

**HOUSING AUTHORITY
OF FRESNO COUNTY**

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2012
(Including Auditors' Report Thereon)

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HOUSING AUTHORITY OF FRESNO COUNTY

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2012

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

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of Fresno County, California, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of Fresno County, California, as of December 31, 2012, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Housing Authority of Fresno County's 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 12, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that *management's discussion and analysis* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of Fresno County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. The accompanying financial data schedules are presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, and are not a required part of the basic financial statements. Further, the Schedule of Actual Modernization Cost Certificates for Completed Projected is presented for additional analyses in accordance with filing requirements with the U.S. Department of Housing and Urban Development.

To the Board of Commissioners
**HOUSING AUTHORITY OF
FRESNO COUNTY**
Page three

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2013 on our consideration of the Housing Authority of Fresno County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Maya Hoffman Melam P.C.

Irvine, California
September 16, 2013

HOUSING AUTHORITY OF THE COUNTY OF FRESNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the Authority's performance for the year ended December 31, 2012 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 County.

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 de-concentration 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 and a population of approximately 950,000. The Agency manages 39 public housing properties organized into seven asset management properties (AMP) and has authority 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 a number of other programs serving the area's homeless populations, providing homebuyer education and training, and other endeavors intended to address the effects of poverty and increase residents' ability to achieve self-sufficiency.

Additionally, the Agency through its joint venture with the Housing Authority of the City of Fresno, doing business as Silvercrest, Inc. acts as the managing general partner for the following developments:

Silver Ridge Senior Community
Yosemite Village
Parc Grove Commons
Pacific Gardens
Renaissance at Trinity
Renaissance at Alta Monte
Renaissance at Santa Clara
Bridges at Florence

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

- Financial Statements, including the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, 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 Position:** Includes all of the Agency's assets and liabilities, as well as deferred outflows and deferred inflows and provides 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 position will serve as a useful indicator of whether the Agency's financial health is improving or deteriorating.
- **Statement of Revenues, Expenses, and Changes in Net Position:** Reports the Agency's revenues by source and its expenses by category to substantiate the change in net position for the year. This statement measures the success of the Agency's operations over the past year.
- **Statement of Cash Flows:** Reports 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 the 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) online system.

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. 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.

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 Position

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

- **Invested in capital assets, net of related debt and depreciation:** Amounts on this line are the Agency's equity in land, structures, construction in progress and equipment, net of related capital debt outstanding and accumulated depreciation. 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 position:** 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 position:** These are resources 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.

The Agency's Net Position is summarized by type in the following table:

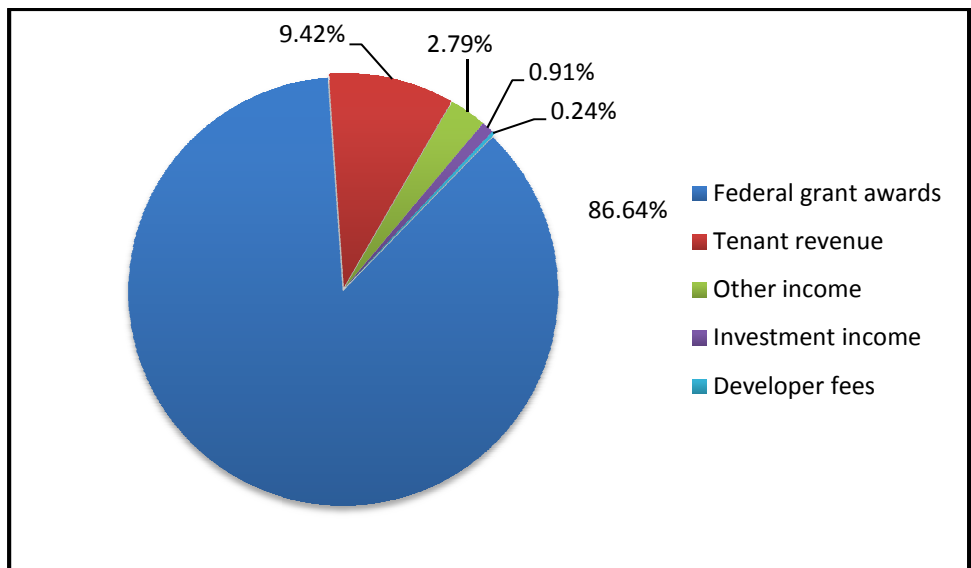
Statement of Net Position				
<u>ASSETS</u>	2012	2011	Increase (Decrease)	%
Current assets	\$ 6,275,247	\$ 9,845,439	\$ (3,570,192)	-36.26%
Restricted assets	5,087,206	10,243,689	(5,156,483)	-50.34%
Capital assets, net	23,388,584	23,240,197	148,387	0.64%
Other assets	7,500,399	7,393,469	106,930	1.45%
Total Assets	<u>\$ 42,251,436</u>	<u>\$ 50,722,794</u>	<u>\$ (8,471,358)</u>	<u>-16.70%</u>
<u>LIABILITIES</u>				
Current liabilities	2,175,206	1,789,296	385,910	21.57%
Non-current liabilities	6,415,341	7,556,364	(1,141,023)	-15.10%
Total liabilities	<u>8,590,547</u>	<u>9,345,660</u>	<u>(755,113)</u>	<u>-8.08%</u>
<u>Net Position</u>				
Invested in capital assets, net of related debt	20,048,588	18,091,172	1,957,416	10.82%
Restricted	4,615,044	9,854,691	(5,239,647)	-53.17%
Unrestricted	8,997,257	13,431,271	(4,434,014)	-33.01%
Total Net Position	<u>33,660,889</u>	<u>41,377,134</u>	<u>(7,716,245)</u>	<u>-18.65%</u>
Total Liabilities and Net Position	<u>\$ 42,251,436</u>	<u>\$ 50,722,794</u>	<u>\$ (8,471,358)</u>	<u>-16.70%</u>

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by \$33.7 million (see Total Net Position). Of this amount, \$9.0 million (Unrestricted) may be used to meet the Agency's ongoing obligations, \$4.6 million is restricted for specific purposes (Restricted) and \$20.0 million is invested in capital assets, net of related debt.
- Restricted assets decreased from \$10.2 million to \$5.1 million as a result of HUD's requirement to expend reserves associated with Section 8 Voucher Program.
- Capital assets, net of depreciation increased from \$23.2 million to \$23.4 million; a 0.64% increase over the prior year. The change is primarily the result of current year depreciation in the amount of \$2.4 million and current year net transfers totaling \$3.0 million.

- Current liabilities include liabilities currently due within one year along with current portion of long-term debt. The current balance increased \$386 thousand (21.6%) due to increases in unearned revenues and amounts due to other government entities.
- Noncurrent liabilities include notes and other mortgages payable which reported a net decrease of \$1.1 million primarily due to the repayment of a HELP program CHFA note for approximately \$1.0 million.
- The Agency’s current ratio, which measures its ability to pay back its short-term liabilities with its short-term assets, decreased from 5.50 in 2011 to 2.88 in 2012. This decrease is due to HUD’s requirement to expend reserves associated with the LIPH Program and was partially offset by the collection of prior year receivables.

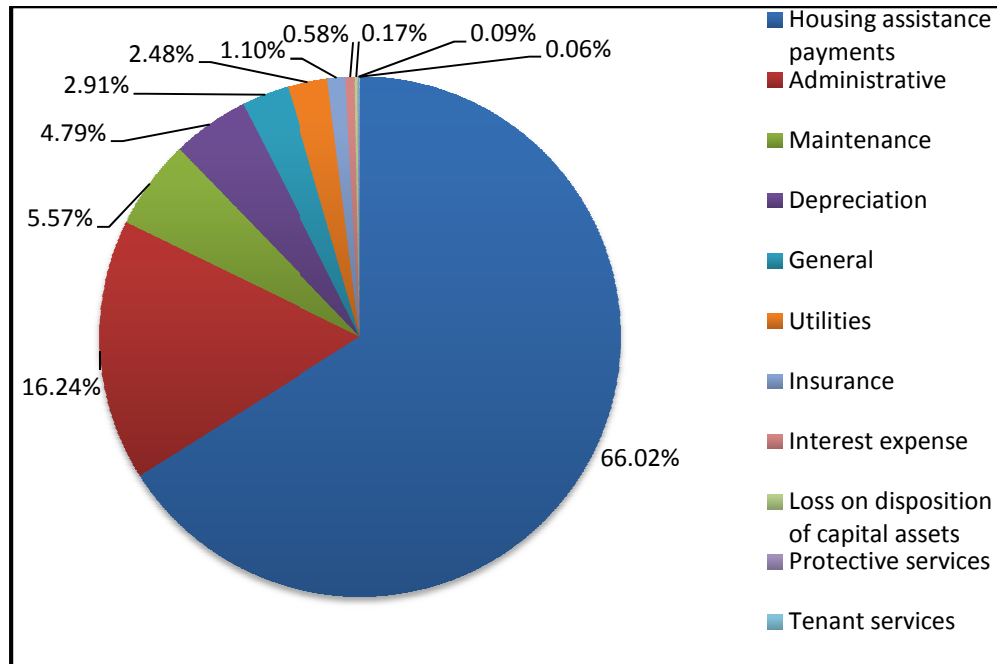
Total net position decreased \$7.7 million (18.65%) from the prior year. This change is primarily due to a restatement of beginning equity and the HUD-required spending of reserves. In past years, the Housing Authority of the City of Fresno and the Housing Authority of the County of Fresno were combined into a single reporting entity. For Fiscal Year 2011 and forward both agencies are being presented separately.

