

**HOUSING AUTHORITY
OF THE COUNTY OF FRESNO**

BASIC FINANCIAL STATEMENTS

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

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HOUSING AUTHORITY OF THE COUNTY OF FRESNO

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2011

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the Housing Authority of the County of Fresno, California, as of and for the year ended December 31, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of the County of 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 County 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 County 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 COUNTY OF FRESNO**
Page two

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 COUNTY OF FRESNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the Authority'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.

INTRODUCTION

The Housing Authority of the County of Fresno, California (the "Agency") is committed to innovative housing solutions and excellence in housing and resident services for low-income households throughout the County 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 led 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 Fresno County: Fresno County encompasses 15 incorporated cities and a number of unincorporated towns and municipalities, covering a geographic area of roughly 6,000 square miles with a population of approximately 950,000. The Agency manages 39 public housing properties organized into seven asset management properties (AMP) and has Agency to provide 5,604 Section 8 housing vouchers on a monthly basis throughout the County of Fresno. In addition, the Agency operates four USDA Farm Labor Housing properties, two Migrant Housing properties financed through the California Office of Migrant Services (OMS), and one California Housing Finance Agency-financed (CalHFA) Section 8 new construction property in Huron. The Agency also administers homebuyer programs in the County.

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 Agency 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 5,200 private owners of rental properties participate in the Housing Choice Voucher program and the Agency has over 5,600 families participating in the program.

Public Housing. The Agency owns and manages 1,014 public housing units which are scattered throughout the county of Fresno. Residents pay 30% of their adjusted gross income to the Agency as rent and HUD subsidizes the balance needed 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 Include The Following:

CalHFA Section 8 New Construction
USDA Farm Labor Housing
OMS Migrant Farm Labor Housing
Permanent Supportive Housing
Resident Services
Temporary Assistance for Needy Families
Home Ownership Opportunities and Training
Resident Opportunities and Self Sufficiency
Family Self Sufficiency
Homeless Management Information Systems
Homeless Prevention and Rapid Re-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 assets having time-related restrictions.
- **Unrestricted net assets:** These are assets 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.

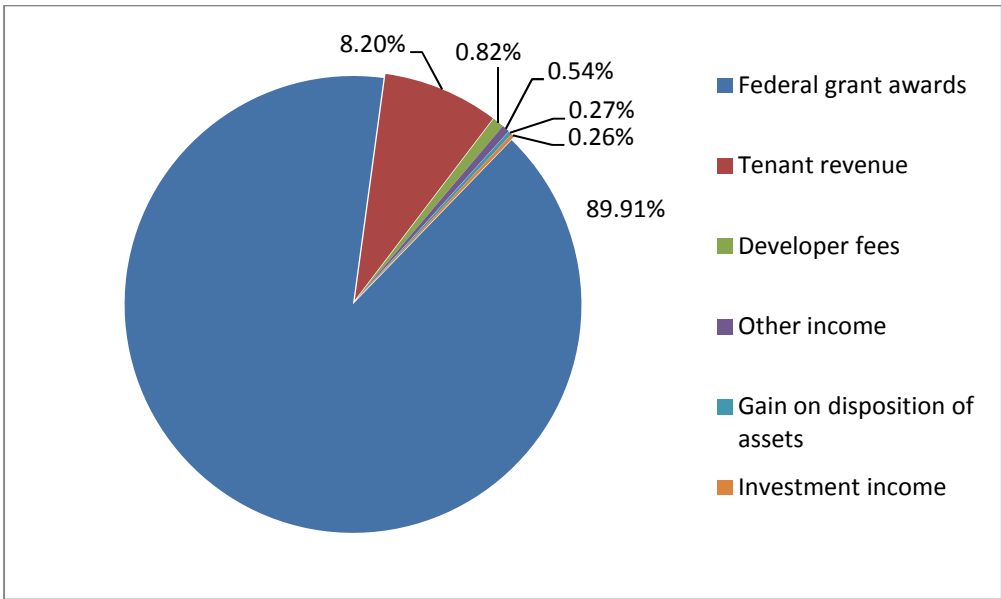
Net assets are summarized and segregated by type in the following table:

Statements of Net Assets				
<u>ASSETS</u>	2011	2010	Increase (Decrease)	%
Current assets	\$ 9,437,187	\$ 13,202,832	\$ (3,765,645)	-28.52%
Restricted assets	10,243,690	5,831,693	4,411,997	75.66%
Capital assets, net	23,240,189	22,700,040	540,149	2.38%
Other assets	7,801,728	1,175,211	6,626,517	563.86%
Total Assets	<u>\$ 50,722,794</u>	<u>\$ 42,909,776</u>	<u>\$ 7,813,018</u>	<u>18.21%</u>
<u>LIABILITIES</u>				
Current liabilities	1,789,296	5,816,511	(4,027,215)	-69.24%
Non-current liabilities	7,556,364	6,943,880	612,484	8.82%
Total liabilities	<u>9,345,660</u>	<u>12,760,391</u>	<u>(3,414,731)</u>	<u>-26.76%</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	18,091,166	16,352,922	1,738,244	10.63%
Restricted	9,854,691	6,659,975	3,194,716	47.97%
Unrestricted	13,431,277	7,136,488	6,294,789	88.21%
Total net assets	<u>41,377,134</u>	<u>30,149,385</u>	<u>11,227,749</u>	<u>37.24%</u>
Total liabilities and net assets	<u>\$ 50,722,794</u>	<u>\$ 42,909,776</u>	<u>\$ 7,813,018</u>	<u>18.21%</u>

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by \$41.4 million (see total net assets). Of this amount, \$13.4 million (unrestricted net assets) may be used to meet the Agency's ongoing obligations, \$9.9 million is restricted for specific purposes (restricted net assets) and \$18.1 million is invested in capital assets, net of related debt.
- Total net assets increased \$11.2 million (37.24%) from the prior year. This change is due to an increase in net assets for the fiscal year \$4.4 million and to a restatement of beginning equity \$6.8 million 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 agencies 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 increased from 2.27 in 2010 to 5.25 in 2011. This increase is primarily due to significant reductions in current liabilities resulting from the current year change in presentation and the reclassification of certain entities from blended component units to joint ventures.

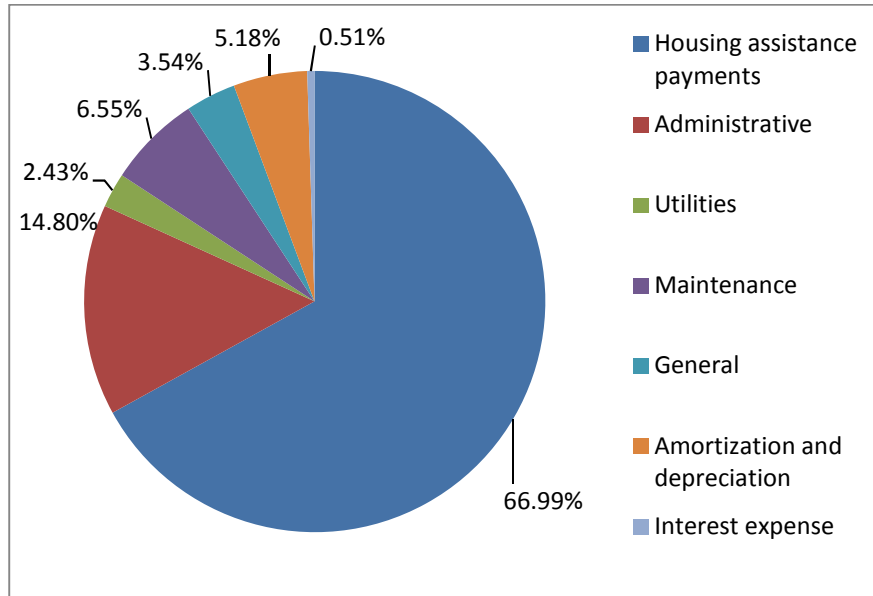
- Capital assets, net of depreciation increased from \$22.7 million to \$23.2 million; a 2.38% increase over the prior year. The change is primarily the result of current year depreciation \$2.5 million and current year net additions totaling \$3.0 million.
- Other assets increased by \$6.6 million (563.86%) primarily due to the \$6.6 million increase in investment in joint ventures resulting from a change in ownership structures of entities presented as blended component units in prior years.
- Current liabilities include liabilities currently due and within one year along with current portion of long-term debt. The current balance declined \$4.0 million (69.08%) primarily due to \$3.2 million decline in accounts payable and \$0.8 million decline in other current liabilities.
- Noncurrent liabilities include notes and other mortgages payable which reported a net increase of \$0.6 million incurred to finance on-going construction of multi-family housing.

