HOUSING AUTHORITY
OF THE CITY OF FRESNO

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2016
(Including Auditors' Report Thereon)

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HOUSING AUTHORITY OF THE CITY OF FRESNO
Fresno, California

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Davis Farr LLP
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Fresno, California, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Fresno, California, as of December 31, 2016, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The financial statements for the year ended December 31, 2016 reflect certain prior period adjustments as described further in Note 22 to the financial statements. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the Housing Authority of the City of Fresno's basic financial statements. The accompanying financial data schedule is presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2017 on our consideration of the Housing Authority of the City of Fresno's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Fresno’s internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
September 15, 2017

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HOUSING AUTHORITY OF THE CITY OF FRESNO
Management's Discussion and Analysis
Year Ended December 31, 2016

Introduction

This narrative overview and analysis of the Housing Authority of the City of Fresno's (the "Agency") performance through December 31, 2016, is provided as a supplement to the Agency's year-end financial statements. Please read it in conjunction with the basic financial statements and the notes to the basic financial statements.

Overview of the Basic Financial Statements

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

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

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

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

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

and can be used to reconcile cash balances at December 31, 2016, and 2015. Fundamentally, this statement shows where cash came from, how cash was used, and what the change in cash was during the year.

- The Notes to Basic Financial Statements provides additional information that is integral to a full understanding of the Basic Financial Statements. The Notes to the Basic Financial Statements can be found in this report after the Basic Financial Statements.
- Supplemental Information includes the Schedule of Expenditures of Federal Awards, presented for purposes of additional analysis as required by U.S. Office of Management and Budget 2 CFR 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance). It also includes the Financial Data Schedules, which are submitted to HUD's Real Estate Assessment Center (REAC) online system.

Financial Analysis

Statement of Net Position

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

Statement of Net Position is summarized in the table below:

	December 31,		Increase/	
Assets:	2016	2015	(Decrease)	% Change
Current Assets	$ 8,130,036	$ 9,322,581	$ (1,192,545)	-12.79%
Restricted Assets	4,925,337	2,916,738	2,008,599	68.86%
Capital Assets, Net of Accumulated Depreciation	18,818,174	21,214,167	(2,395,993)	-11.29%
Other Assets	63,335,828	60,464,216	2,871,612	4.75%
Deferred Outflows	1,789,605	327,741	1,461,864	446.04%
Total Assets	$ 96,998,980	$ 94,245,443	$ 2,753,537	2.92%
Liabilities				
Current Liabilities	$ 8,017,386	$ 5,801,024	$ 2,216,362	38.21%
Non-Current Liabilities	18,631,087	17,956,317	674,770	3.76%
Total Liabilities	26,648,473	23,757,341	2,891,132	12.17%
Deferred Inflows	437,428	766,467	(329,039)	-42.93%
Total Liabilities and Deferred Inflows	27,085,901	24,523,808	2,562,093	10.45%
Net Position:				
Invested in Capital Assets, Net of Related Debt	4,769,521	6,242,697	(1,473,176)	-23.60%
Restricted Net Assets	619,142	2,646,373	(2,027,231)	-76.60%
Unrestricted Net Assets	64,524,416	60,832,565	3,691,851	6.07%
Total Net Position	69,913,079	69,721,635	191,445	0.27%
Total Liabilities, Deferred Inflows, and Net Position	$ 96,998,980	$ 94,245,443	$ 2,753,538	2.92%

Total assets of the Agency at December 31, 2016, and 2015 amounted to $97.0 million and $94.2 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, 2015, to December 31, 2016, were decreases in current assets, specifically in interest receivable, which was reclassified as long term, and assets held for sale, which were also reclassified as long term. The amount due from other governments includes grant funds from local partners that weren't received by December 31, 2016, but will be received in 2017. Assets held for sale have decreased from $2 million to $1.7 million. Deferred Outflows of Resources, which is related to the defined benefit pension plan, increased by $1.5 million from about $300 thousand to $1.8 million.

Total liabilities of the Agency were $27.1 million and $24.5 million at December 31, 2016, and 2015, respectively. Current liabilities include short-term accounts payable, accrued liabilities, current portions of long-term debt, and unearned revenue. Current liabilities increased from $5.8 million in 2015 to $8 million in 2016 due to the receipt of approximately $4 million in December 2016 of funding earmarked to be spent in January 2017. Non-current liabilities are primarily made up of the long-term portion of notes and interest payable. Non-current liabilities increased from $18 million in 2015 to $18.6 million in 2016 due to the new GASB 68 requirements around the accounting and reporting of pension liabilities. This liability represents the difference between the Agency's total pension liability and the current plan assets calculated at fair value. See Note 15 in the Notes to the Basic Financial Statements for more information.

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

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

The Agency's net position increased by 0.27% during the year from $69.7 million in 2015 to $69.9 million in 2016.

Statement of Revenues, Expenses and Changes in Net Position

The purpose of the statement of revenues, expenses, and changes in net position is to present the operating and non-operating revenues earned by the Agency, the operating and non-operating expenses incurred, and other gains or losses of the Agency. This statement presents a glimpse into the financial activity that occurred from January 1, 2016 to December 31, 2016.

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

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

	December 31, 2016	December 31, 2015	Increase/ (Decrease)	% Change
Operating Revenues				
Rental Revenue	$ 3,196,411	$ 3,089,770	$ 106,641	3.45%
Fee Revenue	601,303	354,951	246,352	69.40%
HUD Grants	50,398,482	54,383,867	(3,985,385)	-7.33%
Other Governmental Grants	351,782	455,625	(103,843)	-22.79%
Other Revenue	2,156,993	1,259,466	897,527	71.26%
Total Operating Revenues	56,704,971	59,543,679	(2,838,708)	-4.77%
Operating Expenses				
Administrative Expense	9,927,066	10,759,053	(831,987)	-7.73%
Tenant Services Expense	109,582	499,593	(390,011)	-78.07%
Utilities Expense	579,424	530,752	48,672	9.17%
Maintenance & Operations Expense	1,923,354	1,978,848	(55,494)	-2.80%
Protective Services Expense	96,255	80,602	15,653	19.42%
Insurance Expense	370,853	314,550	56,303	17.90%
General Expense	1,972,644	931,459	1,041,185	111.78%
Housing Assistance Payments	42,719,636	44,993,932	(2,274,296)	-5.05%
Depreciation	1,461,231	1,827,362	(366,131)	-20.04%
Total Operating Expenses	59,160,045	61,916,151	(2,756,106)	-4.45%
Operating Income/(Loss)	(2,455,074)	(2,372,472)	(82,602)	3.48%
Non-Operating Revenues/(Expenses)				
Interest Revenue, Unrestricted	91,547	3,857	87,690	2273.54%
Interest Revenue, Restricted	9,557	3,930	5,627	143.17%
Interest Revenue on Notes Receivable	1,092,438	936,283	156,155	16.68%
Interest Expense	(366,199)	(357,485)	(8,714)	2.44%
Fraud Recovery	24,733	19,268	5,465	28.36%
Share of Joint Venture Net Income	836,301	642,541	193,760	30.16%
Developer Fees	1,192,393	1,451,931	(259,538)	-17.88%
Transfer From/(To) Other Related Entity	50,813	186,864	(136,051)	-72.81%
Gain/(Loss) from Disposition of Capital Assets	2,216	(49,824)	52,040	-104.45%
Total Non-Operating Revenues/(Expenses)	2,933,799	2,837,365	96,434	3.40%
Net Income before Contributions	478,725	464,893	13,832	2.98%
Capital Contributions		157,128	(157,128)	-100.00%
Increase/(Decrease) in Net Position	478,725	622,021	(143,296)	-23.04%
Net Position, Beginning of Year	69,883,027	72,115,984	(2,232,957)	-3.10%
Prior Period Adjustment	(448,673)	(3,016,370)	2,567,697	-85.13%
Net Position, Beginning of Year as Restated	69,434,354	69,099,614	334,740	0.48%
Net Position, End of the Year	$ 69,913,079	$ 69,721,635	$ 191,444	0.27%

The statement of revenues, expenses and changes in net position, which preceded this section, reflects the year ended December 31, 2016, compared to the year ended December 31, 2015. Overall, operating revenues decreased by 4.77%, or $2.8 million, from 2015 to 2016; operating expenses also decreased by 4.45%, or $2.8 million for the year; non-operating revenues increased by $96 thousand from 2015 to 2016; and capital contributions decreased by $57 thousand from prior year. These changes lead to a total decrease in net position of $362 thousand from December 31, 2015, to December 31, 2016. Explanations of the primary reasons for these changes are as follows:

- The decrease in operating revenues is mainly attributable to HUD grants received by the Agency for the Housing Choice Voucher program. Revenues were less due to HUD's forced use of restricted reserves. HUD regularly requires housing authorities with restricted HAP reserves to utilize their own funds by giving them less revenue for the year, thus the decrease in revenue from HUD.
- Operating expenses decreased overall due to lower costs for housing assistance payments, and administrative expenses. Housing assistance payments for the Housing Choice Voucher program were less in 2016 than in 2015 due to a steady decrease in the per unit costs (PUC) of each voucher, which indicates that the Agency is paying less subsidy for each voucher. If the PUC declines, so does the total expenses for the year. Administrative expenses were also lower in 2016 due to the completion of a major software implementation in 2015. This project was a significant expense to the Agency in 2015 that was not incurred again in 2016.

Capital Assets

The table below shows the Agency's capital assets, net of accumulated depreciation and amortization, at December 31, 2016, and December 31, 2015.

	December 31,		Increase/	
	2016	2015	(Decrease)	% Change
Land	$ 2,746,016	$ 3,302,163	$ (556,147)	-16.84%
Structures	14,021,018	14,757,661	(736,643)	-4.99%
Equipment	729,844	129,905	599,939	461.83%
Construction in Progress	1,321,296	3,185,831	(1,864,535)	-58.53%
Total Capital Assets, Net	$ 18,818,174	$ 21,375,560	$ (2,557,386)	-11.96%

Overall, the Agency's capital assets decreased by $2.5 million during 2016, primarily resulting from depreciation exceeding capital additions in 2016. See Note 7 in the Notes to the Basic Financial Statements for more information.

Debt Administration

The table below shows the Agency's outstanding debt at December 31, 2016, and 2015. Short-term borrowings include inter-fund loans between programs, between the City & County Housing Authorities, or between component units of the Agency. Notes payable- non-related parties include loans and mortgages with external entities. Notes payable- related parties includes loans from joint ventures and Agency-sponsored limited partnership.

	December 31,		Increase/	
	2016	2015	(Decrease)	% Change
Short Term Borrowings (Inter-fund)	$ 1,834,077	$ 1,834,077	$ -	0.00%
Notes Payable - Non-Related Parties	9,501,089	9,984,304	(483,215)	-4.84%
Notes Payable - Related Parties	4,547,566	5,855,994	(1,308,428)	-22.34%
Total Debt	$ 15,882,733	$ 17,674,375	$ (1,791,642)	-10.14%

Most significantly, the Notes Payable- Related Parties decreased by $1.3 million during the year due to principal payments to various lenders.

Economic Factors Affecting the Agency's Future

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

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

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

This financial report is designed to provide a general overview of the Agency's finances to demonstrate the Agency's accountability for the money it receives. For questions about this report or requests for additional financial information, please contact the individual below.

Emily De La Guerra
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HOUSING AUTHORITY OF THE CITY OF FRESNO
Fresno, California

STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

ASSETS	
Current Assets	
Cash & Investments	$ 4,903,973
Accounts Receivable - Tenants, Net of Allowance for Doubtful Accounts of $11,894	82,085
Miscellaneous Receivables, Net of Allowance for Uncollectable Accounts of $60,085	238,025
Due From Other Governments	905,726
Due From Related Parties	1,848,621
Prepaid Expenses	151,606
Total Current Assets	**8,130,036**
Restricted Assets	
Restricted Cash	4,925,337
Total Restricted Assets	**4,925,337**
Non-Current Assets	
Capital Assets	
Capital Assets - Not being depreciated	4,067,312
Capital Assets - Depreciable, Net of Accumulated Depreciation of $41,652,065	14,750,862
Total Capital Assets, Net	**18,818,174**
Other Non-Current Assets	
Notes Receivable From Related Parties, Net of allowance for doubtful accounts of $0	25,987,576
Notes Receivable From Non-related Parties, Net of allowance for doubtful accounts of $0	1,000,000
Interest Receivable - Related Parties	2,844,283
Interest Receivable - Non-related Parties	363,870
Investments In Joint Ventures	31,462,118
Assets Held For Sale	1,677,981
Total Other Non-Current Assets	**63,335,828**
Deferred Outflow of Resources - Pension Related	1,789,605
Total Deferred Outflow of Resources	**1,789,605**
Total Assets and Deferred Outflows	**$ 96,998,980**

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FRESNO
Fresno, California

STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016
(continued)