Fiscal Year 2012 Revenues



Federal grant awards	\$ 38,488,550	86.64%
Tenant revenue	4,183,367	9.42%
Other income	1,238,149	2.79%
Investment income	402,850	0.91%
Developer fees	108,721	0.24%
Total revenue for 2012	\$ 44,421,637	100.00%

Fiscal Year 2012 Expenditures



Housing assistance payments	\$ 33,769,511	66.02%
Administrative	8,305,560	16.24%
Maintenance	2,847,348	5.57%
Depreciation	2,450,530	4.79%
General	1,487,283	2.91%
Utilities	1,270,512	2.48%
Insurance	563,131	1.10%
Interest expense	295,296	0.58%
Loss on disposition of capital assets	87,439	0.17%
Protective services	46,596	0.09%
Tenant services	28,313	0.06%
Total expenditures for 2012	\$ 51,151,519	33.98%

Change in Net Assets

Operating and non-operating income revenue and expenses summarized:

Statements of Revenue, Expenses and Changes in Net Position

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>%</u>
<u>OPERATING REVENUES</u>				
Rental revenue	\$ 4,183,367	\$ 4,430,036	\$ (246,669)	-5.57%
Fee revenue	80,733	-	80,733	
HUD grants	35,685,906	45,256,288	(9,570,382)	-21.15%
Other governmental grants	1,161,353	1,636,364	(475,011)	-29.03%
Other	1,135,766	978,131	157,635	16.12%
Total operating revenues	<u>42,247,125</u>	<u>52,300,819</u>	<u>(10,053,694)</u>	<u>-19.22%</u>
<u>OPERATING EXPENSES</u>				
Administrative	8,305,560	7,436,586	868,974	11.69%
Tenant services	28,313	12,650	15,663	123.82%
Utilities	1,270,512	1,207,714	62,798	5.20%
Maintenance	2,847,348	3,186,973	(339,625)	-10.66%
Protective Services	46,596	30,845	15,751	51.07%
Insurance	563,131	278,938	284,193	101.88%
General	1,487,283	1,417,079	70,204	4.95%
Housing assistance payments	33,769,511	33,403,300	366,211	1.10%
Amortization and depreciation	2,450,530	2,544,886	(94,356)	-3.71%
Total operating expenses	<u>50,768,784</u>	<u>49,518,971</u>	<u>1,249,813</u>	<u>2.52%</u>
Operating income (loss)	(8,521,659)	2,781,848	(11,303,507)	-406.33%
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest revenue, unrestricted	162,897	16,569	146,328	883.14%
Interest revenue, restricted	11,049	17,736	(6,687)	-37.70%
Interest revenue on notes receivable	87,513	-	87,513	
Interest expense	(295,296)	(268,992)	(26,304)	9.78%
Fraud recovery	21,650	34,394	(12,744)	-37.05%
Share of joint venture net income	141,391	80,051	61,340	76.63%
Developer Fees	108,721	-	108,721	
Gain (loss) on disposition of capital assets	(87,439)	(2,138)	(85,301)	3989.76%
Total nonoperating income	<u>150,486</u>	<u>(122,380)</u>	<u>272,866</u>	<u>-222.97%</u>
Net income before contributions	(8,371,173)	2,659,468	(11,030,641)	-414.77%
Capital contributions - capital grants	<u>1,641,291</u>	<u>1,736,212</u>	<u>(94,921)</u>	<u>-5.47%</u>
Increase (decrease) in net position	<u>(6,729,882)</u>	<u>4,395,680</u>	<u>(11,125,562)</u>	<u>-253.10%</u>
Net Position at beginning of year - restated	<u>40,390,771</u>	<u>36,981,454</u>	<u>3,409,317</u>	<u>9.22%</u>
Net Position - end of year	<u>\$ 33,660,889</u>	<u>\$ 41,377,134</u>	<u>\$ (7,716,245)</u>	<u>-18.65%</u>

The Agency reported an overall decrease in net position of \$7.7 million for the fiscal year. Key elements of other changes are as follows:

- Operating revenue of \$42.2 million declined \$10.0 million (19.22%) due to funding decreases associated with the required spend down of reserve funds for the Section 8 and LIPH programs. HUD funded these two programs at levels significantly lower than the Agency's eligibility as a way to ensure the Agency supplemented operations with program reserves from prior year retained earnings. Management anticipates this HUD requirement to be a one-time occurrence.
- Operating expenses of \$50.8 million were \$1.2 million (2.52%) higher than the previous year primarily through increased Housing Assistance Payments. Other changes were attributable to increased spending for employee benefit contributions and professional costs contained within the Administrative line item.
- Net non-operating income of \$150 thousand was higher than the prior year by \$273 thousand. This improvement was primarily the result of increased revenue from developer fees and interest revenues.
- During the year, the Agency incurred expenses of \$48.9 million (not including depreciation) for all programs. The largest programs continue to be Housing Choice Voucher Program (\$38.0 million) and Public Housing (\$5.9 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 such federal sources. In 2012, the Agency received 86.6% of its operating and non-operating revenues from federal grants; 84% of those federal 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. There are discussions, however, 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. Beginning March 1st, 2013 the federal government entered into mandated sequestration, resulting in immediate budgetary cuts spread equally across all federal programs. It remains uncertain how long sequestration will last, and what the long term impact will be on the Agency.

As we look forward, the near-term forecast for low-income housing programs continues to be unchanged, thereby requiring the Agency to operate with less federal funding while continuing to provide high quality, clean and affordable housing that promotes safe, healthy and vibrant communities. It is essential we be mindful of the impact the current recession is having on how we provide services as 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 the 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. As federal funding continues to decrease, the Agency will continue to seek out new partnerships and new revenue sources.

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

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF NET POSITION
DECEMBER 31, 2012
(with comparative information for the prior year)

ASSETS	2012	2011
Current assets		
Cash and investments	\$ 5,307,447	\$ 6,130,371
Accounts receivable-tenants, net of allowance for doubtful accounts of \$13,389	32,875	44,842
Accounts receivable-other, net of allowance for doubtful accounts of \$81,140	129,221	92,397
Due from other governments	359,905	3,156,439
Prepaid insurance	17,743	13,139
Assets held for sale	428,056	408,251
Total current assets	6,275,247	9,845,439
Restricted assets		
Restricted cash	5,087,206	10,243,689
Total restricted assets	5,087,206	10,243,689
Noncurrent assets		
Capital assets		
Not being depreciated	7,440,370	8,439,195
Depreciable, net	15,948,214	14,801,002
Total capital assets, net	23,388,584	23,240,197
Other noncurrent assets		
Notes receivable from related parties	544,177	544,177
Interest receivable from related parties	146,404	180,865
Investments in joint ventures	6,723,142	6,581,751
Unamortized loan costs	86,676	86,676
Total other noncurrent assets	7,500,399	7,393,469
Total assets	\$ 42,251,436	\$ 50,722,794

See accompanying notes to the basic financial statements.

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF NET POSITION
DECEMBER 31, 2012
(with comparative information for the prior year)
(Continued)

LIABILITIES AND NET POSITION

	2012	2011
Current liabilities		
Vendors and contractors payable	\$ 229,263	\$ 397,502
Accrued salaries	122,343	136,656
Accrued compensated absences - current portion	113,626	153,064
Accrued interest payable	28,590	109
Resident security deposits	377,969	374,385
Due to other governments	478,651	259,010
Current liabilities due to related parties	202,412	97,672
Other accrued liabilities	95,399	62,578
Current portion of notes payable - non-related parties	255,714	274,090
Current portion of notes payable - related parties	63,629	-
Unearned revenue	207,609	34,230
Total current liabilities	2,175,207	1,789,296
Noncurrent liabilities		
Notes payable - non-related parties	5,156,821	6,019,925
Notes payable - related parties	844,841	844,841
Accrued compensated absences	259,530	282,960
Other accrued liabilities	61,862	137,525
Family self-sufficiency escrows	92,287	271,113
Total noncurrent liabilities	6,415,341	7,556,364
Total liabilities	8,590,547	9,345,660
NET POSITION		
Net investment in capital assets	20,048,588	18,091,172
Restricted for:		
Housing assistance payments	2,907,290	8,268,698
Other externally required reserves	1,707,754	1,585,993
Unrestricted	8,997,257	13,431,271
Total net position	33,660,889	41,377,134
Total liabilities and net position	\$ 42,251,436	\$ 50,722,794

See accompanying notes to the basic financial statements.

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012
(with comparative information for the prior year)

	2012	2011
Operating revenues		
Rental revenue	\$ 4,183,367	\$ 4,430,036
Fee revenue	80,733	-
HUD grants	35,685,906	45,256,288
Other governmental grants	1,161,353	1,636,364
Other revenue	1,135,766	978,131
Total operating revenues	42,247,125	52,300,819
Operating expenses		
Administrative	8,305,560	7,436,586
Tenant services	28,313	12,650
Utilities	1,270,512	1,207,714
Maintenance & operations	2,847,348	3,186,973
Protective services	46,596	30,845
Insurance	563,131	278,938
General expenses	1,490,564	1,417,079
Housing assistance payments	33,766,230	33,403,300
Depreciation	2,450,530	2,544,886
Total operating expenses	50,768,784	49,518,971
Operating income (loss)	(8,521,659)	2,781,848
Nonoperating revenues (expenses)		
Interest revenue, unrestricted	162,897	16,569
Interest revenue, restricted	11,049	17,736
Interest revenue on notes receivable	87,513	-
Interest expense	(295,296)	(268,992)
Fraud recovery	21,650	34,394
Changes in joint ventures	141,391	80,051
Developer Fees	108,721	-
Gain/(loss) on disposition of capital assets	(87,439)	(2,138)
Total nonoperating revenues	150,486	(122,380)
Income (loss) before contributions and transfers	(8,371,173)	2,659,468
Capital contributions	1,641,291	1,736,212
Increase (decrease) in net position	(6,729,882)	4,395,680
Net position, beginning of year - restated	40,390,771	36,981,454
Net position, end of year	\$ 33,660,889	\$ 41,377,134

See accompanying notes to the basic financial statements.