Fiscal Year 2011 Revenues



Federal grant awards	\$ 48,628,864	89.91%
Tenant revenue	4,434,536	8.20%
Developer fees	445,456	0.82%
Other income	289,654	0.54%
Gain on disposition of assets	143,382	0.27%
Investment income	142,680	0.26%
Total revenue for 2011	\$ 54,084,572	100.00%

Fiscal Year 2011 Expenditures



Housing assistance payments	\$ 33,288,244	66.99%
Administrative	7,352,696	14.80%
Maintenance	3,253,585	6.55%
Amortization and depreciation	2,575,714	5.18%
General	1,756,940	3.54%
Utilities	1,207,715	2.43%
Interest expense	253,995	0.51%
Total expenditures for 2011	\$ 49,688,889	100.00%



Granada Commons

Change in Net Assets

Operating and nonoperating income revenue and expenses summarized:

Statements of Revenue, Expenses and Changes in Net Assets

	2011	2010	Increase (Decrease)	%
<u>OPERATING REVENUES</u>				
Rents	\$ 4,434,536	\$ 4,252,439	\$ 182,097	4.28%
Fees from related parties	28,709	382,621	(353,912)	-92.50%
Operating subsidy	45,256,288	43,669,551	1,586,737	3.63%
Other	260,945	2,140,996	(1,880,051)	-87.81%
Total operating revenues	49,980,478	50,445,607	(465,129)	-0.92%
<u>OPERATING EXPENSES</u>				
Administrative	7,352,696	8,304,275	(951,579)	-11.46%
Utilities	1,207,715	1,070,556	137,159	12.81%
Maintenance	3,253,585	3,101,931	151,654	4.89%
General	1,756,940	3,970,711	(2,213,771)	-55.75%
Housing assistance payments	33,288,244	35,888,231	(2,599,987)	-7.24%
Amortization and depreciation	2,575,714	2,104,361	471,353	22.40%
Total operating expenses	49,434,894	54,440,065	(5,005,171)	-9.19%
Operating income (loss)	545,584	(3,994,458)	4,540,042	-113.66%
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Grants	1,636,364	6,647,663	(5,011,299)	-75.38%
Developer fees	445,456	-	445,456	
Investment income	62,629	57,775	4,854	8.40%
Changes in joint ventures	80,051	-	80,051	
Gain on sale/disposition of capital assets	143,382	2,143	141,239	6590.71%
Interest expense	(253,995)	(134,107)	(119,888)	89.40%
Other	-	(6,959)	6,959	-100.00%
Total nonoperating income	2,113,887	6,566,515	(4,452,628)	-67.81%
Net income before contributions	2,659,471	2,572,057	87,414	3.40%
Capital contributions - capital grants	1,736,212	3,524,728	(1,788,516)	-50.74%
Changes in net assets	4,395,683	6,096,785	(1,701,102)	-27.90%
Net assets at beginning of year	30,149,385	24,052,600	6,096,785	25.35%
Prior period adjustment	6,832,066	-	6,832,066	
Net assets at beginning of year - restated	36,981,451	24,052,600	12,928,851	53.75%
Net assets - end of year	\$ 41,377,134	\$ 30,149,385	\$ 11,227,749	37.24%

The Agency reported an overall increase in net assets of \$4.4 million for the fiscal year. Key elements of other changes are as follows:

- Operating revenue of \$50.0 million declined \$0.5 million (0.92%) due to the conclusion of programs that were funded by the federal stimulus package.
- Operating expenses of \$49.4 million were \$5.0 million (9.19%) lower than the previous year due to cost-cutting measures most significantly in administrative and general expenses and a decline in utilization of Section 8 vouchers. These expense savings helped to offset the current year reduction in operating income.
- Nonoperating income of \$2.1 million was lower than the prior year by \$4.5 million (67.81%). The most significant change was due to a reduction in capital fund grants from the aforementioned federal stimulus program.
- During the year, the Agency incurred expenses of \$47.1 million (not including depreciation) for all programs. The largest programs continue to be Housing Choice Voucher Program (\$37.4 million) and Public Housing (\$6.4 million).

Economic Events that will Financially Impact the Agency's Future

The Agency's dependence on HUD for funding 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 on federal funding more so than may be the case for state and 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 a 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 County 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 COUNTY OF FRESNO

Statement of Net Assets

December 31, 2011

ASSETS

Current assets:

Cash and investments	\$	6,130,367
Accounts receivable - tenants (net of allowance for doubtful accounts of \$37,049)		44,841
Accounts receivable - other (net of allowance for doubtful accounts of \$281,927)		64,481
Accounts receivable - related parties		28,107
Due from other governments		3,156,254
Prepaid expenses and other assets		13,137
Total current assets		<u>9,437,187</u>

Restricted assets:

Restricted cash		<u>10,243,690</u>
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Capital assets:

Land		1,601,846
Buildings		73,238,902
Equipment - dwelling		1,969,655
Equipment - administration		941,871
Accumulated depreciation		(60,910,418)
Construction in progress		6,398,333
Total capital assets		<u>23,240,189</u>

Other noncurrent assets:

Notes receivable from related parties		544,177
Interest receivable from related parties		79,105
Assets held for sale		408,251
Investment in joint ventures		6,581,751
Other assets		188,444
Total other noncurrent assets		<u>7,801,728</u>

Total assets	\$	<u><u>50,722,794</u></u>
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See accompanying notes to basic financial statements

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

Statement of Net Assets

December 31, 2011

(Continued)

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable - vendors	\$	408,896
Accounts payable - other governments		259,010
Accrued salaries		136,653
Tenant security deposits payable		374,385
Other current liabilities		148,843
Current portion of long-term liabilities		427,279
Deferred revenue		34,230
Total current liabilities		<u>1,789,296</u>

Noncurrent liabilities:

Long-term liabilities		6,481,401
Long-term loans payable to related parties		844,841
Other		230,122
Total noncurrent liabilities		<u>7,556,364</u>
Total liabilities		<u>9,345,660</u>

Net assets:

Invested in capital assets, net of related debt		18,091,166
Restricted for:		
Externally required reserves		1,585,993
Housing Assistance Payments		8,268,698
Unrestricted		<u>13,431,277</u>
Total net assets		<u>41,377,134</u>
Total liabilities and net assets	\$	<u>50,722,794</u>

See accompanying notes to basic financial statements

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

OPERATING REVENUES:

Rents	\$ 4,434,536
Fees from related parties	28,709
Operating grants	45,256,288
Other	<u>260,945</u>
Total operating revenue	<u>49,980,478</u>

OPERATING EXPENSES:

Administrative	7,352,696
Utilities	1,207,715
Maintenance	3,253,585
General	1,756,940
Housing assistance payments	33,288,244
Amortization	937
Depreciation	<u>2,574,777</u>
Total operating expenses	<u>49,434,894</u>
Operating income (loss)	<u>545,584</u>

NONOPERATING REVENUES (EXPENSES):

Grants	1,636,364
Developer fees	445,456
Investment income - unrestricted	44,893
Investment income - restricted	17,736
Changes in joint ventures	80,051
Gain (loss) on sale/disposition of capital assets	143,382
Interest expense	<u>(253,995)</u>
Total nonoperating revenues (expenses)	<u>2,113,887</u>
Net income (loss) before capital contributions	2,659,471
Capital contributions - capital grants	<u>1,736,212</u>
Changes in net assets	4,395,683
Net assets at beginning of year	<u>36,981,451</u>
Net assets at end of year	<u><u>\$ 41,377,134</u></u>

See accompanying notes to basic financial statements

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

Statement of Cash Flows

Year Ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from tenants	\$ 4,448,924
Cash received from others	384,545
Cash paid to employees for services	(4,472,072)
Cash paid to suppliers for goods and services	(13,092,760)
Cash paid to joint ventures	(1,173,538)
Cash received from operating grants	43,969,299
Cash paid for housing assistance	<u>(33,450,408)</u>
Net cash used by operating activities	<u>(3,386,010)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Cash received from grants	1,636,364
Developer fees received	445,456
Principal paid on notes payable to related parties	<u>(930,695)</u>
Net cash provided by noncapital financing activities	<u>1,151,125</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:

Grants received to acquire/construct capital assets	1,736,212
Acquisition of capital assets	(2,280,960)
Proceeds from issuance of notes payable	1,060,251
Principal paid on notes payable	(327,657)
Interest paid on notes payable	<u>(280,806)</u>
Net cash provided by capital financing activities	<u>(92,960)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received from investments	48,935
Interest on restricted cash	<u>17,736</u>
Net cash provided by investing activities	<u>66,671</u>

Net increase (decrease) to cash	(2,261,174)
Cash at beginning of year	<u>18,635,231</u>
Cash at end of year	<u>\$ 16,374,057</u>

See accompanying notes to basic financial statements

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

Statement of Cash Flows

Year Ended December 31, 2011

(Continued)

RECONCILIATION OF CHANGE IN NET ASSETS TO NET

CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:

Operating income (loss)	\$	545,584
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation		2,574,777
Changes in joint ventures		80,051
Gain (loss) on sale/disposition of capital assets		143,382
(Increase) decrease in accounts receivable - tenants		3,820
(Increase) decrease in accounts receivable - other		158,647
(Increase) decrease in due from other governments		(1,321,219)
(Increase) decrease in other current receivables		(28,107)
(Increase) decrease in prepaid expenses and other assets		19,102
(Increase) decrease in interest receivable		(79,105)
(Increase) decrease in other noncurrent receivables		(170,802)
(Increase) decrease in investment in joint ventures		(1,253,589)
(Increase) decrease in deposits		22,030
Increase (decrease) in accounts payable - vendors		(3,227,798)
Increase (decrease) in due to related parties		(206,112)
Increase (decrease) in accrued salaries		126,476
Increase (decrease) in accounts payable - other governments		42,587
Increase (decrease) in OPEB obligation		25,352
Increase (decrease) in deferred revenue		34,230
Increase (decrease) in other current liabilities		(847,203)
Increase (decrease) in FSS liabilities		(162,164)
Increase (decrease) in tenant security deposits payable		10,568
Increase (decrease) in compensated absences		123,483
		<hr/>
Net cash provided by (used for) operating activities	\$	<u>(3,386,010)</u>

RECONCILIATION OF CASH PER STATEMENT OF NET ASSETS

TO CASH PER STATEMENT OF CASH FLOWS:

Cash and investments	\$	6,130,367
Restricted cash		10,243,690
		<hr/>
Cash at end of year	\$	<u>16,374,057</u>

There were no significant noncash investing, capital or financing activities for the year ended December 31, 2011.