LIABILITIES AND NET POSITION		
Current Liabilities		
Vendors & Contractors Payable	$	208,955
Accrued Salaries		165,781
Accrued Compensated Absences		321,833
Accrued Interest Payable		441,282
Resident Security Deposits		279,362
Due To Other Governments		192,344
Due To Related Parties		475,294
Other Current Liabilities - Non-Related Parties		344,306
Notes Payable - Related Parties		893,564
Notes Payable - Non-Related Parties		652,682
Unearned Revenue		4,041,983
Total Current Liabilities		**8,017,386**
Non-Current Liabilities		
Notes Payable - Related Parties		3,654,002
Notes Payable - Non-related Parties		8,848,407
Accrued Compensated Absences		162,472
Other Accrued Non-current Liabilities		53,466
Family Self-Sufficiency Escrow		5,994
Net Pension Liability		5,906,746
Total Non-Current Liabilities		**18,631,087**
Deferred Inflows of Resources - Pension Related		437,428
Total Deferred Inflows of Resources		**437,428**
Total Liabilities and Deferred Inflows		**27,085,901**
Net Position		
Net Investment in Capital Assets		4,769,521
Restricted for:		
Housing Assistance Payments		52,903
Other Externally Required Reserves		566,239
Unrestricted		64,524,416
Total Net Position		**69,913,079**
Total Liabilities, Deferred Inflows and Net Position	**$**	**96,998,980**

See accompanying notes to the basic financial statements

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HOUSING AUTHORITY OF THE CITY OF FRESNO
Fresno, California

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

Operating Revenues	
Rental Revenue	$ 3,196,411
Fee Revenue	601,303
HUD Grants	50,398,482
Other Governmental Grants	351,782
Other Revenue	2,156,993
Total Operating Revenues	**56,704,971**
Operating Expenses	
Administrative Expense	9,927,066
Tenant Services Expense	109,582
Utilities Expense	579,424
Maintenance & Operations Expense	1,923,354
Protective Services Expense	96,255
Insurance Expense	370,853
General Expense	1,972,644
Housing Assistance Payments	42,719,636
Depreciation	1,461,231
Total Operating Expenses	**59,160,045**
Operating Income (Loss)	**(2,455,074)**
Non-Operating Revenues (Expenses)	
Interest Revenue, Unrestricted	91,547
Interest Revenue, Restricted	9,557
Interest Revenue on Notes Receivable	1,092,438
Interest Expense	(366,199)
Fraud Recovery	24,733
Share of Joint Venture Net Income	836,301
Developer Fees	1,192,393
Transfer From/(To) Other Related Entity	50,813
Gain/(Loss) from Disposition of Capital Assets	2,216
Total Non-Operating Revenues	**2,933,799**
Income (Loss) Before Contributions and Transfers	**478,725**
Increase (Decrease) in Net Position	**478,725**
Net Position, Beginning of Year	69,883,027
Prior Period Adjustment	(448,673)
Adjusted Net Position, Beginning of Year	**69,434,354**
Net Position, End of Year	**$ 69,913,079**

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FRESNO
Fresno, California

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

Cash Flows from Operating Activities:		
Cash received from tenants	$	3,217,726
Cash received from others		8,487,468
Proceeds from the sale of assets held for sale		277,552
Cash paid for issuance of notes receivable		(580,323)
Cash paid to employees for services		(6,924,717)
Cash paid to suppliers for goods and services		(8,588,964)
Cash received from operating grants		50,779,153
Cash paid for housing assistance		(42,719,636)
Net cash provided by operating activities		3,948,259
Cash Flows from Noncapital Financing Activities:		
Cash received from developers		1,192,393
Cash paid for repayment of line of credit		-
Net cash provided by noncapital financing activities		1,192,393
Cash Flows From Capital Financing Activities:		
Grants received to acquire/construct capital assets		-
Acquisition of capital assets		(2,741,614)
Proceeds from sale of capital assets		6,640
Issuance of notes payable		838,696
Principal paid on long term debt		(864,397)
Interest paid on long term debt		(304,339)
Net cash used for capital financing activities		(3,065,014)
Cash Flows From Investing Activities:		
Interest received from investments		91,547
Interest on restricted cash		9,557
Net cash provided by investing activities		101,104
Net increase (decrease) to cash		2,176,742
Cash at beginning of year		7,652,568
Cash at end of year	$	9,829,310

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FRESNO
Fresno, California

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

Reconciliation of Change in Net Position to Net Cash Provided By (Used For) Operating Activities:		
Operating income (loss)	$	(2,455,074)
Adjustments to reconcile change in net position to net cash provided by (used for) operating activities:		
Depreciation		1,461,231
Changes in joint ventures		836,301
Interest received on notes receivable		1,092,438
Fraud recovery		24,733
Other income		1,283,668
(Increase) decrease in accrued interest receivable		1,639,448
(Increase) decrease in accounts receivable - tenants		(10,923)
(Increase) decrease in accounts receivable - other		794,670
(Increase) decrease in due from other governments		28,889
(Increase) decrease in due from related parties		(1,848,621)
(Increase) decrease in prepaid insurance		117,127
(Increase) decrease in investment in joint venture		(836,301)
(Increase) decrease in notes receivable		865,300
(Increase) decrease in assets held for resale		277,552
(Increase) decrease in interest receivable		(2,538,061)
(Increase) decrease in deferred outflows		(1,461,864)
Increase (decrease) in accounts payable - vendors		(519,098)
Increase (decrease) in due to related parties		475,294
Increase (decrease) in accrued salaries		25,341
Increase (decrease) in accrued compensated absences		27,135
Increase (decrease) in other accrued liabilities		(689,665)
Increase (decrease) in accounts payable - other governments		(245,945)
Increase (decrease) in deferred revenue		3,860,007
Increase (decrease) in tenant security deposits payable		7,505
Increase (decrease) in pension liability		2,066,211
Increase (decrease) in deferred inflows		(329,039)
Net cash provided by operating activities	$	3,948,259
Reconciliation of Cash Per Statement of Net Position to Cash Per Statement of Cash Flows:		
Cash and investments	$	4,903,973
Restricted cash		4,925,337
Cash at end of year	$	9,829,310
Significant noncash transactions:		
Transfer of capital assets to other government	$	1,232,855
Transfer of a capital asset and offsetting liability	$	1,490,915

See accompanying notes to the basic financial statements

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1) Summary of Significant Accounting Policies

a) General Purpose

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

b) Financial Reporting Entity

The Agency was established by a resolution of the Fresno City Council on March 14, 1940. The Agency is governed by a seven-member Board of Commissioners appointed by the Mayor of the City of Fresno, where five members are appointed to four-year terms, and two members, also residents of the Agency's housing programs, are appointed to two-year terms.

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

- The primary government is considered to be financially accountable for an organization if it appoints a voting majority of that organization's governing body, and (1) if the primary government is able to impose its will on that organization or (2) there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

- The primary government may also be considered financially accountable for an organization if that organization is fiscally dependent on the primary government (i.e., the organization is unable to approve or modify its budget, levy taxes or set rates/charges, or issue bonded debt without approval from the primary government).

- In certain cases, other organizations are included as component units if the nature and significance of their relationship with the primary government are such that their exclusion would cause the primary government's financial statements to be misleading or incomplete, even though the primary government is not considered financially accountable for that organization under the criteria previously described. A legally separate, tax exempt organization is reported as a component unit if (1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the primary government or its constituents; (2) the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the organization; and (3) the economic resources received or held by the organization are significant to the primary government.

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

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

Pacific Gardens Enterprises, Inc. a California Corporation. In 2010, the Agency purchased 100% of the Corporation’s outstanding stock. Pacific Gardens Enterprises, Inc. consists of a 56-unit affordable housing project in the City of Fresno. Separate financial statements are not issued for Pacific Gardens Enterprises, Inc.

c) Basis of Presentation

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

The Agency has chosen to report its activity as one fund. The fund of the Agency is considered to be an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are also used when the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

d) Measurement Focus/Basis of Accounting

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

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

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

e) Cash and Cash Equivalents

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

f) Assets Held for Sale

Several of the Agency's funds administer homeownership programs. Assets held for sale consist of housing units set aside by the Agency for these homeownership programs. These assets are recorded at the Agency's cost to purchase the property or upon entering into a contract for sale, the estimated realizable value, if lower. See note 9 for further discussion.

g) Capital Assets

Capital assets are defined by the Agency as assets with an initial, individual cost of $5,000 or more and having an estimated useful life of greater than one year. All purchased capital assets are valued at historical cost. Contributed capital assets are recorded at fair market value at the time received. Interest expense incurred during the development period is capitalized.

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

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

h) Allowance for Doubtful Accounts

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

Notes receivable are stated net of allowance for loans that were made as part of the HOPE VI Revitalization and Hope 3 programs that the Agency has substantial doubt as to their collectability.

i) Net Position

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

j) Operating Revenue and Expenses

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

k) Income Taxes

The Agency is exempt from Federal Income and California Franchise Taxes except for taxable transactions incurred by Pacific Gardens Enterprises, Inc., which is a California corporation owned and operated by the Agency. The Agency files federal and state tax returns for the corporation.

l) Grant Restrictions

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

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

m) Use of Estimates

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

o) Defined Benefit Pension Plan

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

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

Valuation Date (VD)	June 30, 2015
Measurement Date (MD)	June 30, 2016
Measurement Period (MP)	June 30, 2015, to June 30, 2016

p) Deferred Outflows/Inflows of Resources

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

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

2) Cash and Investments

Cash and investments held by the Agency at December 31, 2016, are classified as follows in the accompanying Statement of Net Position:

Cash and Investments	$	4,903,973
Restricted cash		4,925,337
Total Cash and Investments	$	9,829,310

Disclosure Related to Interest Rate Risk

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

Disclosures Related to Credit Risk

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

Although for the year ended December 31, 2016, the Agency did not maintain a significant equity position in investment pool activities, it is the policy of the Agency to invest only in highly rated securities to the extent practicable and where applicable by law.

Concentration of Credit Risk

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

Custodial Credit Risk

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

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

The Agency executed a "General Depository Agreement" with Wells Fargo on April 21, 2014. This agreement states that any portion of the PHA funds not insured by a Federal insurance organization shall be fully (100%) and continuously collateralized with specific and identifiable U.S. Government or Agency securities prescribed by HUD. Such securities shall be pledged and set aside in accordance with applicable law or Federal regulation.

As of December 31, 2016, $145,642 of the Agency's deposits held with the California Housing Finance Agency (CHFA) were uncollateralized. This amount is inclusive of tenant security deposits.

Equity in Investment Pool

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

3) Restricted Cash

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

Cash held by the California Housing Finance Agency (CHFA) can only be used for major repairs or insurance on the associated project and upon receipt of prior written approval from CHFA. Cash held as replacement reserves for the USDA projects cannot be disbursed without the approval of the USDA Rural Economic and Community Development. The funds held by CHFA, excess HAP funds and the funds held for the replacement of the USDA program projects are also reported as restricted net assets. The amounts held by the Agency on behalf of program participants, tenants and for future HAP payments not yet taken as revenue are also reported as payable from restricted assets. Details of restricted cash are as follows:

Cash restricted for:	Cash Restricted	In Liabilities	In Restricted Net Assets
USDA project reserves	$ 488,433	$ 11,012	$ 477,421
CHFA	88,818		88,818
HAP funding	4,068,724	4,015,821	52,903
Tenant security deposits	279,362	279,362	-
	$ 4,925,337	$ 4,306,195	$ 619,142

4) Accounts Receivable

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

Accounts receivable as of December 31, 2016, consist of the following:

Tenants' Accounts Receivable Net of Allowance for Doubtful Accounts of $11,894	$ 82,085
Due from Related Party, Net of Allowance for Uncollectable Accounts of $60,085	$ 6,372
Other	231,653
	$ 238,025

5) Due from Other Governments

Due from Other Governments consists of the following:

U.S. Department of HUD	$ 689,184
Other	216,542
	$ 905,726

6) Due from Related Parties

Due from Related Parties consists of the following:

Housing Authority of County of Fresno	$ 1,186,626
HRFC	1,720
Silvercrest	302,112
Limited Partnership	351,598
Other	6,565
	$ 1,848,621

7) Capital Assets

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

	Balance at 12/31/2015	Additions	Deletions	Transfers*	Balance at 12/31/2016
Capital assets not depreciated:					
Land	$ 3,302,163	$ -	$ -	$ (556,147)	$ 2,746,016
Construction in progress	3,185,831	1,399,634	(2,365,384)	(898,785)	1,321,296
Total capital assets not depreciated	6,487,994	1,399,634	(2,365,384)	(1,454,932)	4,067,312
Capital assets being depreciated:					
Buildings & Improvements	53,639,397	1,004,060	-	(1,020,754)	53,622,703
Equipment	1,962,403	762,565	(22,374)	77,630	2,780,224
Total capital assets being depreciated	55,601,800	1,766,625	(22,374)	(943,124)	56,402,927
Less accumulated depreciation for:					
Buildings	(38,881,736)	(1,336,992)	17,946	599,097	(39,601,685)
Equipment	(1,832,498)	(123,087)	-	(94,795)	(2,050,380)
Total accumulated depreciation	(40,714,234)	(1,460,079)	17,946	504,302	(41,652,065)
Total capital assets being depreciated, net	14,887,566	306,546	(4,428)	(438,822)	14,750,862
TOTAL	**$ 21,375,560**	**$ 1,706,180**	**$ (2,369,812)**	**$ (1,893,754)**	**$ 18,818,174**

*Transfer to Fresno Housing Authority of Fresno County due to change of allocation percentage

8) Notes Receivable

The following is a summary of changes in notes receivable as of December 31, 2016:

	Balance 12/31/2015	Additions	Payments	Balance 12/31/2016	Interest Receivable
Notes Receivable - Non-Related Parties					
City of Clovis	$ 500,000	$ -	$ -	$ 500,000	$ 82,500
Fresno Canyon Springs LP	500,000	-	-	500,000	281,370
Total due from nonrelated parties	1,000,000			1,000,000	363,870
Notes Receivable - Related Parties					
Better Opportunity Builders	125,000	-	-	125,000	-
Limited Partnerships:					-
Renaissance at Trinity - AHP Loan	200,000	-	-	200,000	-
Renaissance at Trinity	400,000	-	-	400,000	-
Alta Monte	400,000	-	-	400,000	141,765
Santa Clara	400,000	-	-	400,000	175,113
Parc Grove Commons II	3,129,538	-	-	3,129,538	1,163,356
YEC Limited (HOPE VI)	6,258,336	-	-	6,258,336	420,060
Fresno Pacific Gardens LP	2,738,430	-	-	2,738,430	579,623
Parc Grove Northwest	75,301	-	(75,301)	-	-
Southeast Fresno RAD	11,377,000	-	-	11,377,000	310,560
Viking Village RAD	1,749,272	-	(790,000)	959,272	53,806
Total due from related parties	26,852,877	-	(865,301)	25,987,576	2,844,283
TOTAL	**$ 27,852,877**	**$ -**	**$ (865,301)**	**$ 26,987,576**	**3,208,153**

Locally Held Soft Second Mortgages

During 2009 the Agency began selling single-family homes developed using a HOPE VI revitalization grant, known as the Sierra Pointe development. The homes were sold to low-income, first-time homebuyers and financed with mortgages provided by the Housing Relinquished Fund Corporation (HRFC.)