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012
(with comparative information for the prior year)

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Cash received from tenants	\$ 4,201,705	\$ 4,448,924
Cash received from others	43,909	384,545
Cash paid to employees for services	(4,747,994)	(4,472,072)
Cash paid to suppliers for goods and services	(8,704,639)	(12,492,860)
Cash paid to joint ventures	-	(1,173,538)
Cash received from operating grants	38,143,805	45,605,663
Cash paid for housing assistance	<u>(33,945,056)</u>	<u>(33,450,408)</u>
Net cash used by operating activities	<u>(5,008,270)</u>	<u>(1,149,746)</u>
Cash Flows from Noncapital Financing Activities:		
Developer fees received	108,721	445,456
Principal paid on notes payable to related parties	<u>-</u>	<u>(930,695)</u>
Net cash provided by noncapital financing activities	<u>108,721</u>	<u>(485,239)</u>
Cash Flows From Capital Financing Activities:		
Grants received to acquire/construct capital assets	1,641,291	1,736,212
Acquisition of capital assets	(1,553,218)	(2,280,960)
Proceeds from issuance of notes payable	114,171	1,060,251
Principal paid on notes payable	(1,276,743)	(327,657)
Interest paid on notes payable	<u>(266,815)</u>	<u>(280,806)</u>
Net cash provided by capital financing activities	<u>(1,341,314)</u>	<u>(92,960)</u>
Cash Flows From Investing Activities:		
Interest received from investments	250,410	48,935
Interest on restricted cash	<u>11,049</u>	<u>17,736</u>
Net cash provided by investing activities	<u>261,459</u>	<u>66,671</u>
Net increase (decrease) to cash and cash equivalents	(5,979,404)	(1,661,274)
Cash and cash equivalents at beginning of year	<u>16,374,057</u>	<u>18,635,231</u>
Cash and cash equivalents at end of year	<u>\$ 10,394,653</u>	<u>\$ 16,973,957</u>

See accompanying notes to basic financial statements

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012
(with comparative information for the prior year)

	<u>2012</u>	<u>2011</u>
Reconciliation of Change in Net Position to Net		
Cash Provided By (Used For) Operating Activities:		
Operating income (loss)	\$ (8,521,659)	\$ 2,781,848
Adjustments to reconcile change in net position to net cash provided by (used for) operating activities:		
Depreciation	2,450,530	2,574,777
Changes in joint ventures	141,391	80,051
Gain (loss) on sale/disposition of capital assets	(87,439)	143,382
Fraud recovery	21,650	-
(Increase) decrease in accounts receivable - tenants	14,754	3,820
(Increase) decrease in accounts receivable - other	(36,824)	158,647
(Increase) decrease in due from other governments	1,109,196	(1,321,219)
(Increase) decrease in prepaid insurance	(4,604)	19,102
(Increase) decrease in other noncurrent receivables	34,461	(170,802)
(Increase) decrease in investment in joint ventures	(141,391)	(1,253,589)
(Increase) decrease in other assets	(19,805)	(85,182)
Increase (decrease) in accounts payable - vendors	(163,347)	(3,227,798)
Increase (decrease) in due to related parties	104,740	(206,112)
Increase (decrease) in accrued salaries	(14,313)	126,476
Increase (decrease) in accounts payable - other governments	219,641	42,587
Increase (decrease) in OPEB obligation	32,821	25,352
Increase (decrease) in deferred revenue	165,700	34,230
Increase (decrease) in other current liabilities	(75,662)	(847,203)
Increase (decrease) in FSS liabilities	(178,826)	(162,164)
Increase (decrease) in tenant security deposits payable	3,584	10,568
Increase (decrease) in compensated absences	(62,868)	123,483
	<u>\$ (5,008,270)</u>	<u>\$ (1,149,746)</u>
Reconciliation of Cash Per Statement of Net Position to Cash Per Statement of Cash Flows:		
Cash and investments	\$ 5,307,447	\$ 6,130,367
Restricted cash	5,087,206	10,243,690
Cash at end of year	<u>\$ 10,394,653</u>	<u>\$ 16,374,057</u>

There were no significant noncash investing, capital or financing activities for the year ended December 31, 2012.

See accompanying notes to basic financial statements

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HOUSING AUTHORITY OF FRESNO COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

(A) **General Purpose**

The Housing Authority of Fresno County, 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 Fresno County 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 FRESNO COUNTY
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 Fresno County.

(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 FRESNO COUNTY
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 defined by the Housing Authority as assets with an initial, individual cost of \$2,500 or more and 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 FRESNO COUNTY
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.

Accounts receivable – other are stated net of allowance for certain amounts owed to the Authority from landlord participants.

(I) Net Position

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

(J) Operating Revenue and Expenses

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

(K) Income Taxes

The 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 FRESNO COUNTY
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.

(O) Prior Year Data

Selected information regarding the prior has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived. In addition, certain minor reclassifications of the prior year data have been made to enhance their comparability to the current year.

(2) Cash and Investments

Cash and investments held by the Authority at December 31, 2012 are classified as follows in the accompanying Statement of Net Position:

Cash and investments as of December 31, 2012, are classified in the accompanying financial statements as follows:

Cash and investments	\$ 5,307,447
Restricted cash	<u>5,087,206</u>
Total cash and investments	<u>\$10,394,653</u>

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

Cash and investments as of December 31, 2012, consist of the following:

Cash on hand	\$ 200
Deposits with financial institutions	1,329,801
Deposits held by regulatory agencies (CHFA)	68,705
Equity in investment pool	<u>8,995,947</u>
 Total cash and investments	 <u>\$10,394,653</u>

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

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

<u>Investment Types</u> <u>Authorized by State Law</u>	<u>Authorized</u> <u>By Investment</u> <u>Policy</u>	<u>*Maximum</u> <u>*Maximum</u> <u>Maturity</u>	<u>*Maximum</u> <u>Percentage</u> <u>Of Portfolio</u>	<u>*Maximum</u> <u>Investment</u> <u>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 FRESNO COUNTY
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	\$ 8,995,947	\$8,995,947	\$ -	\$ -	\$ -
Total	<u>\$ 8,995,947</u>	<u>\$8,995,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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	\$ 8,995,947	\$ -	\$ 8,995,947

HOUSING AUTHORITY OF FRESNO COUNTY
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, 2012 \$68,705 of the Authority's deposits held with the California Housing Finance Agency (CHFA) were uncollateralized.

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

Cash Restricted For:		In Liabilities	In Restricted Net Assets
Section 8 Housing Assistance Payment Funds	\$ 2,907,290	\$ -	\$ 2,907,290
USDA	1,576,618	-	1,576,618
Security deposits	379,875	379,875	-
Family Self-sufficiency escrows	92,287	92,287	-
California Housing Finance Agency	49,436	-	49,436
Kerman Acre partnership requirements	42,816	-	42,816
California Office of Migrant Services	38,884	-	38,884
Total	\$ 5,087,206	\$ 472,162	\$ 4,615,044

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(4) Notes Receivable

The following is a summary of changes in notes receivable as of December 31, 2012:

	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Payments</u> <u>Received</u>	<u>Balance</u> <u>12/31/12</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 outstanding balance of the loan due from the Housing Authority of the City of Fresno at December 31, 2012 is \$544,177.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(5) Capital Assets

	Restated Balance at 12/31/2011	Additions	Deletions	Transfers	Balance at 12/31/2012
Capital assets not being depreciated:					
Land	\$ 1,681,870	\$ -	\$ -	\$ (2,028)	\$ 1,679,842
Construction in progress	7,104,898	1,750,907	(56,431)	(3,038,846)	5,760,528
Total capital assets not being depreciated	8,786,768	1,750,907	(56,431)	(3,040,874)	7,440,370
Capital assets being depreciated:					
Buildings	\$ 72,820,369	\$ 30,734	\$ -	\$ 2,601,819	\$ 75,452,922
Equipment - Dwelling	1,969,655	9,100	(38,294)	434,001	2,374,462
Equipment - Administration	2,143,160	127,643	(60,285)	173	2,210,692
Total capital assets being depreciated	\$ 76,933,184	\$ 167,477	\$ (98,579)	\$ 3,035,993	\$ 80,038,076
Less accumulated depreciation for:					
Buildings	\$ (58,592,705)	\$ (2,048,527)	\$ -	\$ -	\$ (60,641,232)
Equipment - Dwelling	(1,622,265)	(209,778)	37,811	-	(1,794,232)
Equipment - Administration	(1,525,593)	(192,226)	63,421	-	(1,654,398)
Total accumulated depreciation	\$ (61,740,563)	\$ (2,450,530)	\$ 101,232	\$ -	\$ (64,089,862)
Total capital assets being depreciated, net	\$ 15,192,621	\$ (2,283,053)	\$ 2,653	\$ 3,035,993	\$ 15,948,214
Total capital assets, net	\$ 23,979,389	\$ (532,146)	\$ (53,778)	\$ (4,881)	\$ 23,388,584

The net beginning balance net was increased by \$739,192 to reflect the Authority's changes in the allocation percentages for the COCC as of the beginning of the year and for land and buildings associated with the San Joaquin Migrant Program. Depreciation expense in the amount of \$2,450,530 was charged for the year ended December 31, 2012.