See accompanying notes to basic financial statements

HOUSING AUTHORITY OF THE COUNTY 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 County of Fresno, California (the Authority) is responsible for the development and implementation of housing programs and activities for the County of Fresno, California. The Authority provides housing programs to over 8,200 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 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 appointed to four year terms by the County Board of Supervisors.

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 COUNTY 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:

Kerman Acres LP, a California Limited Partnership was created to develop Granada Commons utilizing a layered finance approach using Tax Credit Assistance Program funds, Capital Funds, HOME and other grant funds. The general partners of Kerman Acres L.P., a California Limited Partnership, are Silvercrest Inc., a joint venture of the Authority, Better Opportunities Builder, Inc., a related party of the Authority and the Housing Authority of the County of Fresno. Kerman Acres LP does not issue separate 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 their activity as one fund. The Authority has no non-major funds. 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.

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

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

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) Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) 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) **Cash and Cash Equivalents**

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

(F) **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.

(G) **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 COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

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

(H) **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 \$37,049 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 \$281,927 at December 31, 2011.

(I) **Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets, including 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.

(J) **Operating Revenue and Expenses**

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

(K) **Income Taxes**

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

(L) **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, the California Housing Finance Agency, and the California Department of Housing and Community Development to build and improve housing projects. The grants require that only individuals and families that meet various income, age and employment standards be housed or aided.

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

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

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

(M) **Use of Estimates**

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

(N) **Notes Receivable**

The accompanying financial statements reflect the recording of certain notes receivable that represent loans made to various parties, including related parties. In certain cases, the amount of collection is dependent upon future residual receipts to be generated by the property or contingent upon the ability of the owner to sell the property at an amount sufficient to pay all liens against the property, including the obligation to the 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	\$ 6,130,367
Restricted cash	<u>10,243,690</u>
Total cash and investments	<u>\$16,374,057</u>

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

Cash on hand	\$ 200
Deposits with financial institutions	1,718,066
Deposits held by regulatory agencies (CHFA)	169,428
Equity in investment pool	<u>14,486,363</u>
Total cash and investments	<u>\$16,374,057</u>

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

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 COUNTY 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	\$14,486,363	14,486,363	-	-	-
Total	\$14,486,363	14,486,363	-	-	-

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	\$14,486,363	-	14,486,363
		\$14,486,363	-	14,486,363

HOUSING AUTHORITY OF THE COUNTY 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 Local Agency Investment Fund (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 \$169,428 of the Authority's deposits held with the California Housing Finance Agency (CHFA) were uncollateralized.

HOUSING AUTHORITY OF THE COUNTY 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 City 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 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 \$150,169 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 \$1,435,825 was held for the replacement of the USDA projects and cannot be disbursed without the approval by the USDA Rural Economic and Community Development. Restricted cash also consisted of \$374,753 restricted for tenant security deposits, \$8,268,698 restricted for future Housing Assistance Payments, and \$14,245 restricted for other payables.

HOUSING AUTHORITY OF THE COUNTY 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:

	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Payments</u> <u>Received</u>	<u>Balance</u> <u>12/31/11</u>	<u>Due in</u> <u>One Year</u>
Related party notes:					
Housing Authority of the City of Fresno	\$544,177	-	-	544,177	-
Total	<u>\$544,177</u>	<u>-</u>	<u>-</u>	<u>544,177</u>	<u>-</u>

Housing Authority of the City of Fresno

The Authority has entered into a loan agreement with the California Housing Finance Agency (CHFA), see note 7, and has loaned the funds to Parc Grove I, a program of the Housing Authority of the City of Fresno. This loan carries a simple interest rate of 3.5% per annum; The Housing Authority of the City of Fresno records the interest expense, while the Authority reports the liability. The outstanding balance of the loan due from the Housing Authority of the City of Fresno at December 31, 2011 is \$544,177.

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(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	\$ 1,601,846	-	-	1,601,846
Construction in progress	<u>11,536,766</u>	<u>1,741,854</u>	<u>(6,880,287)</u>	<u>6,398,333</u>
Total capital assets not being depreciated	<u>13,138,612</u>	<u>1,741,854</u>	<u>(6,880,287)</u>	<u>8,000,179</u>
Capital assets being depreciated:				
Buildings	66,432,511	6,817,620	(11,229)	73,238,902
Equipment - dwelling	1,765,140	389,418	(184,903)	1,969,655
Equipment - administration	<u>672,176</u>	<u>506,620</u>	<u>(236,925)</u>	<u>941,871</u>
Total capital assets being depreciated	<u>68,869,827</u>	<u>7,713,658</u>	<u>(433,057)</u>	<u>76,150,428</u>
Less accumulated depreciation for:				
Buildings	(56,269,281)	(2,472,832)	-	(58,742,113)
Equipment - dwelling	(1,603,549)	(68,201)	181,281	(1,490,469)
Equipment - administration	<u>(601,603)</u>	<u>(178,869)</u>	<u>102,636</u>	<u>(677,836)</u>
Total accumulated depreciation	<u>(58,474,433)</u>	<u>(2,719,902)</u>	<u>283,917</u>	<u>(60,910,418)</u>
Total capital assets being depreciated, net	<u>10,395,394</u>	<u>4,993,756</u>	<u>(149,140)</u>	<u>15,240,010</u>
Total capital assets, net	<u>\$ 23,534,006</u>	<u>6,735,610</u>	<u>(7,029,427)</u>	<u>23,240,189</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.

Depreciation expense in the amount of \$2,574,777 was charged for the year ended December 31, 2011.

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(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 of \$408,251 are reported in the Public Housing Program.

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 has 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.

(7) Long-Term Liabilities

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

	Restated Balance 1/1/11	<u>Additions</u>	<u>Deletions</u>	Balance 12/31/11	Due within <u>One Year</u>
U.S. Department of Agriculture notes	\$ 1,634,068	12,181	(186,590)	1,459,659	178,341
Parkside CHFA notes	1,273,907	4,538	(140,707)	1,137,738	95,747
HELP Program CHFA notes	989,412	-	-	989,412	-
Kerman Acre, LP notes					
TCAC	880,867	770,759	-	1,651,626	-
County of Fresno	627,587	272,413	-	900,000	-
Net Pension Obligation (note 12)	21,523	80,374	(71,765)	30,132	-
Net OPEB Obligation (note 13)	15,703	68,608	(51,865)	32,446	-
Family Self Sufficiency	433,277	78,336	(240,500)	271,113	-
Compensated absences payable	<u>313,071</u>	<u>516,375</u>	<u>(392,892)</u>	<u>436,554</u>	<u>153,191</u>
Total	<u>\$6,189,415</u>	<u>1,803,584</u>	<u>(1,084,319)</u>	<u>6,908,680</u>	<u>427,279</u>
Related Parties:					
	Balance			Balance	Due within
	<u>12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/11</u>	<u>One Year</u>
Various to HRFC	\$ 978,841	-	(200,000)	778,841	-
Kerman Acres to HRFC	730,695	-	(730,695)	-	-
Office Building to HRFC	<u>66,000</u>	<u>-</u>	<u>-</u>	<u>66,000</u>	<u>-</u>
Total due to related parties	<u>\$1,775,536</u>	<u>-</u>	<u>(930,695)</u>	<u>844,841</u>	<u>-</u>

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(7) Long-Term Liabilities, (Continued)

The beginning balance of the changes in long term liabilities schedule was adjusted by \$1,775,536 to reflect the notes payable to the HRFC joint venture as of the beginning of the year.

