



**HOUSING AUTHORITY
OF FRESNO COUNTY**

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2013
(Including Auditors' Report Thereon)

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HOUSING AUTHORITY OF FRESNO COUNTY

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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, and its discretely presented component unit, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Kerman Acre, LP, a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of Fresno County, California, and its discretely presented component unit, as of December 31, 2013, and the changes in financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described further in notes 24 and 25 to the financial statements, during the year ended December 31, 2013, the Housing Authority implemented Governmental Accounting Standards Board (GASB) Statements Nos. 61 and 65. Our opinion is not modified with respect to this matter.

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 schedule is presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, and is not a required part of the basic financial statements. Further, the Schedule of Actual Modernization Cost Certificates is presented for additional analyses in accordance with filing requirements with the U.S. Department of Housing and Urban Development.

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**HOUSING AUTHORITY OF
FRESNO COUNTY**

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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 July 15, 2014 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.

Mayor Hoffman McComb, C.

Irvine, California
July 15, 2014

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Housing Authority of Fresno County Management's Discussion and Analysis December 31, 2013

Introduction

This narrative overview and analysis of the Housing Authority of Fresno County's (the "Agency") performance through December 31, 2013 is provided as a supplement to the Agency's year-end financial statements. Please read it in conjunction with the basic financial statements and the notes to the basic financial statements.

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

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

Overview of the Basic Financial Statements

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

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

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

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

- The **Statement of Net Position** includes all of the Agency’s assets and liabilities, with the difference between the two reported as the net position. Assets and liabilities are presented in the order of liquidity and are classified as “current” (convertible to cash within one year) and “non-current”. This statement also provides a basis of measuring the liquidity and financial flexibility of the Agency. Over time, increases or decreases in net position will serve as a useful indicator of whether the Agency’s financial health is improving or deteriorating.
- The **Statement of Revenues, Expenses, and Changes in Net Position** reports the Agency’s revenues by source and its expenses by category to substantiate the changes in net position for the year. This statement measures the success of the Agency’s operations over the past year.
- The **Statement of Cash Flows** reports how the Agency’s cash was provided and used during the year. It also provides information about the Agency’s operating, investing, and financing activities, and can be used to reconcile cash balances at December 31, 2013 and 2012. Fundamentally, this statement shows where cash came from, how cash was used, and what the change in cash was during the year.
- The **Notes to Basic Financial Statements** provides additional information that is integral to a full understanding of the Basic Financial Statements. The Notes to the Basic Financial Statements can be found in this report after the Basic Financial Statements.
- **Supplemental Information** includes the Schedule of Expenditures of Federal Awards, presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. It also includes the Financial Data Schedules, which are submitted to HUD’s Real Estate Assessment Center (REAC) online system.

Financial Reporting Entity

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

Kerman Acre, L.P., when they become available, may be requested by writing to the Housing Authority of Fresno County, at P.O. Box 11985, Fresno, California 93776-1985.

Significant Programs

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

Low Rent Public Housing. The Agency's Public Housing Program includes approximately 970 public housing units scattered throughout the County of Fresno. Residents pay 30% of their adjusted gross income to the Agency as rent and HUD subsidizes the balance using a formula which HUD considers adequate to manage and maintain each property.

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

Other Programs

CalHFA Section 8 New Construction
USDA Farm Labor Housing
Home Ownership Opportunities and Training
Resident Opportunities and Self Sufficiency
Family Self Sufficiency
Affordable Housing
Resident Services
Office of Migrant Services Housing
Family Unification Program

Financial Analysis

Statement of Net Position

The purpose of the statement of net position is to give the financial statement readers a snapshot of the fiscal condition of the Agency at a certain point in time. It presents end of the year data for assets, liabilities and net position (assets minus liabilities).

Statement of Net Position is summarized in the table below:

	2013	2012	Increase (Decrease)	%
<u>ASSETS</u>				
Current assets	\$ 10,713,380	\$ 6,275,247	\$ 4,438,133	70.72%
Restricted assets	2,880,760	5,087,206	(2,206,446)	-43.37%
Capital assets, net	17,412,223	23,388,584	(5,976,361)	-25.55%
Other assets	19,203,578	7,500,399	12,170,328	162.26%
Total Assets, Deferred Outflows	50,209,941	42,251,436	8,425,654	19.94%
<u>LIABILITIES</u>				
Current liabilities	3,561,945	2,175,205	1,386,740	63.75%
Non-current liabilities	2,630,382	6,415,341	(3,784,959)	-59.00%
Total liabilities	6,192,327	8,590,546	(2,398,219)	-27.92%
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	14,834,288	20,048,588	(5,214,300)	-26.01%
Restricted	2,526,572	4,615,044	(2,088,472)	-45.25%
Unrestricted	26,656,754	8,997,257	17,659,497	196.28%
Total Net Position	44,017,614	33,660,889	10,356,725	30.77%
Total Liabilities and Net Position	\$ 50,209,941	\$ 42,251,435	\$ 7,958,506	18.84%

Total assets of the Agency at December 31, 2013 and 2012 amounted to \$50.2 million and \$42.3 million, respectively. The significant components of current assets are cash, short term investments, and receivables from tenants and related parties. Restricted assets are cash and investments that are restricted for explicit purposes, like federal programs or project-specific reserves. Capital assets include land, land improvements, leasehold improvements, structures, construction in progress, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation. Other assets include long-term notes receivables, interest receivable, assets held for sale and investments in joint ventures. The principal changes in assets from December 31, 2012 to December 31, 2013 were increases in other assets, specifically in notes receivable from related parties and our investment in joint ventures. This is mainly attributable to development activities, including the conversion of six public housing properties to the Rental Assistance Demonstration program. The Agency made a significant investment in this project, including large seller carry-back loans. The Agency's investment in joint ventures also increased significantly from 2012 due to increased loan activity to related party developments from the lending arm of the Agency, the Housing Relinquished Fund Corporation.

Total liabilities of the Agency were \$6.2 million and \$4.1 million at December 31, 2013 and 2012, respectively. Current liabilities include short-term accounts payable, accrued liabilities, current portions of long-term debt, and unearned revenue. Current liabilities have increased due to the re-allocation of the Planning & Community Development department between the Fresno City & Fresno County Housing Authorities. The department focused primarily on the development of properties in the County of Fresno during 2013, therefore the allocation was updated to place a larger share of the department on the County's financial statements. Non-current liabilities are primarily made up of the long-term portion of notes and interest payable. This amount decreased from 2012 due to the maturation and payment of two loans, including a Cal-HFA HELP loan and a loan from the Rural Economic and Community Development department.

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

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

Overall, the Agency's net position increased by 30.77% during the year, from \$33.7 million in 2012 to \$44 million in 2013. This improvement in net position is due to an increase in long-term notes receivables for development projects, a greater investment in our joint ventures, and a decrease in long-term notes payable.

Statement of Revenues, Expenses and Changes in Net Position

The purpose of the statement of revenues, expenses, and changes in net position is to present the operating and non-operating revenues earned by the Agency, the operating and non-operating expenses incurred, and other gains or losses of the Agency. This statement presents a snap shot of the financial activity that happened from January 1, 2013 to December 31, 2013.

Operating revenues are the amounts received for providing housing services. This revenue can either come from tenants as rental payments, subsidy from the U.S. Department of Housing and Urban Development (HUD), Developer Fees for development activities, or as grant revenue from another funding source. Non-operating revenues/expenses are earned/incurred when goods or services are not provided, for example, interest income or interest expense. Operating expenses are those costs incurred to maintain the housing units or to provide other services to our clientele. Capital contributions represent revenues earned from HUD for public housing capital repairs and rehabilitation.

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

	2013	2012	Increase (Decrease)	%
<u>OPERATING REVENUES</u>				
Rental revenue	\$ 4,172,897	\$ 4,183,367	\$ (10,470)	-0.25%
HUD grants	42,730,660	35,685,906	7,044,754	19.74%
Other	2,680,682	2,377,852	302,830	12.74%
Total operating revenues	49,584,239	42,247,125	7,337,114	17.37%
<u>OPERATING EXPENSES</u>				
Administrative	7,622,189	8,305,560	(683,371)	-8.23%
Other	6,290,556	6,246,464	44,092	0.71%
Housing assistance payments	34,526,205	33,766,230	759,975	2.25%
Amortization and depreciation	2,088,632	2,450,530	(361,898)	-14.77%
Total operating expenses	50,527,582	50,768,784	(241,202)	-0.48%
Operating income (loss)	(943,343)	(8,521,659)	7,578,316	-88.93%
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest revenue	74,328	261,459	(187,131)	-71.57%
Interest expense	(113,885)	(295,296)	181,411	-61.43%
Other	1,306,048	271,762	1,034,286	480.58%
Gain (loss) on disposition of assets	8,677,458	(87,439)	8,764,897	-10024.01%
Total non-operating income	9,943,949	150,486	9,793,463	6507.89%
Net income before contributions	9,000,606	(8,371,173)	17,371,779	-207.52%
Capital contributions - capital grants	1,098,798	1,641,291	(542,493)	-33.05%
Increase (decrease) in net position	10,099,404	(6,729,882)	16,829,286	-250.07%
Net Position at beginning of year	33,918,210	40,390,771	(6,472,561)	-16.02%
Net Position - end of year	\$ 44,017,614	\$ 33,660,889	\$ 10,356,725	30.77%

The statement of revenues, expenses and changes in net position, which preceded this section, reflects the year ended December 31, 2013 compared to the year ended December 31, 2012. Overall, operating revenues increased by 17.37%, or \$7.3 million, from 2012 to 2013; operating expenses decreased by 0.5%,

or \$241 thousand for the year; non-operating revenues increased by \$9.8 million from 2012 to 2013; while capital contributions decreased by \$542 thousand from prior year. These changes lead to a total increase in net position of \$10.1 million from December 31, 2012 to December 31, 2013. Explanations of the primary reasons for these changes are as follows.

The primary reason for the favorable increase in operating revenues in 2013 is attributable to increases in HUD grants. While total proration levels for federal grants were less favorable in 2013 due to sequestration, actual funding levels were higher than the previous year because of the HUD-mandated, reserve recapture in the Housing Choice Voucher and Public Housing programs that occurred in 2012. Basically, in order to reduce program reserves, HUD funded these two programs at significantly lower levels in 2012, so the Agency would be forced to spend down its reserves. While funding increased in 2013 compared to 2012, grant revenue from HUD was still much lower than what the Agency was actually eligible to receive because of sequestration.

Although operating expenses decreased slightly overall, the Agency noticed a significant decrease in administrative expenses. A large portion of this decrease was due to high employee turnover at the County public housing sites during 2013. Housing Assistance Payments increased by \$759 thousand due to increased voucher utilization, and increased per unit cost.

Non-operating revenues grew significantly from 2012 to 2013 due to an increase in asset disposition. More specifically, the Agency recorded the sale of six public housing assets: Kuffel Terrace, Kuffel Terrace Annex and Mountain View Apartments in AMP 3; Rios Terrace, Rios Terrace II, and Mendota Apartments in AMP 5; and one non-public housing building, Kerr Rug, during the course of 2013. These four transactions resulted in an \$8.7 million dollar gain on the disposition of these assets.

Capital contributions for the year ended December 31, 2013 decreased by \$542 thousand, or 33.05% compared to 2012. This decrease was attributable to asset disposition related to the conversion of six public housing projects to the Rental Assistance Demonstration program and resulting reduction in capital expenditures. \$3.5 million in Capital Funds were used to support this conversion; however they did not result in the addition of capital assets to the balance sheet and therefore did not meet the definition of a capital contribution.

Capital Assets

The table below shows the Agency's capital assets, net of accumulated depreciation and amortization, at December 31, 2013 and December 31, 2012.

	2013	2012	Increase (Decrease)	%
Land	\$ 1,486,662	\$ 1,679,842	\$ (193,180)	-11.50%
Structures	8,806,829	14,811,690	(6,004,861)	-40.54%
Equipment	641,675	1,136,524	(494,849)	-43.54%
Construction in progress	6,477,057	5,760,528	716,529	12.44%
Total capital assets, net	\$ 17,412,223	\$ 23,388,584	\$ (5,976,361)	-25.55%

Overall, the Agency reduced capital assets by \$5.9 million during 2013. At the beginning of 2013, the Agency changed its capitalization policy to only capitalize assets that cost more than \$5,000, whereas previously, it was recording items over \$2,500 as capital assets. This change resulted in a net \$1.3 million dollar write-off. The Agency sold six public housing sites as part of the Rental Assistance Demonstration program which accounts for a \$1.1 million reduction in assets. See the Capital Asset Note disclosure in the Notes to the Basic Financial Statements for more information.