(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 with an additional \$19,805 reported in the Central Office Cost Center.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(7) Long-Term Liabilities

Changes in long-term liabilities for the year ended December 31, 2012 are as follows:

	Balance 12/31/11	Additions	Deletions	Balance 12/31/12	Due within One Year
U.S. Department of Agriculture notes (capital)	\$ 1,459,659	\$ -	\$ (191,284)	\$ 1,268,375	\$ 151,632
Parkside CHFA notes (capital)	1,137,738	-	(95,747)	1,041,991	104,081
HELP Program CHFA notes (capital)	989,412	-	(989,412)	-	-
Kerman Acre, LP notes				-	
TCAC	2,151,626	50,542	-	2,202,168	-
County of Fresno (capital)	900,000	-	-	900,000	-
Net Pension Obligation (note 10)	30,132	80,374	(71,765)	38,741	38,741
Net OPEB Obligation (note 11)	32,446	68,608	(51,865)	49,189	49,189
Kerman Acre General Partner Management Fee	19,200	19,776	-	38,976	-
Interest Payable	175,673	37,420	(190,207)	22,886	-
Family Self Sufficiency	271,113	35,700	(214,526)	92,287	-
Compensated absences payable	436,554	-	(63,398)	373,156	104,182
Total	\$ 7,603,553	\$ 292,420	\$ (1,868,204)	\$ 6,027,769	\$ 447,825
	Balance	Additions	Deletions	Balance	Due within
Related Parties:	12/31/11	Additions	Deletions	12/31/12	One Year
Various to HRFC	\$ 323,185	\$ -	\$ -	\$ 323,185	\$ -
Various to HRFC	455,656	-	-	455,656	-
Various to HRFC (capital)	-	63,629	-	63,629	63,629
Office Building to HRFC (capital)	66,000	-	-	66,000	-
Total due to related parties	\$ 844,841	\$ 63,629	\$ -	\$ 908,470	\$ 63,629

The beginning balance was increased by \$694,873 to reflect certain long term liabilities that were not in which included in the prior year schedule. The TCAC Kerman Acres note was increased by \$500,000 and amounts for Interest Payable and Management Fees were added to the schedule.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(7) Long-Term Liabilities, (Continued)

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

Year Ending <u>December</u> <u>31</u>	Notes		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 255,713	\$ 90,427	\$ 346,140
2014	222,700	79,816	302,516
2015	233,302	68,872	302,174
2016	245,114	57,060	302,174
2017	257,868	44,306	302,174
2018-2022	632,517	63,546	696,063
2023-2027	189,367	19,508	208,775
2028-2032	199,027	9,748	208,775
2033-2037	74,758	1,085	75,843
2038-2042	900,000	-	900,000
2043-2047	-	-	-
2048-2052	-	-	-
2053-2057	-	-	-
2058-2062	-	-	-
2063-2067	<u>2,202,168</u>	<u>-</u>	<u>2,202,168</u>
	<u>\$5,412,534</u>	<u>\$434,368</u>	<u>\$5,846,902</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, 2012 the outstanding balance for all the notes is \$1,268,375.

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, 2012 the outstanding balance of the two loans is \$1,041,991.

HOUSING AUTHORITY OF FRESNO COUNTY
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. The note and accrued interest were paid in full on December 28, 2012.

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, 2012 the outstanding balances are \$2,202,168 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, 2012 is \$92,287.

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 FRESNO COUNTY

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 \$373,156.

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, 2012 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, 2012 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, 2012 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 FRESNO COUNTY
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, 2012 to December 31, 2012 has been determined by an actuarial valuation as of June 30, 2009. 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, 2012 to December 31, 2012.

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

Valuation Date	June 30, 2009
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 FRESNO COUNTY

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

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>
6/30/09	\$19,101,231	\$19,566,131	\$(464,900)	102.4%	\$4,309,222	(10.8%)
6/30/10	20,368,045	20,391,004	(22,959)	100.1%	4,891,318	(.5%)
6/30/11	21,952,353	21,398,849	(553,504)	97.5%	5,075,619	10.9%

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>
12/31/10	\$ 194,437	100%	-
12/31/11	228,314	100%	-
12/31/12	276,770	100%	-

(10) Post Employment Health Benefit Cash Reimbursement Plan

For the period covered by accompanying financial statements, the Authority offered retirees a cash benefit program. This program provided a voluntary non-vested benefit to eligible retirees participating under the CalPERS Public Employees' Medical and Hospital Care Act. When initially established, the Board of Commissioners retained the right to significantly change (or terminate) the level of contributions under this program. In March 2013, the Board of Commissioners passed a resolution terminating this cash benefit program for retirees.

This cash only benefit was 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 were at least 50 years old and retired through the CALPERS Retirement System within 180 days of separation from the employment. The Authority contributes \$225 per month toward health insurance for eligible retirees.

HOUSING AUTHORITY OF FRESNO COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

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

An actuarial valuation of the Retirees Supplemental Cash Benefit Program was performed as of June 1, 2010. The number of eligible retirees as of the most recent valuation date was 44 with an estimated annual “pay as you go” cost of \$128,322. The Authority accumulated a reserve from current and prior year funding estimates designed to be adequate to cover annual amounts expended based on a pay as you go methodology.

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, presented as required supplementary information following the notes to the financial statements, 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.

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.

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.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

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

Determination of Net Pension Obligation as of December 31, 2012

Annual Required Contribution (ARC)	\$ 80,374
Contributions made	<u>(71,765)</u>
Increase in Obligation	8,609
Net Obligation, beginning of year	<u>30,132</u>
Net Obligation, end of year	<u>\$ 38,741</u>

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
12/31/12	80,374	71,756	89.3%	38,741

Plan Descriptions: For the period covered by the accompanying financial statements, the Authority administered a single-employer defined benefit plan which provided lifetime medical healthcare benefits to retirees and their dependents that were at least 50 years of age when they retired and that worked a minimum of five years of service. Retirees were eligible for a health insurance stipend of approximately \$225 per month, except for former Executive Directors, who received the actual costs of their health benefits. In March 2013, the Board of Commissioners passed a resolution terminating this benefit plan for retirees.

Funding Policy: The contribution required to be made was 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, 2012, the Authority contributed \$51,865 to the plan, including \$51,865 for current premiums (100% of total premiums).

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

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

Annual OPEB Cost and Net OPEB Obligation: The Authority's annual OPEB cost (expense) was 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, was projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation for these benefits:

Annual required contribution (ARC)	\$ 68,608
Contributions made (including premiums paid)	<u>(51,865)</u>
Increase in net OPEB Obligation	16,743
Net Obligation beginning of year	<u>32,446</u>
Net Obligation end of year	<u>\$ 49,189</u>

The Authorities' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 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>
12/31/10	\$68,608	77.1%	\$15,703
12/31/11	68,608	75.6%	32,446
12/31/12	68,608	75.6%	49,189

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, presented as required supplementary information following the notes to the financial statements, 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.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

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

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.

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 FRESNO COUNTY
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 \$135,000 during the year ended December 31, 2012. 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 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 FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(13) Investment in Joint Ventures

As of December 31, 2012, the Authority's investment in joint ventures is comprised of the following:

<u>Joint Venture</u>	<u>Investment</u>
Housing Relinquished Fund Corporation	\$6,387,487
Housing Self Insurance Corporation	266,565
Silvercrest, Inc.	68,333
Villa Del Mar, Inc.	<u>757</u>
Total investment in joint ventures	<u>\$6,723,142</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 each of the City and County Board of Commissioners. The Housing Authority of Fresno County has a 21.85% equity interest in HRFC. HRFC does not issue separate financial statements.

Housing Self Insurance Corporation (HSIC) - Organized to provide additional security against a variety of insurable and non-insurable losses to include deductibles, payouts, settlements, and other related obligations. HSIC's Board is comprised of two members each of the City and County Board of Commissioners. The Housing Authority of Fresno County has a 17.79% equity interest in HSIC. HSIC does not issue separate financial statements.

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

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS

(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 2012. 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.

HOUSING AUTHORITY OF FRESNO COUNTY
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, 2012:

	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/12</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>\$1,700,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,700,000</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>\$1,700,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,700,000</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.

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, 2012 is \$500,000 and \$50,885 respectively.

The second loan for \$1,200,000 was made from County Capital Fund Recovery Grant Funds to the Kerman Acres fund. Interest accrues at 7.5% per annum and is due March 16, 2065. The outstanding balance and accrued interest for the second note at December 31, 2012 is \$1,200,000 and \$173,625 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 FRESNO COUNTY
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 Position

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

The Authority has reported the following as restricted net position:

Externally required reserves:	
USDA replacement reserves	\$ 1,576,618
CHFA replacement and insurance reserves	49,436
Other externally required reserves	<u>81,700</u>
Subtotal	1,707,754
Housing Assistance Payments	<u>2,907,290</u>
Total	<u>\$ 4,615,044</u>

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS

(Continued)

(18) Restatement of Beginning Equity

During the year ended December 31, 2012, the Housing Authority made certain adjustments to beginning equity.

The Housing Authority has one Central Office Cost Center (COCC) Fund that reflects activity of both the Fresno City Housing Authority and the Fresno County Housing Authority. 2011 was the first year that separate Financial Statements were prepared for each of the entities. When allocating the COCC activity between the City and County Housing Authorities this year, it was noted that certain allocations were incorrectly made in the prior year. As a result the Housing Authority has restated the opening equities of the City and County Housing Authorities to reallocate approximately \$1,292,863 of assets and liabilities from the City Housing Authority to the County Housing Authority.

In the prior year the County Housing Authority financial statements did not reflect a certain program, the San Joaquin Migrant Program, which should have been reflected in the financial statements. This program had \$306,500 in equity as of December 31, 2011 that has been reflected as a restatement to opening equity in the 2012 County Housing Authority financial statements.

The following schedule summarizes the effect of these restatements:

Net assets at end of year, as previously reported	\$41,377,134
Adjustment for certain assets and liabilities related to COCC allocations	(1,292,863)
Adjustment to include the San Joaquin Migrant Program	<u>306,500</u>
Net assets at beginning of year, as restated	<u>\$40,390,771</u>

SUPPLEMENTAL INFORMATION

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.885 Formula Capital Fund Stimulus Grant
111 Cash - Unrestricted	\$3,836,478	\$0	\$172,505		
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted	\$20,842		\$2,978,735	\$49,436	
114 Cash - Tenant Security Deposits	\$279,161			\$19,269	
115 Cash - Restricted for Payment of Current Liabilities			\$0		
100 Total Cash	\$4,136,481	\$0	\$3,151,240	\$68,705	\$0
121 Accounts Receivable - PHA Projects			\$181		
122 Accounts Receivable - HUD Other Projects	\$178,246	\$21,617			
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous			\$166,012		
126 Accounts Receivable - Tenants	\$30,520			\$8,450	
126.1 Allowance for Doubtful Accounts -Tenants	-\$7,333			-\$3,628	
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	-\$81,140		
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable	\$0				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$201,433	\$21,617	\$85,053	\$4,822	\$0
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$17,743				
143 Inventories					