The HOPE VI program also provided secondary loans on each of the units that were sold. These secondary loans, totaling $2,395,568 are deferred for 30 years. Since the secondary loans are deferred for 30 years, the Agency has estimated an allowance equal to the amounts of the loans for $2,395,568.

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

First Time Home Buyer Program

The Agency administers a first-time home buyer program, originally funded by HUD, utilizing a HOPE 3 grant. Under this program, the Agency developed properties for the purpose of selling them to qualified low and moderate-income families. These loans accrue no interest unless the borrower defaults on the loan, in which case the loan accrues interest at a rate of 10% per annum. No payment is due on the loan unless the borrower sells or transfers the property or any interest therein. These notes hold their value for six years from date of execution and thereafter are forgiven on a monthly basis through the twentieth year from the date of execution. As of December 31, 2016, $109,464 of these loans are outstanding. Since these loans are intended to be forgiven and not collected, the Agency has recorded an allowance for doubtful accounts equal to the principal amount of the loans.

City of Clovis

The Agency has purchased a $500,000 subordinate, multifamily housing revenue bond for the Silver Ridge at Clovis project. The bond was purchased with homebuyer reserve proceeds. The proceeds of the bond were used to develop an apartment complex for seniors in the City of Clovis. The bond matures September 1, 2040 and accrues interest at a rate of 1% per annum.

Annual principal and interest payments depend on the residual cash flows of this future tax credit project. The availability of these cash flows to make future payments is unknown. No payments have been received on this loan. The outstanding principal and interest balances due at December 31, 2016, are $500,000 and $82,500, respectively.

Fresno Canyon Springs, LP

The Agency has loaned $500,000 to Fresno Canyon Springs, LP, a California limited partnership. This loan was made using homebuyer reserve proceeds. The funds were used to finance the construction of a twenty-eight unit, affordable housing, tax credit project. The loan is amortized over thirty years, matures January 12, 2033, and carries a simple interest rate of 4% per annum. Payments on this loan are due only if the project generates residual receipts. No payments have been received on this loan. The outstanding principal and interest balances due at December 31, 2016, are $500,000 and $281,370, respectively.

Better Opportunities Builders, Inc.

On September 18, 2008, the Agency has made a loan of $125,000 to Better Opportunities Builders, Inc. (BOB). The loan is unsecured and interest free. No payments are due on this loan for 60 months after the date the Agency records the final release of construction covenants for the projects pursuant to the Disposition and Development Agreement (DDA). BOB is not considered to be a related party of the Agency. The outstanding balance due at December 31, 2016, is $125,000.

Fresno Renaissance at Trinity, LP

On December 1, 2010, the Agency authorized a loan of $400,000 to Fresno Renaissance at Trinity, LP, a related party to the Housing Authority of the City of Fresno, for the purpose of financing a 21-unit low-income multifamily project known as Renaissance at Trinity. The loan bears no interest with payments due on or before the maturity date of November 30, 2065. The note is secured by deed of trust of the development's property located in Fresno, California. Fresno Renaissance at Trinity, LP, is considered to be related party of the Agency. The outstanding balance due at December 31, 2016, is $400,000.

On December 1, 2010, the Agency has entered into a loan agreement with Fresno Renaissance at Trinity, LP. The Agency was awarded a grant through the Affordable Housing Program (AHP) and these funds were in turn loaned to the Fresno Renaissance at Trinity, LP. The note bears no interest with principal payable upon completion of the project. The outstanding balance of the loan due from Fresno Renaissance at Trinity, LP at December 31, 2016, is $200,000.

Fresno Renaissance at Alta Monte, LP

On December 13, 2011, the Partnership entered into a loan agreement with the Housing Authority of the City of Fresno, an affiliate of the Administrative General Partner, for an amount of $400,000. This loan is secured by a Deed of Trust, bears interest at a simple rate of 7.5% during construction and 8.75% after construction completion. The loan matures on November 30, 2065. The Loan is payable in annual amounts equal to 50% of the residual receipts as defined in Article 1, Section 1.3 of the promissory note dated December 13, 2011. As of December 31, 2016, the outstanding principal and interest are $400,000 and $141,765, respectively. For the period, interest revenue on the loan was $37,843.

1555 Santa Clara Street, LP

On December 1, 2010, the Partnership entered into a loan agreement with the Housing Authority of the City of Fresno, an affiliate of the Administrative General Partner, for an amount of $400,000 (the "FH Loan"). The loan bears interest on the outstanding balance at 8.75%. The FH loan is secured by a Deed of Trust, and matures on December 30, 2066. Beginning January 14, 2014, annual payments of interest and principal are due equal to 50% of the residual receipts, as defined in the Partnership Agreement. As of December 31, 2016, the outstanding principal balance on the FH Loan was $400,000 and accrued interest was $175,113. For the period, interest revenue on the loan was $46,337.

Parc Grove Commons II, LP

On January 27, 2010, the Agency authorized a loan to Parc Grove Commons II Limited Partnership for $5,322,730 for the development and construction of a mixed-income tax credit rental unit project comprised of 215 rental units of which 31 are Public Housing units. Interest accrues at a rate of 5%, compounded annually prior to construction completion and 7.5% compounded annually thereafter. The entire amount of principal and accrued interest for both notes is due and payable on February 1, 2065. The note is secured by the deed of trust of the development's property located in Fresno, California. The outstanding principal and interest balances due at December 31, 2016, are $3,129,538 and $1,163,356, respectively. Interest revenue for the year was $299,504.

YEC Limited

The Agency has authorized three loans to YEC Limited, a California Limited Partnership for the purpose of financing the development and construction of a 69-unit public housing development in Fresno, California known as Yosemite Village. The project received low-income housing tax credits through the California Tax Credit Allocation Committee and is intended for rental to low-income families.

The first loan was authorized on November 1, 2008 for $990,000. This loan is secured by the deed of trust of the development's property. This loan and applicable interest, if any, is deferred until November 1, 2063. As of December 31, 2016, accrued interest on this loan is $420,060. For the period, interest revenue on the loan was $59,162.

The second loan was also authorized on November 1, 2008 for $362,984 which was passed-through from an allocation of Replacement Housing Factor (RHF) funds provided by the U.S. Department of Housing and Urban Development (HUD). This loan is unsecured, non-interest bearing and is due November 1, 2063.

The third loan was authorized on November 6, 2009 for $5,829,325. This loan is secured by the deed of trust of the development's property. This loan bears no interest and is deferred until November 1, 2063. As of December 31, 2016, the outstanding balance for this loan is $4,905,352.

The outstanding principal and interest balances due for all three loans at December 31, 2016, is $6,258,336 and $420,060 respectively.

Fresno Pacific Gardens, LP

The Agency has authorized three loans to Fresno Pacific Gardens, LP, for the purpose of rehabilitation and construction of a mixed-income rental unit project composed of 55 rental units and one manager's unit known as Pacific Gardens on land owned by the Agency. All three loans are secured by a deed of trust of the development's property. Fresno Pacific Gardens LP is considered a related party of the Agency.

The first loan was authorized on March 14, 2011 for $1,588,656. The loan bears an interest rate of 5.4625% compounded annually, with principal and interest payable annually commencing January 1, 2012 from available cash flow. The note is secured by the deed of trust of the development's property located in Fresno, California. The outstanding principal and accrued interest balances at December 31, 2016, are $1,588,656 and $273,042 respectively. Interest revenue for the year was $91,467.

The second loan was also authorized on March 14, 2011 in the amount of $599,774. The loan bears an interest rate of 5.4625% compounded annually, with principal and interest payable annually commencing January 1, 2012 from available cash flow after payment of the principal and interest due on the first loan. The outstanding principal and accrued interest balances due at December 31, 2016, are $599,774 and $147,659 respectively. Interest revenue for the year was $35,027.

The third loan was also authorized on March 14, 2011 in the amount of $550,000. The loan bears an interest rate of 5.4625% compounded annually, with principal and interest payable annually commencing January 1, 2012 from available cash flow after payment of principal and interest due on the first and second loans. The outstanding principal and accrued interest balances due at December 31, 2016, are $550,000 and $158,922 respectively. Interest revenue for the year was $33,201.

The outstanding principal and interest balances due for all three loans at December 31, 2016, is $2,738,430 and $579,623, respectively.

Parc Grove Northwest, LP

In June 2006, the Agency approved a loan from the City Relinquished Fund for the development of Parc Grove Northwest. This note bears 0% interest with principal payable upon sale. In February 2013, the sale of this development was completed and the property was transferred to Parc Grove Northwest, LP. During 2016, a full payment was made on the loan. The outstanding principal at December 31, 2016, is $0.

Southeast Fresno RAD, LP

On December 18, 2013, the Agency entered into a loan agreement with Southeast Fresno RAD, LP for $6,377,000 to purchase three former public housing sites and rehabilitate into a 191-unit low-income multi-family project. The note bears an interest rate of 3.32% compounded annually, with principal and interest payable monthly commencing January 1, 2016 from available cash flow, as defined in the Partnership Agreement. The outstanding balance due at December 31, 2016, is $6,377,000.

On December 18, 2013, the Agency entered into a second loan agreement with Southeast Fresno RAD, LP for $5,000,000 for the purpose of redevelopment and rehabilitation of three former public housing sites into two sites that will consist of 191-units of low-income housing. The note bears an interest rate of 4.0% compounded annually. Principal and interest payment will commence on January 1, 2015 from available cash flow as defined in the Partnership Agreement.

The outstanding principal and accrued interest balances due for both loans at December 31, 2016, are $11,377,000 and $310,560, respectively.

Viking Village RAD, LP

On March 18, 2014, the Agency entered into a Purchase Loan agreement with Viking Village Fresno RAD, LP for $831,886 to sell certain property to rehabilitate into Low-Income housing units. The note bears a 3.32% interest compounded annually and with a maturity date of March 18, 2069. Principal is payable upon maturity and interest is payable from available cash flow.

On March 18, 2014, the Agency entered into a second loan agreement with Viking Village for $917,387 for the rehabilitation of the above-mentioned property. The note bears a 3.36% interest compounded annually and with a maturity of March 18, 2069. Principal is payable upon maturity and interest is payable from available cash flow.

The outstanding principal balance due for the two loans at December 31, 2016, was $959,272 and accrued interest was $53,806. Interest revenue for the year was $68,493.

9) Investment in Joint Ventures

As of December 31, 2016, the Agency's investment in joint ventures is comprised of the following:

Joint Venture	Investment
Housing Relinquished Fund Corp	$ 30,626,257
Silvercrest, Inc.	178,242
Housing Self-Insurance Corp	659,094
Villa Del Mar, Inc.	(1,475)
Total Investment in Joint Venture	**$ 31,462,118**

Housing Relinquished Fund Corporation (HRFC) – This entity was created as a steward for the Housing Authority of the City and County of Fresno's development and investment capital. HFRC's Board of Directors is comprised of two members of the City Housing Authorities and County Housing Authorities Board of Commissioners. The Agency has a 64.74% equity interest in HRFC. HRFC does not issue separate financial statements.

Housing Self Insurance Corporation (HSIC) – This entity was organized to provide additional security against a variety of insurable and non-insurable losses to include deductibles, payouts, settlements, and other related obligations. HSIC's Board of Directors is comprised of two members of the City Housing Authority and County Housing Authority's Board of Commissioners. The Agency has an 82.39% equity interest in HSIC. HSIC does not issue separate financial statements.

Silvercrest, Inc. - This entity is a California non-profit public benefit corporation. Silvercrest was formed as a vehicle to own and operate a number of housing developments throughout Fresno County, primarily in a limited partnership arrangement with local developers. Silvercrest, Inc.'s Board of Directors is comprised of two members of the City Housing Authority and County Housing Authority Board of Commissioners. The Agency has a 50% equity interest in Silvercrest, Inc. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985.

