machinery - Dwellings	\$972,375	\$82,698			
164 Furniture, Equipment & Machinery - Administration	\$1,271,230	\$39,446	\$1,348,793	\$3,051	\$33,406
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$42,026,241	-\$2,653,008	-\$1,343,434	-\$3,051	-\$344,627
167 Construction in Progress	\$3,087,485				
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$12,160,582	\$264,955	\$5,359	\$0	\$2,031,839
171 Notes, Loans and Mortgages Receivable - Non-Current	\$11,802,865				\$4,905,351
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets	\$169,460				
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$24,132,907	\$264,955	\$5,359	\$0	\$6,937,190
190 Total Assets	\$29,413,844	\$436,058	\$5,643,828	\$569	\$8,450,169
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$239,455	\$2,459	\$59,373		\$1,744
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$17,534	\$1,296	\$53,154		\$1,325
322 Accrued Compensated Absences - Current Portion	\$19,149	\$2,712	\$49,184		\$1,048
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$125,431				

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.185 Hope III	14.866 Revitalization of Severely Distressed Public Housing
341 Tenant Security Deposits	\$163,474	\$14,008			
342 Deferred Revenues	\$9,163	\$1,745	\$59,977		
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds		\$104,092			
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities	\$1,085				
346 Accrued Liabilities - Other					
347 Inter Program - Due To		\$174,647			
348 Loan Liability - Current					
310 Total Current Liabilities	\$575,291	\$300,959	\$221,688	\$0	\$4,117
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$1,294,672			
352 Long-term Debt, Net of Current - Operating Borrowings	\$98,097				
353 Non-current Liabilities - Other	\$279,350		\$407,320		
354 Accrued Compensated Absences - Non Current	\$34,318	\$4,524	\$89,220		\$1,990
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$411,765	\$1,299,196	\$496,540	\$0	\$1,990
300 Total Liabilities	\$987,056	\$1,600,155	\$718,228	\$0	\$6,107
508.1 Invested In Capital Assets, Net of Related Debt	\$12,160,582	-\$1,133,809	\$5,359		\$2,031,839
509.2 Fund Balance Reserved					
511.2 Unreserved, Designated Fund Balance					
511.1 Restricted Net Assets		\$146,317	\$4,801,394		
512.1 Unrestricted Net Assets	\$16,266,206	-\$176,605	\$118,847	\$569	\$6,412,223
512.2 Unreserved, Undesignated Fund Balance					
513 Total Equity/Net Assets	\$28,426,788	-\$1,164,097	\$4,925,600	\$569	\$8,444,062
600 Total Liabilities and Equity/Net Assets	\$29,413,844	\$436,058	\$5,643,828	\$569	\$8,450,169

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	9 Other Federal Program 2	2 State/Local	1 Business Activities	14.870 Resident Opportunity and Supportive Services	10.427 Rural Rental Assistance Payments
111 Cash - Unrestricted		\$328,400		\$5,902	
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$19,944			\$374,672
114 Cash - Tenant Security Deposits			\$116,306		\$12,990
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$0	\$348,344	\$116,306	\$5,902	\$387,662
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects				\$5,086	
124 Accounts Receivable - Other Government		\$36,772			\$8,463
125 Accounts Receivable - Miscellaneous		\$366,550	\$0		\$898
126 Accounts Receivable - Tenants			\$3,617		\$465
126.1 Allowance for Doubtful Accounts - Tenants			\$0		\$0
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current		\$948,654			
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable		\$68,752			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$1,420,728	\$3,617	\$5,086	\$9,826
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets		\$228,200			
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From		\$126,682	\$1,037,601		
145 Assets Held for Sale		\$1,422,777			
150 Total Current Assets	\$0	\$3,546,731	\$1,157,524	\$10,988	\$397,488