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

<u>Year Ending</u> <u>December 31</u>	<u>Notes</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 274,088	93,039	367,127
2013	268,887	91,115	360,002
2014	1,268,379	417,455	1,685,834
2015	261,900	69,459	331,359
2016	243,888	57,056	300,944
2017-2021	856,059	137,932	993,991
2022-2026	182,377	20,246	202,623
2027-2031	191,723	10,899	202,622
2032-2036	39,508	1,016	40,524
2037-2041	900,000	-	900,000
2042-2046	-	-	-
2047-2051	-	-	-
2052-2056	-	-	-
2057-2061	-	-	-
2062-2066	<u>1,651,626</u>	<u>-</u>	<u>1,651,626</u>
	<u>\$6,138,435</u>	<u>898,217</u>	<u>7,036,652</u>

U.S. Department of Agriculture Notes

The Authority entered into six notes with the United States Department of Agriculture Farmer Homes Administration under the Farm Labor Housing Union Loan program. In accordance with the notes the Authority used the funds for the acquisition and development of four multi-unit rental housing developments. The notes accrue interest at 1% per annum. The notes mature at various dates beginning on January 6, 2014 and ending on April 2, 2035. At December 31, 2011 the outstanding balance for all the notes is \$1,459,659.

Parkside

The Parkside project has two loans with the California Housing Finance Agency (CHFA). The first note requires a monthly payment of \$15,178 and accrues interest at a rate of 8.3% per annum. The second loan of \$63,000 accrues interest at a rate of 3% per annum. This loan, principal and interest, is deferred until March 1, 2020. At December 31, 2011 the outstanding balance of the two loans is \$1,137,738.

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(7) Long-Term Liabilities, (Continued)

HELP Program

The Authority has entered into loan agreements with the California Housing Finance Agency (CHFA). The purpose of the loan is to fund a revolving loan program that will provide short-term financing for the development of multifamily rental housing projects. Payment of interest and principal on these loans is deferred until the due date. Balances and terms of the loan 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>
3/21/2008	3.5%	3/21/2014	1,000,000	989,412	155,578

Kerman Acres

In March 2010, the Authority entered into two note agreements to finance the development of a 16 unit multi-family rental housing development in Kerman, California.

The first note was made with the California Tax Credit Allocation Committee, a public agency of the State of California for \$2,202,168. The note does not accrue interest. The principal is due on March 1, 2065. The second note was made with the County of Fresno for \$900,000. The note does not accrue interest. The Authority is to pay an amount equal to the annual payments of 20.2% of the audited cash flow balance of the project. The unpaid principal is due on April 1, 2041. At December 31, 2011 the outstanding balances are \$1,651,626 and \$900,000, respectively.

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, the funds are released and disbursed to the family. The amount held for FSS participants at December 31, 2011 is \$271,113.

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.

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

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

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 \$436,554.

Housing Relinquished Fund Corporation (HRFC)

In April 2007, the Authority entered into a promissory note agreement with the HRFC for \$655,656. The note is non interest bearing and repayment terms are not explicitly stated. The outstanding balance on this note as of December 31, 2011 is \$455,656.

In February 2010, the Authority entered into a promissory note agreement with the HRFC for \$323,185. This is a non interest bearing note payable in full no later than March 31, 2013. The outstanding balance on this note as of December 31, 2011 is \$323,185.

The Authority entered into a promissory note agreement with the HRFC for \$66,000, representing partial funding related to the acquisition of the Central Office Building. This note is non interest bearing and repayment terms are not explicitly stated. The outstanding balance on this note as of December 31, 2011 is \$66,000.

(8) **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.

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 Authority 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.

(9) **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.

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(9) Defined Benefit Pension Plan, (Continued)

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. Benefit provisions and all other requirements are established by state statute and the Authority's 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 as of June 30, 2008. The contribution rate indicated for the period is 3.933% of payroll for the County Miscellaneous Plan. In order to calculate the dollar value of the ARC for inclusion in accompanied financial statements, the contribution rate is multiplied by the payroll of covered employees that were paid during the period January 1, 2011 to December 31, 2011.

A summary of principle assumptions and methods used to determine the ARC is shown below.

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.

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(9) Defined Benefit Pension Plan, (Continued)

The Schedule of Funding Progress presented 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 as well as multiyear trend information.

Schedule of Funding Progress

Required Supplementary Information – County 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	16,603,219	17,671,129	(1,067,910)	106.4%	3,943,812	(27.1%)
6/30/08	17,516,811	18,812,004	(1,295,193)	107.4%	3,883,668	(33.4%)
6/30/09	19,101,231	19,566,131	(464,900)	102.4%	4,309,222	(10.8%)

Three-Year Trend Information

Annual Pension Cost (Employer Contribution)

<u>Fiscal Year</u>	<u>County Miscellaneous</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/09	\$ 210,613	100%	-
12/31/10	194,437	100%	-
12/31/11	228,314	100%	100%

(10) Post Employment Health Benefit Cash Reimbursement Plan

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

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(10) Post Employment Health Benefit Cash Reimbursement Plan, (Continued)

This cash only benefit is available to all existing retirees who on September 24, 2003 were participating under the CALPERS Public Employees' Medical and Hospital Care Act and to all future retirees who are at least 50 years old and retire through the CALPERS Retirement System within 180 days of separation from the employment. The Authority will contribute \$225 per month toward health insurance for eligible retirees.

An actuarial valuation of the Retirees Supplemental Cash Benefit Program was performed as of June 1, 2010. The number of eligible retirees as of December 31, 2011 was 24 and the average monthly benefit paid was \$5,599. The Authority has accumulated a reserve from current and prior year funding estimates which is adequate to cover 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 presented 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 as well as multiyear trend information.

Determination of Net Pension Obligation as of December 31, 2011

Annual Required Contribution (ARC)	\$ 80,374
Interest	-
Adjustment to ARC	-
Annual OPEB Cost	<u>80,374</u>
Contributions made	<u>(71,765)</u>
Increase in Obligation	8,609
Net Obligation, beginning of year	<u>21,523</u>
Net Obligation, end of year	<u>\$ 30,132</u>

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(10) Post Employment Health Benefit Cash Reimbursement Plan, (Continued)

Schedule of Funding Progress

<u>Valuation Date</u>	<u>Actuarial Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL As a % of Payroll</u>
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%	5,515,077	57.32%

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

Schedule of Employer Contributions

<u>Date</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
12/31/10	80,374	58,852	73.2%	21,253
12/31/11	80,374	71,765	89.3%	30,132

(11) Other Post Employment Health Benefits Plan

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 \$51,865 to the plan, including \$51,865 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.

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(11) Other Post Employment Health Benefits Plan, (Continued)

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 Authorities’ net OPEB obligation for these benefits:

Annual required contribution (ARC)	\$ 68,608
Interest	-
Adjustment to ARC	-
Annual OPEB cost	<u>68,608</u>
Contributions made (including premiums paid)	<u>(51,865)</u>
Increase in net OPEB Obligation	16,743
Net Obligation—beginning of year	<u>15,703</u>
Net Obligation—end of year	<u>\$ 32,446</u>

The Authorities’ 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 OPEB Obligation (Asset)</u>
12/31/09	N/A	N/A	N/A
12/31/10	68,608	77.1%	15,703
12/31/11	68,608	75.6%	32,446

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 COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(11) Other Post Employment Health Benefits Plan, (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 Accrued 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%	\$5,515,077	46.1%

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

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(12) Insurance Coverage

HARRP

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 Authorities and HARRP is such that HARRP is not a component unit of the Authority for financial reporting purposes.

The Authority paid premiums totaling approximately \$133,598 during the year ended December 31, 2011. 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 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's 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 Authorities are insured for Statutory Workers' Compensation by the Safety National Casualty Corporation. The pool provides up to \$1,000,000 per occurrence.

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(13) 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	\$6,204,063
Housing Self Insurance Corporation	324,509
Silvercrest, Inc.	52,530
Villa Del Mar, Inc.	<u>649</u>
Total investment in joint ventures	<u>\$6,581,751</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 Commissioners. The Housing Authority of the County of Fresno has a 25.17% equity interest in HRFC. HRFC does not issue separate financial statements.

Housing Self Insurance Corporation (HSIC) - Organized to provide additional security against a variety of insurable and non-insurable losses to include deductibles, payouts, settlements, and other related obligations. HSIC's Board is comprised of two members of the City and County Board of Commissioners. The Housing Authority of the County of Fresno has a 14.19% equity interest in HSIC. HSIC does not issue separate financial statements.

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

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(14) **Other Related Parties**

Better Opportunities Builders, Inc.

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

Housing Authority of the City of Fresno

The Housing Authority of the City of Fresno was established by a resolution of the Fresno City Council on March 14, 1940. The Authority is governed by a seven member Board of Commissioners who are appointed to four year terms by the City Council, reports on a calendar year, and has issued separate financial and compliance audits for 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 COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(15) 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:					
Capital Fund Recovery Grant	\$1,200,000	-	-	1,200,000	-
County RF from P&CD	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Total receivables	<u><u>\$1,700,000</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,700,000</u></u>	<u><u>-</u></u>
Payables:					
Kerman Acres	\$1,200,000	-	-	1,200,000	-
P&CD to County RF	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Total payables	<u><u>\$1,700,000</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,700,000</u></u>	<u><u>-</u></u>

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

On May 16, 2010, the Authority approved two loans for the purpose of developing a 16 unit multi-family rental housing community in Kerman, California known as the Granada Commons Apartments. The first loan was made from the Housing Relinquished Fund Corporation, a joint venture of the Authority. The second loan for \$1,200,000 was made from County Capital Fund Recovery Grant Funds to the Kerman Acres fund. Interest accrues at 5% per annum and is due March 16, 2065. The outstanding balance and accrued interest for the second note at December 31, 2011 is \$1,200,000 and \$86,112 respectively.