Villa Del Mar, Inc. – This entity was created for purposes of ownership and management of the 48-unit Villa Del Mar affordable housing project in the City of Fresno. Villa Del Mar, Inc.'s Board of Directors is comprised of two members of the City Housing Authority and County Housing Authority Board of Commissioners. The Agency has a 50% equity interest in Villa Del Mar, Inc. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985.

10) Assets Held for Sale

Assets held for sale consist of homes that are being developed using a variety of Federal, State, and local funds. The assets held for sale are recorded in the following funds:

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

The Agency used a portion of loans from the California Housing Finance Agency (CalHFA) HELP Program to purchase properties for use in future developments or for the future sale to program participants. The Agency purchased a parcel of land at a total cost of $1,037,878 to be used for future development. The Agency also purchased two condominiums at a total cost of $277,552 to be sold to participants in one of their programs. In November 2016, the Agency transferred the two condominiums to Habitat for Humanity. At December 31, 2016, the carrying value of remaining CalHFA asset held for sale is $1,037,878.

In accordance with Section 5 of the Public Housing Act, the Agency sells single family homes to qualified low-income residents. At December 31, 2016, the book value of homes held for sale is $566,671.

The purpose of the Neighborhood Stabilization Program is to purchase foreclosed homes through public auction, renovate the homes, and sell them to qualified low or moderate-income families. This program was funded by HUD, with the funds passed through the City of Fresno. As of December 31, 2016, the carrying value of remaining homes held for sale is $73,432.

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11) Long-Term Liabilities

Changes in long-term liabilities for the year ended December 31, 2016, are as follows:

	Balance 12/31/15	Additions	Payments/ Deletions	Balance 12/31/16	Due Within One Year
Notes payable - non-related parties:					
U.S. Department of Agriculture					
Mariposa FLH	$ 508,200	$ -	$ (99,131)	$ 409,069	$ 74,718
California Housing Finance Agency					
Garland Gardens	917,446	-	(151,023)	766,423	165,748
HELP Program	671,789	-	(114,573)	557,216	278,148
City of Fresno NSP	44,441	-	-	44,441	-
City of Fresno NSP 3	3,000,036	-	-	3,000,036	-
Mortgages:					
El Cortez Apartments	1,315,832	-	(33,434)	1,282,398	35,002
Dayton Square	1,652,694	-	(37,045)	1,615,649	49,248
Woodside Apartments	1,873,866	-	(48,009)	1,825,857	49,818
Total notes payable - non-related parties	**9,984,304**	-	(483,215)	**9,501,089**	**652,682**
Notes payable - related parties:					
P&CD (Kerr Rug) to HRFC	607,744	-	(607,744)	-	-
P&CD (Pacific Garden) to HRFC	1,340,894	-	-	1,340,894	-
P&CD (Various pre-dev) to HRFC	1,574,627	863,696	(1,544,758)	893,565	893,564
Helm Home to HRFC	992,220	-	-	992,220	-
Relinquished Fund (Elderberry) to HRFC	5,000	-	-	5,000	-
Office building to HRFC	154,000	-	-	154,000	-
LIPH (Townsend) to HRFC	98,097	-	-	98,097	-
San Ramon (NSP 3) to HRFC	1,083,412	-	(19,622)	1,063,790	-
	5,855,994	863,696	(2,172,124)	**4,547,566**	**893,564**
Other Liabilities:					
Interest payable	765,292	402	(324,412)	441,282	-
Compensated Absences	457,170	529,810	(502,675)	484,305	321,833
Family Self-Sufficiency	5,994	-	-	5,994	-
Homebuyers earned payments	53,466	-	-	53,466	-
Net Pension Liability	3,840,535	2,968,201	(901,990)	5,906,746	-
	5,122,457	3,498,413	(1,729,077)	**6,891,793**	**321,833**
TOTAL	**$ 20,962,755**	**$ 4,362,109**	**$ (4,384,416)**	**$ 20,940,448**	**$ 1,868,079**

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

	Notes Payable		
Year Ending December 31	**Principal**	**Interest**	**Total**
2017	$ 1,546,246	$ 441,282	$ 1,987,528
2018	721,358	424,068	1,145,426
2019	424,150	400,519	824,669
2020	530,421	396,410	926,831
2021	2,517,064	518,954	3,036,018
2022-2026	2,471,449	1,073,374	3,544,823
2027-2031	2,397,237	713,332	3,110,569
2032-2036	2,577,864	808,778	3,386,642
2037-2041	862,866	108,547	971,413
	$ 14,048,655	**$ 4,885,264**	**$ 18,933,919**

U.S. Department of Agriculture Notes

The Agency entered into two notes with the United States Department of Agriculture Farmer Homes Administration under the Farm Labor Housing Union Loan program. In accordance with the notes, the Agency used the funds for the acquisition and development of four multi-unit rental housing developments. The notes accrue interest at 1% per annum. The notes mature on April 2, 2033. At December 31, 2016, the outstanding balance for the notes is $409,069.

Garland Gardens

The Agency entered into a note with the California Housing Finance Agency (Cal-HFA) on July 1, 1979 for $2,406,600. The note accrues interest of 9.34% per annum, requires a monthly payment of $19,196, and matures on January 1, 2021. At December 31, 2016, the outstanding balance is $766,423.

HELP Program

The Agency has entered into loan agreements with the California Housing Finance Agency (Cal-HFA). The purpose of the first loan is to establish a revolving source of funds to finance the acquisition, demolition and construction/rehabilitation costs for a single-family housing program. The purpose of the second loan is to establish a revolving loan fund to assist with the development of ownership housing. During 2016, the Agency paid $139,078 of which $24,505 and $114,573 were applied to accrued interest and principal, respectively. As of December 31, 2016, the outstanding principal balance is $557,216.

City of Fresno Neighborhood Stabilization Program

In October 2009, the Agency entered into an agreement with the City of Fresno to administer the Neighborhood Stabilization Program (NSP), a federal program that is being funded by HUD. The City of Fresno agreed to loan the Agency up to $5,000,000 to purchase foreclosed homes through public auction, renovate the homes, and sell them to qualified low or moderate-income families. The Agency is responsible for executing the loans with the buyers. As the loans are repaid the Agency is to reimburse the City of Fresno. Because the dates of repayment will vary based on the affordability of each family, the annual amounts due to the City of Fresno are unknown; therefore, this note has not been included in schedule of debt payment requirements. As of December 31, 2016, the outstanding balance is $44,441.

In March 2013, the Agency entered into a Loan Agreement with the City of Fresno for $1,800,000 to administer the Neighborhood Stabilization Program, a federal program funded by HUD. This loan is intended for the construction, rehabilitation, and/or preservation of project units and affordable housing units. In March 2014, an Amendment to the Agreement was made to increase the loan amount to $3,000,000. This note carries a 2% simple annual interest rate. Current payment terms are based upon residual cash flow of the properties being funded with principal and interest payable 30 years from origination date. As of December 31, 2016, the current outstanding balance of this note is $3,000,036.

Mortgages

On January 14, 2004, the Agency borrowed $5,000,000 from the Bank of the West, with the purpose of refinancing the debt on three apartment complexes: El Cortez Apartments, Dayton Square, and Woodside Apartments. Each of the three loans is secured by each apartment complex. On March 20, 2014, the three mortgages were re-financed at 4.25% and set to mature on January 5, 2024. As of December 31, 2016, the balances are the following:

	Principal	Monthly Payment	Due within one year
El Cortez	$ 1,282,398	$ 7,470	$ 35,002
Dayton Square	1,615,649	9,378	49,248
Woodside Apartments	1,825,857	10,632	49,818
	$ 4,723,904		$ 134,068

Housing Relinquished Fund Corporation (HRFC)

On June 2, 2010, the Agency recorded in the Planning and Community Development fund two promissory notes with the HRFC for the acquisition of property on G Street in Fresno, California to be used for the development of Chinatown SRO. The first loan for $105,000 carried an interest rate of 5% per annum and was paid off on June 2, 2013. The second loan for $755,000 carries an interest rate of 5% per annum and is due June 2, 2015. Payments for the second loan are to be made from the refinancing associated with Kerr Rug. During 2016, the Agency paid HRFC $607,744 for the Kerr Rug loan. The outstanding balance of the remaining loan at December 31, 2016, is $0.

On June 2, 2010, the Agency recorded in the Planning and Community Development fund a promissory note entered into with the HRFC for $2,700,000 for the acquisition of 100% of the shares of Pacific Gardens Enterprises, Inc., the sole owner of Pacific Gardens Apartments located in Fresno, California. Payments for the loan are to be made from the eventual sale or refinancing of the apartment complex. The loan carries an interest rate of 5% per annum and is due upon sale or refinance of the complex. The outstanding balance at December 31, 2016, is $1,340,894.

Predevelopment loans are made throughout the year. Payments are to be made from the sale of the properties. The balance of these loans at the beginning of the year was $1,574,627. During the year, $863,696 was added and $1,544,758 was paid. The outstanding balance at December 31, 2016, is $893,565.

The Helm Home is located at 1749 L Street in Fresno, was purchased in March 2010 and is on the local register of historic sites. The loan carries an interest rate of 5% per annum and is due upon sale or refinance of the complex. The outstanding balance at December 31, 2016, is $992,220.

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

On October 1, 2006, the Agency obtained a loan from HRFC for the purchase of the property at 3129 E. Townsend properties for $98,097. The note bears no interest and the principal is payable upon sale of property. This property is currently in Assets Held for Sale.

On August 28, 2013, the Board approved a $1.25 million loan from HRFC for the San Ramon Court project for the rehabilitation of 32 multi-family housing units located at 1328 and 1346 E. San Ramon, Fresno. The note bears a simple interest of 4.0% per annum with a maturity date of August 27, 2068. Payment shall be from residual receipts of the property. As of December 31, 2016, the total outstanding loan balance is $1,063,790.

Family Self Sufficiency

The Family Self Sufficiency (FSS) program provides supportive services that enable participating low and moderate-income families achieve economic independence and self-sufficiency. The Agency contracts with each participating family to set aside funds in an interest-bearing account until that family can afford to pay its entire monthly rent without assistance from the Agency. Upon successful completion of the program requirements, those funds are disbursed to the family. The Agency's liability to FSS participants at December 31, 2016, total $5,994.

Compensated Absences Payable

It is the Agency's policy to permit employees to accumulate earned but unused vacation leave, which will be paid to employees upon separation from the Agency's service or used in future periods. The Agency permits employees to accumulate earned but unused sick leave which will be used in future periods, paid to the employee upon termination, or 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 their sick leave upon request. Upon retirement, employees are paid 50% of the value of their unused sick leave. As of December 31, 2016, accrued vacation and vested sick leave has been valued by the Agency at $484,305.

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12) Due to Other Governments

Due to Other Governments consists of the following:

Other	$ 151,997
U.S. Department of HUD	18,845
U.S. Department of Agriculture	21,502
	$ 192,344

13) Due to Related Parties

Due to Related Parties at December 31, 2016, consist of the following:

Housing Authority of Fresno County	$ 125,906
HRFC	32,660
HSIC	273,023
Silvercrest	12,313
Other	31,392
	$ 475,294

14) Other Current Liabilities

Other current liabilities at December 31, 2016, consist of the following:

Withholdings and benefits payable	$ 153,656
Unclaimed Refunds	139,829
Other	50,821
	$ 344,306

15) Unearned Revenues

Unearned revenues consist of the following:

Prepaid HUD annual contributions	$ 4,026,833
Prepaid tenant rents	15,150
	$ 4,041,983

16) Deferred Compensation

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

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

17) Defined Benefit Pension Plan

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

Plan's Major Benefit Options

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

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

Contract Package			
	Active Miscellaneous	Active Miscellaneous - PEPRA	Receiving Miscellaneous
Benefit Provision			
Benefit Formula	2.0% @ 60	2.0% @ 62	
Social Security Coverage	Yes	Yes	
Full/Modified	Modified	Full	
Employee Contribution Rate	7.00%	6.25%	
Final Average Compensation Period	One Year	Three Year	
Sick Leave Credit	Yes	Yes	
Non-Industrial Disability	Standard	Standard	
Industrial Disability	No	No	
Pre-Retirement Death Benefits			
Optional Settlement 2W	No	No	
1959 Survivor Benefit Level	No	No	
Special	No	No	
Alternate (firefighters)	No	No	
Post-Retirement Death Benefits			
Lump Sum	$500	$500	$500
Survivor Allowance (PRSA)	No	No	No
COLA	2%	2%	2%

Employees Covered:

Summary of Valuation Data (Counts)		
	June 30, 2015	June 30, 2014
1. Active Members	104	104
2. Transferred Members	27	27
3. Terminated Members	78	68
4. Retired Members and Beneficiaries	108	104
5. Active to Retired Ratio [(1) / (4)]	0.96	1.00

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

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

Contribution Description

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

For the measurement period ending June 30, 2016, (the measurement date), the average active employee contribution rate is 6.25 percent of annual pay, and the average employer's contribution rate is 7.507 percent of annual payroll. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2015, valuation was rolled forward to determine the June 30, 2016, total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table [1]	Derived using CalPERS' membership data for all funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

[1] The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

There were no changes in assumptions during the current fiscal year.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2015.