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.885 Formula Capital Fund Stimulus Grant
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					
145 Assets Held for Sale	\$408,251				
150 Total Current Assets	\$4,763,908	\$21,617	\$3,236,293	\$73,527	\$0
161 Land	\$1,174,462			\$41,254	
162 Buildings	\$58,762,050			\$2,215,364	
163 Furniture, Equipment & Machinery - Dwellings	\$1,748,476			\$39,341	
164 Furniture, Equipment & Machinery - Administration	\$705,031		\$98,131	\$13,948	
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$50,058,573		-\$98,131	-\$2,261,033	
167 Construction in Progress	\$5,005,662				
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$17,337,108	\$0	\$0	\$48,874	\$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	\$173,625				
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$18,710,733	\$0	\$0	\$48,874	\$0
190 Total Assets	\$23,474,641	\$21,617	\$3,236,293	\$122,401	\$0
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$88,726		\$9,004	\$1,706	

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.885 Formula Capital Fund Stimulus Grant
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$30,554	\$1,562	\$39,375	\$1,689	
322 Accrued Compensated Absences - Current Portion	\$25,009	\$2,404	\$40,326	\$332	
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$430,069				
341 Tenant Security Deposits	\$279,161			\$19,320	
342 Deferred Revenues	\$8,579		\$134,301	\$1,319	
343 Current Portion of Long-term Debt - Capital Projects/Mortgage				\$104,081	
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities	\$6,338	\$385	\$8,623	\$312	
346 Accrued Liabilities - Other	\$11				
347 Inter Program - Due To	\$247,312	\$12,668	\$41,194	\$94,039	
348 Loan Liability - Current					
310 Total Current Liabilities	\$1,115,759	\$17,019	\$272,823	\$222,798	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				\$937,910	
352 Long-term Debt, Net of Current - Operating Borrowings			\$323,185		
353 Non-current Liabilities - Other	\$20,842		\$71,445	\$19,832	
354 Accrued Compensated Absences - Non Current	\$76,617	\$4,983	\$71,715	\$3,279	
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$97,459	\$4,983	\$466,345	\$961,021	\$0

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.885 Formula Capital Fund Stimulus Grant
300 Total Liabilities	\$1,213,218	\$22,002	\$739,168	\$1,183,819	\$0
508.1 Invested In Capital Assets, Net of Related Debt	\$17,337,109		\$0	-\$993,117	
511.1 Restricted Net Assets	\$0		\$2,907,290	\$49,436	\$0
512.1 Unrestricted Net Assets	\$4,924,314	-\$385	-\$410,165	-\$117,737	\$0
513 Total Equity/Net Assets	\$22,261,423	-\$385	\$2,497,125	-\$1,061,418	\$0
600 Total Liabilities and Equity/Net Assets	\$23,474,641	\$21,617	\$3,236,293	\$122,401	\$0

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	10.427 Rural Rental Assistance Payments	2 State/Local	1 Business Activities	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	93.558 Temporary Assistance for Needy Families
111 Cash - Unrestricted	\$120,379	\$0	\$151,324	\$0	\$347
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted	\$1,576,618	\$38,884	\$42,815		
114 Cash - Tenant Security Deposits	\$45,009	\$16,775	\$19,662		
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$1,742,006	\$55,659	\$213,801	\$0	\$347
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government		\$158,359		\$1,500	
125 Accounts Receivable - Miscellaneous		\$144		\$11,725	
126 Accounts Receivable - Tenants	\$2,698	\$2,645	\$1,698		
126.1 Allowance for Doubtful Accounts -Tenants	-\$1,310	-\$867	\$0		
126.2 Allowance for Doubtful Accounts - Other		\$0		\$0	
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,388	\$160,281	\$1,698	\$13,225	\$0
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets					
143 Inventories					
143.1 Allowance for Obsolete Inventories					

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	10.427 Rural Rental Assistance Payments	2 State/Local	1 Business Activities	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	93.558 Temporary Assistance for Needy Families
144 Inter Program Due From			\$905,064		
145 Assets Held for Sale					
150 Total Current Assets	\$1,743,394	\$215,940	\$1,120,563	\$13,225	\$347
161 Land	\$224,412	\$110,118	\$399,752		
162 Buildings	\$6,440,454	\$2,639,607	\$3,829,989		
163 Furniture, Equipment & Machinery - Dwellings	\$196,243	\$42,029	\$348,129		
164 Furniture, Equipment & Machinery - Administration	\$13,444	\$11,733	\$3,891		
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$5,600,836	-\$2,693,369	-\$1,296,152		
167 Construction in Progress		\$256,383	\$0		
168 Infrastructure		\$0			
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,273,717	\$366,501	\$3,285,609	\$0	\$0
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					
174 Other Assets		\$146,036	\$86,676		
176 Investments in Joint Ventures		\$6,723,142			
180 Total Non-Current Assets	\$1,273,717	\$8,279,856	\$3,372,285	\$0	\$0
190 Total Assets	\$3,017,111	\$8,495,796	\$4,492,848	\$13,225	\$347
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$13,485	\$26,529	\$7,980	\$3,209	
313 Accounts Payable >90 Days Past Due					

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	10.427 Rural Rental Assistance Payments	2 State/Local	1 Business Activities	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	93.558 Temporary Assistance for Needy Families
321 Accrued Wage/Payroll Taxes Payable	\$4,121	\$9,537	\$617	\$3,986	
322 Accrued Compensated Absences - Current Portion	\$4,452	\$6,535	\$851	\$98	
324 Accrued Contingency Liability					
325 Accrued Interest Payable		\$63	\$15,478		
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government		\$48,581			
341 Tenant Security Deposits	\$44,024	\$16,775	\$18,689		
342 Deferred Revenues	\$5,636	\$136	\$4,699		
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	\$151,632				
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities	\$816	\$4,383	\$150,786	\$296	
346 Accrued Liabilities - Other		\$87,930	\$3,899		
347 Inter Program - Due To	\$18,929	\$374,319	\$4,814	\$111,789	
348 Loan Liability - Current					
310 Total Current Liabilities	\$243,095	\$574,788	\$207,813	\$119,378	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$1,116,743		\$900,000		
352 Long-term Debt, Net of Current - Operating Borrowings		\$455,656	\$3,402,168		
353 Non-current Liabilities - Other			\$212,601		
354 Accrued Compensated Absences - Non Current	\$5,729	\$10,998	\$1,517	\$5,850	
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities		\$0			
350 Total Non-Current Liabilities	\$1,122,472	\$466,654	\$4,516,286	\$5,850	\$0

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	10.427 Rural Rental Assistance Payments	2 State/Local	1 Business Activities	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	93.558 Temporary Assistance for Needy Families
300 Total Liabilities	\$1,365,567	\$1,041,442	\$4,724,099	\$125,228	\$0
508.1 Invested In Capital Assets, Net of Related Debt	\$5,341	\$366,500	\$2,385,609	\$0	
511.1 Restricted Net Assets	\$1,576,618	\$38,884	\$42,815	\$0	
512.1 Unrestricted Net Assets	\$69,585	\$7,048,970	-\$2,659,675	-\$112,003	\$347
513 Total Equity/Net Assets	\$1,651,544	\$7,454,354	-\$231,251	-\$112,003	\$347
600 Total Liabilities and Equity/Net Assets	\$3,017,111	\$8,495,796	\$4,492,848	\$13,225	\$347

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,026,414	\$5,307,447		\$5,307,447
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted		\$4,707,330		\$4,707,330
114 Cash - Tenant Security Deposits		\$379,876		\$379,876
115 Cash - Restricted for Payment of Current Liabilities		\$0		\$0
100 Total Cash	\$1,026,414	\$10,394,653	\$0	\$10,394,653
121 Accounts Receivable - PHA Projects		\$181		\$181
122 Accounts Receivable - HUD Other Projects		\$199,863		\$199,863
124 Accounts Receivable - Other Government	\$0	\$159,859		\$159,859
125 Accounts Receivable - Miscellaneous	\$32,481	\$210,362		\$210,362
126 Accounts Receivable - Tenants		\$46,011		\$46,011
126.1 Allowance for Doubtful Accounts -Tenants		-\$13,138		-\$13,138
126.2 Allowance for Doubtful Accounts - Other	\$0	-\$81,140		-\$81,140
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable		\$0	\$0	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$32,481	\$521,998	\$0	\$521,998
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets		\$17,743		\$17,743
143 Inventories				
143.1 Allowance for Obsolete Inventories				

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	COCC	Subtotal	ELIM	Total
144 Inter Program Due From		\$905,064	-\$905,064	\$0
145 Assets Held for Sale	\$19,805	\$428,056		\$428,056
150 Total Current Assets	\$1,078,700	\$12,267,514	-\$905,064	\$11,362,450
161 Land	\$166,833	\$2,116,831		\$2,116,831
162 Buildings	\$1,565,454	\$75,452,918		\$75,452,918
163 Furniture, Equipment & Machinery - Dwellings	\$242	\$2,374,460		\$2,374,460
164 Furniture, Equipment & Machinery - Administration	\$1,364,516	\$2,210,694		\$2,210,694
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$2,081,763	-\$64,089,857		-\$64,089,857
167 Construction in Progress	\$61,495	\$5,323,540		\$5,323,540
168 Infrastructure		\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,076,777	\$23,388,586	\$0	\$23,388,586
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				
174 Other Assets	\$368	\$406,705	-\$173,625	\$233,080
176 Investments in Joint Ventures		\$6,723,142		\$6,723,142
180 Total Non-Current Assets	\$1,077,145	\$32,762,610	-\$1,873,625	\$30,888,985
190 Total Assets	\$2,155,845	\$45,030,124	-\$2,778,689	\$42,251,435
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$78,623	\$229,262		\$229,262
313 Accounts Payable >90 Days Past Due				

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	COCC	Subtotal	ELIM	Total
321 Accrued Wage/Payroll Taxes Payable	\$30,903	\$122,344		\$122,344
322 Accrued Compensated Absences - Current Portion	\$33,620	\$113,627		\$113,627
324 Accrued Contingency Liability				
325 Accrued Interest Payable	\$13,050	\$28,591		\$28,591
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government		\$478,650		\$478,650
341 Tenant Security Deposits		\$377,969		\$377,969
342 Deferred Revenues	\$52,940	\$207,610		\$207,610
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	\$63,629	\$319,342		\$319,342
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities	\$34,031	\$205,970		\$205,970
346 Accrued Liabilities - Other		\$91,840		\$91,840
347 Inter Program - Due To		\$905,064	-\$905,064	\$0
348 Loan Liability - Current				
310 Total Current Liabilities	\$306,796	\$3,080,269	-\$905,064	\$2,175,205
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$66,000	\$3,020,653		\$3,020,653
352 Long-term Debt, Net of Current - Operating Borrowings	\$500,000	\$4,681,009	-\$1,700,000	\$2,981,009
353 Non-current Liabilities - Other	\$3,053	\$327,773	-\$173,625	\$154,148
354 Accrued Compensated Absences - Non Current	\$78,842	\$259,530		\$259,530
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities		\$0		\$0
350 Total Non-Current Liabilities	\$647,895	\$8,288,965	-\$1,873,625	\$6,415,340