Debt Administration

The table below shows the Agency's outstanding debt at December 31, 2013 and 2012. Short term borrowings include inter-fund loans between programs, between the City & County Housing Authority, or between component units of the Agency. Notes payable- Non-related Parties include loans and mortgages with external entities. Notes payable- Related parties includes loans from joint ventures and Agency-sponsored limited partnership.

	2013	2012	Increase (Decrease)	%
Short Term Borrowings	\$ 500,000	\$ 1,700,000	\$ (1,200,000)	-70.59%
Notes Payable- Non-related Parties	2,056,278	5,412,534	(3,356,256)	-62.01%
Notes Payable- Related Parties	1,452,663	908,470	544,192	59.90%
Total debt	\$ 4,008,941	\$ 8,021,005	\$ (4,012,064)	-50.02%

Most significantly, the Notes Payable- Non-related Parties decreased by almost \$3.4 million during the year. This is mainly attributable to the transfer of Kerman Acres from a business activity of the Agency,

to a discretely presented component unit. More information on this can be found in Note 23 in the Notes to the Basic Financial Statements.

Economic Factors Affecting the Agency's Future

The majority of the Agency's funding comes from the U.S. Department of Housing and Urban Development in the form of Section 8 housing assistance payments, public housing operating subsidies, capital fund grants, and other smaller grants. Over the past several years, Congress and the federal government continue to cut housing subsidies due to changes in budget priorities. These funding reductions have a direct impact on the Agency's economic position because federal subsidies make up a majority of the revenue for the Agency (85% of total operating revenue). The Agency continues to explore alternative funding options to lessen our federal dependency through development activities and pursuit of other grants; however, HUD will most likely continue to be a major funding source over the foreseeable future.

The Agency has been swift to respond to changes in federal restrictions, both programmatically and financially. We have responded by implementing changes designed to reduce costs with the least effect on services. We have been adamant that despite funding cuts, we would continue to maintain housing for existing residents and voucher participants, and in some cases, possibly serve more low-income clients. The Agency has implemented several measures to reduce staffing costs by changing our business practices to gain efficiencies while minimizing reductions in services. As a result, the Agency is better poised to weather additional funding cuts without further capacity reductions.

As we look forward, the near-term forecast for low-income housing programs continues to be unchanged, requiring the Agency to operate with less federal funding while continuing to provide high quality, affordable housing that promotes safe, vibrant communities. Our residents continue to be the most vulnerable segment of the population as the recession lingers and unemployment rates in Fresno County hover at 11%. Job cuts, declining work hours, and slow growth in job creation has decreased personal income across Fresno County, thus increasing the need for our services but decreasing the revenue received by the Agency.

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

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HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF NET POSITION
DECEMBER 31, 2013

ASSETS	Primary Government	Kerman Acre, Inc.
Current Assets		
Cash and Investments	\$ 7,068,730	\$ 27,527
Accrued Interest Receivable	78,575	-
Accounts Receivable - Other, Net of Allowance for Doubtful	2,398,757	1,501
Accounts of \$51,758		
Due From Other Governments	738,370	-
Prepaid Expenses	19,771	-
Assets Held For Sale	409,177	-
Total Current Assets	10,713,380	29,028
Restricted Assets		
Restricted Cash	2,880,760	33,095
Total Restricted Assets	2,880,760	33,095
Non-Current Assets		
Capital Assets		
Capital Assets - Not being depreciated	7,963,719	119,217
Capital Assets - Depreciable	9,448,504	3,036,855
Total Capital Assets, Net	17,412,223	3,156,072
Other Non-Current Assets		
Notes Receivable From Related Parties	5,986,835	-
Investments In Joint Ventures	13,683,892	-
Equity Interest In Component Unit	(467,149)	-
Total Other Non-Current Assets	19,203,578	-
Total Assets	\$ 50,209,941	\$ 3,218,195

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF NET POSITION
DECEMBER 31, 2013
(continued)

LIABILITIES AND NET POSITION	Primary Government	Kerman Acre, Inc.
Current Liabilities		
Vendors and Contractors Payable	\$ 434,053	\$ 13,008
Accrued Salaries	149,235	-
Accrued Compensated Absences	132,483	8
Accrued Interest Payable	30,304	121,104
Resident Security Deposits	373,197	5,203
Due To Other Governments	930,339	-
Due To - Primary Government	-	47,400
Other Current Liabilities - Related Parties	257,267	20
Other Current Liabilities - Non-Related Parties	4,341	3,898
Notes Payable - Related Parties	931,007	-
Notes Payable - Non-Related Parties	224,325	-
Unearned Revenue	95,394	-
Total Current Liabilities	3,561,945	190,641
Non-Current Liabilities		
Notes Payable - Related Parties	521,656	782,020
Notes Payable - Non-Related Parties	1,831,953	3,102,168
Accrued Compensated Absences	240,738	-
Other Accrued Non-Current Liabilities	19,832	59,345
Family Self-Sufficiency Escrow	16,203	-
Total Non-Current Liabilities	2,630,382	3,943,533
Total Liabilities	6,192,327	4,134,174
Net Position		
Net Investment in Capital Assets	14,834,288	2,152,887
Restricted for:		
Housing Assistance Payments	797,047	27,425
Other Externally Required Reserves	1,729,525	
Unrestricted	26,656,754	(3,096,291)
Total Net Position	44,017,614	(915,979)
Total Liabilities and Net Position	\$ 50,209,941	\$ 3,218,195

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, 2013

	Primary Government	Kerman Acre, Inc.
Operating Revenues		
Rental Revenue	\$ 4,172,897	\$ 75,277
Fee Revenue	82,202	-
HUD Grants	42,730,660	9,016
Other Governmental Grants	997,777	11,650
Other Revenue	1,600,703	2,111
Total Operating Revenues	49,584,239	98,054
Operating Expenses		
Administrative Expense	7,622,189	68,810
Tenant Services Expense	20,493	-
Utilities Expense	1,337,943	9,844
Maintenance and Operations Expense	3,252,759	26,291
Protective Services Expense	24,661	532
Insurance Expense	569,319	3,920
General Expense	1,085,381	12,528
Housing Assistance Payments	34,526,205	-
Depreciation	2,088,632	123,472
Total Operating Expenses	50,527,582	245,397
Operating Income (Loss)	(943,343)	(147,343)
Non-Operating Revenues (Expenses)		
Interest Revenue, Unrestricted	72,678	-
Interest Revenue, Restricted	1,650	-
Interest Expense	(113,885)	(78,674)
Fraud Recovery	11,746	-
Share of Joint Venture Net Income	260,750	-
Loss from Equity Interest in Component Unit	(148,399)	-
Developer Fees	1,181,951	-
Gain/(Loss) on Disposal of Capital Assets	8,677,458	-
Total Non-Operating Revenues	9,943,949	(78,674)
Income (Loss) Before Capital Contributions	9,000,606	(226,017)
Capital Contributions	1,098,798	-
Increase (Decrease) in Net Position	10,099,404	(226,017)
Net Position, Beginning of Year	33,660,889	(689,962)
Prior Period Adjustment	257,321	
Adjusted Net Position, Beginning of Year	33,918,210	(689,962)
Net Position, End of Year	\$ 44,017,614	\$ (915,979)

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, 2013

	2013
Cash Flows from Operating Activities:	
Cash received from tenants	\$ 4,198,213
Cash received from others	82,202
Cash paid for issuance of notes receivable	(1,578,000)
Repayments received on notes receivable	1,065,342
Paid to component unit	576,071
Cash paid to employees for services	(4,073,163)
Cash paid to suppliers for goods and services	(7,338,750)
Cash paid to joint ventures	(6,700,000)
Cash received from operating grants	42,359,182
Cash paid for housing assistance	(34,602,289)
Net cash used by operating activities	(6,011,192)
 Cash Flows from Noncapital Financing Activities:	
Developer fees received	1,181,951
Principal paid on notes payable to related parties	-
Net cash provided by noncapital financing activities	1,181,951
 Cash Flows From Capital Financing Activities:	
Grants received to acquire/construct capital assets	1,098,798
Acquisition of capital assets	(3,850,990)
Proceeds from sale of capital assets	9,986,177
Proceeds from issuance of notes payable	2,646,884
Principal paid on notes payable	(5,458,948)
Interest paid on notes payable	(112,171)
Net cash provided by capital financing activities	4,309,750
 Cash Flows From Investing Activities:	
Interest received from investments	72,678
Interest on restricted cash	1,650
Net cash provided by investing activities	74,328
 Net increase (decrease) to cash and cash equivalents	(445,163)
Cash and cash equivalents at beginning of year	10,394,653
Cash and cash equivalents at end of year	\$ 9,949,490

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, 2013
(Continued)

	2013
Reconciliation of Change in Net Position to Net	
Cash Provided By (Used For) Operating Activities:	
Operating income (loss)	\$ (943,343)
Adjustments to reconcile change in net position to net cash provided by (used for) operating activities:	
Depreciation	2,088,632
Changes in joint ventures	260,750
Change in equity interest in component unit	(1,369,188)
Gain (loss) on sale/disposition of capital assets	-
Fraud recovery	11,746
(Increase) decrease in accounts receivable - tenants	30,088
(Increase) decrease in accounts receivable - other	(769,536)
(Increase) decrease in due from other governments	(378,465)
(Increase) decrease in prepaid insurance and other assets	84,648
(Increase) decrease in assets held for resale	18,879
(Increase) decrease in interest receivable	67,829
(Increase) decrease in notes receivable	(512,658)
(Increase) decrease in investment in joint ventures	(6,960,750)
(Increase) decrease in interest in component unit	1,945,259
Increase (decrease) in accounts payable - vendors	199,898
Increase (decrease) in due to related parties	59,196
Increase (decrease) in accrued salaries	26,892
Increase (decrease) in accounts payable - other governments	451,688
Increase (decrease) in OPEB obligation	(95,399)
Increase (decrease) in deferred revenue	(104,536)
Increase (decrease) in other current liabilities	(42,031)
Increase (decrease) in FSS liabilities	(76,084)
Increase (decrease) in tenant security deposits payable	(4,772)
Increase (decrease) in compensated absences	65
Net cash provided by (used for) operating activities	\$ (6,011,192)
 Reconciliation of Cash Per Statement of Net Position to Cash Per Statement of Cash Flows:	
Cash and investments	\$ 7,068,730
Restricted cash	2,880,760
Cash at end of year	\$ 9,949,490

There were no significant noncash investing, capital or financing activities for the year ended December 31, 2013, except for the sale of certain real property for a \$4,930,000 note.

See accompanying notes to the basic financial statements

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HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

(1) Summary of Significant Accounting Policies

(A) General Purpose

The Housing Authority of Fresno County, California (the Agency) is responsible for the development and implementation of housing programs and activities for the County of Fresno, California. The Agency provides housing to 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 Agency was established by a resolution of the Fresno County Board of Supervisors on February 5, 1946. The Agency is governed by a seven member Board of Commissioners appointed by the County's Board of Supervisors, where five members are appointed to four year terms, and two members, also residents of the agency housing programs, are appointed to two year terms.

As required by generally accepted accounting principles, these financial statements present the Agency and any component units. A component unit is an entity for which the primary government is considered to be financially accountable.

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

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

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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

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

(C) Basis of Presentation

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

The Agency has chosen to report their activity as one fund. The Agency has no non-major funds. The fund of the Agency is considered to be an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are also used when the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

(D) Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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

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

(E) Cash and Cash Equivalents

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

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

(F) Assets Held for Sale

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

(G) Capital Assets

The Agency's Board of Commissioners adopted a revised Fixed Asset Capitalization Policy in 2013. Capital assets are defined by the Agency as assets with an initial individual cost of \$5,000 or more and having an estimated useful life of greater than one year. All capital assets are valued at historical cost. Contributed capital assets are recorded at fair market value at the time received. Interest expense incurred during the development period is capitalized.

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

(H) Allowance for Doubtful Accounts

Accounts receivable are stated net of an allowance for doubtful accounts. The Agency estimates an allowance based on an analysis of specific tenants, and landlord participants taking into consideration past due accounts and an assessment of the debtor's general ability to pay.