Asset Class	Current Target Allocation	Real Return Years 1 – 10 [1]	Real Return Years 11 [2]
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)

[1] An expected inflation of 2.5% used for this period
[2] An expected inflation of 3.0% used for this period

Changes in Net Pension Liability

The Changes in Net Pension Liability for the year ended June 30, 2016, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2015 (VD)	$ 29,734,747	25,894,211	3,840,535
Changes Recognized for the Measurement Period:			
Service Cost	631,345	-	631,345
Interest on the Total Pension Liability	2,242,187	-	2,242,187
Changes in Benefit Terms	55,914	-	55,914
Differences between Expected and Actual Experience	22,974	-	22,974
Contributions - Employer	-	412,060	(412,060)
Contributions - Employees	-	344,384	(344,384)
Net Investment Income	-	145,546	(145,546)
Benefit Payments, including Refunds of Employee Contributions	(1,639,744)	(1,639,744)	-
Administrative Expense	-	(15,781)	15,781
Net Changes during 2015-16	1,312,676	(753,535)	2,066,211
Balance at: 6/30/2016 (MD)	$ 31,047,423	25,140,676	5,906,746

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

The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.65 percent, as well as the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate – 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan’s Net Pension Liability/ (Asset)	$9,963,751	$5,906,746	$2,552,735

Subsequent Events

In December 2016, the CalPERS Board of Administration voted to lower the discount rate from 7.5% to 7% over the next three years.

Recognition of Gains and Losses

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

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

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

Expected Average Remaining Service Lifetime (EARSL)

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

The EARSL for the Plan for the June 30, 2016, measurement date is 3.7 years, which was obtained by dividing the total service years of 1,162 (the sum of remaining service lifetimes of the active employees) by 317 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Deferred Outflows and Deferred Inflows of Resources

For the Measurement Period ending June 30, 2016, the Agency incurred a pension expense of $880,310.

As of June 30, 2016, the Housing Authority of the City of Fresno has deferred outflows and deferred inflows of resources related to pensions listed below. Contributions subsequent to the measurement date are also shown as a Deferred Outflow of Resources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ 290,336	-
Changes of assumptions	-	(257,471)
Diffence between Expected and Actual Experience	135,614	(179,958)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,363,655	-
Total	$ 1,789,605	$ (437,428)

The $290,336 in pension payments between June 30 and December 31, 2015, reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Periods Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2016	$ 30,246
2017	35,835
2018	636,810
2019	358,949
2020	-

18) Insurance Coverage

HARRP

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

The Agency's insurance expense was $142,388 for the year ended December 31, 2016. The loss limits for the various types of insurance are follows: individual structure stated value, with full replacement cost, for property with a deductible per occurrence of $10,000; $2,000,000 for general liability with no deductible; $2,000,000 for automobile liability, including losses arising from the use of a non-owned covered automobile; $100,000 for employee dishonesty and forgery and alteration with a $1,000 deductible; $10,000 for employee theft with a $1,000 deductible; and $2,000,000 for errors and omissions with a 10% co-pay.

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

California Housing Worker's Compensation Authority

The Agency is permissibly self-insured for workers' compensation claims through the California Housing Workers' Compensation Authority (CHWCA). Under this program, benefits are provided up to statutory levels when combined with the excess coverage provided through participation in the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) program.

19) Participation in Related Party Limited Partnerships

YEC Limited

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

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

Together, the two General Partners (the Housing Authority of the City of Fresno and Silvercrest Inc.) are allocated 0.01% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985. See Note 8 for descriptions of any related party transactions between the Agency and the partnership.

Parc Grove Commons II, Limited Partnership

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

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

Together, the two General Partners, (the Housing Authority of the City of Fresno and Silvercrest Inc.) are allocated a 0.01% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985. See Note 8 for descriptions of any related party transactions between the Agency and the partnership.

Fresno Renaissance at Trinity, LP

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

The partnership was originally formed on June 9, 2010, by Fresno Renaissance at Trinity, LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California nonprofit public benefit corporation as the Managing General Partner. The day-to-day operations of the partnership are controlled by the Managing General Partner. The agreement was later amended as of December 1, 2010 to admit PNC Real Estate Tax Credit Capital Institutional Fund 47 Limited Partnership as the Investment Limited Partner, and Colombia Housing SLP Corporation as the Special Limited Partner.

Together, the two General Partners (Fresno Renaissance at Trinity LLC and Silvercrest Inc.) are allocated 0.01% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985. See Note 8 for descriptions of any related party transactions between the Agency and the partnership.

Fresno Pacific Gardens, LP

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

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

Together, the two General Partners (Fresno Pacific Gardens AGP LLC and Silvercrest Inc.) are allocated 0.01% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985. See Note 8 for descriptions of any related party transactions between the Agency and the partnership.

Fresno Renaissance at Alta Monte, LP

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

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

Together, the two General Partners (Fresno Renaissance at Alta Monte LLC and Silvercrest Inc.) are allocated 0.01% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985. See Note 8 for descriptions of any related party transactions between the Agency and the partnership.

1555 Santa Clara Street, LP

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

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

Together, the two General Partners (1555 Santa Clara Street LLC and Silvercrest Inc.) are allocated 0.01% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985. See Note 8 for descriptions of any related party transactions between the Agency and the partnership.

Bridges at Florence, LP

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

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

Silvercrest, Inc., as Managing General Partner, is allocated 0.005% interest of all net profits (or net losses) of the partnership. Bridges at Florence AGP, LLC, as Administrative General Partner, is allocated 0.005% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985. See Note 8 for descriptions of any related party transactions between the Agency and the partnership.

Parc Grove Commons Northwest, LP

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

The partnership was originally formed on March 1, 2012, by Parc Grove Commons Northwest AGP, LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California nonprofit public benefit corporation, as the Managing General Partner. The day-to-day operations of the partnership are controlled by the Managing General Partner. The agreement was later amended as of February 13, 2013 to admit Wells Fargo Affordable Housing Community Development Corporation as the Investor Limited Partner, and to-be-designated entity as the Special Limited Partner.

Silvercrest Inc. is the Managing General Partner and the Withdrawing Limited Partner. Parc Grove Commons Northwest AGP, LCC, is the Administrative General Partner. Each of those two entities is allocated 0.005% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985. See Note 8 for descriptions of any related party transactions between the Agency and the partnership.

<u>802 Van Ness Avenue, LP</u>

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. The day-to-day operations of the partnership are controlled by the Managing General Partner. PNC Real Estate Tax Credit Capital Institutional Fund 52 Limited Partnership is the Investor Limited Partner, and Columbia Housing SLP Corporation is the Special Limited Partner.

As the Managing General Partner and Administrative General Partner, Silvercrest, Inc. and 802 Van Ness Avenue AGP, LLC, respectively, are allocated 0.005% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985. See Note 8 for descriptions of any related party transactions between the Agency and the partnership.

Southeast Fresno RAD, LP

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

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

Net profits or losses of the partnership are allocated 0.005% to each of the two General Partners, Silvercrest Inc. and Southeast Fresno RAD AGP, LLC. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985. See Note 8 for descriptions of any related party transactions between the Agency and the partnership.

Viking Village Fresno RAD, LP

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

The partnership was originally formed on March 18, 2014, by Viking Village Fresno RAD AGP, LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California nonprofit public benefit corporation, as the Managing General Partner. The day-to-day operations of the partnership are controlled by the Managing General Partner. PNC Bank National Association is the Investor Limited Partner, PNC Real Estate Tax Credit Capital Fund 47 is the State Limited Partner and Columbia Housing SLP Corporation as the Special Limited Partner.

Net profits or losses of the partnership are allocated 0.005% to each of the two General Partners, Silvercrest Inc. and Viking Village Fresno RAD AGP, LLC. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the Fresno County, at P.O. Box 11985, Fresno, California 93776-1985. See Note 8 for descriptions of any related party transactions between the Agency and the partnership.

Fultonia West/Cedar Heights Scattered Site, LP

Fultonia West/Cedar Heights Scattered Site, LP was formed to acquire, construct and/or rehabilitate, and operate a scattered site affordable-housing development and community resource building in Fresno, California. The Partnership was formed for the purpose of developing and operating a 45-unit project located in Fresno, California. The project qualifies for federal low-income housing tax credit program as described in the Internal Revenue Code Section 42. The project received low-income housing tax credits through the California Tax Credit Allocation Committee.

The partnership was originally formed on June 27, 2014, by Fultonia West Scattered Site AGP, LLC, a California limited liability company, as the Administrative General Partner and Silvercrest Inc., a California nonprofit public benefit corporation, as the Managing General Partner. The day-to-day operations of the partnership are controlled by the Managing General Partner. BOAUSBLIHTC Fund 2015-1 is the Limited Partner and US Bancorp Community Development Corporation is the State Credit Partner.

Net profits or losses of the partnership are allocated 0.009% to the Administrative General Partner, 0.001% to the Managing General Partner, 98.99% to the Limited Partner and 1.0% to the State Credit Partner. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985. See Note 8 for descriptions of any related party transactions between the Agency and the partnership.

Fresno Edison I Apartments, LP

Fresno Edison Apartments, LP was formed in February 2015 to expand the development and availability of long-term housing for low-income persons residing in the City of Fresno, California, including the sale of low-income housing tax credits and entering into agreements for the financing, planning, construction and development, on real property known as Edison Apartments, Phase I and is anticipated to include 64-units of multi-family housing. The project filed a notice to proceed related to construction in December 2015 and received the Certificate of Occupancy in August 2016. As of December 31, 2016, there is no substantial activity to report.

Fresno Edison II Apartments, LP

Fresno Edison Apartments, LP was formed in February 2015 to expand the development and availability of long-term housing for low-income persons residing in the City of Fresno, California. The project filed a notice to proceed related to construction in April 2017. As of December 31, 2016, there is no substantial activity to report.

Lowell Neighborhood Project, LP

Lowell Neighborhood Project, LP was formed in June 2015 to expand the development and availability of long-term housing for low-income persons residing in the City of Fresno, California. The project filed a notice to proceed with construction in March 2016. As of December 31, 2016, there is no substantial activity to report.

Parc Grove III, LP

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

20) Other Related Parties

Better Opportunities Builders, Inc.

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

Housing Authority of the County of Fresno

The Housing Authority of the County of Fresno was established by a resolution of the Fresno County Board of Supervisors on February 5, 1946. The Authority is governed by a seven-member Board of Commissioners who are appointed to four-year terms by the County Board of Supervisors, reports on a calendar year, and has issued separate financial and compliance audits for 2016. 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.

21) Interfund and Interagency Activity

The following is a summary of changes in Interfund loans as of December 31, 2016:

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16	Due within One Year
Receivables:					
City RF from NSP	$ 1,128,277	-	-	$ 1,128,277	$ -
City RF from El Cortez	205,800	-	-	205,800	-
City RF from P&CD	500,000	-	-	500,000	-
Total Receivables	**$ 1,834,077**	**-**	**-**	**1,834,077**	**-**
Payables:					
City RF from NSP	$ 1,128,277	-	-	$ 1,128,277	$ -
City RF from El Cortez	205,800	-	-	205,800	-
City RF from P&CD	500,000	-	-	500,000	-
Total Payables	**$ 1,834,077**	**-**	**-**	**1,834,077**	**-**

The Agency has made various Interfund loans. Interfund balances have been eliminated in the Statement of Net Assets. One loan carries no interest. These loans that accrue interest are as follows:

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
Receivables:				
City RF from NSP	222,163	-	-	$ 222,163
City RF from El Cortez	20,306	-	-	20,306
City RF from P&CD	80,885	15,000	-	95,885
Total Receivables	**$ 323,354**	15,000	-	**338,354**
Payables:				
City RF from NSP	222,163	-	-	$ 222,163
City RF from El Cortez	20,306	-	-	20,306
City RF from P&CD	80,885	15,000	-	95,885
Total Payables	**323,354**	15,000	-	**338,354**

On May 28, 2008, the Agency approved a loan of $500,000 from the Relinquished Fund (RF) to the Planning and Community Development (P&CD) Fund. This loan carries an interest rate of 3% per annum. The outstanding balance of the loan and accrued interest at December 31, 2016, is $500,000 and $95,885 respectively.

22) Contingent Liabilities

a) Grants

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

b) Pending Litigation

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

c) Guarantees

The Agency has made certain guarantees with regards to the completion of development projects, including repayment of construction loans and tax credit delivery. On these development projects, the Agency has also made guarantees with regards to operating deficits for defined periods beyond stabilization of the property. In addition, the Agency has indemnified Silvercrest, Inc. and Better Opportunities Builder, Inc. related to general partner and developer obligations.

d) HUD Guaranteed Debt

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

e) Pension Liability

The Agency is currently researching a potential liability for additional pension expense. Currently details are not clearly defined, and the range of exposure, if any, has not been determined.

23) Restricted Net Position

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

Externally Required Restrictions:	
USDA Programs	477,421
Cal-HFA Programs	88,818
Housing Choice Voucher	52,903
Total	**$ 619,142**

24) Prior Year Restatement

During the year ended December 31, 2016, the Agency made certain adjustments to beginning equity for activities related to the affordable housing program.