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	9 Other Federal Program 2	2 State/Local	1 Business Activities	14.870 Resident Opportunity and Supportive Services	10.427 Rural Rental Assistance Payments
161 Land		\$324,229	\$1,140,892		\$119,742
162 Buildings		\$3,537,965	\$5,166,954		\$2,408,871
163 Furniture, Equipment & Machinery - Dwellings		\$564			\$107,867
164 Furniture, Equipment & Machinery - Administration		\$328,149			\$7,385
165 Leasehold Improvements					
166 Accumulated Depreciation		-\$2,418,321	-\$2,762,693		-\$1,769,541
167 Construction in Progress			\$1,303,786		
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$1,772,586	\$4,848,939	\$0	\$874,324
171 Notes, Loans and Mortgages Receivable - Non-Current		\$3,196,315			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets		\$474,498	\$256,139		
176 Investments in Joint Ventures		\$20,147,586	\$0		
180 Total Non-Current Assets	\$0	\$25,590,985	\$5,105,078	\$0	\$874,324
190 Total Assets	\$0	\$29,137,716	\$6,262,602	\$10,988	\$1,271,812
311 Bank Overdraft					
312 Accounts Payable <= 90 Days		\$256,463	\$35,585	\$6,400	\$741
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable		\$94,353		\$1,641	\$1,156
322 Accrued Compensated Absences - Current Portion		\$99		\$328	\$3,342
324 Accrued Contingency Liability					
325 Accrued Interest Payable			\$17,835		
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	9 Other Federal Program 2	2 State/Local	1 Business Activities	14.870 Resident Opportunity and Supportive Services	10.427 Rural Rental Assistance Payments
341 Tenant Security Deposits			\$113,973		\$12,989
342 Deferred Revenues				\$2,087	\$277
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds			\$144,496		\$94,728
344 Current Portion of Long-term Debt - Operating Borrowings		\$57,844			
345 Other Current Liabilities		\$148,476	\$367		
346 Accrued Liabilities - Other		\$203,264			
347 Inter Program - Due To		\$250,000			\$47,249
348 Loan Liability - Current					
310 Total Current Liabilities	\$0	\$1,010,499	\$312,256	\$10,456	\$160,482
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$0	\$3,883,859		\$808,383
352 Long-term Debt, Net of Current - Operating Borrowings		\$1,547,035	\$1,430,114		
353 Non-current Liabilities - Other		\$197,595	\$318,207		
354 Accrued Compensated Absences - Non Current		\$153		\$532	\$6,267
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities		\$67,171			
350 Total Non-Current Liabilities	\$0	\$1,811,954	\$5,632,180	\$532	\$814,650
300 Total Liabilities	\$0	\$2,822,453	\$5,944,436	\$10,988	\$975,132
508.1 Invested In Capital Assets, Net of Related Debt		\$1,772,586	\$820,584		-\$28,787
509.2 Fund Balance Reserved					
511.2 Unreserved, Designated Fund Balance					
511.1 Restricted Net Assets					\$374,672
512.1 Unrestricted Net Assets	\$0	\$24,542,677	-\$502,418	\$0	-\$49,205
512.2 Unreserved, Undesignated Fund Balance					
513 Total Equity/Net Assets	\$0	\$26,315,263	\$318,166	\$0	\$296,680
600 Total Liabilities and Equity/Net Assets	\$0	\$29,137,716	\$6,262,602	\$10,988	\$1,271,812

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.181 Supportive Housing for Persons with Disabilities	14.169 Housing Counseling Assistance Program	14.875 Public Housing Neighborhood Networks Grants
111 Cash - Unrestricted		\$37,355	\$54,242		
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted					
114 Cash - Tenant Security Deposits					
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$0	\$37,355	\$54,242	\$0	\$0
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$366,652			\$74,337	
124 Accounts Receivable - Other Government		\$45,397			
125 Accounts Receivable - Miscellaneous	\$104,926				
126 Accounts Receivable - Tenants					
126.1 Allowance for Doubtful Accounts - Tenants					
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$471,578	\$45,397	\$0	\$74,337	\$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					
150 Total Current Assets	\$471,578	\$82,752	\$54,242	\$74,337	\$0