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	COCC	Subtotal	ELIM	Total
300 Total Liabilities	\$954,691	\$11,369,234	-\$2,778,689	\$8,590,545
508.1 Invested In Capital Assets, Net of Related Debt	\$947,148	\$20,048,590		\$20,048,590
511.1 Restricted Net Assets		\$4,615,043		\$4,615,043
512.1 Unrestricted Net Assets	\$254,006	\$8,997,257		\$8,997,257
513 Total Equity/Net Assets	\$1,201,154	\$33,660,890	\$0	\$33,660,890
600 Total Liabilities and Equity/Net Assets	\$2,155,845	\$45,030,124	-\$2,778,689	\$42,251,435

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.885 Formula Capital Fund Stimulus Grant
70300 Net Tenant Rental Revenue	\$2,993,639			\$166,433	
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$2,993,639	\$0	\$0	\$166,433	\$0
70600 HUD PHA Operating Grants	\$2,805,932	\$155,120	\$32,724,854		
70610 Capital Grants	\$1,641,291				\$0
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	\$903	\$3,217		\$286,223	
71100 Investment Income - Unrestricted	\$9,538				
71200 Mortgage Interest Income	\$87,513				
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery			\$21,650		
71500 Other Revenue	\$35,287		\$56	\$3,242	\$0
71600 Gain or Loss on Sale of Capital Assets	\$3,632			-\$291	
72000 Investment Income - Restricted			\$9,351	\$132	
70000 Total Revenue	\$7,577,735	\$158,337	\$32,755,911	\$455,739	\$0
91100 Administrative Salaries	\$559,067	\$48,037	\$1,461,937	\$23,021	

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.885 Formula Capital Fund Stimulus Grant
91200 Auditing Fees	\$18,056		\$24,003	\$4,850	
91300 Management Fee	\$945,918		\$793,248	\$20,856	
91310 Book-keeping Fee	\$85,118		\$495,782		
91400 Advertising and Marketing	\$8,030		\$1,378	\$302	
91500 Employee Benefit contributions - Administrative	\$401,502	\$17,050	\$499,162	\$10,889	
91600 Office Expenses	\$46,595	\$11,438	\$85,822	\$2,214	
91700 Legal Expense	\$4,586			\$101	
91800 Travel	\$1,220	\$1,454	\$4,998		
91810 Allocated Overhead					
91900 Other	\$673,285	\$72,921	\$537,587	\$10,225	
91000 Total Operating - Administrative	\$2,743,377	\$150,900	\$3,903,917	\$72,458	\$0
92000 Asset Management Fee	\$102,240				
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	\$368,436			\$50,181	
93200 Electricity	\$85,071			\$1,153	
93300 Gas	\$10,183			\$224	
93400 Fuel					
93500 Labor					
93600 Sewer	\$349,025			\$15,737	
93700 Employee Benefit Contributions - Utilities					

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.885 Formula Capital Fund Stimulus Grant
93800 Other Utilities Expense					
93000 Total Utilities	\$812,715	\$0	\$0	\$67,295	\$0
94100 Ordinary Maintenance and Operations - Labor	\$503,726		\$8,148	\$30,189	
94200 Ordinary Maintenance and Operations - Materials and Other	\$553,459		\$13,986	\$28,327	
94300 Ordinary Maintenance and Operations Contracts	\$630,132		\$36,384	\$29,008	
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0		\$0	\$12,716	
94000 Total Maintenance	\$1,687,317	\$0	\$58,518	\$100,240	\$0
95100 Protective Services - Labor	\$0				
95200 Protective Services - Other Contract Costs	\$21,506			\$998	
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$21,506	\$0	\$0	\$998	\$0
96110 Property Insurance	\$52,650			\$13,060	
96120 Liability Insurance	\$8,262			\$576	
96130 Workmen's Compensation	\$84,044	\$1,605	\$37,212	\$4,763	
96140 All Other Insurance	\$91,517	\$2,069	\$74,621	\$4,030	
96100 Total insurance Premiums	\$236,473	\$3,674	\$111,833	\$22,429	\$0
96200 Other General Expenses	\$362,652	\$595	\$24,011	\$5,039	
96210 Compensated Absences	\$117,394	\$3,553	\$152,481	\$5,390	
96300 Payments in Lieu of Taxes	\$219,680				
96400 Bad debt - Tenant Rents	\$25,230			\$1,434	
96500 Bad debt - Mortgages					

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.885 Formula Capital Fund Stimulus Grant
96600 Bad debt - Other			\$20,719		
96800 Severance Expense					
96000 Total Other General Expenses	\$724,956	\$4,148	\$197,211	\$11,863	\$0
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)				\$88,279	
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$88,279	\$0
96900 Total Operating Expenses	\$6,328,584	\$158,722	\$4,271,479	\$363,562	\$0
97000 Excess of Operating Revenue over Operating Expenses	\$1,249,151	-\$385	\$28,484,432	\$92,177	\$0
97100 Extraordinary Maintenance	\$58,445			\$12,054	
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments	\$0		\$33,769,511		
97350 HAP Portability-In					
97400 Depreciation Expense	\$1,891,428			\$2,509	
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$8,278,457	\$158,722	\$38,040,990	\$378,125	\$0
10010 Operating Transfer In	\$0		\$0		
10020 Operating transfer Out			\$0		

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.885 Formula Capital Fund Stimulus Grant
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	\$7,718				
10092 Inter Project Excess Cash Transfer Out	-\$7,718				
10093 Transfers between Program and Project - In	\$0				
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	-\$700,722	-\$385	-\$5,285,079	\$77,614	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$95,747	\$0
11030 Beginning Equity	\$21,676,034	\$0	\$7,782,204	-\$1,139,032	\$1,286,112
11040 Prior Period Adjustments, Equity Transfers and Correction of	\$1,286,111				-\$1,286,112
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			-\$590,861		
11180 Housing Assistance Payments Equity			\$3,087,986		

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.885 Formula Capital Fund Stimulus Grant
11190 Unit Months Available	11412		67248		
11210 Number of Unit Months Leased	11349		66099		
11270 Excess Cash	\$2,720,227				
11610 Land Purchases	\$0				
11620 Building Purchases	\$1,284,475				
11630 Furniture & Equipment - Dwelling Purchases	\$0				
11640 Furniture & Equipment - Administrative Purchases	\$102,579				
11650 Leasehold Improvements Purchases	\$0				
11660 Infrastructure Purchases	\$0				
13510 CFFP Debt Service Payments	\$0				
13901 Replacement Housing Factor Funds	\$0				

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	10.427 Rural Rental Assistance Payments	2 State/Local	1 Business Activities	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	93.558 Temporary Assistance for Needy Families
70300 Net Tenant Rental Revenue	\$625,666	\$142,891	\$254,738		
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$625,666	\$142,891	\$254,738	\$0	\$0
70600 HUD PHA Operating Grants					
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants	\$241,602	\$543,301	\$23,288	\$62,819	
71100 Investment Income - Unrestricted	\$587	\$147,429	\$744		\$1
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	\$5,715	\$32,739	\$2,784		
71600 Gain or Loss on Sale of Capital Assets	\$7,998	\$0			
72000 Investment Income - Restricted	\$1,527	\$39			
70000 Total Revenue	\$883,095	\$866,399	\$281,554	\$62,819	\$1
91100 Administrative Salaries	\$74,058	\$86,166	\$23,752	\$50,495	
91200 Auditing Fees	\$1,995	\$2,672	\$7,694		

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	10.427 Rural Rental Assistance Payments	2 State/Local	1 Business Activities	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	93.558 Temporary Assistance for Needy Families
91300 Management Fee	\$22,500	\$46,523			
91310 Book-keeping Fee	\$14,280		\$4,760		
91400 Advertising and Marketing	\$1,828	\$99	\$221		
91500 Employee Benefit contributions - Administrative	\$25,229	\$57,050	\$8,840	\$20,177	
91600 Office Expenses	\$8,730	\$12,719	\$3,465	\$1,271	
91700 Legal Expense	\$747		\$492		
91800 Travel	\$1,684	\$871		\$4,798	
91810 Allocated Overhead				\$0	
91900 Other	\$33,220	\$34,607	\$64,791	\$73,071	
91000 Total Operating - Administrative	\$184,271	\$240,707	\$114,015	\$149,812	\$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	\$55,366	\$44,007	\$19,916		
93200 Electricity	\$6,814	\$46,714	\$2,861		
93300 Gas	\$1,107	\$27,834	\$357		
93400 Fuel					
93500 Labor					
93600 Sewer	\$46,292	\$41,650	\$22,645		
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	10.427 Rural Rental Assistance Payments	2 State/Local	1 Business Activities	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	93.558 Temporary Assistance for Needy Families
93000 Total Utilities	\$109,579	\$160,205	\$45,779	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$64,963	\$103,652	\$7,196		
94200 Ordinary Maintenance and Operations - Materials and Other	\$73,227	\$85,151	\$31,358		
94300 Ordinary Maintenance and Operations Contracts	\$67,553	\$94,084	\$30,433		
94500 Employee Benefit Contributions - Ordinary Maintenance	\$18,784	\$37,971	\$2,162		
94000 Total Maintenance	\$224,527	\$320,858	\$71,149	\$0	\$0
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs		\$4,383	\$502		
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$4,383	\$502	\$0	\$0
96110 Property Insurance	\$7,509	\$9,437	\$5,047		
96120 Liability Insurance	\$1,178	\$1,556	\$396		
96130 Workmen's Compensation	\$11,488	\$14,350	\$1,244	\$1,058	
96140 All Other Insurance	\$10,902	\$8,151	\$2,763	\$5,384	
96100 Total insurance Premiums	\$31,077	\$33,494	\$9,450	\$6,442	\$0
96200 Other General Expenses	\$136,873	\$971	\$1,157	\$11,453	
96210 Compensated Absences	\$15,176	\$28,153	\$3,306	\$7,115	
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents	\$4,624	\$867	\$617		
96500 Bad debt - Mortgages					
96600 Bad debt - Other					