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.

(16) Contingent Liabilities

A. Grants

The Authority has received funds from various federal, state, and local grant programs. It is possible that at some future date it maybe 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.

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(16) Contingent Liabilities, (Continued)

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. 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 are 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.

(17) 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:

Externally required reserves:	
USDA replacement reserves	\$ 1,396,940
CHFA replacement and insurance reserves	150,169
Other required reserves	<u>38,884</u>
Subtotal	1,585,993
Housing Assistance Payments	<u>8,268,698</u>
Total	<u>\$9,854,691</u>

HOUSING AUTHORITY OF THE COUNTY OF FRESNO

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(18) Reconciliation of Beginning Equity to Prior Year Financial Data 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	\$30,149,385
Adjustment for assets related to investment in joint ventures	5,307,494
Adjustment for LIHOP related cash balance	860,960
Adjustment for capital assets	<u>663,612</u>
Net assets at beginning of year as reported in 2011 Financial Statements	<u>\$36,981,451</u>

SUPPLEMENTAL INFORMATION

Housing Authority County of Fresno (CA028)
FRESNO, CA
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities
111 Cash - Unrestricted	\$3,873,886	\$142,310		\$816,921	\$524,624
112 Cash - Restricted - Modernization and Development	\$0				
113 Cash - Other Restricted	\$14,245	\$8,268,698	\$150,169	\$38,884	
114 Cash - Tenant Security Deposits	\$274,695		\$19,259	\$16,650	\$18,871
115 Cash - Restricted for Payment of Current Liabilities	\$0				
100 Total Cash	\$4,162,826	\$8,411,008	\$169,428	\$872,455	\$543,495
121 Accounts Receivable - PHA Projects	\$0	\$184			
122 Accounts Receivable - HUD Other Projects	\$502,269	\$83,917			
124 Accounts Receivable - Other Government	\$0	\$0		\$75,748	
125 Accounts Receivable - Miscellaneous		\$333,943		\$28,102	
126 Accounts Receivable - Tenants	\$72,877		\$4,380	\$516	\$130
126.1 Allowance for Doubtful Accounts -Tenants	-\$33,722		-\$3,108	-\$106	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	-\$281,927		\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0				
128 Fraud Recovery	\$0				
128.1 Allowance for Doubtful Accounts - Fraud	\$0				
129 Accrued Interest Receivable	\$0				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$541,424	\$136,117	\$1,272	\$104,260	\$130
131 Investments - Unrestricted	\$0				
132 Investments - Restricted	\$0				
135 Investments - Restricted for Payment of Current Liability	\$0				
142 Prepaid Expenses and Other Assets	\$361		\$9,387	\$3,391	
143 Inventories	\$0				
143.1 Allowance for Obsolete Inventories	\$0				
144 Inter Program Due From	\$68,852			\$0	\$0
145 Assets Held for Sale	\$408,251				
150 Total Current Assets	\$5,181,714	\$8,547,125	\$180,087	\$980,106	\$543,625

Housing Authority County of Fresno (CA028)
FRESNO, CA
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities
161 Land	\$1,174,462		\$41,254	\$198,955	\$399,752
162 Buildings	\$56,160,230		\$2,215,364	\$4,155,878	\$3,827,962
163 Furniture, Equipment & Machinery - Dwellings	\$1,349,257		\$38,559	\$42,271	\$348,129
164 Furniture, Equipment & Machinery - Administration	\$646,484	\$98,131	\$13,948	\$146,594	\$3,891
165 Leasehold Improvements	\$0				
166 Accumulated Depreciation	-\$48,241,426	-\$98,131	-\$2,261,351	-\$3,687,357	-\$1,171,085
167 Construction in Progress	\$6,400,360				
168 Infrastructure	\$0				
160 Total Capital Assets, Net of Accumulated Depreciation	\$17,489,367	\$0	\$47,774	\$856,341	\$3,408,649
171 Notes, Loans and Mortgages Receivable - Non-Current				\$1,044,177	
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current	\$0				
174 Other Assets				\$114,990	\$89,482
176 Investments in Joint Ventures				\$6,581,751	
180 Total Non-Current Assets	\$17,489,367	\$0	\$47,774	\$8,597,259	\$3,498,131
190 Total Assets	\$22,671,081	\$8,547,125	\$227,861	\$9,577,365	\$4,041,756
311 Bank Overdraft	\$0				
312 Accounts Payable <= 90 Days	\$239,220	\$29,446	\$4,635	\$91,240	\$1,046
313 Accounts Payable >90 Days Past Due	\$0				
321 Accrued Wage/Payroll Taxes Payable	\$32,935	\$44,008	\$2,513	\$7,510	\$918
322 Accrued Compensated Absences - Current Portion	\$46,741	\$39,486	\$1,832	\$5,489	\$799
324 Accrued Contingency Liability	\$0				
325 Accrued Interest Payable	\$0			\$109	\$86,112
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects	\$0				
333 Accounts Payable - Other Government	\$210,390			\$45,531	\$3,089

Housing Authority County of Fresno (CA028)
 FRESNO, CA
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities
341 Tenant Security Deposits	\$274,695		\$19,259	\$16,650	\$18,871
342 Deferred Revenues	\$21,910		\$1,129	\$1,964	\$2,344
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds			\$95,748		
344 Current Portion of Long-term Debt - Operating Borrowings	\$0				
345 Other Current Liabilities	\$211			\$3,297	\$150,585
346 Accrued Liabilities - Other	\$0				\$6,157
347 Inter Program - Due To	\$68,852		\$178,565	\$0	\$39,100
348 Loan Liability - Current					
310 Total Current Liabilities	\$894,954	\$112,940	\$303,681	\$171,790	\$309,021
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$1,041,991		\$2,551,626
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$323,185		\$1,666,646	\$1,200,000
353 Non-current Liabilities - Other	\$14,032	\$257,081	\$17,942		\$21,120
354 Accrued Compensated Absences - Non Current	\$86,061	\$71,715	\$3,279	\$10,657	\$1,517
355 Loan Liability - Non Current					
356 FASB 5 Liabilities	\$0				
357 Accrued Pension and OPEB Liabilities	\$0			\$62,578	
350 Total Non-Current Liabilities	\$100,093	\$651,981	\$1,063,212	\$1,739,881	\$3,774,263
300 Total Liabilities	\$995,047	\$764,921	\$1,366,893	\$1,911,671	\$4,083,284
508.1 Invested In Capital Assets, Net of Related Debt	\$17,489,367		-\$1,089,965	\$856,341	\$857,023
509.2 Fund Balance Reserved					
511.2 Unreserved, Designated Fund Balance					
511.1 Restricted Net Assets	\$0	\$8,268,698	\$150,169	\$38,884	\$0
512.1 Unrestricted Net Assets	\$4,186,667	-\$486,494	-\$199,236	\$6,770,469	-\$898,551
512.2 Unreserved, Undesignated Fund Balance					
513 Total Equity/Net Assets	\$21,676,034	\$7,782,204	-\$1,139,032	\$7,665,694	-\$41,528
600 Total Liabilities and Equity/Net Assets	\$22,671,081	\$8,547,125	\$227,861	\$9,577,365	\$4,041,756

Housing Authority County of Fresno (CA028)
 FRESNO, CA
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.884 Competitive Capital Fund Stimulus Grant	14.885 Formula Capital Fund Stimulus Grant
111 Cash - Unrestricted	\$297,869	\$7,981			
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted	\$1,396,940				
114 Cash - Tenant Security Deposits	\$45,278				
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$1,740,087	\$7,981	\$0	\$0	\$0
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects		\$23,879		\$12,262	
124 Accounts Receivable - Other Government	\$24,615		\$55,469		
125 Accounts Receivable - Miscellaneous			\$12,279		
126 Accounts Receivable - Tenants	\$3,987				
126.1 Allowance for Doubtful Accounts -Tenants	-\$112				
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					\$86,112
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$28,490	\$23,879	\$67,748	\$12,262	\$86,112
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	\$1,768,577	\$31,860	\$67,748	\$12,262	\$86,112

Housing Authority County of Fresno (CA028)
 FRESNO, CA
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.884 Competitive Capital Fund Stimulus Grant	14.885 Formula Capital Fund Stimulus Grant
161 Land	\$224,412				
162 Buildings	\$6,440,454				
163 Furniture, Equipment & Machinery - Dwellings	\$191,439				
164 Furniture, Equipment & Machinery - Administration	\$32,828				
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$5,451,067				
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,438,066	\$0	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current					\$1,200,000
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets			\$63,069		
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$1,438,066	\$0	\$63,069	\$0	\$1,200,000
190 Total Assets	\$3,206,643	\$31,860	\$130,817	\$12,262	\$1,286,112
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$12,285	\$19,525	\$105		
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$4,386	\$1,668	\$2,998		
322 Accrued Compensated Absences - Current Portion	\$3,349	\$2,467	\$3,520		
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					