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.181 Supportive Housing for Persons with Disabilities	14.169 Housing Counseling Assistance Program	14.875 Public Housing Neighborhood Networks Grants
161 Land					
162 Buildings					
163 Furniture, Equipment & Machinery - Dwellings		\$30,361			
164 Furniture, Equipment & Machinery - Administration		\$8,950			\$25,126
165 Leasehold Improvements					
166 Accumulated Depreciation		-\$26,517			-\$21,085
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$12,794	\$0	\$0	\$4,041
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					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$0	\$12,794	\$0	\$0	\$4,041
190 Total Assets	\$471,578	\$95,546	\$54,242	\$74,337	\$4,041
311 Bank Overdraft					
312 Accounts Payable <= 90 Days		\$848			
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$1,733	\$1,694			
322 Accrued Compensated Absences - Current Portion	\$2,045	\$5,070			
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs			\$40,001		
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.181 Supportive Housing for Persons with Disabilities	14.169 Housing Counseling Assistance Program	14.875 Public Housing Neighborhood Networks Grants
341 Tenant Security Deposits					
342 Deferred Revenues					
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities	\$187,189				
346 Accrued Liabilities - Other					
347 Inter Program - Due To	\$428,829			\$74,337	
348 Loan Liability - Current					
310 Total Current Liabilities	\$619,796	\$7,612	\$40,001	\$74,337	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	\$3,382	\$9,446			
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$3,382	\$9,446	\$0	\$0	\$0
300 Total Liabilities	\$623,178	\$17,058	\$40,001	\$74,337	\$0
508.1 Invested In Capital Assets, Net of Related Debt		\$12,794			\$4,041
509.2 Fund Balance Reserved					
511.2 Unreserved, Designated Fund Balance					
511.1 Restricted Net Assets					
512.1 Unrestricted Net Assets	-\$151,600	\$65,694	\$14,241	\$0	\$0
512.2 Unreserved, Undesignated Fund Balance					
513 Total Equity/Net Assets	-\$151,600	\$78,488	\$14,241	\$0	\$4,041
600 Total Liabilities and Equity/Net Assets	\$471,578	\$95,546	\$54,242	\$74,337	\$4,041

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.218 Community Development Block Grants/Entitlement Grants	14.235 Supportive Housing Program	14.VSH HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.884 Competitive Capital Fund Stimulus Grant
111 Cash - Unrestricted		\$2		\$250	
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted					\$102,808
114 Cash - Tenant Security Deposits					
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$0	\$2	\$0	\$250	\$102,808
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects		\$49,228			
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous	\$39,611	\$20,339		\$175,553	
126 Accounts Receivable - Tenants					
126.1 Allowance for Doubtful Accounts - Tenants					
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$39,611	\$69,567	\$0	\$175,553	\$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				\$3,420,517	
150 Total Current Assets	\$39,611	\$69,569	\$0	\$3,596,320	\$102,808

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.218 Community Development Block Grants/Entitlement Grants	14.235 Supportive Housing Program	14.VSH HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.884 Competitive Capital Fund Stimulus Grant
161 Land					
162 Buildings					
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration		\$177,831			
165 Leasehold Improvements					
166 Accumulated Depreciation		-\$167,134			
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$10,697	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current		\$400,000			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$0	\$410,697	\$0	\$0	\$0
190 Total Assets	\$39,611	\$480,266	\$0	\$3,596,320	\$102,808
311 Bank Overdraft					
312 Accounts Payable <= 90 Days		\$15,315		\$32,564	\$1
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$3,107	\$385		\$2,956	
322 Accrued Compensated Absences - Current Portion	\$3,595	\$1,041		\$387	
324 Accrued Contingency Liability					
325 Accrued Interest Payable				\$68,752	
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.218 Community Development Block Grants/Entitlement Grants	14.235 Supportive Housing Program	14.VSH HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.884 Competitive Capital Fund Stimulus Grant
341 Tenant Security Deposits					
342 Deferred Revenues		\$8,953			
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds					
344 Current Portion of Long-term Debt - Operating Borrowings				\$950,654	
345 Other Current Liabilities	\$1,400				
346 Accrued Liabilities - Other					
347 Inter Program - Due To	\$20,949	\$42,347		\$597,246	\$46,616
348 Loan Liability - Current					
310 Total Current Liabilities	\$29,051	\$68,041	\$0	\$1,652,559	\$46,617
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
352 Long-term Debt, Net of Current - Operating Borrowings				\$2,447,260	
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	\$6,115	\$1,722		\$597	
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$6,115	\$1,722	\$0	\$2,447,857	\$0
300 Total Liabilities	\$35,166	\$69,763	\$0	\$4,100,416	\$46,617
508.1 Invested In Capital Assets, Net of Related Debt		\$10,697			
509.2 Fund Balance Reserved					
511.2 Unreserved, Designated Fund Balance					
511.1 Restricted Net Assets					\$102,808
512.1 Unrestricted Net Assets	\$4,445	\$399,806	\$0	-\$504,096	-\$46,617
512.2 Unreserved, Undesignated Fund Balance					
513 Total Equity/Net Assets	\$4,445	\$410,503	\$0	-\$504,096	\$56,191
600 Total Liabilities and Equity/Net Assets	\$39,611	\$480,266	\$0	\$3,596,320	\$102,808