(I) Net Position

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

(J) Operating Revenue and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Agency, these revenues are typically rental charges and operating grants 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.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

(K) Income Taxes

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

(L) Grant Restrictions

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

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

(M) Use of Estimates

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

(N) Notes Receivable

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

(2) Cash and Investments

Cash and investments held by the Agency at December 31, 2013 are classified as follows in the accompanying Statement of Net Position:

Cash and investments as of December 31, 2013, are classified in the accompanying financial statements as follows:

Cash and investments	\$ 7,068,730
Restricted cash	<u>2,880,760</u>
Total cash and investments	<u>\$ 9,949,490</u>

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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

The two tables below identify the investment types as authorized by California Government Code and HUD notice PIH 02-13. Some investments while allowable by California Government Code and/or HUD notice PIH 02-13 may not be authorized by the Agency's Board of Commissioners. HUD funds are subject to different investment restrictions and therefore may be handled differently when it comes to specific investment elections. The table also identifies certain provisions of the California Government Code (or the Agency'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 Agency, rather than the general provisions of the California Government Code or the Agency's investment policy.

Investment Types <u>Authorized by State Law</u>	Authorized By Investment Policy	*Maximum Maturity	*Maximum Percentage Of Portfolio	*Maximum Investment In One Issuer
Local Agency Bonds	Yes	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	No	180 days	40%	30%
Commercial Paper	No	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	No	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20%	None
Medium-Term Notes	No	5 years	30%	None
Mutual Funds	No	N/A	20%	10%
Time Certificates of Deposit	Yes	5 years	30%	None
Money Market Mutual Funds	No	N/A	20%	10%
Mortgage Pass-Through Securities	No	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)	Yes	N/A	None	None

* Based on state law requirements or investment policy requirements, whichever is more restrictive. For situations where the California Government Code investment requirements differ from those of the Federal Government, the requirements that are more restrictive will be followed.

Investment Types <u>Authorized by HUD Notice PIH 02-13</u>	Authorized By Investment Policy	*Maximum Maturity	*Maximum Percentage Of Portfolio	*Maximum Investment In One Issuer
Local Agency Bonds	No	Not Specified	None	None
U.S. Treasury Obligations	Yes	Not Specified	None	None
U.S. Agency Securities, Including GNMA				
Mortgage-Backed Securities	Yes	Not Specified	None	None
Securities of Gov-Sponsored Agencies	Yes	Not Specified	None	None
Demand & Savings Deposits	Yes	Not Specified	None	None
Money Market Deposit Accounts	Yes	N/A	None	None
Local Government Investment Pool (with a perfected security interest)	No	N/A	None	None
Super NOW Accounts	No	N/A	None	None
Certificates of Deposit	Yes	Not Specified	None	None
Certificates of Deposit (in excess of \$250,000)	Yes	90 days	None	None
Repurchase Agreements	No	Not Specified	None	None
Reverse Repurchase Agreements	No	Not Specified	None	None
Separate Trading of Registered Interest and Principal of Securities (STRIPS)	No	Not Specified	None	None
Mutual Funds	No	Not Specified	None	None

* Based on the requirements set forth in HUD Notice PIH 96-33 extended by Notice PIH 02-13 or investment policy requirements, whichever is more restrictive. For situations where Federal Government investment requirements differ from those of the California Government Code, the requirements that are more restrictive will be followed.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

Disclosure Related to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value will be to changes in market interest rates. In accordance with the Agency's Investment Policy, the Agency manages its exposure to interest rate risks by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Disclosures Related to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

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

Custodial Credit Risk

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

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

The Agency executed a "General Depository Agreement" with Bank of the West on September 23, 2009. This agreement states that "any portion of the PHA funds not insured by a Federal insurance organization shall be fully (110%) and continuously collateralized with specific and

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

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, 2013 \$43,517 of the Agency’s deposits held with the California Housing Finance Agency (CHFA) were uncollateralized.

Equity in Investment Pool

The Agency’s cash and investments are pooled with the Housing Authority of the City of Fresno’s cash and investments. Income from the investment of the pooled cash is allocated to each Agency’s funds on a monthly basis, based on the average monthly balance of the fund as a percent of the average monthly total pooled cash balance. As of December 31, 2013 the Agency did not maintain a significant equity position in its investment pool.

Investment in State Investment Pool

The Agency 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 Agency’s investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency’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 Agency 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, and amounts restricted for FSS escrows. A schedule of all restricted cash is listed below.

	Cash	In Liabilities	In Restricted
Cash Restricted For:	Restriction		Net Assets
Section 8 Housing Assistance Payment Funds	\$ 797,047	\$ -	\$ 797,047
USDA projects	1,647,121	-	1,647,121
Tenant Security deposits	337,985	337,985	-
Family Self-sufficiency Escrows	16,203	16,203	-
California Housing Finance Agency (CHFA)	43,517	-	43,517
California Office of Migrant Services	38,887	-	38,887
Total	<u>\$ 2,880,760</u>	<u>\$ 354,188</u>	<u>\$ 2,526,572</u>

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

(4) Accounts Receivable

Accounts Receivable consist of the following balances for the year ending December 31, 2013:

Related parties for short-term activities	\$ 1,107,860
HRFC (Joint Venture) for development projects	1,231,760
Section 8 Landlords (net of allowance for doubtful accounts of \$40,109)	24,883
Tenants (net of allowance for doubtful accounts of \$11,649)	22,529
Other	11,725
	<u>\$ 2,398,757</u>

(5) Due from Other Governments

Due from Other Governments consists of the following:

Office of Migrant Services	\$ 549,463
U.S. Department of HUD	181,765
Other	7,142
	<u>\$ 738,370</u>

(6) Notes Receivable

The following is a summary of changes in notes receivable as of December 31, 2013:

	<u>Beginning of year</u>	<u>Additions</u>	<u>Payments Received</u>	<u>End of year</u>	<u>Due in One Year</u>
Related party notes:					
HA of the City of Fresno	\$ 544,177	\$ -	\$ (544,177)	\$ -	\$ -
Kerman Acre, L.P.	-	1,200,000	(521,165)	678,835	-
Mendota RAD	-	600,000	-	600,000	-
Orange Cove RAD	-	4,130,000	-	4,130,000	-
Reedley Kings River	-	578,000	-	578,000	-
Total	<u>\$ 544,177</u>	<u>\$ 6,508,000</u>	<u>\$ (1,065,342)</u>	<u>\$ 5,986,835</u>	<u>\$ -</u>

Housing Authority of the City of Fresno

The Agency has entered into a loan agreement with the California Housing Finance Agency (CHFA), see note 9, 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. This note was paid in full during 2013.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

Kerman Acre, L.P.

On May 16, 2010 Agency entered into a loan agreement with Kerman Acre, L.P., a related party to the Housing Authority of the County of Fresno. The note bears an interest rate of 7.5% compounded annually. Principal and interest payments are contingent upon residual funds available to Kerman Acre, L.P.. The outstanding balance of the loan due from Kerman Acre, L.P. at December 31, 2013 is \$678,835. Kerman Acre, L.P.'s reclassification as a discretely presented component unit in 2013 has necessitated a change in reporting. This note was reported as an interfund loan in 2012.

Mendota RAD

On December 26, 2013 the Agency entered into a loan agreement with Mendota RAD, a related party to the Housing Authority of the County of Fresno. The note bears an interest rate of 3.32% compounded annually. Principal and interest payments are contingent upon residual funds available to Mendota RAD. The outstanding balance of the loan due from Mendota RAD at December 31, 2013 is \$600,000.

Orange Cove RAD

On December 26, 2013 The Agency entered into a loan agreement with Orange Cove RAD, a related party to the Housing Authority of the County of Fresno. The note bears an interest rate of 3.32% compounded annually. Principal and interest payments are contingent upon residual funds available to Orange Cove RAD. The outstanding balance of the loan due from Orange Cove RAD at December 31, 2013 is \$4,130,000.

Reedley Kings River Commons

The Agency has entered into a loan agreement with Reedley Kings River Commons, a related party to the Housing Authority of the County of Fresno. The Agency was awarded a grant through the Affordable Housing Program (AHP), these funds were in turn loaned to the Reedley Kings River Commons development. The note bears no interest with principal payable upon completion of the project. The outstanding balance of the loan due from Reedley Kings River Commons at December 31, 2013 is \$578,000.

(7) Capital Assets

	Balance at 12/31/2012	Additions	Deletions	Balance at 12/31/2013
Capital assets not being depreciated:				
Land	\$ 1,679,842	\$ -	\$ (193,180)	\$ 1,486,662
Construction in progress	5,760,528	3,850,990	(3,134,461)	6,477,057
Total capital assets not being depreciated	7,440,370	3,850,990	(3,327,641)	7,963,719
Capital assets being depreciated:				
Buildings	75,452,922	-	(9,594,496)	65,858,426
Equipment	4,585,154	1,543	(2,728,333)	1,858,364
Total capital assets being depreciated	80,038,076	1,543	(12,322,829)	67,716,790
Less accumulated depreciation for:				
Buildings	(60,641,232)	(1,938,057)	5,527,692	(57,051,597)
Equipment	(3,448,630)	(150,575)	2,382,516	(1,216,689)
Total accumulated depreciation	(64,089,862)	(2,088,632)	7,910,208	(58,268,286)
Total capital assets being depreciated, net	15,948,214	(2,087,089)	(4,412,621)	9,448,504
Total capital assets, net	\$ 23,388,584	\$ 1,763,901	\$ (7,740,262)	\$ 17,412,223

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

(8) Assets Held for Sale

Assets held for sale consist of homes that are being developed using a variety of Federal, State, and local funds. The assets held for sale of \$408,251 are reported in the Public Housing Program with an additional \$926 resulting from other development activity.

(9) Investment in Joint Ventures

As of December 31, 2013, the Agency's investment in joint ventures is comprised of the following:

Joint Venture	Investment
Silvercrest, Inc.	\$ 6,908,777
Housing Relinquished Fund Corporation	6,614,930
Housing Self-Insurance Corp	158,771
Villa Del Mar, Inc.	1,414
Total investments in joint ventures	<u>\$ 13,683,892</u>
Change in Investment in Joint Venture	
Balance December 31, 2012	\$ 6,723,142
Joint Venture Net Income	6,960,750
Balance December 31, 2013	<u>\$ 13,683,892</u>
Reconciliation of Net Income to Change in Joint Venture	
Joint Venture Net Income	\$ 6,960,750
Less: Transfer Out for RAD Development	6,700,000
Investment In Joint Venture Net Income Reported	<u>\$ 260,750</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 Agency has a 24.13% equity interest in HRFC. HRFC does not issue separate financial statements.

Housing Self Insurance Corporation (HSIC) - Organized to provide additional security against a variety of insurable and non-insurable losses to include deductibles, payouts, settlements, and other related obligations. HSIC's Board is comprised of two members each of the City and County Board of Commissioners. The Agency has a 17.65% equity interest in HSIC. HSIC does not issue separate financial statements.

Silvercrest, Inc., a California non-profit public benefit corporation - Formed as a vehicle to own and operate a number of housing developments throughout Fresno County, primarily in a limited partnership arrangement with local developers. Silvercrest, Inc.'s Board is comprised of two members each of the City and County Board of Commissioners. The Agency has a 57.01% equity interest in Silvercrest, Inc. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985.

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

(10) Equity Investment in Component Unit

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

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

As of December 31, 2013 the Agency’s share of its equity investment in the Kerman Acre, L.P. component unit is (\$467,149).

(11) Long-Term Liabilities

Changes in long-term liabilities for the year ended December 31, 2013 are as follows:

	Balance 12/31/12	Additions	Deletions	Balance 12/31/13	Due within One Year
Non Related Parties:					
U.S. Department of Agriculture notes (capital)	\$ 1,268,375	-	\$ (150,007)	\$ 1,118,368	\$ 111,184
Parkside CHFA notes (capital)	1,041,991	-	(104,081)	937,910	113,141
<i>Kerman Acre, LP notes</i>					
TCAC	2,202,168	-	(2,202,168)	-	-
County of Fresno (capital)	900,000	-	(900,000)	-	-
Total Notes Payable - Non related	5,412,534	-	(3,356,256)	2,056,278	224,325
Net Pension Obligation	38,741	-	(38,741)	-	-
Net OPEB Obligation	49,189	-	(49,189)	-	-
<i>Kerman Acre General Partner</i>					
Management Fee	38,976	19,776	(58,752)	-	-
Interest Payable	22,886	154,831	(127,581)	50,136	30,304
Family Self Sufficiency	92,287	-	(76,084)	16,203	-
Compensated absences payable	373,156	65	-	373,221	132,483
Total	\$ 6,027,769	\$ 174,672	\$ (3,706,603)	\$ 2,495,838	\$ 387,112
Related Parties:					
Various to HRFC (capital)	\$ 323,185	\$ -	\$ -	\$ 323,185	\$ 323,185
Various to HRFC (capital)	455,656	-	-	455,656	-
Various to HRFC (capital)	63,629	2,646,884	(2,102,691)	607,822	607,822
Office Building to HRFC (capital)	66,000	-	-	66,000	-
Total due to related parties	\$ 908,470	\$ 2,646,884	\$ (2,102,691)	\$ 1,452,663	\$ 931,007

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

Year Ending December 31	Notes		
	Principal	Interest	Total
2014	\$ 1,155,332	\$ 30,304	\$ 1,185,636
2015	233,303	79,816	313,119
2016	245,115	68,872	313,987
2017	257,868	57,060	314,928
2018	222,885	44,307	267,192
2019-2023	446,755	61,831	508,586
2024-2028	365,146	113,349	478,495
2029-2033	374,902	55,485	430,387
2034-2038	207,635	45,880	253,515
	\$ 3,508,941	\$ 556,904	\$ 4,065,845

U.S. Department of Agriculture Notes

The Agency entered into six notes with the United States Department of Agriculture Farmer Homes Administration under the Farm Labor Housing Union Loan program. In accordance with the notes the Agency used the funds for the acquisition and development of four multi-unit rental housing developments. The notes accrue interest at 1% per annum. The notes mature at various dates beginning on January 6, 2014 and ending on April 2, 2035. At December 31, 2013 the outstanding balance for all the notes is \$1,118,368.