The following schedule summarizes the effect of these restatements:

Net Position at Beginning of Year, as Previously Reported	$ 69,883,027
The prior period adjustment is the result of the restatement of various assets and liability balances in the affordable housing program	(448,673)
Net Position at Beginning of Year, as Restated	**$ 69,434,354**

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF FRESNO

Schedule of Changes in Net Pension Liability and Related Ratios

for the Measurment Period (Miscellaneous Plan)

Year Ended December 31, 2016

(With comparative information for the last 10 years)*

Measurement Date:	6/30/2016	6/30/2015	6/30/2014
TOTAL PENSION LIABILITY			
Service Cost	$ 631,345	$ 631,110	$ 627,365
Interest on Total Pension Liability	2,242,187	2,143,493	2,058,422
Changes of Benefit Terms	55,914	-	-
Changes of Assumptions	-	(516,001)	-
Difference between Expected and Actual Experience	22,974	(122,369)	-
Benefit Payments, Including Refunds of Employee Contributions	(1,639,744)	(1,487,628)	(1,463,163)
Net Change in Total Pension Liability	1,312,676	648,605	1,222,624
Total Pension Liability – Beginning	29,734,747	29,086,142	27,863,518
Total Pension Liability – Ending (a)	31,047,423	29,734,747	29,086,142
PLAN FIDUCIARY NET POSITION			
Contributions – Employer	412,060	340,596	313,597
Contributions – Employee	344,384	336,751	307,963
Investment Income	145,546	586,662	3,933,088
Benefit Payments, Including Refunds of Employee Contributions	(1,639,744)	(1,487,628)	(1,463,163)
Administrative Expense	(15,781)	(29,146)	-
Net Change in Fiduciary Net Position	(753,535)	(252,765)	3,091,485
Plan Fiduciary Net Position – Beginning	25,894,211	26,146,976	23,055,491
Plan Fiduciary Net Position – Ending (b)	25,140,676	25,894,211	26,146,976
Plan Net Pension Liability – Ending (a) - (b)	$ 5,906,746	$ 3,840,536	$ 2,939,166
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.98%	87.08%	89.89%
Covered-Employee Payroll	$ 5,007,615	$ 4,869,500	$ 4,707,335
Plan Net Pension Liability as a Percentage of Covered-Employee Payroll	117.96%	78.87%	62.44%

HOUSING AUTHORITY OF THE CITY OF FRESNO

Schedule of Changes in Net Pension Liability and Related Ratios
for the Measurment Period (Miscellaneous Plan)
Year Ended December 31, 2016
(With comparative information for the last 10 years)*
(Continued)

Notes to Schedule

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

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

*The fiscal year ended September 30, 2014 was the first year of implementation. Information for the last 10 years is not available.

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HOUSING AUTHORITY OF THE CITY OF FRESNO

Schedule of Plan Contributions

Last Ten Fiscal Years

(With comparative information for the last 10 years)*

	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Actuarially Determined Contribution	$ 469,586	$ 371,354	$ 325,829
Contributions in Relation to the Actuarially Determined Contribution	(469,586)	(371,354)	(325,829)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Covered-Employee Payroll	$ 5,406,119	$ 5,029,081	$ 4,520,151
Contributions as a Percentage of Covered-Employee Payroll	8.69%	7.38%	7.21%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contribtutions for fiscal year 2016 were from the June 30, 2013 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2013, Funding Valuation Report
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2013, Funding Valuation Report
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates incldue 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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

SUPPLEMENTAL INFORMATION

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Balance Sheet Summary
Audited/Single Audit FYE 12/31/2016

	Project Total	14.169 Housing Counseling Assistance Program	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.866 Revitalization of Severely Distressed Public Housing	14.185 Hope III
111 Cash - Unrestricted	$1,664,829		$2,049	$871	$5,533			$24,735	$52,355	$1,322,919	$6,672
112 Cash - Restricted - Modernization and Development											
113 Cash - Other Restricted					$488,432			$4,057,712			
114 Cash - Tenant Security Deposits	$105,448				$15,363						
115 Cash - Restricted for Payment of Current Liabilities											
100 Total Cash	$1,770,277	$0	$2,049	$871	$509,328	$0	$0	$4,082,447	$52,355	$1,322,919	$6,672
121 Accounts Receivable - PHA Projects											
122 Accounts Receivable - HUD Other Projects							$14,136	$143,393			
124 Accounts Receivable - Other Government											
125 Accounts Receivable - Miscellaneous	$139,358				$687			$1,831	$99,905		
126 Accounts Receivable - Tenants	$16,077				$11,492			$41,199			
126.1 Allowance for Doubtful Accounts -Tenants	-$9,458				$0			$0			
126.2 Allowance for Doubtful Accounts - Other	$0				$0		$0	-$60,086	$0		
127 Notes, Loans, & Mortgages Receivable - Current	$6,230,953									$4,905,351	
128 Fraud Recovery											
128.1 Allowance for Doubtful Accounts - Fraud											
129 Accrued Interest Receivable											
120 Total Receivables, Net of Allowances for Doubtful Accounts	$6,376,930	$0	$0	$0	$12,179	$0	$14,136	$126,337	$99,905	$4,905,351	$0
131 Investments - Unrestricted											
132 Investments - Restricted											
135 Investments - Restricted for Payment of Current Liability											
142 Prepaid Expenses and Other Assets					$484						
143 Inventories											
143.1 Allowance for Obsolete Inventories											
144 Inter Program Due From	$873,759			$380,000			$6,816				
145 Assets Held for Sale	$566,671			$73,432							
150 Total Current Assets	$9,587,637	$0	$2,049	$454,303	$521,991	$0	$20,952	$4,208,784	$152,260	$6,228,270	$6,672
161 Land	$548,544				$119,742						
162 Buildings	$33,028,940				$2,408,871					$2,343,060	
163 Furniture, Equipment & Machinery - Dwellings											
164 Furniture, Equipment & Machinery - Administration	$454,101							$481,133		$5,394	
165 Leasehold Improvements											
166 Accumulated Depreciation	-$28,591,184				-$2,063,864			-$421,156		-$708,312	
167 Construction in Progress	$143,573										
168 Infrastructure											
160 Total Capital Assets, Net of Accumulated Depreciation	$5,583,974	$0	$0	$0	$464,749	$0	$0	$59,977	$0	$1,640,142	$0
171 Notes, Loans and Mortgages Receivable - Non-Current											
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due											
173 Grants Receivable - Non Current											
174 Other Assets	$1,813,484										
176 Investments in Joint Ventures	$6,163,881										
180 Total Non-Current Assets	$13,561,339	$0	$0	$0	$464,749	$0	$0	$59,977	$0	$1,640,142	$0
200 Deferred Outflow of Resources	$207,715							$709,107			
290 Total Assets and Deferred Outflow of Resources	$23,356,691	$0	$2,049	$454,303	$986,740	$0	$20,952	$4,977,868	$152,260	$7,868,412	$6,672

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	Project Total	14.169 Housing Counseling Assistance Program	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.866 Revitalization of Severely Distressed Public Housing	14.185 Hope III
311 Bank Overdraft											
312 Accounts Payable <= 90 Days	$8,051		$3,327		$746			$53,665			
313 Accounts Payable >90 Days Past Due											
321 Accrued Wage/Payroll Taxes Payable	$53							$647			
322 Accrued Compensated Absences - Current Portion	$38,759				$7,256	$140	$1,837	$147,197			
324 Accrued Contingency Liability											
325 Accrued Interest Payable				$222,163							
331 Accounts Payable - HUD PHA Programs											
332 Account Payable - PHA Projects											
333 Accounts Payable - Other Government	$168,038				$4,533						$3,059
341 Tenant Security Deposits	$105,448				$15,363						
342 Unearned Revenue					$8,939			$4,015,821			
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				$1,128,277	$74,718						
344 Current Portion of Long-term Debt - Operating Borrowings											
345 Other Current Liabilities	$575								$3,743		
346 Accrued Liabilities - Other	$53,466										
347 Inter Program - Due To	$690,234		$350		$591	$349,774	$64,390	$1,723,734			
348 Loan Liability - Current											
310 Total Current Liabilities	$1,064,624	$0	$3,677	$1,350,440	$112,146	$349,914	$66,227	$5,941,064	$3,743	$0	$3,059
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$98,097			$44,441	$334,350						
352 Long-term Debt, Net of Current - Operating Borrowings											
353 Non-current Liabilities - Other	$5,994										
354 Accrued Compensated Absences - Non Current	$18,861				$4,034		$1,005	$73,264			
355 Loan Liability - Non Current											
356 FASB 5 Liabilities											
357 Accrued Pension and OPEB Liabilities	$685,584							$2,340,469			
350 Total Non-Current Liabilities	$808,536	$0	$0	$44,441	$338,384	$0	$1,005	$2,413,733	$0	$0	$0
300 Total Liabilities	$1,873,160	$0	$3,677	$1,394,881	$450,530	$349,914	$67,232	$8,354,797	$3,743	$0	$3,059
400 Deferred Inflow of Resources	$50,772							$173,325			
508.4 Net Investment in Capital Assets	$5,485,878			-$1,172,718	$55,681			$59,976		$1,640,142	
511.4 Restricted Net Position					$488,432			$41,891			
512.4 Unrestricted Net Position	$15,946,881	$0	-$1,628	$232,140	-$7,903	-$349,914	-$46,280	-$3,652,121	$148,517	$6,228,270	$3,613
513 Total Equity - Net Assets / Position	$21,432,759	$0	-$1,628	-$940,578	$536,210	-$349,914	-$46,280	-$3,550,254	$148,517	$7,868,412	$3,613
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$23,356,691	$0	$2,049	$454,303	$986,740	$0	$20,952	$4,977,868	$152,260	$7,868,412	$6,672

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	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.235 Supportive Housing Program	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$34,052	$43,759	$12,149	$2,312		$12,223	$59,767	$1,632,666	$27,083	$4,903,974		$4,903,974
112 Cash - Restricted - Modernization and Development												
113 Cash - Other Restricted		$11,012								$4,557,156		$4,557,156
114 Cash - Tenant Security Deposits	$14,748						$17,075	$126,729		$279,363		$279,363
115 Cash - Restricted for Payment of Current Liabilities												
100 Total Cash	$48,800	$54,771	$12,149	$2,312	$0	$12,223	$76,842	$1,759,395	$27,083	$9,740,493	$0	$9,740,493
121 Accounts Receivable - PHA Projects												
122 Accounts Receivable - HUD Other Projects			$403,680		$92,496					$653,705		$653,705
124 Accounts Receivable - Other Government				$138,916		$20,087	$57,540		$35,479	$252,022		$252,022
125 Accounts Receivable - Miscellaneous							$95,451	$1,221,854	$587,648	$2,146,734		$2,146,734
126 Accounts Receivable - Tenants	$16,385						$2,589	$522	$5,715	$93,979		$93,979
126.1 Allowance for Doubtful Accounts -Tenants	-$2,436						$0	$0	$0	-$11,894		-$11,894
126.2 Allowance for Doubtful Accounts - Other			$0	$0	$0	$0	$0	$0	$0	-$60,086		-$60,086
127 Notes, Loans, & Mortgages Receivable - Current					$1,200,000		$1,990,000	$14,495,350		$28,821,654	-$1,834,077	$26,987,577
128 Fraud Recovery												
128.1 Allowance for Doubtful Accounts - Fraud												
129 Accrued Interest Receivable												
120 Total Receivables, Net of Allowances for Doubtful Accounts	$13,949	$0	$403,680	$138,916	$1,292,496	$20,087	$2,145,580	$15,717,726	$628,842	$31,896,114	-$1,834,077	$30,062,037
131 Investments - Unrestricted												
132 Investments - Restricted	$88,818									$88,818		$88,818
135 Investments - Restricted for Payment of Current Liability												
142 Prepaid Expenses and Other Assets	$32							$17,555	$133,529	$151,600		$151,600
143 Inventories												
143.1 Allowance for Obsolete Inventories												
144 Inter Program Due From			$61,372	$120,000	$1,086,095	$250,000	$199,262	$3,506,995	$959,947	$7,444,246	-$7,444,246	$0
145 Assets Held for Sale							$1,037,878			$1,677,981		$1,677,981
150 Total Current Assets	$151,599	$54,771	$477,201	$261,228	$2,378,591	$282,310	$3,459,562	$21,001,671	$1,749,401	$50,999,252	-$9,278,323	$41,720,929
161 Land	$158,970						$106,690	$1,612,800	$199,270	$2,746,016		$2,746,016
162 Buildings	$2,636,849						$3,935,080	$6,687,080	$2,921,410	$53,961,290		$53,961,290
163 Furniture, Equipment & Machinery - Dwellings												
164 Furniture, Equipment & Machinery - Administration	$44,569				$82,631		$25,375	$119,069	$1,229,366	$2,441,638		$2,441,638
165 Leasehold Improvements												
166 Accumulated Depreciation	-$2,626,039				-$82,631		-$274,574	-$3,803,010	-$3,081,294	-$41,652,064		-$41,652,064
167 Construction in Progress					$5,629			$1,172,093		$1,321,295		$1,321,295
168 Infrastructure												
160 Total Capital Assets, Net of Accumulated Depreciation	$214,349	$0	$0	$0	$5,629	$0	$3,792,571	$5,788,032	$1,268,752	$18,818,175	$0	$18,818,175
171 Notes, Loans and Mortgages Receivable - Non-Current												
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due												
173 Grants Receivable - Non Current												
174 Other Assets					$316,877		$783,933	$632,214		$3,546,508	-$338,354	$3,208,154
176 Investments in Joint Ventures								$25,298,237		$31,462,118		$31,462,118
180 Total Non-Current Assets	$214,349	$0	$0	$0	$322,506	$0	$4,576,504	$31,718,483	$1,268,752	$53,826,801	-$338,354	$53,488,447
200 Deferred Outflow of Resources								$222,155	$650,627	$1,789,604		$1,789,604
290 Total Assets and Deferred Outflow of Resources	$365,948	$54,771	$477,201	$261,228	$2,701,097	$282,310	$8,036,066	$52,942,309	$3,668,780	$106,615,657	-$9,616,677	$96,998,980