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.885 Formula Capital Fund Stimulus Grant	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted			\$15,967	\$5,540,343		\$5,540,343
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted	\$104,280			\$5,598,346		\$5,598,346
114 Cash - Tenant Security Deposits				\$306,778		\$306,778
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$104,280	\$0	\$15,967	\$11,445,467	\$0	\$11,445,467
121 Accounts Receivable - PHA Projects				\$25,869		\$25,869
122 Accounts Receivable - HUD Other Projects				\$707,791		\$707,791
124 Accounts Receivable - Other Government		\$54,543		\$145,175		\$145,175
125 Accounts Receivable - Miscellaneous		\$8,612	\$4,462	\$1,097,020		\$1,097,020
126 Accounts Receivable - Tenants				\$74,039		\$74,039
126.1 Allowance for Doubtful Accounts - Tenants		\$0		-\$23,508		-\$23,508
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	-\$2,818,029		-\$2,818,029
127 Notes, Loans, & Mortgages Receivable - Current				\$3,639,158	-\$948,654	\$2,690,504
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable				\$83,373	-\$68,752	\$14,621
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$63,155	\$4,462	\$2,930,888	-\$1,017,406	\$1,913,482
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets				\$235,705		\$235,705
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From			\$250,000	\$2,417,175	-\$2,417,175	\$0
145 Assets Held for Sale			\$1,202,690	\$6,819,324		\$6,819,324
150 Total Current Assets	\$104,280	\$63,155	\$1,473,119	\$23,848,559	-\$3,434,581	\$20,413,978

Housing Authority City of Fresno (CA006)
 FRESNO, CA
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.885 Formula Capital Fund Stimulus Grant	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	COCC	Subtotal	ELIM	Total
161 Land			\$996,868	\$4,416,107		\$4,416,107
162 Buildings			\$440,714	\$63,714,740		\$63,714,740
163 Furniture, Equipment & Machinery - Dwellings				\$1,193,865		\$1,193,865
164 Furniture, Equipment & Machinery - Administration			\$2,297,990	\$5,541,357		\$5,541,357
165 Leasehold Improvements						
166 Accumulated Depreciation			-\$1,676,558	-\$55,212,210		-\$55,212,210
167 Construction in Progress			\$453,253	\$4,844,524		\$4,844,524
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$2,512,267	\$24,498,383	\$0	\$24,498,383
171 Notes, Loans and Mortgages Receivable - Non-Current			\$599,774	\$20,904,305	-\$1,075,559	\$19,828,746
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets		\$311,178	\$1,099,701	\$2,310,976	-\$35,885	\$2,275,091
176 Investments in Joint Ventures				\$20,147,586		\$20,147,586
180 Total Non-Current Assets	\$0	\$311,178	\$4,211,742	\$67,861,250	-\$1,111,444	\$66,749,806
190 Total Assets	\$104,280	\$374,333	\$5,684,861	\$91,709,809	-\$4,546,025	\$87,163,784
311 Bank Overdraft						
312 Accounts Payable <= 90 Days		\$5,454	\$169,166	\$825,568		\$825,568
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable		\$708	\$62,203	\$243,245		\$243,245
322 Accrued Compensated Absences - Current Portion		\$1,256	\$77,236	\$166,492		\$166,492
324 Accrued Contingency Liability						
325 Accrued Interest Payable			\$326,723	\$413,310	-\$68,752	\$344,558
331 Accounts Payable - HUD PHA Programs				\$40,001		\$40,001
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government			\$2,378,095	\$2,503,526		\$2,503,526