Parkside

The Parkside project has two loans with the California Housing Finance Agency (CHFA). The first note requires a monthly payment of \$15,178 and accrues interest at a rate of 8.3% per annum. The second loan of \$63,000 accrues interest at a rate of 3% per annum. This loan, principal and interest, is deferred until March 1, 2020. The outstanding balance and accrued interest payable of the two loans At December 31, 2013 is \$937,910 and 19,832 respectively.

Kerman Acre, L.P.

In March 2010, the Agency 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 Agency was to pay an amount equal to the annual payments of 20.2% of the audited cash flow balance of the project. The unpaid principal was to be due on April 1, 2041.

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However, in 2013 the notes were transferred to Kerman Acre, L.P. per the partnership agreement. The notes are now contained on the financial statements of the limited partnership and have no balance due from the Agency.

Family Self Sufficiency

The Family Self Sufficiency (FSS) program provides supportive services that enable participating low and moderate income families to achieve economic independence and self-sufficiency. The Agency contracts with each participating family to set aside funds in an interest-bearing account until that family can afford to pay its entire monthly rent without assistance from the Authority. Upon successful completion of the program requirements, the funds are released and disbursed to the family. The amount held for FSS participants at December 31, 2013 is \$16,203.

Compensated Absences Payable

It is the Agency's policy to permit employees to accumulate earned but unused vacation leave, which will be paid to employees upon separation from the Authority's service or used in future periods. The Agency permits employees to accumulate earned but unused sick leave which will be used in future periods, paid to the employee upon termination, or paid to the employee upon retirement. Upon termination employees are paid 25% of the value of their unused sick leave, except for the Executive Director who is entitled to 100% of the value of his sick leave upon request.

Upon retirement, employees are paid 50% of the value of their unused sick leave. As of December 31, 2013, accrued vacation and vested sick leave have been valued by the Agency at \$373,221.

Housing Relinquished Fund Corporation (HRFC)

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

In April 2007, the Agency entered into a promissory note agreement with the HRFC for \$655,656. The note is non interest bearing and repayment terms are not explicitly stated. The outstanding balance on this note as of December 31, 2013 is \$455,656.

The Agency entered into various notes with the HRFC for the purpose of development activities. Major activities include Mendota RAD and Orange Cove RAD development and project completion. These major notes, accruing 5% per annum, were paid off upon project completion. The outstanding balance of remaining notes as of December 31, 2013 is \$607,822. This balance consists of two primary notes with outstanding balances for development activity for Reedley Family Apartments \$446,685, and Marion Villas \$161,137. The notes accrue interest at 5% per annum and are due by the projected completion dates in 2014. The accrued interest balance for all HRFC activity was \$30,116 as of December 31, 2013.

The Agency entered into a promissory note agreement with the HRFC for \$66,000, representing partial funding related to the acquisition of the Central Office Building. This note is non interest bearing and repayment terms are not explicitly stated. The outstanding balance on this note as of December 31, 2013 is \$66,000.

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(12) Due to Other Governments

Due to Other Governments consists of the following:

PILOT Payable to Local Governments	\$ 610,181
Office of Migrant Services	317,444
Other	2,714
	\$ 930,339

(13) Other Current Liabilities

The Agency's other current liabilities primarily include amounts due to related parties. Amounts due to HRFC include development costs made payable to Real Estate Development Services incurred on behalf of the Agency and subsequently repaid in 2014. Other amounts due to related parties included multiple small balances incurred by the Agency and its programs. Non-Related party balances include amounts payable to external partners for services including Workers Compensation, PERS contributions, employee union dues, as well as Health, life and dental benefits.

Due to HRFC	\$ 235,856
Other	21,411
Total Due to Related Parties	\$ 257,267
Due to Non-Related Parties	4,341
	\$ 4,341

(14) Unearned Revenues

Unearned revenues consist of prepaid rents received from tenants, and unearned revenues received for a multi-year service contract between Comcast and the Agency.

Prepaid Rents	\$ 52,079
Comcast service contract	43,315
	\$ 95,394

(15) Deferred Compensation

The Agency offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all permanent employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries.

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The Agency 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 Agency since they are held in trust for the exclusive benefit of participants and their beneficiaries and are not subject to claims of the Agency's general creditors.

(16) Defined Benefit Pension Plan

The Agency 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.

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect, requiring that a public employer's contribution to a defined benefit plan, in combination with employee contributions to that defined benefit plan, shall not be less than the normal cost rate. Beginning July 1, 2013, this means that some plans with surplus will be paying more than they otherwise would. For more information on PEPRA, please refer to the CalPERS website.

Participants are required to contribute approximately 7% of their annual covered salary. Under PEPRA the Agency may make the contributions required of the Agency's employees only for those employees that meet the definition of a "classic" CalPERS employee. All other employees not enrolled in CalPERS before January 1, 2013, or do not otherwise meet the definition of a "classic" CalPERS employee, are prohibited from receiving this benefit. Benefit provisions and all other requirements are established by state statute and Agency 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 July 1, 2012 to June 30, 2013 has been determined by an actuarial valuation of the plan as of June 30, 2012. The unadjusted GASB compliant contribution rate for the indicated period is 6.251 percent of payroll. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2013, this contribution rate, less any employee cost sharing, as modified by any amendments for the year, would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2012 to June 30, 2013. The employer and the employer's auditor are responsible for determining the NPO and the APC.

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

<u>Retirement Program</u>	
Valuation Date	June 30, 2010
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	11 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Discount Rate	7.75% (net of administrative expenses)
Projected Salary Increases	3.55% to 14.45%, depending on Age, Service and type of Employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% 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 30-year rolling period, which results in an amortization of about 6 percent of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

The Schedule of Funding Progress 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.

Schedule of Funding Progress

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (UAAL) /		Annual Covered Payroll	UAAL As a % of Payroll
			Excess Assets	Funded Status		
06/30/10	\$ 20,368,045	\$ 20,391,004	\$ (22,959)	100.1%	\$ 4,891,318	-0.5%
06/30/11	21,952,353	21,398,849	553,504	97.5%	5,075,619	10.9%
06/30/12	22,883,766	22,183,915	699,851	96.9%	4,638,231	15.1%

Three Year Trend Information

Fiscal Year Ended	Employer Contribution	Annual Pension Cost	
		Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$ 228,314	100%	\$ -
12/31/12	276,770	100%	-
12/31/13	284,237	100%	-

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(17) Other Post Employment Health Benefit Plan

Plan Descriptions: For the period covered by the accompanying financial statements, the Agency 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. 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 both this benefit program for retirees.

(18) Insurance Coverage

HARRP

The Agency is a member of the Housing Authority Risk Retention Pool (HARRP). HARRP was established by public housing authorities participating in an intergovernmental cooperation agreement pursuant to specific statutes in Oregon, Washington, California and Nevada for the purpose of operating and maintaining a cooperative program of risk management and loss indemnification. HARRP offers property, general, automobile, fidelity, and officers' liability insurance to participants. Membership was comprised of 90 public housing authorities at December 31, 2013. The relationship between the Authorities and HARRP is such that HARRP is not a component unit of the Agency for financial reporting purposes.

The Agency paid premiums totaling approximately \$141,711 during the year ended December 31, 2013. 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 Agency. HSIC records an expense when it pays for repairs to the Agency's properties when incurred. HSIC records revenue when it receives payment from the Agency for insurance premiums recorded as expense by the Agency.

California Housing Worker's Compensation Authority

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

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(19) Participation in Related Party Limited Partnerships

YEC Limited

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

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

Together, the two General Partners (the Housing Authority of the City of Fresno and Silvercrest Inc.) are allocated 0.01% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the Fresno County, at P.O. Box 11985, Fresno, California 93776-1985. See note 6 for descriptions of any related party transactions between the Agency and the partnership.

Parc Grove Commons II, Limited Partnership

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

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

Together, the two General Partners, (the Housing Authority of the City of Fresno and Silvercrest Inc.) are allocated a 0.01% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the Fresno County, at P.O. Box 11985, Fresno, California 93776-1985. See note 6 for descriptions of any related party transactions between the Agency and the partnership.

Fresno Renaissance at Trinity LP

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

The partnership was originally formed on June 9, 2010, by Fresno Renaissance at Trinity, LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California nonprofit public benefit corporation as the Managing General Partner. The agreement

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was later amended as of December 1, 2010 to admit PNC Real Estate Tax Credit Capital Institutional Fund 47 Limited Partnership as the Investment Limited Partner, and Colombia Housing SLP Corporation as the Special Limited Partner.

Together, the two General Partners (Fresno Renaissance at Trinity LLC and Silvercrest Inc.) are allocated 0.01% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the Fresno County, at P.O. Box 11985, Fresno, California 93776-1985. See note 6 for descriptions of any related party transactions between the Housing Authority and the partnership.

Fresno Pacific Gardens LP

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

The partnership was originally formed on January 1, 2011, by Fresno Pacific Gardens AGP LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California nonprofit public benefit corporation, as the Managing General Partner. The agreement was later amended as of March 14, 2011 to admit PNC Real Estate Tax Credit Capital Institutional Fund 46 Limited Partnership as the Investment Limited Partner, and Colombia Housing SLP Corporation as the Special Limited Partner.

Together, the two General Partners (Fresno Pacific Gardens AGP LLC and Silvercrest Inc.) are allocated 0.01% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the Fresno County, at P.O. Box 11985, Fresno, California 93776-1985. See note 6 for descriptions of any related party transactions between the Agency and the partnership.

Fresno Renaissance at Alta Monte LP

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

The partnership was originally formed on September 23, 2009, by Fresno Renaissance at Alta Monte LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California nonprofit public benefit corporation, as the Managing General Partner. The agreement was later amended as of June 23, 2011 to admit PNC Real Estate Tax Credit Capital Institutional Fund 49 Limited Partnership as the Investment Limited Partner, and Colombia Housing SLP Corporation as the Special Limited Partner.

Together, the two General Partners (Fresno Renaissance at Alta Monte LLC and Silvercrest Inc.) are allocated 0.01% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the Fresno County, at P.O. Box 11985, Fresno, California 93776-1985. See note 6 for descriptions of any related party transactions between the Agency and the partnership.

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1555 Santa Clara Street LP

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

The partnership was originally formed on December 14, 2011, by 1555 Santa Clara Street LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California nonprofit public benefit corporation, as the Managing General Partner. The agreement was later amended as of June 22, 2011 to admit PNC Real Estate Tax Credit Capital Institutional Fund 47 Limited Partnership as the Investment Limited Partner, and Colombia Housing SLP Corporation as the Special Limited Partner.

Together, the two General Partners (1555 Santa Clara Street LLC and Silvercrest Inc.) are allocated 0.01% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the Fresno County, at P.O. Box 11985, Fresno, California 93776-1985. See note 6 for descriptions of any related party transactions between the Agency and the partnership.

Bridges at Florence LP

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

The partnership was originally formed on April 12, 2012, by Bridges at Florence AGP, LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California nonprofit public benefit corporation, as the Managing General Partner. The agreement was later amended as of April 4, 2013 to admit PNC Bank, National Association as the Investor Limited Partner, and Colombia Housing SLP Corporation as the Special Limited Partner.

Silvercrest, Inc., as Managing General Partner, is allocated 0.005% interest of all net profits (or net losses) of the partnership. Bridges at Florence AGP, LLC, as Administrative General Partner, is allocated 0.005% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the Fresno County, at P.O. Box 11985, Fresno, California 93776-1985. See note 6 for descriptions of any related party transactions between the Agency and the partnership.