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	10.427 Rural Rental Assistance Payments	2 State/Local	1 Business Activities	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	93.558 Temporary Assistance for Needy Families
96800 Severance Expense					
96000 Total Other General Expenses	\$156,673	\$29,991	\$5,080	\$18,568	\$0
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)	\$14,497	\$18,583	\$97,739		
96730 Amortization of Bond Issue Costs			\$2,496		
96700 Total Interest Expense and Amortization Cost	\$14,497	\$18,583	\$100,235	\$0	\$0
96900 Total Operating Expenses	\$720,624	\$808,221	\$346,210	\$174,822	\$0
97000 Excess of Operating Revenue over Operating Expenses	\$162,471	\$58,178	-\$64,656	-\$112,003	\$1
97100 Extraordinary Maintenance	\$14,037	\$4,504			
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments					
97350 HAP Portability-In					
97400 Depreciation Expense	\$169,548	\$36,661	\$125,067		
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$904,209	\$849,386	\$471,277	\$174,822	\$0
10010 Operating Transfer In					
10020 Operating transfer Out					
10030 Operating Transfers from/to Primary Government		\$141,391			

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	10.427 Rural Rental Assistance Payments	2 State/Local	1 Business Activities	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	93.558 Temporary Assistance for Needy Families
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	\$141,391	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$21,114	\$158,404	-\$189,723	-\$112,003	\$1
11020 Required Annual Debt Principal Payments	\$191,284	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$1,672,658	\$7,665,694	-\$41,528	\$0	\$346
11040 Prior Period Adjustments, Equity Transfers and Correction of		-\$369,744			
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	1164			

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	10.427 Rural Rental Assistance Payments	2 State/Local	1 Business Activities	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	93.558 Temporary Assistance for Needy Families
11210 Number of Unit Months Leased	1470	1040			
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 of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$4,183,367		\$4,183,367
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$0	\$4,183,367	\$0	\$4,183,367
70600 HUD PHA Operating Grants		\$35,685,906		\$35,685,906
70610 Capital Grants		\$1,641,291		\$1,641,291
70710 Management Fee	\$1,894,588	\$1,894,588	-\$1,829,045	\$65,543
70720 Asset Management Fee	\$102,240	\$102,240	-\$102,240	\$0
70730 Book Keeping Fee	\$592,945	\$592,945	-\$599,940	-\$6,995
70740 Front Line Service Fee				
70750 Other Fees	\$22,185	\$22,185		\$22,185
70700 Total Fee Revenue	\$2,611,958	\$2,611,958	-\$2,531,225	\$80,733
70800 Other Government Grants		\$1,161,353		\$1,161,353
71100 Investment Income - Unrestricted	\$4,597	\$162,896		\$162,896
71200 Mortgage Interest Income		\$87,513		\$87,513
71300 Proceeds from Disposition of Assets Held for Sale	\$151,028	\$151,028		\$151,028
71310 Cost of Sale of Assets	-\$249,821	-\$249,821		-\$249,821
71400 Fraud Recovery		\$21,650		\$21,650
71500 Other Revenue	\$1,273,718	\$1,353,541	-\$109,054	\$1,244,487
71600 Gain or Loss on Sale of Capital Assets	\$15	\$11,354		\$11,354
72000 Investment Income - Restricted		\$11,049		\$11,049
70000 Total Revenue	\$3,791,495	\$46,833,085	-\$2,640,279	\$44,192,806
91100 Administrative Salaries	\$1,415,641	\$3,742,174		\$3,742,174
91200 Auditing Fees	\$6,881	\$66,151		\$66,151

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	COCC	Subtotal	ELIM	Total
91300 Management Fee		\$1,829,045	-\$1,829,045	\$0
91310 Book-keeping Fee		\$599,940	-\$599,940	\$0
91400 Advertising and Marketing	\$3,398	\$15,256		\$15,256
91500 Employee Benefit contributions - Administrative	\$433,524	\$1,473,423		\$1,473,423
91600 Office Expenses	\$135,408	\$307,662		\$307,662
91700 Legal Expense	\$108,773	\$114,699		\$114,699
91800 Travel	\$38,834	\$53,859		\$53,859
91810 Allocated Overhead		\$0		\$0
91900 Other	\$1,141,677	\$2,641,384	-\$109,054	\$2,532,330
91000 Total Operating - Administrative	\$3,284,136	\$10,843,593	-\$2,538,039	\$8,305,554
92000 Asset Management Fee		\$102,240	-\$102,240	\$0
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$28,313	\$28,313		\$28,313
92500 Total Tenant Services	\$28,313	\$28,313	\$0	\$28,313
93100 Water	\$1,572	\$539,478		\$539,478
93200 Electricity	\$67,043	\$209,656		\$209,656
93300 Gas	\$5,003	\$44,708		\$44,708
93400 Fuel				
93500 Labor				
93600 Sewer	\$1,321	\$476,670		\$476,670
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	COCC	Subtotal	ELIM	Total
93000 Total Utilities	\$74,939	\$1,270,512	\$0	\$1,270,512
94100 Ordinary Maintenance and Operations - Labor		\$717,874		\$717,874
94200 Ordinary Maintenance and Operations - Materials and Other	\$69,679	\$855,187		\$855,187
94300 Ordinary Maintenance and Operations Contracts	\$221,689	\$1,109,283		\$1,109,283
94500 Employee Benefit Contributions - Ordinary Maintenance		\$71,633		\$71,633
94000 Total Maintenance	\$291,368	\$2,753,977	\$0	\$2,753,977
95100 Protective Services - Labor		\$0		\$0
95200 Protective Services - Other Contract Costs	\$19,207	\$46,596		\$46,596
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$19,207	\$46,596	\$0	\$46,596
96110 Property Insurance	\$2,108	\$89,811		\$89,811
96120 Liability Insurance	\$331	\$12,299		\$12,299
96130 Workmen's Compensation	\$36,970	\$192,734		\$192,734
96140 All Other Insurance	\$68,849	\$268,286		\$268,286
96100 Total insurance Premiums	\$108,258	\$563,130	\$0	\$563,130
96200 Other General Expenses	\$181,596	\$724,347		\$724,347
96210 Compensated Absences	\$151,886	\$484,454		\$484,454
96300 Payments in Lieu of Taxes		\$219,680		\$219,680
96400 Bad debt - Tenant Rents		\$32,772		\$32,772
96500 Bad debt - Mortgages				
96600 Bad debt - Other		\$20,719		\$20,719

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	COCC	Subtotal	ELIM	Total
96800 Severance Expense	\$5,322	\$5,322		\$5,322
96000 Total Other General Expenses	\$338,804	\$1,487,294	\$0	\$1,487,294
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)	\$73,701	\$292,799		\$292,799
96730 Amortization of Bond Issue Costs		\$2,496		\$2,496
96700 Total Interest Expense and Amortization Cost	\$73,701	\$295,295	\$0	\$295,295
96900 Total Operating Expenses	\$4,218,726	\$17,390,950	-\$2,640,279	\$14,750,671
97000 Excess of Operating Revenue over Operating Expenses	-\$427,231	\$29,442,135	\$0	\$29,442,135
97100 Extraordinary Maintenance	\$4,329	\$93,369		\$93,369
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments		\$33,769,511		\$33,769,511
97350 HAP Portability-In				
97400 Depreciation Expense	\$225,317	\$2,450,530		\$2,450,530
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$4,448,372	\$53,704,360	-\$2,640,279	\$51,064,081
10010 Operating Transfer In		\$0		\$0
10020 Operating transfer Out		\$0		\$0
10030 Operating Transfers from/to Primary Government		\$141,391		\$141,391

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	COCC	Subtotal	ELIM	Total
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		\$7,718		\$7,718
10092 Inter Project Excess Cash Transfer Out		-\$7,718		-\$7,718
10093 Transfers between Program and Project - In		\$0		\$0
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$141,391	\$0	\$141,391
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$656,877	-\$6,729,884	\$0	-\$6,729,884
11020 Required Annual Debt Principal Payments	\$0	\$287,031		\$287,031
11030 Beginning Equity	\$2,474,646	\$41,377,134		\$41,377,134
11040 Prior Period Adjustments, Equity Transfers and Correction of	-\$616,615	-\$986,360		-\$986,360
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		-\$590,861		-\$590,861
11180 Housing Assistance Payments Equity		\$3,087,986		\$3,087,986
11190 Unit Months Available		81384		81384

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	COCC	Subtotal	ELIM	Total
11210 Number of Unit Months Leased		79958		79958
11270 Excess Cash		\$2,720,227		\$2,720,227
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$0	\$1,284,475		\$1,284,475
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$102,579		\$102,579
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

SCHEDULE OF MODERNIZATION COSTS FOR COMPLETED PROJECTS

HOUSING AUTHORITY OF FRESNO COUNTY
Schedule of Modernization Costs for Completed Projects
Year ended December 31, 2012

<u>Grant Number</u>	<u>Funds Approved</u>	<u>Funds Expended</u>	<u>Excess</u>
<u>County:</u>			
CA028000002-09E	\$ 760,000	\$760,000	-

(See accompanying Independent Auditors' Report)

SINGLE AUDIT REPORTS AND RELATED SCHEDULES



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Board of Commissioners
Housing Authority of Fresno County
Fresno, California

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of Fresno County, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 16, 2013.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. The matter described in the accompanying schedule of findings and questioned costs as item 2012-01 conforms to this definition.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The matter described in the accompanying schedule of findings and questioned costs as item 2012-02 conforms to this definition.