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.885 Formula Capital Fund Stimulus Grant	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	COCC	Subtotal	ELIM	Total
341 Tenant Security Deposits				\$304,444		\$304,444
342 Deferred Revenues			\$136,012	\$218,214		\$218,214
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds				\$343,316		\$343,316
344 Current Portion of Long-term Debt - Operating Borrowings			\$800,460	\$1,808,958	-\$948,654	\$860,304
345 Other Current Liabilities			\$76,212	\$414,729		\$414,729
346 Accrued Liabilities - Other				\$203,264		\$203,264
347 Inter Program - Due To	\$33,891	\$364,677	\$336,387	\$2,417,175	-\$2,417,175	\$0
348 Loan Liability - Current						
310 Total Current Liabilities	\$33,891	\$372,095	\$4,362,494	\$9,902,242	-\$3,434,581	\$6,467,661
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$0	\$5,986,914		\$5,986,914
352 Long-term Debt, Net of Current - Operating Borrowings			\$500,000	\$6,022,506	-\$1,075,559	\$4,946,947
353 Non-current Liabilities - Other			\$3,494,832	\$4,697,304	-\$35,885	\$4,661,419
354 Accrued Compensated Absences - Non Current		\$2,238	\$145,725	\$306,229		\$306,229
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities				\$67,171		\$67,171
350 Total Non-Current Liabilities	\$0	\$2,238	\$4,140,557	\$17,080,124	-\$1,111,444	\$15,968,680
300 Total Liabilities	\$33,891	\$374,333	\$8,503,051	\$26,982,366	-\$4,546,025	\$22,436,341
508.1 Invested In Capital Assets, Net of Related Debt			\$2,512,267	\$18,168,153		\$18,168,153
509.2 Fund Balance Reserved						
511.2 Unreserved, Designated Fund Balance						
511.1 Restricted Net Assets	\$104,280			\$5,529,471		\$5,529,471
512.1 Unrestricted Net Assets	-\$33,891	\$0	-\$5,330,457	\$41,029,819		\$41,029,819
512.2 Unreserved, Undesignated Fund Balance						
513 Total Equity/Net Assets	\$70,389	\$0	-\$2,818,190	\$64,727,443	\$0	\$64,727,443
600 Total Liabilities and Equity/Net Assets	\$104,280	\$374,333	\$5,684,861	\$91,709,809	-\$4,546,025	\$87,163,784

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.885 Formula Capital Fund Stimulus Grant	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	COCC	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$225,103		\$225,103
11030 Beginning Equity	\$2,053,592	\$0	-\$1,980,853	\$71,019,131		\$71,019,131
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$1,983,203		\$0	-\$35,660		-\$35,660
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				\$124,207		\$124,207
11180 Housing Assistance Payments Equity				\$4,801,393		\$4,801,393
11190 Unit Months Available		161	55	94075		94075
11210 Number of Unit Months Leased		161	51	92907		92907
11270 Excess Cash				\$3,707,458		\$3,707,458
11610 Land Purchases			\$0	\$102,211		\$102,211
11620 Building Purchases			\$0	\$654,349		\$654,349
11630 Furniture & Equipment - Dwelling Purchases			\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases			\$0	\$19,136		\$19,136
11650 Leasehold Improvements Purchases			\$0	\$0		\$0
11660 Infrastructure Purchases			\$0	\$0		\$0
13510 CFFP Debt Service Payments			\$0	\$502,760		\$502,760
13901 Replacement Housing Factor Funds			\$0	\$502,760		\$502,760