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	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.235 Supportive Housing Program	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
311 Bank Overdraft												
312 Accounts Payable <= 90 Days	$3,485			$577	$5,627		$19,531	$8,801	$105,142	$208,952		$208,952
313 Accounts Payable >90 Days Past Due												
321 Accrued Wage/Payroll Taxes Payable								$1	$165,080	$165,781		$165,781
322 Accrued Compensated Absences - Current Portion	$1,149		$652	$179	$4,793		$9,938	$19,940	$89,992	$321,832		$321,832
324 Accrued Contingency Liability												
325 Accrued Interest Payable							$18,816	$422,466		$663,445	-$222,163	$441,282
331 Accounts Payable - HUD PHA Programs		$18,845								$18,845		$18,845
332 Account Payable - PHA Projects												
333 Accounts Payable - Other Government	$3,627									$179,257		$179,257
341 Tenant Security Deposits	$14,748						$17,075	$126,729		$279,363		$279,363
342 Unearned Revenue	$6,211	$11,012					$0			$4,041,983		$4,041,983
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	$165,748						$278,148	$1,027,631		$2,674,522	-$1,128,277	$1,546,245
344 Current Portion of Long-term Debt - Operating Borrowings												
345 Other Current Liabilities			$139,429				$40,745	$31,105	$479,636	$695,233		$695,233
346 Accrued Liabilities - Other									$118,608	$172,074		$172,074
347 Inter Program - Due To	$188,157		$723,795	$723	$1,420,738	$299,481	$1,790,812	$86,614	$104,855	$7,444,248	-$7,444,246	$2
348 Loan Liability - Current												
310 Total Current Liabilities	$383,125	$29,857	$863,876	$1,479	$1,431,158	$299,481	$2,175,065	$1,723,287	$1,063,313	$16,865,535	-$8,794,686	$8,070,849
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$600,675						$4,342,894	$6,927,951	$154,000	$12,502,408		$12,502,408
352 Long-term Debt, Net of Current - Operating Borrowings								$665,800	$40,000	$705,800	-$705,800	$0
353 Non-current Liabilities - Other								$116,229		$122,223	-$116,191	$6,032
354 Accrued Compensated Absences - Non Current	$649		$375		$2,392		$4,587	$9,857	$47,411	$162,435		$162,435
355 Loan Liability - Non Current												
356 FASB 5 Liabilities												
357 Accrued Pension and OPEB Liabilities								$733,242	$2,147,452	$5,906,747		$5,906,747
350 Total Non-Current Liabilities	$601,324	$0	$375	$0	$2,392	$0	$4,347,481	$8,453,079	$2,388,863	$19,399,613	-$821,991	$18,577,622
300 Total Liabilities	$984,449	$29,857	$864,251	$1,479	$1,433,550	$299,481	$6,522,546	$10,176,366	$3,452,176	$36,265,148	-$9,616,677	$26,648,471
400 Deferred Inflow of Resources								$54,300	$159,031	$437,428		$437,428
508.4 Net Investment in Capital Assets	-$552,074				$5,629		-$828,471	-$2,167,550	$1,114,752	$3,641,245	-$1,128,277	$2,512,968
511.4 Restricted Net Position	$88,818						$0			$619,141		$619,141
512.4 Unrestricted Net Position	-$155,245	$24,914	-$387,050	$259,749	$1,261,918	-$17,171	$2,341,991	$44,879,193	-$1,057,179	$65,652,695	$1,128,277	$66,780,972
513 Total Equity - Net Assets / Position	-$618,501	$24,914	-$387,050	$259,749	$1,267,547	-$17,171	$1,513,520	$42,711,643	$57,573	$69,913,081	$0	$69,913,081
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$365,948	$54,771	$477,201	$261,228	$2,701,097	$282,310	$8,036,066	$52,942,309	$3,668,780	$106,615,657	-$9,616,677	$96,998,980

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	Project Total	14.169 Housing Counseling Assistance Program	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.866 Revitalization of Severely Distressed Public Housing	14.185 Hope III
70300 Net Tenant Rental Revenue	$1,091,244				$194,049						
70400 Tenant Revenue - Other	$6,087										
70500 Total Tenant Revenue	$1,097,331	$0	$0	$0	$194,049	$0	$0	$0	$0	$0	$0
70600 HUD PHA Operating Grants	$2,418,203						$32,099	$45,410,953			
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					$81,235						
71100 Investment Income - Unrestricted	$529,703				$4			$909			
71200 Mortgage Interest Income											
71300 Proceeds from Disposition of Assets Held for Sale											
71310 Cost of Sale of Assets											
71400 Fraud Recovery								$24,777			
71500 Other Revenue	$47,805				$6,900				$40,000		
71600 Gain or Loss on Sale of Capital Assets	$1,285										
72000 Investment Income - Restricted					$163			$8,027			
70000 Total Revenue	$4,094,327	$0	$0	$0	$282,351	$0	$32,099	$45,444,666	$40,000	$0	$0
91100 Administrative Salaries	$278,613		$196		$19,646		$18,830	$1,656,444			
91200 Auditing Fees	$6,021				$591		$221	$21,297			
91300 Management Fee	$342,600				$7,500			$1,099,003			
91310 Book-keeping Fee	$37,883							$626,276			
91400 Advertising and Marketing	$262							$597			
91500 Employee Benefit contributions - Administrative	$235,983		$88		$18,819		$6,492	$887,983			
91600 Office Expenses	$96,024		$63		$2,754		$3,061	$457,456	$125		
91700 Legal Expense	$9,139				$18			$5,211			
91800 Travel	$120				$1,723		$2,133	$12,270			
91810 Allocated Overhead											
91900 Other	$238,791				$5,192		$1,750	$187,324	$22,327	$312	$16
91000 Total Operating - Administrative	$1,245,436	$0	$347	$0	$56,243	$0	$32,487	$4,953,861	$22,452	$312	$16
92000 Asset Management Fee	$51,600										
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	$0	$0	$0	$0	$0	$0
93100 Water	$94,149				$10,946						
93200 Electricity	$58,069				$1,568						
93300 Gas	$10,118				$382						
93400 Fuel											
93500 Labor											
93600 Sewer	$89,367				$8,648						
93700 Employee Benefit Contributions - Utilities											
93800 Other Utilities Expense											
93000 Total Utilities	$251,703	$0	$0	$0	$21,544	$0	$0	$0	$0	$0	$0

	Project Total	14.169 Housing Counseling Assistance Program	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.866 Revitalization of Severely Distressed Public Housing	14.185 Hope III
94100 Ordinary Maintenance and Operations - Labor	$161,855				$22,469			$3,641			
94200 Ordinary Maintenance and Operations - Materials and Other	$169,223			$9	$16,944			$7,815	$108	$324	
94300 Ordinary Maintenance and Operations Contracts	$355,322				$47,264			$150,799			
94500 Employee Benefit Contributions - Ordinary Maintenance											
94000 Total Maintenance	$686,400	$0	$0	$9	$86,677	$0	$0	$162,255	$108	$324	$0
95100 Protective Services - Labor											
95200 Protective Services - Other Contract Costs											
95300 Protective Services - Other											
95500 Employee Benefit Contributions - Protective Services											
95000 Total Protective Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
96110 Property Insurance	$33,891				$3,631					$63	
96120 Liability Insurance	$5,744				$615			$48		$11	
96130 Workmen's Compensation	$56,042		$3		$7,406		$337	$62,643			
96140 All Other Insurance	$8,126				$940		$83	$14,041			
96100 Total insurance Premiums	$103,803	$0	$3	$0	$12,592	$0	$420	$76,732	$0	$74	$0
96200 Other General Expenses	$12,025	$3			$25,975			$57,019			
96210 Compensated Absences	$47,439				$4,663		$1,395	$193,174			
96300 Payments in Lieu of Taxes	$151,997										
96400 Bad debt - Tenant Rents	$37,508				$195						
96500 Bad debt - Mortgages											
96600 Bad debt - Other											
96800 Severance Expense								$20,772			
96000 Total Other General Expenses	$248,969	$3	$0	$0	$30,833	$0	$1,395	$270,965	$0	$0	$0
96710 Interest of Mortgage (or Bonds) Payable											
96720 Interest on Notes Payable (Short and Long Term)					$4,628						
96730 Amortization of Bond Issue Costs											
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$0	$4,628	$0	$0	$0	$0	$0	$0
96900 Total Operating Expenses	$2,587,911	$3	$350	$9	$212,517	$0	$34,302	$5,463,813	$22,560	$710	$16
97000 Excess of Operating Revenue over Operating Expenses	$1,506,416	-$3	-$350	-$9	$69,834	$0	-$2,203	$39,980,853	$17,440	-$710	-$16
97100 Extraordinary Maintenance											
97200 Casualty Losses - Non-capitalized											
97300 Housing Assistance Payments	$51				$595			$41,738,554			
97350 HAP Portability-In								$0			
97400 Depreciation Expense	$736,749				$81,327			$17,571		$78,102	
97500 Fraud Losses											
97600 Capital Outlays - Governmental Funds											
97700 Debt Principal Payment - Governmental Funds											
97800 Dwelling Units Rent Expense											
90000 Total Expenses	$3,324,711	$3	$350	$9	$294,439	$0	$34,302	$47,219,938	$22,560	$78,812	$16

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10010 Operating Transfer In	$524,095										
10020 Operating transfer Out	-$707,531										
10030 Operating Transfers from/to Primary Government	-$312,309										
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)	-$495,745	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$273,871	-$3	-$350	-$9	-$12,088	$0	-$2,203	-$1,775,272	$17,440	-$78,812	-$16
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
11030 Beginning Equity	$22,167,524	$3	-$1,278	-$940,569	$523,506	-$349,914	-$44,077	-$1,774,982	$131,077	$7,947,224	$3,629
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-$1,008,636				$24,792			$0			
11050 Changes in Compensated Absence Balance											
11060 Changes in Contingent Liability Balance											
11070 Changes in Unrecognized Pension Transition Liability											
11080 Changes in Special Term/Severance Benefits Liability											
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents											
11100 Changes in Allowance for Doubtful Accounts - Other											
11170 Administrative Fee Equity								-$3,593,217			
11180 Housing Assistance Payments Equity								$42,963			
11190 Unit Months Available	5160							85536			
11210 Number of Unit Months Leased	5051							83944			
11270 Excess Cash	$7,744,325										
11610 Land Purchases	$0										
11620 Building Purchases	$0										
11630 Furniture & Equipment - Dwelling Purchases	$0										
11640 Furniture & Equipment - Administrative Purchases	$0										
11650 Leasehold Improvements Purchases	$0										
11660 Infrastructure Purchases	$0										
13510 CFFP Debt Service Payments	$0										
13901 Replacement Housing Factor Funds	$0										