Parc Grove Commons Northwest L.P.

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

The partnership was originally formed on March 1, 2012, by Parc Grove Commons Northwest AGP, LLC, a California limited liability company, as the Administrative General Partner and

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Silvercrest Inc., a California nonprofit public benefit corporation, as the Managing General Partner. The agreement was later amended as of February 13, 2013 to admit Wells Fargo Affordable Housing Community Development Corporation as the Investor Limited Partner, and to-be-designated entity as the Special Limited Partner.

Silvercrest Inc. is the Managing General Partner and the Withdrawing Limited Partner. Parc Grove Commons Northwest AGP, LCC, is the Administrative General Partner. Each of those two entities is allocated 0.005% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the Fresno County, at P.O. Box 11985, Fresno, California 93776-1985. See note 6 for descriptions of any related party transactions between the Agency and the partnership.

802 Van Ness Avenue LP

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

The partnership was originally formed on October 17, 2013, by 802 Van Ness Avenue AGP, LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California nonprofit public benefit corporation, as the Managing General Partner. PNC Real Estate Tax Credit Capital Institutional Fund 52 Limited Partnership is the Investor Limited Partner, and Columbia Housing SLP Corporation is the Special Limited Partner.

As the Managing General Partner and Administrative General Partner, Silvercrest, Inc. and 802 Van Ness Avenue AGP, LLC, respectively, are allocated 0.005% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the Fresno County, at P.O. Box 11985, Fresno, California 93776-1985. See note 6 for descriptions of any related party transactions between the Agency and the partnership.

Reedley Kings River Commons LP

Reedley Kings River Commons LP, was formed to acquire, construct, and operate an affordable-housing complex and community resource building in Reedley, California. The project received low-income housing tax credits through the California Tax Credit Allocation Committee.

The partnership was originally formed on December 1, 2013, by Reedley Kings River Commons AGP, LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California nonprofit public benefit corporation, as the Managing General Partner. R4 FR Acquisition LLC is the Investor Limited Partner, and Silvercrest, Inc. is the Withdrawing Special Limited Partner.

Net profits or losses of the partnership are allocated 0.01% to the General Partners. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the Fresno County, at P.O. Box 11985, Fresno, California 93776-1985. See note 6 for descriptions of any related party transactions between the Agency and the partnership.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

Southeast Fresno RAD LP

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

The partnership was originally formed on December 1, 2013, by Southeast Fresno RAD AGP, LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California nonprofit public benefit corporation, as the Managing General Partner. R4 FR Acquisition LLC is the Investor Limited Partner, and Silvercrest, Inc. is the Withdrawing Special Limited Partner.

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

Mendota RAD LP

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

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

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

Orange Cove RAD LP

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

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

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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

(20) Other Related Parties

Better Opportunities Builders, Inc.

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

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

Housing Authority of the 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 2013. The County and City Housing Authorities operate and report separately while sharing the same management team and staff. All significant related party transactions have been appropriately identified in the accompanying financial statements.

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

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

(21) Interfund and Interagency Activity

The following is a summary of changes in interfund loans as of December 31, 2013:

	<u>Balance</u> <u>12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/13</u>	<u>Due</u> <u>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>(\$1,200,000)</u>	<u>\$500,000</u>	<u>\$ -</u>
Payables:					
Kerman Acre, L.P.	\$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>(\$1,200,000)</u>	<u>\$500,000</u>	<u>\$ -</u>

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

On May 28, 2008, the Authority approved a loan of \$500,000 from the Relinquished Fund to the Planning and Community Development Fund. This loan carries an interest rate of 3% per annum. The outstanding balance of the loan and accrued interest at December 31, 2013 is \$500,000 and \$65,885 respectively.

On May 16, 2010, the Agency 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. This loan was made from the County Capital Fund Recovery Grant Funds to the Kerman Acre, L.P. fund. The Kerman Acre, L.P. fund has been re-categorized and reported as a joint venture of the Agency. The associated interfund loan balance has is now reported as a related party note receivable (see note 4) and has been removed from this schedule.

(22) Contingent Liabilities

Grants

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

Pending Litigation

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

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

HUD Guaranteed Debt

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

(23) Restricted Net Position

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

The Agency has reported the following as restricted net position:

Externally required reserves:	
USDA replacement reserves	\$ 1,647,121
CHFA replacement and insurance reserves	43,517
Other externally required reserves	<u>38,887</u>
Subtotal	1,729,525
Housing Assistance Payments	<u>797,047</u>
Total	<u>\$ 2,526,572</u>

(24) Implementation of New Accounting Standard – GASB 65

In March 2012, the GASB issued *GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities* (GASB 65). This statement provided clarifying guidance on either (a) classification of items that were previously reported as assets and liabilities but are now reported as deferred outflows and inflows, or (b) recognizing certain items that were previously reported as assets and liabilities but are now recognized as outflows of resources (expenses or expenditures) or inflows (revenues). GASB 65 is effective for periods beginning after December 15, 2012. GASB 65 is effective for PHAs with fiscal year ends of December 31, 2013 and after.

In accordance with this new pronouncement, all unamortized loan costs previously recorded as other assets were expensed in the current year.

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

(25) Implementation of New Accounting Standard – GASB 61

During the year ended December 31, 2013, the Agency made certain adjustments to beginning equity as a result of the implementation of GASB Statement No. 61.

In the prior year the Agency financial statements included 100% of the Kerman Acre, L.P. program deficit. As a result of implementing GASB Statement No. 61, Kerman Acre, L.P. is now presented as a discrete component unit of Primary Government where in prior years it was blended within the operations of the Agency. Kerman Acre, L.P. is a Partnership between the Agency and Better Opportunity Builder’s (BOB), a related party. As of December 31, 2012, BOB had a 44% equity stake in this Partnership. An adjustment has been made to remove BOB’s share of the deficit totaling \$257,321 from the opening equity of the 2013 financial statements. The new adjusted value of this equity investment can be found on the Equity Interest in Component Unit line on the Statement of Net Position.

The following schedule summarizes the effect of these restatements:

Net assets at end of year, as previously reported	33,660,889
Adjustment to remove BOB’s share of the Kerman Acre, L.P. 2012 deficit	<u>257,321</u>
Net position at beginning of year, as restated	<u>\$33,918,210</u>

(26) Discrete Component Unit – Kerman Acre, L.P.

A. Organization

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

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

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

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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

B. Fixed assets

Fixed assets consist of the following as of December 31:

	Balance at 12/31/2012	Additions	Deletions	Balance at 12/31/2013
Capital assets not being depreciated:				
Land	\$ 399,751	\$ -	\$ -	\$ 399,751
Total capital assets not being depreciated	399,751	-	-	399,751
Capital assets being depreciated:				
Buildings	2,830,306	-	-	2,830,306
Equipment	327,259	-	-	327,259
Total capital assets being depreciated	3,157,565	-	-	3,157,565
Less accumulated depreciation for:				
Buildings	(204,149)	(90,746)	-	(294,895)
Equipment	(73,623)	(32,726)	-	(106,349)
Total accumulated depreciation	(277,772)	(123,472)	-	(401,244)
Total capital assets being depreciated, net	2,879,793	(123,472)	-	2,756,321
Total capital assets, net	\$ 3,279,544	\$ (123,472)	\$ -	\$ 3,156,072

Fixed assets and depreciation

Fixed assets are recorded at cost. Buildings, which include building improvements, are depreciated over their estimated useful lives of 40 years under the straight-line method. Land improvements are depreciated over their estimated useful life of 20 years under the straight-line method. Furniture and equipment are depreciated over their estimated useful life of 10 years under the straight-line method. Depreciation expense for the year ended December 31, 2013 was \$123,472.

C. Long Term Liabilities

	Balance 12/31/12	Additions	Deletions	Balance 12/31/13	Due within One Year
Non-related Parties:					
Kerman Acre TCAC	\$ 2,202,168	\$ -	\$ -	\$ 2,202,168	\$ -
Kerman Acre Fresno County	900,000	-	-	900,000	-
Total Notes Payable - Non related	3,102,168	-	-	3,102,168	-
Related Parties:					
HACF - CFRG loan	1,200,000	-	(521,165)	678,835	-
BOB - RHED Loan	103,185	-	-	103,185	-
Kerman Acre GP management fee	38,976	20,369	-	59,345	-
Kerman Co-GP Management Fee	3,898	-	-	3,898	3,898
Ground Lease	-	20	-	20	20
Developer Fee payable	47,400	-	-	47,400	47,400
Accrued Interest	189,103	78,673	(146,672)	121,104	121,104
Total	\$ 4,684,730	\$ 99,062	\$ (667,837)	\$ 4,115,955	\$ 172,422

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

The Partnership entered into a TCAC loan agreement in an amount not to exceed \$2,202,168 for the purpose of developing the rental property. The funds are to be used solely for eligible costs per the loan agreement. The note is dated March 16, 2010 and bears no interest. The loan is secured deed of trust and matures on March 16, 2065. All outstanding principal payments are due at maturity. As of December 31, 2013, the outstanding principal balance was \$2,202,168.

The Partnership entered into a HOME loan agreement (the "HOME Loan") with the County of Fresno. The HOME Loan is in the amount of \$900,000 for the purpose of developing the Project and the loan bears no interest. The loan is secured by the deed of trust and matures on April 1, 2041. Payments are made from available cash flow as further defined in the Partnership Agreement. As of December 31, 2013, the outstanding principal balance was \$900,000.

D. Related party transactions

Property management fee

Pursuant to the property management agreement date October 13, 2010, (the "Property Management Agreement") with the Housing Authority of the Fresno County (the "Manager"), the Manager is to manage the operations of the Project. As defined in the Property Management Agreement, the property management fee is \$65.07 per unit per of month, excluding the manager's unit. For the year ended December 31, 2013, property management fees of \$7,160 were incurred.

Ground lease

Pursuant to the Ground Lease Agreement dated March 16, 2010, (the "Ground Lease"), the Partnership entered into a ground lease to pay the Managing General in the amount of \$10 per year plus additional rent as defined in the Ground Lease until the lease expires. In addition, the Partnership is obligated to pay all costs, expenses and obligations with respect to the property including property taxes, insurance, utilities operating costs and costs of maintenance. The lease term commenced on March 16, 2010 and expires on February 28, 2066. For the year ended December 31, 2013, ground lease expense was \$10, and is included in general and administrative expenses on the statement of operations. As of December 31, 2013, the amount owed for ground lease was \$20, and is included in due to general partners on the Statement of Net Position.

Co-General Partner Management Fee

Pursuant to the Partnership Agreement, the Partnership pays an annual partnership management fee of \$1,920, increased annually by 3%, to the Co-General Partner. The fee shall accrue, without interest, and shall be payable from available cash flow as further defined in the Partnership Agreement. For the years ended December 31, 2013, the partnership management fee was \$2,037, and is included in general partner fees on the statement of operations. As of December 31, 2013, the amount owed for Co-General Partner management fee was \$3,898, and is included in due to general partners on the Statement of Net Position.

Managing General Partner Management Fee

Pursuant to the Partnership Agreement, the Partnership pays an annual partnership management fee of \$19,200, increased annually by 3%, to the Managing General Partner. The fee shall accrue without interest and shall be payable from available cash flow as further defined in the Partnership Agreement. For the year ended December 31, 2013, the partnership management fee was \$20,369,

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

and is included in general partner fees on the statement of operations. As of December 31, 2013, the amount owed for Managing General Partner management fee was \$59,345, and is included in due to general partners on the Statement of Net Position.

Developer fee payable

Pursuant to the Developer Agreement dated March 16, 2010 (the “Developer Agreement”), the Partnership agreed to pay the Limited Partner and Co-General partner (the “Developers”), a total development fee up to \$474,000 for services relating to the development of the Project. The fee shall be paid from available proceeds after certain milestones are achieved per the Developer Agreement, and the balance bears no interest. As of December 31, 2013 the amount owed was \$47,400.

Notes Payable – HAFC

On March 16, 2010, the Partnership entered into a Capital Fund Recovery Grant (the “CFRG”) assistance loan agreement with HAFC in the amount not to exceed \$1,200,000 for the purpose of developing the rental property. The CFRG loan has been made available by the U.S. Department of Housing and Urban Development pursuant to the American Recovery and Reinvestment Act of 2009. Prior to the completion of construction, the note bore interest at 5%. Subsequent to the construction completion the note bears an interest of 7.5%. The CFRG loan is secured by the deed of trust on the property and matures on March 16, 2065. As the second priority loan, along with the fourth priority loan, payments are made in accordance with their respective balance from 79.8% of net cash flow per the Partnership Agreement. For the year ended December 31, 2013, interest expense was \$69,730. As of December 31, 2013, the outstanding principal balance was \$678,835, with accrued interest of \$80,627.