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

**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF
ACTUAL MODERNIZATION COST CERTIFICATES**

We have audited the accompanying schedules of actual modernization cost certificates - regulatory basis of the Housing Authority of the City of Fresno (Authority) as of December 31, 2011. The schedule of actual modernization cost certificates is the responsibility of the Authority's management. Our responsibility is to express an opinion on this schedule of actual modernization cost certificates 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 schedules of actual modernization cost certificates are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the actual modernization cost certificates. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

This schedule of actual modernization cost certificates were prepared in conformity with the accounting practices prescribed or permitted by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the schedule of actual modernization cost certificates referred to above present fairly, in all respects, the actual modernization cost certificates of the Authority as of December 31, 2011, on the basis of accounting described above.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 12, 2012 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or 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.

This report is intended solely for the information and use of the Authority's management and for filing with the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Mayer Hoffman McCann P.C." with a horizontal line underneath.

Irvine, California
September 12, 2012

HOUSING AUTHORITY OF THE CITY OF FRESNO
 Schedule of Modernization Costs for Completed Projects
 Year ended December 31, 2011

<u>Grant Number</u>	<u>Funds Approved</u>	<u>Funds Expended</u>	<u>Excess</u>
<u>City:</u>			
CA39P006501-07	\$ 1,677,180	1,677,180	-
CA39S006501-09	2,203,559	2,203,559	-

(See accompanying Independent Auditors' Report)

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SINGLE AUDIT REPORTS AND RELATED SCHEDULES



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

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

We have audited the financial statements of the Housing Authority of the City of Fresno as of and for the year ended December 31, 2011, and have issued our report thereon dated September 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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

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

Board of Commissioners
Housing Authority of the City of Fresno
Page Two

Compliance and Other Matters

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

We noted certain immaterial matters that we reported to the management of the Housing Authority in a separate letter dated September 12, 2012.

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



Irvine, California
September 12, 2012



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

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM, INTERNAL
CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133**

Independent Auditors' Report

Compliance

We have audited the compliance of the Housing Authority of the City of Fresno (Authority) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to *obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred*. An audit includes examining, on a test basis, evidence about the Authority'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. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's control over compliance with the requirements that could have a direct and material

effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Authority'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.

Our consideration of the 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 that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Authority as of and for the year ended December 31, 2011, and have issued our report thereon dated September 12, 2011. 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 OMB Circular A-133 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.

We also noted certain immaterial matters regarding federal programs that we reported to the management of the Housing Authority in a separate letter dated September 12, 2012.

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



Irvine, California
September 12, 2012

HOUSING AUTHORITIES OF THE CITY OF FRESNO
Schedule of Expenditures of Federal Awards
Year ended December 31, 2011

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Domestic Assistance Number</u>	<u>Program Identification Number</u>	<u>Program Expenditures</u>
Department of Agriculture:			
Direct Assistance:			
Rural Rental Housing (rental assistance)	10.427		\$ 101,845
Farm Labor Housing Loans and Grants (loans)	10.405		<u>903,111</u> *
Subtotal - Department of Agriculture			<u>1,004,956</u>
Department of Housing and Urban Development:			
Direct Assistance:			
Housing Counseling Assistance Program	14.169		100,988
Supportive Housing for Persons with Disabilities	14.181		243,172
Special Needs Assistance	14.235		514,515
Shelter Plus Care Program	14.238		427,463
Public and Indian Housing	14.850	Contract #SF-170	<u>2,749,364</u>
Subtotal:			<u>4,035,502</u>
Section 8 Housing Choice Voucher Program	14.871	Contract #SF-472	49,102,121 *
Veteran Affairs Supportive Housing	14.VSH		<u>290,485</u>
Subtotal			<u>49,392,606</u>
Public Housing Capital Fund Program	14.872	Contract #SF-170	1,882,053
Public Housing Capital Fund Competitive (Recovery Act Funded)	14.884	Contract #SF-170	<u>1,742,921</u>
Subtotal			<u>3,624,974</u>
Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services	14.877	CA006RFS015A007	80,289
Passed through the State of California Housing Finance Agency:			
Section 8 New Construction and Substantial Rehabilitation	14.182	CHFA #76-54-N	531,509
Passed through the City of Fresno:			
Community Development Block Grant (loans)	14.218	NSP Grant	1,045,741
Homeless Prevention Rapid Rehousing Program	14.257		<u>443,668</u>
Subtotal - Department of Housing and Urban Development			<u>59,154,289</u>
Department of Health and Human Services (HHS)			
Passed through the Fresno County Social Services Department:			
Child Welfare Services	93.645		<u>335,139</u>
Total expenditures of federal awards			<u>\$ 60,494,384</u>