Housing Authority County of Fresno (CA028)
 FRESNO, CA
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.884 Competitive Capital Fund Stimulus Grant	14.885 Formula Capital Fund Stimulus Grant
341 Tenant Security Deposits	\$44,910				
342 Deferred Revenues	\$3,666	\$3,217			
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$178,342				
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To	\$0		\$118,344	\$12,262	
348 Loan Liability - Current					
310 Total Current Liabilities	\$246,938	\$26,877	\$124,967	\$12,262	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$1,281,318				
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	\$5,729	\$4,983	\$5,850		
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$1,287,047	\$4,983	\$5,850	\$0	\$0
300 Total Liabilities	\$1,533,985	\$31,860	\$130,817	\$12,262	\$0
508.1 Invested In Capital Assets, Net of Related Debt	-\$21,594	\$0			
509.2 Fund Balance Reserved					
511.2 Unreserved, Designated Fund Balance					
511.1 Restricted Net Assets	\$1,396,940	\$0			
512.1 Unrestricted Net Assets	\$297,312	\$0	\$0	\$0	\$1,286,112
512.2 Unreserved, Undesignated Fund Balance					
513 Total Equity/Net Assets	\$1,672,658	\$0	\$0	\$0	\$1,286,112
600 Total Liabilities and Equity/Net Assets	\$3,206,643	\$31,860	\$130,817	\$12,262	\$1,286,112

Housing Authority County of Fresno (CA028)
 FRESNO, CA
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	93.558 Temporary Assistance for Needy Families	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$346	\$466,434	\$6,130,371		\$6,130,371
112 Cash - Restricted - Modernization and Development			\$0		\$0
113 Cash - Other Restricted			\$9,868,936		\$9,868,936
114 Cash - Tenant Security Deposits			\$374,753		\$374,753
115 Cash - Restricted for Payment of Current Liabilities			\$0		\$0
100 Total Cash	\$346	\$466,434	\$16,374,060	\$0	\$16,374,060
121 Accounts Receivable - PHA Projects			\$184		\$184
122 Accounts Receivable - HUD Other Projects			\$622,327		\$622,327
124 Accounts Receivable - Other Government		\$2,378,096	\$2,533,928		\$2,533,928
125 Accounts Receivable - Miscellaneous		\$0	\$374,324		\$374,324
126 Accounts Receivable - Tenants			\$81,890		\$81,890
126.1 Allowance for Doubtful Accounts -Tenants			-\$37,048		-\$37,048
126.2 Allowance for Doubtful Accounts - Other		\$0	-\$281,927		-\$281,927
127 Notes, Loans, & Mortgages Receivable - Current			\$0		\$0
128 Fraud Recovery			\$0		\$0
128.1 Allowance for Doubtful Accounts - Fraud			\$0		\$0
129 Accrued Interest Receivable			\$86,112	-\$86,112	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$2,378,096	\$3,379,790	-\$86,112	\$3,293,678
131 Investments - Unrestricted			\$0		\$0
132 Investments - Restricted			\$0		\$0
135 Investments - Restricted for Payment of Current Liability			\$0		\$0
142 Prepaid Expenses and Other Assets			\$13,139		\$13,139
143 Inventories			\$0		\$0
143.1 Allowance for Obsolete Inventories			\$0		\$0
144 Inter Program Due From		\$348,271	\$417,123	-\$417,123	\$0
145 Assets Held for Sale			\$408,251		\$408,251
150 Total Current Assets	\$346	\$3,192,801	\$20,592,363	-\$503,235	\$20,089,128

Housing Authority County of Fresno (CA028)
 FRESNO, CA
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	93.558 Temporary Assistance for Needy Families	COCC	Subtotal	ELIM	Total
161 Land			\$2,038,835		\$2,038,835
162 Buildings			\$72,799,888		\$72,799,888
163 Furniture, Equipment & Machinery - Dwellings			\$1,969,655		\$1,969,655
164 Furniture, Equipment & Machinery - Administration			\$941,876		\$941,876
165 Leasehold Improvements			\$0		\$0
166 Accumulated Depreciation			-\$60,910,417		-\$60,910,417
167 Construction in Progress			\$6,400,360		\$6,400,360
168 Infrastructure			\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$23,240,197	\$0	\$23,240,197
171 Notes, Loans and Mortgages Receivable - Non-Current			\$2,244,177	-\$1,700,000	\$544,177
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current			\$0		\$0
174 Other Assets			\$267,541		\$267,541
176 Investments in Joint Ventures			\$6,581,751		\$6,581,751
180 Total Non-Current Assets	\$0	\$0	\$32,333,666	-\$1,700,000	\$30,633,666
190 Total Assets	\$346	\$3,192,801	\$52,926,029	-\$2,203,235	\$50,722,794
311 Bank Overdraft			\$0		\$0
312 Accounts Payable <= 90 Days			\$397,502		\$397,502
313 Accounts Payable >90 Days Past Due			\$0		\$0
321 Accrued Wage/Payroll Taxes Payable		\$39,720	\$136,656		\$136,656
322 Accrued Compensated Absences - Current Portion		\$49,381	\$153,064		\$153,064
324 Accrued Contingency Liability			\$0		\$0
325 Accrued Interest Payable			\$86,221	-\$86,112	\$109
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects			\$0		\$0
333 Accounts Payable - Other Government			\$259,010		\$259,010

Housing Authority County of Fresno (CA028)
 FRESNO, CA
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	93.558 Temporary Assistance for Needy Families	COCC	Subtotal	ELIM	Total
341 Tenant Security Deposits			\$374,385		\$374,385
342 Deferred Revenues			\$34,230		\$34,230
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds			\$274,090		\$274,090
344 Current Portion of Long-term Debt - Operating Borrowings			\$0		\$0
345 Other Current Liabilities			\$154,093		\$154,093
346 Accrued Liabilities - Other			\$6,157		\$6,157
347 Inter Program - Due To			\$417,123	-\$417,123	\$0
348 Loan Liability - Current					
310 Total Current Liabilities	\$0	\$89,101	\$2,292,531	-\$503,235	\$1,789,296
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$4,874,935		\$4,874,935
352 Long-term Debt, Net of Current - Operating Borrowings		\$500,000	\$3,689,831	-\$1,700,000	\$1,989,831
353 Non-current Liabilities - Other		\$35,885	\$346,060		\$346,060
354 Accrued Compensated Absences - Non Current		\$93,169	\$282,960		\$282,960
355 Loan Liability - Non Current					
356 FASB 5 Liabilities			\$0		\$0
357 Accrued Pension and OPEB Liabilities			\$62,578		\$62,578
350 Total Non-Current Liabilities	\$0	\$629,054	\$9,256,364	-\$1,700,000	\$7,556,364
300 Total Liabilities	\$0	\$718,155	\$11,548,895	-\$2,203,235	\$9,345,660
508.1 Invested In Capital Assets, Net of Related Debt			\$18,091,172		\$18,091,172
509.2 Fund Balance Reserved					
511.2 Unreserved, Designated Fund Balance					
511.1 Restricted Net Assets			\$9,854,691		\$9,854,691
512.1 Unrestricted Net Assets	\$346	\$2,474,646	\$13,431,271		\$13,431,271
512.2 Unreserved, Undesignated Fund Balance					
513 Total Equity/Net Assets	\$346	\$2,474,646	\$41,377,134	\$0	\$41,377,134
600 Total Liabilities and Equity/Net Assets	\$346	\$3,192,801	\$52,926,029	-\$2,203,235	\$50,722,794

Housing Authority County of Fresno (CA028)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities
70300 Net Tenant Rental Revenue	\$3,076,497		\$252,199	\$215,941	\$257,219
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$3,076,497	\$0	\$252,199	\$215,941	\$257,219
70600 HUD PHA Operating Grants	\$3,647,662	\$41,494,591			
70610 Capital Grants	\$1,243,994				
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	\$2,491		\$407,517	\$550,608	
71100 Investment Income - Unrestricted	\$9,161			\$1,435	\$618
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery		\$34,394			
71500 Other Revenue	\$118,639	\$197,745	\$3,339	\$480,340	\$3,289
71600 Gain or Loss on Sale of Capital Assets	-\$833		-\$1,119	-\$186	
72000 Investment Income - Restricted		\$14,639	\$1,443	\$294	
70000 Total Revenue	\$8,097,611	\$41,741,369	\$663,379	\$1,248,432	\$261,126
91100 Administrative Salaries	\$520,981	\$1,427,400	\$27,892	\$108,165	\$22,798
91200 Auditing Fees	\$15,526	\$15,886	\$2,500	\$2,700	\$315
91300 Management Fee	\$932,316	\$761,784	\$20,856	\$74,109	
91310 Book-keeping Fee	\$83,783	\$476,119			\$4,760
91400 Advertising and Marketing	\$800	\$259	\$1,832	\$275	\$397