Notes Payable – BOB

On March 16, 2010, the Partnership entered into a Rural Housing and Economic Development assistance loan agreement with Better Opportunities Builders, Inc. in the amount not to exceed \$147,238 for the purpose of developing the rental property. Prior to the completion of construction, the note bore interest at 5%. Subsequent to the completion of construction, the note bears interest at 7.5%. The loan is secured by the deed of trust and matures on March 16, 2065. As the fourth priority loan, along with the second priority loan (CFRG), payments are made in accordance with their respective balances from 79.8% of net cash flow per the Partnership Agreement. For the year ended December 31, 2013, interest expense was \$8,943. As of December 31, 2013, the outstanding principal balance was \$103,185, with accrued interest of \$24,421.

E. Low-income housing tax credits

The Partnership expects to generate an aggregate of \$1,000 of federal low-income housing tax credits (“Tax Credits”). Generally, such credits become available for use by its partners pro-rata over a ten-year period, which began in 2011. The year in which the credit period begins is determined on a building-by-building basis within the Partnership. In order to qualify for these credits, the Project must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates, which do not exceed specified percentages of area median gross income for the first 15 years of operation. The Partnership has also agreed to maintain and operate the Project as low-income housing for an additional 40 years beyond the initial 15 year compliance period. Because the Tax Credits are subject to compliance with certain requirements, there can be no assurance that the aggregate amount of Tax Credits will be realized and

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

failure to meet all such requirements or to correct noncompliance within a specified time period may result in generating a lesser amount of Tax Credits than expected in future years, and/or recapture of Tax Credits previously allocated. A reduction of future credits or recapture would require credit deficit payments to the Limited Partner under the terms of the Partnership Agreement.

SUPPLEMENTAL INFORMATION

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Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers
111 Cash - Unrestricted	\$1,926,662	\$5,679	\$108,400	\$9,875	\$9,055
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted			\$1,647,121		\$797,047
114 Cash - Tenant Security Deposits	\$234,164		\$45,892		
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$2,160,826	\$5,679	\$1,801,413	\$9,875	\$806,102
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$28,311	\$0	\$0	\$80,687	\$72,768
124 Accounts Receivable - Other Government		\$1,500	\$5,642		
125 Accounts Receivable - Miscellaneous		\$11,725			\$64,993
126 Accounts Receivable - Tenants	\$28,631		\$3,741		
126.1 Allowance for Doubtful Accounts - Tenants	-\$9,156		-\$1,625		
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	-\$40,109
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable	\$78,575				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$126,361	\$13,225	\$7,758	\$80,687	\$97,652
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$8,674				
143 Inventories					

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From				\$30,872	
145 Assets Held for Sale	\$408,251				
150 Total Current Assets	\$2,704,112	\$18,904	\$1,809,171	\$121,434	\$903,754
161 Land	\$971,922		\$224,412		
162 Buildings	\$52,015,915		\$6,440,454		
163 Furniture, Equipment & Machinery - Dwellings	\$513,000				
164 Furniture, Equipment & Machinery - Administration	\$577,517		\$4,715		
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$45,218,242		-\$5,505,197		
167 Construction in Progress	\$6,104,457				
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$14,964,569	\$0	\$1,164,384	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current	\$678,835				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$15,643,404	\$0	\$1,164,384	\$0	\$0
190 Total Assets	\$18,347,516	\$18,904	\$2,973,555	\$121,434	\$903,754
200 Deferred Outflow of Resources					

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers
290 Total Assets and Deferred Outflow of Resources	\$18,347,516	\$18,904	\$2,973,555	\$121,434	\$903,754
311 Bank Overdraft					\$2
312 Accounts Payable <= 90 Days	\$153,931		\$18,279		\$3,999
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$35,088		\$3,386	\$1,112	\$40,109
322 Accrued Compensated Absences - Current Portion	\$42,150	\$3,881	\$1,131		\$38,120
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$610,182		\$118		
341 Tenant Security Deposits	\$274,146		\$45,230		
342 Unearned Revenue	\$38,786		\$5,786		
343 Current Portion of Long-term Debt - Capital			\$111,184		
344 Current Portion of Long-term Debt - Operating Borrowings					\$323,185
345 Other Current Liabilities	\$6,339	\$296	\$816	\$385	\$8,623
346 Accrued Liabilities - Other	\$505				
347 Inter Program - Due To	\$30,872	\$120,000		\$120,000	\$630,000
348 Loan Liability - Current					
310 Total Current Liabilities	\$1,191,999	\$124,177	\$185,930	\$121,497	\$1,044,038
351 Long-term Debt, Net of Current - Capital Projects/Mortgage					
352 Long-term Debt, Net of Current - Operating Borrowings			\$1,007,184		
353 Non-current Liabilities - Other	\$13,014				\$3,189
354 Accrued Compensated Absences - Non Current	\$72,569	\$6,468	\$1,530	\$1,874	\$69,495

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$85,583	\$6,468	\$1,008,714	\$1,874	\$72,684
300 Total Liabilities	\$1,277,582	\$130,645	\$1,194,644	\$123,371	\$1,116,722
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$14,964,569		\$46,016		
511.4 Restricted Net Position			\$1,647,121		\$797,047
512.4 Unrestricted Net Position	\$2,105,365	-\$111,741	\$85,774	-\$1,937	-\$1,010,015
513 Total Equity - Net Assets / Position	\$17,069,934	-\$111,741	\$1,778,911	-\$1,937	-\$212,968
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets /	\$18,347,516	\$18,904	\$2,973,555	\$121,434	\$903,754

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	93.558 Temporary Assistance for Needy Families	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities	6.1 Component Unit - Discretely Presented
111 Cash - Unrestricted	\$347	\$5,226	\$62,513	\$3,903,634	\$27,527
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$43,517	\$38,887		\$27,425
114 Cash - Tenant Security Deposits		\$19,240		\$14,910	\$5,670
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$347	\$67,983	\$101,400	\$3,918,544	\$60,622
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects			\$549,463		
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous			\$26,190	\$1,932,016	
126 Accounts Receivable - Tenants		\$636	\$542	\$627	\$1,501
126.1 Allowance for Doubtful Accounts - Tenants		\$0	-\$867	\$0	\$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	\$0	\$636	\$575,328	\$1,932,643	\$1,501
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: 12/31/2013

	93.558 Temporary Assistance for Needy Families	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities	6.1 Component Unit - Discretely Presented
144 Inter Program Due From				\$930,000	
145 Assets Held for Sale				\$926	
150 Total Current Assets	\$347	\$68,619	\$676,728	\$6,782,113	\$62,123
161 Land		\$41,254	\$110,118		\$399,751
162 Buildings		\$2,215,364	\$2,639,607	\$999,684	\$2,830,306
163 Furniture, Equipment & Machinery - Dwellings				\$0	\$327,259
164 Furniture, Equipment & Machinery - Administration				\$11,440	
165 Leasehold Improvements					
166 Accumulated Depreciation		-\$2,215,364	-\$2,639,607	-\$1,011,124	-\$401,244
167 Construction in Progress			\$256,381	\$116,217	
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$41,254	\$366,499	\$116,217	\$3,156,072
171 Notes, Loans and Mortgages Receivable - Non-Current				\$5,808,000	
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets				\$65,885	\$0
176 Investments in Joint Ventures				\$13,216,743	
180 Total Non-Current Assets	\$0	\$41,254	\$366,499	\$19,206,845	\$3,156,072
190 Total Assets	\$347	\$109,873	\$1,043,227	\$25,988,958	\$3,218,195
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$347	\$109,873	\$1,043,227	\$25,988,958	\$3,218,195

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	93.558 Temporary Assistance for Needy Families	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities	6.1 Component Unit - Discretely Presented
311 Bank Overdraft					
312 Accounts Payable <= 90 Days		\$10,355	\$9,852	\$173,559	\$13,008
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable		\$859	\$302	\$9,801	
322 Accrued Compensated Absences - Current Portion			\$4,211	\$8,952	\$7
324 Accrued Contingency Liability					
325 Accrued Interest Payable			\$188	\$30,116	\$121,104
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government		\$2,596	\$317,444		
341 Tenant Security Deposits		\$21,565	\$17,345	\$14,910	\$5,203
342 Unearned Revenue		\$935		\$6,573	
343 Current Portion of Long-term Debt - Capital		\$113,141			
344 Current Portion of Long-term Debt - Operating Borrowings				\$607,821	
345 Other Current Liabilities		\$362	\$5,517	\$235,988	\$20
346 Accrued Liabilities - Other					\$3,898
347 Inter Program - Due To		\$60,000			\$47,400
348 Loan Liability - Current					
310 Total Current Liabilities	\$0	\$209,813	\$354,859	\$1,087,720	\$190,640
351 Long-term Debt, Net of Current - Capital Projects/Mortgage		\$824,769		\$455,656	\$1,003,185
352 Long-term Debt, Net of Current - Operating Borrowings				\$500,000	\$2,881,003
353 Non-current Liabilities - Other		\$19,832		\$65,885	\$59,345
354 Accrued Compensated Absences - Non Current			\$9,809	\$15,957	
355 Loan Liability - Non Current					

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	93.558 Temporary Assistance for Needy Families	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities	6.1 Component Unit - Discretely Presented
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$0	\$844,601	\$9,809	\$1,037,498	\$3,943,533
300 Total Liabilities	\$0	\$1,054,414	\$364,668	\$2,125,218	\$4,134,173
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets					
511.4 Restricted Net Position	\$347	-\$896,656	\$366,499	-\$339,439	\$2,152,887
512.4 Unrestricted Net Position	\$347	\$43,517	\$38,887	\$24,203,179	\$27,425
513 Total Equity - Net Assets / Position	\$347	-\$91,402	\$273,173	\$24,203,179	-\$3,096,290
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets /	\$347	\$109,873	\$1,043,227	\$23,863,740	-\$915,978
				\$25,988,958	\$3,218,195

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,077,325	\$7,136,243		\$7,136,243
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted		\$2,553,997		\$2,553,997
114 Cash - Tenant Security Deposits		\$319,876		\$319,876
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$1,077,325	\$10,010,116	\$0	\$10,010,116
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects		\$731,229		\$731,229
124 Accounts Receivable - Other Government		\$7,142		\$7,142
125 Accounts Receivable - Miscellaneous	\$381,413	\$2,416,337		\$2,416,337
126 Accounts Receivable - Tenants	\$0	\$35,678		\$35,678
126.1 Allowance for Doubtful Accounts - Tenants		-\$11,648		-\$11,648
126.2 Allowance for Doubtful Accounts - Other	\$0	-\$40,109		-\$40,109
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable		\$78,575		\$78,575
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$381,413	\$3,217,204	\$0	\$3,217,204
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$11,096	\$19,770		\$19,770
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: 12/31/2013

	COCC	Subtotal	ELIM	Total
144 Inter Program Due From		\$960,872	-\$960,872	\$0
145 Assets Held for Sale		\$409,177		\$409,177
150 Total Current Assets	\$1,469,834	\$14,617,139	-\$960,872	\$13,656,267
161 Land	\$138,955	\$1,886,412		\$1,886,412
162 Buildings	\$1,547,404	\$68,688,734		\$68,688,734
163 Furniture, Equipment & Machinery - Dwellings	\$179	\$840,438		\$840,438
164 Furniture, Equipment & Machinery - Administration	\$751,515	\$1,345,187		\$1,345,187
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$1,678,754	-\$58,669,532		-\$58,669,532
167 Construction in Progress		\$6,477,055		\$6,477,055
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$759,299	\$20,568,294	\$0	\$20,568,294
171 Notes, Loans and Mortgages Receivable - Non-Current		\$6,486,835	-\$500,000	\$5,986,835
172 Notes, Loans, & Mortgages Receivable - Non Current - Past				
173 Grants Receivable - Non Current				
174 Other Assets		\$65,885	-\$65,885	\$0
176 Investments in Joint Ventures		\$13,216,743		\$13,216,743
180 Total Non-Current Assets	\$759,299	\$40,337,757	-\$565,885	\$39,771,872
190 Total Assets	\$2,229,133	\$54,954,896	-\$1,526,757	\$53,428,139
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$2,229,133	\$54,954,896	-\$1,526,757	\$53,428,139