* Major program

See accompanying notes to the schedule of expenditures of federal awards

HOUSING AUTHORITY OF THE CITY OF FRESNO

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2011

(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 (Authority) that are reimbursable under federal programs of federal agencies providing financial assistance. For the purposes of this schedule, financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the Authority from a non-federal agency or other organization. Only the portions of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other nonfederal funds are excluded from the accompanying schedule.

(b) Basis of Accounting

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

(c) Subrecipients

During the fiscal year ended December 31, 2011, the Authority disbursed no federal funds to subrecipients.

(d) U.S. Department of Agriculture Notes

The Authority entered into two notes with the United States Department of Agriculture Farmer Homes Administration under the Farm Labor Housing Union Loan program. In accordance with the notes the Authority used the funds for the acquisition and development of four multi-unit rental housing developments. The notes accrue interest at 1% per annum. The notes mature at various dates beginning on January 6, 2014 and ending on April 2, 2035. At December 31, 2011 the outstanding balance for the notes is \$903,111.

HOUSING AUTHORITY OF THE CITY OF FRESNO

Schedule of Findings and Questioned Costs

Year Ended December 31, 2011

(A) Summary of Auditor's Results

1. An unqualified report was issued by the auditors on the financial statements of the auditee.
2. There were no reported material weaknesses in internal control over financial reporting based on our audit of the financial statements of the auditee. There were also no reported significant deficiencies in internal control over financial reporting.
3. The audit disclosed no reported noncompliance which is material to the financial statements of the auditee.
4. There were no reported material weaknesses or significant deficiencies in internal control over major programs of the auditee.
5. An unqualified report was issued by the auditors on compliance for major programs.
6. The audit disclosed no audit findings required by the auditors to be reported under paragraph .510(a) of OMB Circular A-133.
7. The major programs of the auditee were:
 - CFDA No. 10.405 U.S. Department of Agriculture – Farm Labor Housing Loans and Grants, and
 - CFDA No. 14.871 U.S. Department of Housing and Urban Development – Section 8 Housing Choice Vouchers
8. The dollar threshold used to distinguish Type A and Type B programs was \$1,814,832.
9. The Authority was not considered as a low risk auditee for the year ended December 31, 2011 for purposes of major program determination.

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

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

(C) Findings and Questioned Costs for Federal Awards as Defined in Paragraph .510(a) at OMB Circular A-133

The were no auditors' findings required to be reported in accordance with Paragraph .510(a) at OMB Circular A-133.

HOUSING AUTHORITY OF THE CITY OF FRESNO

Summary Schedule of Prior Audit Findings

Year ended December 31, 2011

The current year status of the significant deficiencies reported for the year ended December 31, 2010 is as follows:

(2010-1) Preparation of the Schedule of Expenditures of Federal Awards

Status – Resolved

(2010-2) Allocating OPEB (Retiree Medical) Costs to Federal Programs

Status – Partially Resolved. Efforts were made by the Authority and this matter is no longer considered a significant deficiency. However, certain recommendations regarding this matter were included in a separate letter to management.

(2010-3) Efforts Needed to Improve Audit Planning and Assistance

Status – Resolved

(2010-4) Restricting Access to the Payroll Master File

Status – Resolved

(2010-5) Board Approval Should be Obtained for all Interfund Loans

Status – Resolved

(2010-6) Periodic Certifications should be Obtained for Certain Salaries and Wages Charged to Federal Programs

Status – Resolved

(2010-7) Maintaining Farm Labor Housing Tenant Files in Accordance with Federal Requirements

Status – Resolved

(2009-1) Administration of Housing Choice Voucher Tenant Files

Status – Resolved

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