We noted certain immaterial matters regarding internal control over financial reporting that we reported to the management of the Housing Authority in a separate letter dated September 16, 2013.

Compliance and Other Matters

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

Authority's Responses to Findings

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

Purpose of this Report

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

Maya Hoffman Malarm P.C.

Irvine, California
September 16, 2013



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**Report on Compliance For Each Major Federal Program; Report on Internal Control
Over Compliance; and Report on the Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133**

Independent Auditor's Report

Report on Compliance for Each Major Program

We have audited the Housing Authority of Fresno County's compliance 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 the Authority's major federal programs for the year ended December 31, 2012. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2012-03. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 the 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. A *significant deficiency in internal control over compliance* is defined to be a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. The matter described in the accompanying schedule of findings and questioned costs as item 2012-03 conforms to this definition.

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

The Authority's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the basic financial statements of the Authority as of and for the year ended December 31, 2012, and have issued our report thereon dated September 16, 2013. 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.

Mayor Hoffman Melom P.C.

Irvine, California
September 16, 2013

HOUSING AUTHORITY OF FRESNO COUNTY
Schedule of Expenditures of Federal Awards
Year ended December 31, 2012

<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 Assistance Payments	10.427		\$ 241,602
Farm Labor Housing Loans and Grants (loans)	10.405		<u>1,268,376</u>
Subtotal - Department of Agriculture			<u>1,509,978</u>
Department of Housing and Urban Development:			
Direct Assistance:			
Public and Indian Housing	14.850	Contract #SF-199	2,276,037
Section 8 Housing Choice Vouchers	14.871	Contract #SF-604	32,724,854
Public Housing Capital Fund	14.872	Contract #SF-199	<u>2,171,186</u>
Subtotal			<u>37,172,077</u>
Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services	14.877	CA028RFS020A007	155,120
Passed through the State of California Housing Finance Agency:			
Section 8 New Construction and Substantial Rehabilitation	14.182	CHFA #76-65-N	286,223
Passed through the County of Fresno:			
Homeless Prevention Rapid Rehousing Program	14.257		<u>62,819</u>
Subtotal - Department of Housing and Urban Development			<u>37,676,239</u>
Total expenditures of federal awards			<u>\$ 39,186,217</u>

See accompanying notes to the schedule of expenditures of federal awards

HOUSING AUTHORITY OF FRESNO COUNTY

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2012

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

(a) Scope of Presentation

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

(b) Basis of Accounting

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

(c) Subrecipients

During the fiscal year ended December 31, 2012, 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, 2012 the outstanding balance for all the notes is \$1,268,375.

HOUSING AUTHORITY OF FRESNO COUNTY

Schedule of Findings and Questioned Costs

Year Ended December 31, 2012

(A) Summary of Auditor's Results

1. An unqualified report was issued by the auditors on the financial statements of the auditee.
2. One material weakness in internal control over financial reporting based on our audit of the financial statements of the auditee was reported. One significant deficiency in internal control over financial reporting was also reported.
3. The audit disclosed no reported noncompliance which is material to the financial statements of the auditee.
4. No material weaknesses and one significant deficiency in internal control over major programs of the auditee were reported.
5. An unqualified report was issued by the auditors on compliance for major programs.
6. The audit disclosed one audit finding 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. 14.850 U.S. Department of Housing and Urban Development – Public and Indian Housing, 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 \$1,175,587.
9. The Authority was not considered as a low risk auditee for the year ended December 31, 2012 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 two auditors' findings required to be reported in accordance with GAGAS.

(2012-01) Prior Period Adjustments

Auditing standards require the communication of prior period adjustments when they involve material dollar amounts. The adjustments described below were identified by the accounting personnel of the Authority when analyzing the financial activity of the Authority for this year's audit:

HOUSING AUTHORITY OF FRESNO COUNTY

Schedule of Findings and Questioned Costs

(Continued)

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

(2012-01) Prior Period Adjustments, (Continued)

- The Housing Authority has one Central Office Cost Center (COCC) Fund that reflects activity of both the Fresno City Housing Authority and the Fresno County Housing Authority. 2011 was the first year that separate Financial Statements were prepared for each of the entities. When allocating the COCC activity between the City and County Housing Authorities this year, Authority personnel noted that certain allocations were incorrectly made in the prior year. As a result, the Housing Authority has restated the opening equities of the City and County Housing Authorities to reallocate approximately \$1,292,863 of assets and liabilities from the County Housing Authority to the City Housing Authority.
- In the prior year, the County Housing Authority financial statements did not reflect a certain program, the San Joaquin Migrant Program that should have been reflected in the financial statements. This program had \$306,500 in equity as of December 31, 2011. The adjustment to address this matter has been reflected as a restatement to opening equity in the accompanying 2012 County Housing Authority financial statements.

To minimize the reporting of prior period adjustments, the Housing Authority should establish procedures to, whenever possible, identify adjustments in the reporting period in which the related transactions occurred. It is recognized that this is not always possible and on occasion the Housing Authority's accounting procedures will properly identify adjustments in a subsequent period.

Management's Corrective Actions Planned

The Agency has continued to refine the procedures necessary to allocate certain financial transactions required for the preparation of separate Financial Statements. Such procedures will need to be updated on an annual and ongoing basis to ensure the statements appropriately reflect the financial operations of each Housing Authority. Management agrees with the goal of identifying adjustments during the reporting period in which the related transactions occurred and will make every effort to do so.

(2012-02) Distribution of Accumulated OPEB Cash Balances

In March 2013, the Board of Commissioners passed a resolution dissolving the Housing Authorities' Other Post Employment Benefits (OPEB) Plans. In prior years, the City and County Housing Authorities had made cash payments to the *Housing Self Insurance Corporation* (a joint venture that serves both the City and the County Housing Authorities) for the purposes of pre-funding their OPEB obligation. During those prior years, the cash paid to the Corporation had been recorded as a charge against the federal

HOUSING AUTHORITY OF FRESNO COUNTY

Schedule of Findings and Questioned Costs

(Continued)

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

(2012-02) Distribution of Accumulated OPEB Cash Balances, (Continued)

programs of each Housing Authority. However, federal regulations only allow pre-funding to be charged to federal programs if the pre-funding has been paid into an OPEB trust in accordance with generally accepted accounting principles. A joint venture under the joint control of the City and County Housing Authority Boards does not qualify as a trust under generally accepted accounting principles.

As a result, the Authority has removed any OPEB charges to federal program expenditures reported for the 2012 fiscal year.

In addition, as a result of the Board action that was taken in March 2013, the Authority has made plans to distribute the remaining OPEB cash balances that are held in the Housing Self Insurance Corporation to the various federal programs of the Authority prior to the end of the 2013 fiscal year, as required by federal regulations.

Recommendation

We recommend that the Authority proceed with its plans to return the unexpended OPEB funding to the federal programs.

Management's Corrective Actions Planned

Management has analyzed the composition of the OPEB cash balance and identified each federal program's share of the ensuing distribution. As approved by the Agency's Board of Commissioners, the funds will be returned to each program in direct proportion to the original charges and the Fiscal Year 2013 financial statements will reflect the transfers.

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

There was one auditors' finding required to be reported in accordance with Paragraph .510(a) at OMB Circular A-133.

(2012-03) Federal Compliance Requirement – LIPH Waiting List

FEDERAL AGENCY: U.S. Department of Housing and Urban Development
CFDA NO.: 14.850
FEDERAL PROGRAM NAME: Public and Indian Housing
FEDERAL AWARD PROGRAM NO.: Contract #SF-199
FEDERAL AWARD YEAR: 2012

HOUSING AUTHORITY OF FRESNO COUNTY

Schedule of Findings and Questioned Costs

(Continued)

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

(2012-03) Federal Compliance Requirement – LIPH Waiting List, (Continued)

CONTROL CATEGORY: Special Tests and Provisions
QUESTIONED COSTS: \$0

Condition:

In accordance with Federal requirements, the County Housing Authority's Low Income Public Housing (LIPH) Program was tested a major program during the current year. Federal guidance requires that certain audit procedures be performed with respect to the LIPH waiting list. We noted that the documentation retained by the County Housing Authority did not provide for the ability to test a sample of applicants added to the waiting list and to test a sample of new tenants to ascertain if they were selected from the waiting list in accordance with the PHA's tenant selection policies. The PHA does not retain the waiting list documentation necessary to demonstrate compliance with its own policies and procedures.

Criteria:

24 CFR, Sections 960.202 through 960.206, indicate that PHAs must establish and adopt written policies for admission of tenants. The PHA tenant selection policies must include requirements for applications and waiting lists, description of the policies for selection of applicants from the waiting lists, and policies for verification and documentation of information relevant to acceptance or rejections of an applicant.

Cause:

The Federal guidance requires the auditors to perform audit procedures to determine whether the PHA is following its own tenant selection policies in placing applicants on the waiting list in selecting applicants from the waiting list to become tenants. The documentation retained by the County Housing Authority did not provide for the ability to test a sample of applicants added to the waiting list and to test a sample of new tenants to ascertain if they were selected from the waiting list in accordance with the PHA's tenant selection policies.

Effect:

Not retaining such documentation makes it difficult for the PHA to demonstrate compliance with its own policies and procedures with respect to use of the waiting list.

Recommendation:

Efforts should be made to ensure that documentation is retained indicating that established tenant selection policies were followed. We recommend that the Housing Authority make the necessary efforts to ensure that documentation is retained indicating that established tenant selection policies were followed. At a minimum, waiting list documentation should be retained as of the end of each fiscal year.

HOUSING AUTHORITY OF FRESNO COUNTY

Schedule of Findings and Questioned Costs

(Continued)

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

(2012-03) Federal Compliance Requirement – LIPH Waiting List, (Continued)

Management's Corrective Actions Planned

Management agrees with the recommendation to retain documentation that clearly demonstrates compliance. While Management is confident in staff's compliance with tenant selection policies, additional procedures have been put in place to ensure adequate data is captured and available to demonstrate such compliance on an ongoing basis.

HOUSING AUTHORITY OF FRESNO COUNTY

Summary Schedule of Prior Audit Findings

Year ended December 31, 2012

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

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