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	COCC	Subtotal	ELIM	Total
311 Bank Overdraft		\$2		\$2
312 Accounts Payable <= 90 Days	\$64,079	\$447,062		\$447,062
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$58,581	\$149,238		\$149,238
322 Accrued Compensated Absences - Current Portion	\$34,036	\$132,488		\$132,488
324 Accrued Contingency Liability				
325 Accrued Interest Payable		\$151,408		\$151,408
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government		\$930,340		\$930,340
341 Tenant Security Deposits		\$378,399		\$378,399
342 Unearned Revenue	\$43,315	\$95,395		\$95,395
343 Current Portion of Long-term Debt - Capital		\$224,325		\$224,325
344 Current Portion of Long-term Debt - Operating Borrowings		\$931,006		\$931,006
345 Other Current Liabilities	\$2,777	\$261,123		\$261,123
346 Accrued Liabilities - Other		\$4,403		\$4,403
347 Inter Program - Due To		\$1,008,272	-\$960,872	\$47,400
348 Loan Liability - Current				
310 Total Current Liabilities	\$202,788	\$4,713,461	-\$960,872	\$3,752,589
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$66,000	\$3,356,794		\$3,356,794
352 Long-term Debt, Net of Current - Operating Borrowings		\$3,381,003	-\$500,000	\$2,881,003
353 Non-current Liabilities - Other		\$161,265	-\$65,885	\$95,380
354 Accrued Compensated Absences - Non Current	\$63,035	\$240,737		\$240,737
355 Loan Liability - Non Current				

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	COCC	Subtotal	ELIM	Total
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				
350 Total Non-Current Liabilities	\$129,035	\$7,139,799	-\$565,885	\$6,573,914
300 Total Liabilities	\$331,823	\$11,853,260	-\$1,526,757	\$10,326,503
400 Deferred Inflow of Resources				
508.4 Net Investment in Capital Assets	\$693,299	\$16,987,175		\$16,987,175
511.4 Restricted Net Position	\$0	\$2,553,997		\$2,553,997
512.4 Unrestricted Net Position	\$1,204,011	\$23,560,464		\$23,560,464
513 Total Equity - Net Assets / Position	\$1,897,310	\$43,101,636	\$0	\$43,101,636
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets /	\$2,229,133	\$54,954,896	-\$1,526,757	\$53,428,139

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers
70300 Net Tenant Rental Revenue	\$3,018,621		\$625,877		
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$3,018,621	\$0	\$625,877	\$0	\$0
70600 HUD PHA Operating Grants	\$7,130,798			\$80,687	\$35,519,174
70610 Capital Grants	\$1,098,798				
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	\$11,823		\$188,000		
71100 Investment Income - Unrestricted			\$41		\$2
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery	\$284,876		\$24,031	\$524	\$23,492
71500 Other Revenue	\$4,480				\$255,038
71600 Gain or Loss on Sale of Capital Assets			\$1,466		
72000 Investment Income - Restricted			\$839,415	\$81,211	\$35,797,706
70000 Total Revenue	\$11,549,396	\$0	\$839,415	\$81,211	\$35,797,706
91100 Administrative Salaries	\$566,098		\$46,998	\$39,094	\$1,202,321

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers
91200 Auditing Fees	\$17,953		\$2,023		\$21,748
91300 Management Fee	\$878,984		\$22,500		\$805,212
91310 Book-keeping Fee	\$84,737		\$14,280		\$503,256
91400 Advertising and Marketing	\$1,993		\$346		\$3,691
91500 Employee Benefit contributions - Administrative	\$454,803		\$40,970	\$18,224	\$456,906
91600 Office Expenses	\$53,279		\$6,012	\$310	\$56,910
91700 Legal Expense	\$8,704		\$1,022		
91800 Travel					\$5,779
91810 Allocated Overhead					
91900 Other	\$1,093,146	-\$292	\$26,175	\$19,062	\$500,522
91000 Total Operating - Administrative	\$3,159,697	-\$292	\$160,326	\$76,690	\$3,556,345
92000 Asset Management Fee	\$78,960				
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	\$385,161		\$77,206		
93200 Electricity	\$85,364		\$5,188		
93300 Gas	\$17,031		\$2,247		
93400 Fuel					
93500 Labor					
93600 Sewer	\$377,202		\$48,968		
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: 12/31/2013

	Project Total	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers
93800 Other Utilities Expense					
93000 Total Utilities	\$864,758	\$0	\$133,609	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$513,198		\$52,758		\$9,012
94200 Ordinary Maintenance and Operations - Materials and	\$791,199		\$84,455		\$10,164
94300 Ordinary Maintenance and Operations Contracts	\$720,919		\$81,924	\$545	\$58,684
94500 Employee Benefit Contributions - Ordinary Maintenance					
94000 Total Maintenance	\$2,025,316	\$0	\$219,137	\$545	\$77,860
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs	\$3,393				
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$3,393	\$0	\$0	\$0	\$0
96110 Property Insurance	\$53,822		\$7,638		
96120 Liability Insurance	\$7,436		\$1,057		
96130 Workmen's Compensation	\$83,479		\$8,923	\$1,031	\$24,442
96140 All Other Insurance	\$100,383		\$10,747	\$2,192	\$71,195
96100 Total insurance Premiums	\$245,120	\$0	\$28,365	\$3,223	\$95,637
96200 Other General Expenses	\$11,037		\$57,679		\$32,485
96210 Compensated Absences	\$157,999	\$30	\$4,685	\$2,305	\$143,361
96300 Payments in Lieu of Taxes	\$180,109				
96400 Bad debt - Tenant Rents	\$51,468		\$1,906		
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: 12/31/2013

	Project Total	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers
96600 Bad debt - Other					\$64,161
96800 Severance Expense					
96000 Total Other General Expenses	\$400,613	\$30	\$64,270	\$2,305	\$240,007
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)			\$12,323		
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$12,323	\$0	\$0
96900 Total Operating Expenses	\$6,777,857	-\$262	\$618,030	\$82,763	\$3,969,849
97000 Excess of Operating Revenue over Operating Expenses	\$4,771,539	\$262	\$221,385	-\$1,552	\$31,827,857
97100 Extraordinary Maintenance	\$1,292				
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments					\$34,537,950
97350 HAP Portability-In					
97400 Depreciation Expense	\$1,829,718		\$94,018		\$0
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$8,608,867	-\$262	\$712,048	\$82,763	\$38,507,799
10010 Operating Transfer In					\$12,463
10020 Operating transfer Out					-\$12,463

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In	\$5,207,806				
10094 Transfers between Project and Program - Out	-\$5,207,806				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$2,940,529	\$262	\$127,367	-\$1,552	-\$2,710,093
11020 Required Annual Debt Principal Payments	\$0	\$0	\$191,284	\$0	\$0
11030 Beginning Equity	\$22,261,423	-\$112,003	\$1,651,544	-\$385	\$2,497,125
11040 Prior Period Adjustments, Equity Transfers and Correction	-\$8,132,018				
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					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity					-\$1,010,015
11180 Housing Assistance Payments Equity					\$797,047

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers
11190 Unit Months Available	11568		1560		67248
11210 Number of Unit Months Leased	11298		1434		67101
11270 Excess Cash	\$580,875				
11610 Land Purchases	\$0				
11620 Building Purchases	\$1,098,798				
11630 Furniture & Equipment - Dwelling Purchases	\$0				
11640 Furniture & Equipment - Administrative Purchases	\$0				
11650 Leasehold Improvements Purchases	\$0				
11660 Infrastructure Purchases	\$0				
13510 CFFP Debt Service Payments	\$0				
13901 Replacement Housing Factor Funds	\$0				

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	93.558 Temporary Assistance for Needy Families	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities	6.1 Component Unit - Discretely Presented
70300 Net Tenant Rental Revenue		\$179,707	\$161,724	\$186,969	\$75,277
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$0	\$179,707	\$161,724	\$186,969	\$75,277
70600 HUD PHA Operating Grants					\$9,016
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		\$256,147	\$533,735		\$11,650
71100 Investment Income - Unrestricted					
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale				\$221,701	
71310 Cost of Sale of Assets				-\$539,000	
71400 Fraud Recovery					
71500 Other Revenue		\$8,631	\$41,824	\$2,017,810	\$2,111
71600 Gain or Loss on Sale of Capital Assets				\$8,990,277	
72000 Investment Income - Restricted		\$68	\$116		
70000 Total Revenue	\$0	\$444,553	\$737,399	\$10,877,757	\$98,054
91100 Administrative Salaries		\$15,838	\$71,715	\$373,952	\$9,472
91200 Auditing Fees		\$5,000	\$6,500	\$2,461	\$11,000

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	93.558 Temporary Assistance for Needy Families	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities	6.1 Component Unit - Discretely Presented
91300 Management Fee		\$20,856	\$49,102		\$25,369
91310 Book-keeping Fee				\$4,760	
91400 Advertising and Marketing		\$40	\$224	\$354	\$49
91500 Employee Benefit contributions - Administrative		\$12,153	\$67,461	\$127,934	\$816
91600 Office Expenses		\$1,519	\$7,269	\$7,785	\$4,172
91700 Legal Expense		\$430		\$32,380	\$70
91800 Travel			\$184	\$3,176	
91810 Allocated Overhead					
91900 Other		\$8,332	\$23,999	\$364,714	\$15,825
91000 Total Operating - Administrative	\$0	\$64,168	\$226,454	\$917,516	\$66,773
92000 Asset Management Fee					\$2,037
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					
93200 Electricity		\$38,492	\$61,470	\$11,425	\$4,234
93300 Gas		\$1,025	\$39,500	\$2,160	\$2,169
93400 Fuel		\$445	\$26,656	\$515	\$81
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities		\$13,553	\$54,838	\$14,126	\$3,360
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: 12/31/2013

	93.558 Temporary Assistance for Needy Families	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities	6.1 Component Unit - Discretely Presented
93000 Total Utilities	\$0	\$53,515	\$182,464	\$28,226	\$9,844
94100 Ordinary Maintenance and Operations - Labor		\$7,372	\$98,870	\$3,640	\$3,406
94200 Ordinary Maintenance and Operations - Materials and		\$36,968	\$81,579	\$33,119	\$6,636
94300 Ordinary Maintenance and Operations Contracts		\$41,606	\$75,117	\$196,158	\$16,248
94500 Employee Benefit Contributions - Ordinary Maintenance					
94000 Total Maintenance	\$0	\$85,946	\$255,566	\$232,917	\$26,290
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs		\$43	\$225	\$1,577	\$532
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$43	\$225	\$1,577	\$532
96110 Property Insurance		\$39,011	\$9,518	\$2,529	\$2,521
96120 Liability Insurance		\$519	\$1,349	\$351	
96130 Workmen's Compensation		\$530	\$13,474	\$6,142	\$118
96140 All Other Insurance		\$5,179	\$12,205	\$18,260	\$1,281
96100 Total insurance Premiums	\$0	\$45,239	\$36,546	\$27,282	\$3,920
96200 Other General Expenses		\$710	\$30,580	\$5,584	\$2,567
96210 Compensated Absences			\$11,918	\$52,728	\$1,075
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents					\$8,886
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: 12/31/2013

	93.558 Temporary Assistance for Needy Families	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities	6.1 Component Unit - Discretely Presented
96800 Severance Expense					
96000 Total Other General Expenses	\$0	\$710	\$42,498	\$58,312	\$12,528
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)		\$78,055		\$38,507	\$78,674
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$78,055	\$0	\$38,507	\$78,674
96900 Total Operating Expenses	\$0	\$327,676	\$743,753	\$1,304,337	\$200,598
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$116,877	-\$6,354	\$9,573,420	-\$102,544
97100 Extraordinary Maintenance			\$12	\$910	
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments					
97350 HAP Portability-In					
97400 Depreciation Expense				\$5,726	\$123,472
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$0	\$327,676	\$743,765	\$1,310,973	\$324,070
10010 Operating Transfer In					
10020 Operating transfer Out					
10030 Operating Transfers from/to Primary Government					

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	93.558 Temporary Assistance for Needy Families	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities	6.1 Component Unit - Discretely Presented
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$0	\$116,877	-\$6,366	\$9,566,784	-\$226,016
11020 Required Annual Debt Principal Payments	\$0	\$95,747	\$0	\$0	\$0
11030 Beginning Equity	\$347	-\$1,061,418	\$7,454,354	-\$231,251	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction			-\$6,769,429	\$14,528,207	-\$689,962
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					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity					
11180 Housing Assistance Payments Equity					
11190 Unit Months Available		600	1560	408	