Housing Authority County of Fresno (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities
91500 Employee Benefit contributions - Administrative	\$222,052	\$458,910	\$11,318	\$26,822	\$11,152
91600 Office Expenses	\$67,646	\$88,195	\$4,362	\$22,231	\$5,929
91700 Legal Expense	\$10,725				\$30
91800 Travel	\$109	\$5,001		\$664	\$841
91810 Allocated Overhead					
91900 Other	\$1,166,393	\$554,784	\$37,668	\$122,909	\$48,295
91000 Total Operating - Administrative	\$3,020,331	\$3,788,338	\$106,428	\$357,875	\$94,517
92000 Asset Management Fee	\$115,800				
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	\$337,650		\$22,394	\$49,117	\$20,547
93200 Electricity	\$82,807		\$2,784	\$88,365	\$4,532
93300 Gas	\$11,790		\$751	\$35,115	\$1,296
93400 Fuel					
93500 Labor					
93600 Sewer	\$351,422		\$23,400	\$45,902	\$22,852
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$783,669	\$0	\$49,329	\$218,499	\$49,227
94100 Ordinary Maintenance and Operations - Labor	\$505,007		\$52,528	\$127,855	\$17,486
94200 Ordinary Maintenance and Operations - Materials and Other	\$614,178	\$16,962	\$45,867	\$103,304	\$28,873
94300 Ordinary Maintenance and Operations Contracts	\$564,815	\$27,096	\$74,519	\$76,989	\$22,257
94500 Employee Benefit Contributions - Ordinary Maintenance	\$164,366		\$21,836	\$43,918	\$4,371

Housing Authority County of Fresno (CA028)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities
94000 Total Maintenance	\$1,848,366	\$44,058	\$194,750	\$352,066	\$72,987
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs	\$10,203		\$1,603	\$19,039	
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$10,203	\$0	\$1,603	\$19,039	\$0
96110 Property Insurance	\$52,811		\$18,208	\$12,309	\$2,559
96120 Liability Insurance	\$9,335		\$984	\$2,234	\$448
96130 Workmen's Compensation	\$15,579	\$9,282	\$5,839	\$14,482	\$806
96140 All Other Insurance	\$47,915	\$16,092	\$3,763	\$12,867	\$1,489
96100 Total insurance Premiums	\$125,640	\$25,374	\$28,794	\$41,892	\$5,302
96200 Other General Expenses	\$5,971	\$28,388	\$13	\$73,842	\$23,592
96210 Compensated Absences	\$200,047	\$231,784	\$13,074	\$5,588	\$11,138
96300 Payments in Lieu of Taxes	\$210,391				
96400 Bad debt - Tenant Rents	\$40,642		\$3,522		
96500 Bad debt - Mortgages					
96600 Bad debt - Other		\$78,386			
96800 Severance Expense	\$9,708				
96000 Total Other General Expenses	\$466,759	\$338,558	\$16,609	\$79,430	\$34,730
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)			\$155,051	\$34,629	\$62,594
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$155,051	\$34,629	\$62,594
96900 Total Operating Expenses	\$6,370,768	\$4,196,328	\$552,564	\$1,103,430	\$319,357

Housing Authority County of Fresno (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities
97000 Excess of Operating Revenue over Operating Expenses	\$1,726,843	\$37,545,041	\$110,815	\$145,002	-\$58,231
97100 Extraordinary Maintenance			\$205,679	\$23,183	\$17,750
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$33,229,470			
97350 HAP Portability-In		\$0			
97400 Depreciation Expense	\$1,973,575	\$7,791	\$4,008	\$206,835	\$125,367
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$8,344,343	\$37,433,589	\$762,251	\$1,333,448	\$462,474
10010 Operating Transfer In					
10020 Operating transfer Out					
10030 Operating Transfers from/to Primary Government				\$6,829,452	\$2,619
10040 Operating Transfers from/to Component Unit				-\$2,322	\$2,322
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	\$6,827,130	\$4,941
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$246,732	\$4,307,780	-\$98,872	\$6,742,114	-\$196,407

Housing Authority County of Fresno (CA028)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities
11020 Required Annual Debt Principal Payments	\$0	\$0	\$136,793	\$0	\$0
11030 Beginning Equity	\$19,970,238	\$3,474,424	-\$1,040,160	\$1,208,237	-\$1,644
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$1,952,528	\$0		-\$284,657	\$156,523
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		-\$486,494			
11180 Housing Assistance Payments Equity		\$8,268,698			
11190 Unit Months Available	11580	67146	600	1164	600
11210 Number of Unit Months Leased	11171	63837	578	1134	592
11270 Excess Cash	\$3,392,880				
11610 Land Purchases	\$864,161				
11620 Building Purchases	\$269,891				
11630 Furniture & Equipment - Dwelling Purchases	\$109,942				
11640 Furniture & Equipment - Administrative Purchases	\$0				
11650 Leasehold Improvements Purchases	\$0				
11660 Infrastructure Purchases	\$0				
13510 CFFP Debt Service Payments	\$0				
13901 Replacement Housing Factor Funds	\$0				

Housing Authority County of Fresno (CA028)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.884 Competitive Capital Fund Stimulus Grant	14.885 Formula Capital Fund Stimulus Grant
70300 Net Tenant Rental Revenue	\$628,180				
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$628,180	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants		\$114,035			
70610 Capital Grants				\$416,026	\$76,192
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	\$309,646	\$4,374	\$361,728		
71100 Investment Income - Unrestricted	\$644				
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	\$14,877			\$40,000	\$62,597
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted	\$1,360				
70000 Total Revenue	\$954,707	\$118,409	\$361,728	\$456,026	\$138,789
91100 Administrative Salaries	\$58,752	\$45,438	\$62,102		
91200 Auditing Fees	\$1,641				
91300 Management Fee	\$22,500				
91310 Book-keeping Fee	\$14,279				
91400 Advertising and Marketing	\$232				

Housing Authority County of Fresno (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.884 Competitive Capital Fund Stimulus Grant	14.885 Formula Capital Fund Stimulus Grant
91500 Employee Benefit contributions - Administrative	\$23,188	\$12,529	\$19,574		
91600 Office Expenses	\$5,592	\$3,454	\$882		
91700 Legal Expense	\$343				
91800 Travel	\$1,242	\$370	\$791		
91810 Allocated Overhead					
91900 Other	\$31,218	\$50,518	\$62,983		
91000 Total Operating - Administrative	\$158,987	\$112,309	\$146,332	\$0	\$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	\$53,687				
93200 Electricity	\$7,085				
93300 Gas	\$1,487				
93400 Fuel					
93500 Labor					
93600 Sewer	\$44,653				
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$106,912	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$60,958				
94200 Ordinary Maintenance and Operations - Materials and Other	\$83,838				
94300 Ordinary Maintenance and Operations Contracts	\$68,076		\$15		
94500 Employee Benefit Contributions - Ordinary Maintenance	\$18,212				

Housing Authority County of Fresno (CA028)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.884 Competitive Capital Fund Stimulus Grant	14.885 Formula Capital Fund Stimulus Grant
94000 Total Maintenance	\$231,084	\$0	\$15	\$0	\$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	\$7,463				
96120 Liability Insurance	\$1,331				
96130 Workmen's Compensation	\$3,061	\$856	\$1,066		
96140 All Other Insurance	\$3,572	\$325	\$688		
96100 Total insurance Premiums	\$15,427	\$1,181	\$1,754	\$0	\$0
96200 Other General Expenses	\$1,441		\$13,888		
96210 Compensated Absences	\$19,209	\$4,919	\$25,909		
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents	\$2,744				
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$23,394	\$4,919	\$39,797	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)	\$12,473				
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$12,473	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$548,277	\$118,409	\$187,898	\$0	\$0

Housing Authority County of Fresno (CA028)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.884 Competitive Capital Fund Stimulus Grant	14.885 Formula Capital Fund Stimulus Grant
97000 Excess of Operating Revenue over Operating Expenses	\$406,430	\$0	\$173,830	\$456,026	\$138,789
97100 Extraordinary Maintenance	\$22,484				
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments			\$173,830		
97350 HAP Portability-In					
97400 Depreciation Expense	\$227,310				
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$798,071	\$118,409	\$361,728	\$0	\$0
10010 Operating Transfer In					
10020 Operating transfer Out					
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$156,636	\$0	\$0	\$456,026	\$138,789