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	93.558 Temporary Assistance for Needy Families	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities	6.1 Component Unit - Discretely Presented
11210 Number of Unit Months Leased		581	837	406	
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: 12/31/2013

	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$4,248,175		\$4,248,175
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$0	\$4,248,175	\$0	\$4,248,175
70600 HUD PHA Operating Grants		\$42,739,675		\$42,739,675
70610 Capital Grants		\$1,098,798		\$1,098,798
70710 Management Fee	\$1,776,654	\$1,776,654	-\$1,776,654	\$0
70720 Asset Management Fee	\$78,960	\$78,960	-\$78,960	\$0
70730 Book Keeping Fee	\$607,033	\$607,033	-\$607,033	\$0
70740 Front Line Service Fee				
70750 Other Fees	\$82,202	\$82,202		\$82,202
70700 Total Fee Revenue	\$2,544,849	\$2,544,849	-\$2,462,647	\$82,202
70800 Other Government Grants	\$8,072	\$1,009,427		\$1,009,427
71100 Investment Income - Unrestricted	\$2,949	\$2,949		\$2,949
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale		\$221,701		\$221,701
71310 Cost of Sale of Assets		-\$539,000		-\$539,000
71400 Fraud Recovery		\$23,492		\$23,492
71500 Other Revenue	\$1,480,331	\$4,115,176	-\$1,148,328	\$2,966,848
71600 Gain or Loss on Sale of Capital Assets		\$8,994,757		\$8,994,757
72000 Investment Income - Restricted		\$1,650		\$1,650
70000 Total Revenue	\$4,036,158	\$64,461,649	-\$3,610,975	\$60,850,674
91100 Administrative Salaries	\$1,287,741	\$3,613,229		\$3,613,229
91200 Auditing Fees	\$7,680	\$74,365		\$74,365

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	COCC	Subtotal	ELIM	Total
91300 Management Fee		\$1,802,023	-\$1,776,654	\$25,369
91310 Book-keeping Fee		\$607,033	-\$607,033	\$0
91400 Advertising and Marketing	\$446	\$7,143		\$7,143
91500 Employee Benefit contributions - Administrative	\$429,986	\$1,609,253		\$1,609,253
91600 Office Expenses	\$121,606	\$258,862		\$258,862
91700 Legal Expense	\$76,749	\$119,355		\$119,355
91800 Travel	\$43,781	\$52,920		\$52,920
91810 Allocated Overhead				
91900 Other	\$1,010,457	\$3,061,940	-\$1,133,328	\$1,928,612
91000 Total Operating - Administrative	\$2,978,446	\$11,206,123	-\$3,517,015	\$7,689,108
92000 Asset Management Fee		\$80,997	-\$78,960	\$2,037
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$20,493	\$20,493		\$20,493
92500 Total Tenant Services	\$20,493	\$20,493	\$0	\$20,493
93100 Water	\$2,587	\$580,575		\$580,575
93200 Electricity	\$66,337	\$201,743		\$201,743
93300 Gas	\$4,244	\$51,219		\$51,219
93400 Fuel				
93500 Labor				
93600 Sewer	\$2,201	\$514,248		\$514,248
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: 12/31/2013

	COCC	Subtotal	ELIM	Total
93000 Total Utilities	\$75,369	\$1,347,785	\$0	\$1,347,785
94100 Ordinary Maintenance and Operations - Labor	\$16	\$688,272		\$688,272
94200 Ordinary Maintenance and Operations - Materials and	\$141,057	\$1,185,177		\$1,185,177
94300 Ordinary Maintenance and Operations Contracts	\$212,186	\$1,403,387		\$1,403,387
94500 Employee Benefit Contributions - Ordinary Maintenance				
94000 Total Maintenance	\$353,259	\$3,276,836	\$0	\$3,276,836
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs	\$19,423	\$25,193		\$25,193
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$19,423	\$25,193	\$0	\$25,193
96110 Property Insurance	\$2,306	\$117,345		\$117,345
96120 Liability Insurance	\$2,199	\$12,911		\$12,911
96130 Workmen's Compensation	\$25,217	\$163,356		\$163,356
96140 All Other Insurance	\$58,189	\$279,631		\$279,631
96100 Total insurance Premiums	\$87,911	\$573,243	\$0	\$573,243
96200 Other General Expenses	\$105,677	\$246,319		\$246,319
96210 Compensated Absences	\$156,989	\$531,090		\$531,090
96300 Payments in Lieu of Taxes		\$180,109		\$180,109
96400 Bad debt - Tenant Rents		\$62,260		\$62,260
96500 Bad debt - Mortgages				
96600 Bad debt - Other		\$64,161		\$64,161

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	COCC	Subtotal	ELIM	Total
96800 Severance Expense	\$13,823	\$13,823		\$13,823
96000 Total Other General Expenses	\$276,489	\$1,097,762	\$0	\$1,097,762
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)		\$207,559	-\$15,000	\$192,559
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$207,559	-\$15,000	\$192,559
96900 Total Operating Expenses	\$3,811,390	\$17,835,991	-\$3,610,975	\$14,225,016
97000 Excess of Operating Revenue over Operating Expenses	\$224,768	\$46,625,658	\$0	\$46,625,658
97100 Extraordinary Maintenance	\$4	\$2,218		\$2,218
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments		\$34,537,950		\$34,537,950
97350 HAP Portability-In				
97400 Depreciation Expense	\$159,169	\$2,212,103		\$2,212,103
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$3,970,563	\$54,588,262	-\$3,610,975	\$50,977,287
10010 Operating Transfer In		\$12,463		\$12,463
10020 Operating transfer Out		-\$12,463		-\$12,463
10030 Operating Transfers from/to Primary Government				

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	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				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In		\$5,207,806		\$5,207,806
10094 Transfers between Project and Program - Out		-\$5,207,806		-\$5,207,806
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$65,595	\$9,873,387	\$0	\$9,873,387
11020 Required Annual Debt Principal Payments	\$0	\$287,031		\$287,031
11030 Beginning Equity	\$1,201,154	\$33,660,890		\$33,660,890
11040 Prior Period Adjustments, Equity Transfers and Correction	\$630,561	-\$432,641		-\$432,641
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				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity		-\$1,010,015		-\$1,010,015
11180 Housing Assistance Payments Equity		\$797,047		\$797,047
11190 Unit Months Available		82944		82944

Housing Authority of Fresno County (CA028)

FRESNO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	COCC	Subtotal	ELIM	Total
11210 Number of Unit Months Leased		81657		81657
11270 Excess Cash		\$580,875		\$580,875
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$0	\$1,098,798		\$1,098,798
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0	\$0		\$0
11660 Infrastructure Purchases	\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0	\$0		\$0

HOUSING AUTHORITY OF FRESNO COUNTY
SCHEDULE OF MODERNIZATION COSTS FOR COMPLETED PROJECTS
YEAR ENDED DECEMBER 31, 2013

<u>Grant Number</u>	<u>Funds Approved</u>	<u>Funds Expended</u>	<u>Excess</u>
CA39P028501-09	\$ 2,290,748	\$ 2,290,748	-

(See accompanying Independent Auditors' Report)

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SINGLE AUDIT REPORTS AND RELATED SCHEDULES

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Board of Commissioners
Housing Authority of 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, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 15, 2014.

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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is defined to be a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The matter identified as item 2013-01 in the accompanying schedule of findings and questioned costs conforms to this definition.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

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 responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Mayra Hoffmann Melara P.C.

Irvine, California
July 15, 2014



Mayer Hoffman McCann P.C.

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Board of Commissioners
Housing Authority of Fresno County
Fresno, California

**Report on Compliance For Each Major Federal Program; Report on Internal Control
Over Compliance; and Report on the Schedule of Expenditures of Federal Awards
Required by 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, 2013. 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, 2013.

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 prior year findings 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.

Board of Commissioners
Housing Authority of Fresno County
Page three

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, 2013, and have issued our report thereon dated July 15, 2014. 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 Melara P.C.

Irvine, California
July 15, 2014

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HOUSING AUTHORITY OF FRESNO COUNTY
Schedule of Expenditures of Federal Awards
Year ended December 31, 2013

<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		\$ 188,000
Farm Labor Housing Loans and Grants (loans)	10.405		<u>1,118,368</u>
Subtotal - Department of Agriculture			<u>1,306,368</u>
Department of Housing and Urban Development:			
Direct Assistance:			
Public and Indian Housing	14.850	Contract #SF-199	3,045,713
Section 8 Housing Choice Vouchers	14.871	Contract #SF-604	35,519,174
Public Housing Capital Fund	14.872	Contract #SF-199	<u>5,183,884</u>
Subtotal			43,748,771
Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services	14.877	CA028RFS020A007	80,687
Passed through the State of California Housing Finance Agency:			
Section 8 New Construction and Substantial Rehabilitation	14.182	CHFA #76-65-N	<u>256,147</u>
Subtotal - Department of Housing and Urban Development			<u>44,085,605</u>
Total expenditures of federal awards			<u>\$ 45,391,973</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, 2013

(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, 2013, 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, 2013 the outstanding balance for all the notes is \$1,268,376.

HOUSING AUTHORITY OF FRESNO COUNTY

Schedule of Findings and Questioned Costs

Year Ended December 31, 2013

(A) **Summary of Auditor's Results**

1. An unmodified report was issued by the auditors on the financial statements of the auditee.
2. No material weaknesses in internal control over financial reporting based on our audit of the financial statements of the auditee were reported. One significant deficiency in internal control over financial reporting was reported.
3. The audit reported no 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 (item 2012-3 in the summary of prior audit findings).
5. An unmodified 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,
 - CFDA No. 14.871 U.S. Department of Housing and Urban Development – Section 8 Housing Choice Vouchers, and
 - CFDA No. 14.872 U.S. Department of Housing and Urban Development – Public Housing Capital Fund
8. The dollar threshold used to distinguish Type A and Type B programs was \$1,361,759.
9. The Authority was not considered to be a low risk auditee for the year ended December 31, 2013 for purposes of major program determination.

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

There was one auditors' finding required to be reported in accordance with GAGAS.

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)

(2013-01) General Ledger Cash Reconciliation

The Authorities have numerous bank accounts and other cash and investments with financial institutions. Each month the Authorities will reconcile these cash and investments to the general ledger. It was noted that some of the individual bank account reconciliations had not been properly prepared. This resulted in certain audit adjustments being proposed to correctly account for certain reconciling items. Also, it was noted when the audit began that the pooled cash reconciliation had an unreconciled variance between cash and investments by institution and cash and investments per the general ledger. The Authority subsequently reconciled the amounts. However, efforts need to be made to ensure that these reconciliations are prepared correctly, which is part of the Authorities' monthly closing process. These efforts need to ensure that these pooled cash reconciliations and other bank account reconciliations are performed timely throughout the year and reviewed for also reviewed completeness.

Recommendation

We recommend that the Authority implement the proper procedures to ensure that bank reconciliations are properly completed and subjected to reviews as considered necessary.

Management's Corrective Actions Planned

We concur with this finding and the Auditor's recommendation. We have implemented control processes which will result in accurate and timely reconciliations of all cash accounts to the general ledger on a monthly basis. Currently we have completed reconciliations through May 2014. We expect to be fully current by August 20, 2014, which would be the target date for completion of the July 2014 reconciliation within the standard monthly closing process. The Agency's Accounting Manager is responsible for ensuring the fulfillment of this internal control plan.

(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. See finding 2012-03 described in the accompanying Schedule of Prior Year Audit Findings.

HOUSING AUTHORITY OF FRESNO COUNTY

Summary Schedule of Prior Audit Findings

Year ended December 31, 2012

There were three audit findings identified in the prior year audit report requiring follow up.

(2012-01) Prior Period Adjustments

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.

Status

This finding is considered resolved.

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

Status

This finding is considered resolved.

(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

CONTROL CATEGORY: Special Tests and Provisions

QUESTIONED COSTS: \$0

HOUSING AUTHORITY OF FRESNO COUNTY

Summary Schedule of Prior Audit Findings

(Continued)

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

Condition:

In accordance with Federal requirements, the County Housing Authority's Low Income Public Housing (LIPH) Program was tested as 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

Summary Schedule of Prior Audit Findings

(Continued)

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

Status

This finding is not resolved. Failure to retain this documentation reduces our ability to effectively test the waiting list for compliance during the audit period. In addition, the Authority should evaluate controls to ensure the integrity of the list.

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.

In April 2014, the Agency implemented a control process whereby the waiting list on the last day of each month is archived and made available for retrieval in support of unit leasing order. This completed action fully resolves this issue. For further information you may contact the Chief Operations Officer, Housing Programs.

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