Housing Authority County of Fresno (CA028)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.884 Competitive Capital Fund Stimulus Grant	14.885 Formula Capital Fund Stimulus Grant
11020 Required Annual Debt Principal Payments	\$172,160	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$1,516,022	\$0	\$0	\$267,974	\$2,375,851
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0			-\$724,000	-\$1,228,528
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	1560		48		
11210 Number of Unit Months Leased	1515		48		
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 County of Fresno (CA028)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	93.558 Temporary Assistance for Needy Families	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			\$4,430,036		\$4,430,036
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$0	\$0	\$4,430,036	\$0	\$4,430,036
70600 HUD PHA Operating Grants			\$45,256,288		\$45,256,288
70610 Capital Grants			\$1,736,212		\$1,736,212
70710 Management Fee		\$1,811,565	\$1,811,565	-\$1,811,565	\$0
70720 Asset Management Fee		\$115,800	\$115,800	-\$115,800	\$0
70730 Book Keeping Fee		\$578,941	\$578,941	-\$578,941	\$0
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue		\$2,506,306	\$2,506,306	-\$2,506,306	\$0
70800 Other Government Grants			\$1,636,364		\$1,636,364
71100 Investment Income - Unrestricted		\$4,711	\$16,569		\$16,569
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery			\$34,394		\$34,394
71500 Other Revenue		\$1,379,611	\$2,300,437	-\$1,242,256	\$1,058,181
71600 Gain or Loss on Sale of Capital Assets			-\$2,138		-\$2,138
72000 Investment Income - Restricted			\$17,736		\$17,736
70000 Total Revenue	\$0	\$3,890,628	\$57,932,204	-\$3,748,562	\$54,183,642
91100 Administrative Salaries		\$1,362,293	\$3,635,821		\$3,635,821
91200 Auditing Fees		\$11,467	\$50,035		\$50,035
91300 Management Fee			\$1,811,565	-\$1,811,565	\$0
91310 Book-keeping Fee			\$578,941	-\$578,941	\$0
91400 Advertising and Marketing		\$3,593	\$7,388		\$7,388

Housing Authority County of Fresno (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	93.558 Temporary Assistance for Needy Families	COCC	Subtotal	ELIM	Total
91500 Employee Benefit contributions - Administrative		\$413,022	\$1,198,567		\$1,198,567
91600 Office Expenses		\$119,106	\$317,397		\$317,397
91700 Legal Expense		\$39,287	\$50,385		\$50,385
91800 Travel		\$45,570	\$54,588		\$54,588
91810 Allocated Overhead					
91900 Other		\$1,109,337	\$3,184,105	-\$1,061,701	\$2,122,404
91000 Total Operating - Administrative	\$0	\$3,103,675	\$10,888,792	-\$3,452,207	\$7,436,585
92000 Asset Management Fee			\$115,800	-\$115,800	\$0
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other		\$12,650	\$12,650		\$12,650
92500 Total Tenant Services	\$0	\$12,650	\$12,650	\$0	\$12,650
93100 Water			\$483,395		\$483,395
93200 Electricity		\$13	\$185,586		\$185,586
93300 Gas		\$65	\$50,504		\$50,504
93400 Fuel					
93500 Labor					
93600 Sewer			\$488,229		\$488,229
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$0	\$78	\$1,207,714	\$0	\$1,207,714
94100 Ordinary Maintenance and Operations - Labor			\$763,834		\$763,834
94200 Ordinary Maintenance and Operations - Materials and Other		\$33,269	\$926,291		\$926,291
94300 Ordinary Maintenance and Operations Contracts		\$141,239	\$975,006	\$0	\$975,006
94500 Employee Benefit Contributions - Ordinary Maintenance		\$43	\$252,746		\$252,746

Housing Authority County of Fresno (CA028)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	93.558 Temporary Assistance for Needy Families	COCC	Subtotal	ELIM	Total
94000 Total Maintenance	\$0	\$174,551	\$2,917,877	\$0	\$2,917,877
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs			\$30,845		\$30,845
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$30,845	\$0	\$30,845
96110 Property Insurance			\$93,350		\$93,350
96120 Liability Insurance		\$86	\$14,418		\$14,418
96130 Workmen's Compensation		\$23,394	\$74,365		\$74,365
96140 All Other Insurance		\$11,382	\$98,093	-\$1,288	\$96,805
96100 Total insurance Premiums	\$0	\$34,862	\$280,226	-\$1,288	\$278,938
96200 Other General Expenses		\$147,661	\$294,796		\$294,796
96210 Compensated Absences		\$243,917	\$755,585		\$755,585
96300 Payments in Lieu of Taxes			\$210,391	-\$116,670	\$93,721
96400 Bad debt - Tenant Rents			\$46,908		\$46,908
96500 Bad debt - Mortgages					
96600 Bad debt - Other			\$78,386		\$78,386
96800 Severance Expense		\$9,841	\$19,549		\$19,549
96000 Total Other General Expenses	\$0	\$401,419	\$1,405,615	-\$116,670	\$1,288,945
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)		\$66,842	\$331,589	-\$62,597	\$268,992
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$66,842	\$331,589	-\$62,597	\$268,992
96900 Total Operating Expenses	\$0	\$3,794,077	\$17,191,108	-\$3,748,562	\$13,442,546

Housing Authority County of Fresno (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	93.558 Temporary Assistance for Needy Families	COCC	Subtotal	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$96,551	\$40,741,096	\$0	\$40,741,096
97100 Extraordinary Maintenance			\$269,096		\$269,096
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments			\$33,403,300		\$33,403,300
97350 HAP Portability-In			\$0		\$0
97400 Depreciation Expense			\$2,544,886		\$2,544,886
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$0	\$3,794,077	\$53,408,390	-\$3,748,562	\$49,659,828
10010 Operating Transfer In					
10020 Operating transfer Out					
10030 Operating Transfers from/to Primary Government			\$6,832,071		\$6,832,071
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	\$6,832,071	\$0	\$6,832,071
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$96,551	\$11,355,885	\$0	\$11,355,885

Housing Authority County of Fresno (CA028)
 FRESNO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	93.558 Temporary Assistance for Needy Families	COCC	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	\$0	\$0	\$308,953		\$308,953
11030 Beginning Equity	\$346	\$2,378,095	\$30,149,383		\$30,149,383
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			-\$128,134		-\$128,134
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			-\$486,494		-\$486,494
11180 Housing Assistance Payments Equity			\$8,268,698		\$8,268,698
11190 Unit Months Available	0		82698		82698
11210 Number of Unit Months Leased	0		78875		78875
11270 Excess Cash			\$3,392,880		\$3,392,880
11610 Land Purchases		\$0	\$864,161		\$864,161
11620 Building Purchases		\$0	\$269,891		\$269,891
11630 Furniture & Equipment - Dwelling Purchases		\$0	\$109,942		\$109,942
11640 Furniture & Equipment - Administrative Purchases		\$0	\$0		\$0
11650 Leasehold Improvements Purchases		\$0	\$0		\$0
11660 Infrastructure Purchases		\$0	\$0		\$0
13510 CFFP Debt Service Payments		\$0	\$0		\$0
13901 Replacement Housing Factor Funds		\$0	\$0		\$0

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Board of Commissioners
Housing Authority of the County 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 County 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 was 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 presents 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, 2011

HOUSING AUTHORITY OF THE COUNTY 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>County:</u>			
CA39P028501-07	\$ 2,179,638	2,179,638	-
CA39P028501-08	2,131,743	2,131,743	-
CA39S028501-09	2,698,365	2,698,365	-

(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 County 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 County 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 County 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



Mayer Hoffman McCann P.C.

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Board of Commissioners
Housing Authority of the County 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 Authorities of the City and County 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, 2010.

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, 2012. 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 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 COUNTY 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		\$ 309,646
Farm Labor Housing Loans and Grants (loans)	10.405		<u>1,459,659</u> *
Subtotal - Department of Agriculture			<u>1,769,305</u>
Department of Housing and Urban Development:			
Direct Assistance:			
Public and Indian Housing	14.850	Contract #SF-199	2,929,215
Section 8 Housing Choice Voucher Program	14.871	Contract #SF-604	41,494,591 *
Public Housing Capital Fund Program	14.872	Contract #SF-199	1,962,441
Public Housing Capital Fund Competitive (Recovery Act Funded)	14.884	Contract #SF-199	416,026
Public Housing Capital Fund Stimulus (Formula Recovery Act Funded)	14.885	Contract #SF-199	<u>76,192</u>
Subtotal			<u>46,878,465</u>
Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services	14.877	CA028RFS020A007	114,035
Passed through the State of California Housing Finance Agency:			
Section 8 New Construction and Substantial Rehabilitation	14.182	CHFA #76-65-N	407,517
Passed through the County of Fresno:			
Homeless Prevention Rapid Rehousing Program	14.257		<u>361,728</u>
Subtotal - Department of Housing and Urban Development			<u>47,761,745</u>
Total expenditures of federal awards			<u>\$ 49,531,050</u>

* Major program

See accompanying notes to the schedule of expenditures of federal awards

HOUSING AUTHORITY OF THE COUNTY 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 County 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 six notes with the United States Department of Agriculture Farmer Homes Administration under the Farm Labor Housing Union Loan program. In accordance with the notes the Authority used the funds for the acquisition and development of four multi-unit rental housing developments. The notes accrue interest at 1% per annum. The notes mature at various dates beginning on January 6, 2014 and ending on April 2, 2035. At December 31, 2011 the outstanding balance for all the notes is \$1,459,659.

HOUSING AUTHORITY OF THE COUNTY 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 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 \$1,485,932.
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 COUNTY 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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