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2016

	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.235 Supportive Housing Program	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$140,047						$190,141	$1,580,929		$3,196,410		$3,196,410
70400 Tenant Revenue - Other	$2,794								$3,060	$11,941		$11,941
70500 Total Tenant Revenue	$142,841	$0	$0	$0	$0	$0	$190,141	$1,580,929	$3,060	$3,208,351	$0	$3,208,351
70600 HUD PHA Operating Grants	$354,299	$182,777	$750,705	$277,832	$374,587	$556,452		$40,576		$50,398,483		$50,398,483
70610 Capital Grants												
70710 Management Fee									$1,540,058	$1,540,058	-$1,540,192	-$134
70720 Asset Management Fee									$58,290	$58,290	-$61,422	-$3,132
70730 Book Keeping Fee									$674,139	$674,139	-$674,312	-$173
70740 Front Line Service Fee												
70750 Other Fees									$633,253	$633,253	-$53,332	$579,921
70700 Total Fee Revenue									$2,905,740	$2,905,740	-$2,329,258	$576,482
70800 Other Government Grants							$226,147			$307,382		$307,382
71100 Investment Income - Unrestricted	$0				$102,890		$59,165	$450,600	$11,622	$1,154,893		$1,154,893
71200 Mortgage Interest Income							$30,000			$30,000		$30,000
71300 Proceeds from Disposition of Assets Held for Sale												
71310 Cost of Sale of Assets												
71400 Fraud Recovery										$24,777		$24,777
71500 Other Revenue	$111	$55,293			$32,002		$627,069	$2,660,398	$1,852,413	$5,321,991	-$1,104,785	$4,217,206
71600 Gain or Loss on Sale of Capital Assets								$931		$2,216		$2,216
72000 Investment Income - Restricted	$620							$746		$9,556		$9,556
70000 Total Revenue	$497,871	$238,070	$750,705	$277,832	$509,479	$556,452	$1,132,522	$4,734,180	$4,772,835	$63,363,389	-$3,434,043	$59,929,346
91100 Administrative Salaries	$41,567		$15,665	$47,872	$150,528	$25,098	$338,601	$517,513	$1,880,501	$4,991,074		$4,991,074
91200 Auditing Fees	$3,792		$195	$723	$1,812	$309	$3,890	$10,399	$17,340	$66,590		$66,590
91300 Management Fee	$24,000	$9,454					$18,610	$64,443		$1,565,610	-$1,593,524	-$27,914
91310 Book-keeping Fee										$664,159	-$674,312	-$10,153
91400 Advertising and Marketing							$4,410	$4,510	$6,878	$16,657		$16,657
91500 Employee Benefit contributions - Administrative	$20,284		$7,015	$22,136	$60,042	$10,519	$126,552	$322,010	$590,561	$2,308,484		$2,308,484
91600 Office Expenses	$3,629		$2,316	$2,211	$79,732	$277	$195,975	$120,508	$464,944	$1,429,075	-$566,087	$862,988
91700 Legal Expense	$717						$6,537	$3,709	$67,703	$93,034		$93,034
91800 Travel	$1,284				$1,471		$2,194	$13,383	$84,696	$119,274		$119,274
91810 Allocated Overhead												
91900 Other	$23,983		$2,481	$6,019	$10,315	$1,259	$320,038	$229,090	$659,892	$1,708,789	-$538,698	$1,170,091
91000 Total Operating - Administrative	$119,256	$9,454	$27,672	$78,961	$303,900	$37,462	$1,016,807	$1,285,565	$3,772,515	$12,962,746	-$3,372,621	$9,590,125
92000 Asset Management Fee										$51,600	-$61,422	-$9,822
92100 Tenant Services - Salaries												
92200 Relocation Costs												
92300 Employee Benefit Contributions - Tenant Services												
92400 Tenant Services - Other					$46,503		$47,541			$94,044		$94,044
92500 Total Tenant Services	$0	$0	$0	$0	$46,503	$0	$47,541	$0	$0	$94,044	$0	$94,044
93100 Water	$15,889			$4,551			$7,424	$26,010	$2,104	$161,073		$161,073
93200 Electricity	$6,341			$24,186		$26	$11,367	$35,019	$87,514	$224,090		$224,090
93300 Gas	$1,663			$8,191			$625	$6,118	$1,540	$28,637		$28,637
93400 Fuel												
93500 Labor												
93600 Sewer	$11,070			$6,121			$7,034	$42,016		$164,256		$164,256
93700 Employee Benefit Contributions - Utilities									$1,369	$1,369		$1,369
93800 Other Utilities Expense												
93000 Total Utilities	$34,963	$0	$0	$43,049	$0	$26	$26,450	$109,163	$92,527	$579,425	$0	$579,425

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2016

	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.235 Supportive Housing Program	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	$12,921			$9,264			$11,761	$70	$1,959	$223,940		$223,940
94200 Ordinary Maintenance and Operations - Materials and Other	$19,654		$1,185	$19,642			$11,640	$6,010	$29,110	$281,664		$281,664
94300 Ordinary Maintenance and Operations Contracts	$32,536	$2,171	$131	$74,422	$851		$46,431	$357,890	$432,401	$1,500,218		$1,500,218
94500 Employee Benefit Contributions - Ordinary Maintenance												
94000 Total Maintenance	$65,111	$2,171	$1,316	$103,328	$851	$0	$69,832	$363,970	$463,470	$2,005,822	$0	$2,005,822
95100 Protective Services - Labor												
95200 Protective Services - Other Contract Costs												
95300 Protective Services - Other												
95500 Employee Benefit Contributions - Protective Services												
95000 Total Protective Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
96110 Property Insurance	$16,258			$2,251			$3,093	$20,491	$3,347	$83,025		$83,025
96120 Liability Insurance	$765			$381			$45	$111	$686	$8,406		$8,406
96130 Workmen's Compensation	$5,769		$540	$5,531	$3,970	$474	$11,545	$10,100	$64,104	$228,464		$228,464
96140 All Other Insurance	$1,081		$96	$714	$989		$1,943	$2,961	$19,983	$50,957		$50,957
96100 Total insurance Premiums	$23,873	$0	$636	$8,877	$4,959	$474	$16,626	$33,663	$88,120	$370,852	$0	$370,852
96200 Other General Expenses	$22,760		$354,658	$13,376	$8,581	$198,089	$212,908	$7,204	$193,123	$1,105,721		$1,105,721
96210 Compensated Absences	$5,439		$4,530	$5,769	$17,909	$249	$36,549	$51,450	$199,330	$567,896		$567,896
96300 Payments in Lieu of Taxes										$151,997		$151,997
96400 Bad debt - Tenant Rents	$3,179							$184		$41,066		$41,066
96500 Bad debt - Mortgages												
96600 Bad debt - Other	$23,556						$6,427			$29,983		$29,983
96800 Severance Expense									$20,770	$41,542		$41,542
96000 Total Other General Expenses	$54,934	$0	$359,188	$19,145	$26,490	$198,338	$255,884	$58,838	$413,223	$1,938,205	$0	$1,938,205
96710 Interest of Mortgage (or Bonds) Payable												
96720 Interest on Notes Payable (Short and Long Term)	$79,333						$52,056	$230,181		$366,198		$366,198
96730 Amortization of Bond Issue Costs												
96700 Total Interest Expense and Amortization Cost	$79,333	$0	$0	$0	$0	$0	$52,056	$230,181	$0	$366,198	$0	$366,198
96900 Total Operating Expenses	$377,470	$11,625	$388,812	$253,360	$382,703	$236,300	$1,485,196	$2,081,380	$4,829,855	$18,368,892	-$3,434,043	$14,934,849
97000 Excess of Operating Revenue over Operating Expenses	$120,401	$226,445	$361,893	$24,472	$126,776	$320,152	-$352,674	$2,652,800	-$57,020	$44,994,497	$0	$44,994,497
97100 Extraordinary Maintenance												
97200 Casualty Losses - Non-capitalized												
97300 Housing Assistance Payments	$528	$186,396	$397,376			$335,181	$70,626			$42,729,307		$42,729,307
97350 HAP Portability-In										$0		$0
97400 Depreciation Expense	$11,510						$143,405	$227,794	$164,774	$1,461,232		$1,461,232
97500 Fraud Losses												
97600 Capital Outlays - Governmental Funds												
97700 Debt Principal Payment - Governmental Funds												
97800 Dwelling Units Rent Expense												
90000 Total Expenses	$389,508	$198,021	$786,188	$253,360	$382,703	$571,481	$1,699,227	$2,309,174	$4,994,629	$62,559,431	-$3,434,043	$59,125,388

Housing Authority City of Fresno (CA006)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2016

	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.235 Supportive Housing Program	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
10010 Operating Transfer In									$234,251	$758,346		$758,346
10020 Operating transfer Out										-$707,531		-$707,531
10030 Operating Transfers from/to Primary Government								-$63,738		-$376,047		-$376,047
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	$0	$0	-$63,738	$234,251	-$325,232	$0	-$325,232
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$108,363	$40,049	-$35,483	$24,472	$126,776	-$15,029	-$566,705	$2,361,268	$12,457	$478,726	$0	$478,726
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0	$0	$329,764	$0	$329,764		$329,764
11030 Beginning Equity	-$749,377	-$15,135	-$351,567	$235,277	$1,140,771	-$2,142	$2,042,725	$40,096,707	-$176,374	$69,883,028		$69,883,028
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$22,513						$37,500	$253,668	$221,490	-$448,673		-$448,673
11050 Changes in Compensated Absence Balance												
11060 Changes in Contingent Liability Balance												
11070 Changes in Unrecognized Pension Transition Liability												
11080 Changes in Special Term/Severance Benefits Liability												
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents												
11100 Changes in Allowance for Doubtful Accounts - Other												
11170 Administrative Fee Equity										-$3,593,217		-$3,593,217
11180 Housing Assistance Payments Equity										$42,963		$42,963
11190 Unit Months Available										90696		90696
11210 Number of Unit Months Leased										88995		88995
11270 Excess Cash										$7,744,325		$7,744,325
11610 Land Purchases									$0	$0		$0
11620 Building Purchases									$0	$0		$0
11630 Furniture & Equipment - Dwelling Purchases									$0	$0		$0
11640 Furniture & Equipment - Administrative Purchases									$0	$0		$0
11650 Leasehold Improvements Purchases									$0	$0		$0
11660 Infrastructure Purchases									$0	$0		$0
13510 CFFP Debt Service Payments									$0	$0		$0
13901 Replacement Housing Factor Funds									$0	$0		$0

SINGLE AUDIT REPORTS AND RELATED SCHEDULES

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

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

Independent Auditor's Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Fresno (Agency), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated September 15, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Agency's Responses to Findings

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

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.

Davis Farr LLP

Irvine, California
September 15, 2017

Davis Farr LLP
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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Independent Auditor's Report

Report on Compliance for Each Major Program

We have audited the Housing Authority of the City of Fresno's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2016. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the basic financial statements of the Agency as of and for the year ended December 31, 2016, and have issued our report thereon dated September 15, 2017. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Davis Farr LLP

Irvine, California
September 15, 2017

HOUSING AUTHORITY OF THE CITY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal Domestic Assistance Number	Program Identification Number	Program Expenditures
Department of Agriculture:			
Direct Assistance:			
Rural Rental Housing (rental assistance)	10.427		$ 81,235
Farm labor housing Loans and Grants (loans)	10.405		409,068
Subtotal - Department of Agriculture			**490,303**
Department of Housing and Urban Development:			
Direct Assistance:			
Supportive Housing of Persons with Disabilities	14.181		182,777
Special Needs Assistance (SNAP)	14.235		374,587
Shelter Plus Care Program	14.238		750,705
Home Investment Partnerships Program	14.239		556,452
Public and Indian Housing	14.850	Contract # SF-170	2,030,827
Public Housing Family Self-Sufficiency Under Resident Opportunity and Supportive Services	14.870	CA006RFS015A007	32,098
Section 8 Housing Voucher Program	14.871	Contract # SF-472	45,410,953
Public Housing Capital Funds Program	14.872	Contract # SF-170	387,376
Subtotal - HUD Direct Assistance			**49,725,775**
Passed through the State of California Housing Finance Agency:			
Section 8 New Construction and Sub Rehab	14.182	CHFA # 76-54-N	354,299
Passed through the City of Fresno			
Neighborhood Stabilization Program (loan)	14.218	NSP3-13-0008	3,000,036
Subtotal - U.S. Department of Housing and Urban Development			53,080,110
Department of Health and Human Services (HHS)			
Passed through the Fresno county Social Services Department:			
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CWS TANF A-14-518	277,832
Total expenditures of federal awards			**$ 53,848,245**

HOUSING AUTHORITY OF THE CITY OF FRESNO
Notes to Schedule of Expenditures of Federal Awards
Year ended December 31, 2016

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

(a) Scope of Presentation

The accompanying schedule presents only the expenditures incurred (and related awards received) by the Housing Authority of the City of Fresno (Agency) that are reimbursable under federal programs of federal agencies providing financial assistance. For the purposes of this schedule, financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the Authority from a non-federal agency or other organization. Only the portions of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other nonfederal funds are excluded from the accompanying schedule. The Agency did not use the 10% de minimis indirect cost rate as covered in section 200.414 of the Uniform Guidance.

(b) Basis of Accounting

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

(c) Subrecipients

During the fiscal year ended December 31, 2016, the Authority disbursed no federal funds to subrecipients.

(d) U.S. Department of Agriculture Notes

The Agency entered into two notes with the United States Department of Agriculture Farmer Homes Administration under the Farm Labor Housing Union Loan program. In accordance with the notes the Authority used the funds for the acquisition and development of four multi-unit rental housing developments. The notes accrue interest at 1% per annum and the note matures on April 2, 2033. At December 31, 2016, the outstanding balance for the notes was $409,069.

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

(e) Neighborhood Stabilization Program Loan

In March 2013, Agency entered into a Loan Agreement with the City of Fresno to administer the Neighborhood Stabilization Program, a federal program funded by HUD. This loan is intended for the construction, rehabilitation, and/or preservation of project units and affordable housing units. This note carries a 2% simple annual interest rate. Current payment terms are based upon residual cash flow of the properties being funded with principal and interest payable 30 years from origination date. As of December 31, 2016, the current outstanding balance of this note is $3,000,036.

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HOUSING AUTHORITY OF THE CITY OF FRESNO
Schedule of Findings and Questioned Costs
Year Ended December 31, 2016

(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 and two significant deficiencies in internal control over financial reporting based on our audit of the financial statements of the auditee was reported.

3. The audit disclosed no reported noncompliance which is material to the financial statements of the auditee.

4. No material weaknesses and no significant deficiencies in internal control over major programs of the auditee were reported.

5. An unmodified report was issued by the auditors on compliance for major programs.

6. The audit disclosed no audit findings required by the auditors to be reported under section 200.516 of the Uniform Guidance.

7. The major program of the auditee was:

    - CFDA No. 14.871 U.S. Department of Housing and Urban Development – Section 8 Housing Choice Vouchers

8. The dollar threshold used to distinguish Type A and Type B programs was $1,615,447.

9. The Authority was considered to be a low risk auditee for the year ended December 31, 2016 for purposes of major program determination.

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

There were two auditors' findings required to be reported in accordance with GAGAS.

(2017-001) Timely Reconciliation of Pooled Cash Accounts to the Bank Statements

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

Recommendation

We recommend that the City implement procedures to ensure that bank reconciliations for the pooled cash are performed monthly, and completed within thirty days following the end of the preceding month. Additionally, we recommend that any unusual reconciling items identified be as part of the bank reconciliation be promptly investigated and adjusted, as appropriate, with adequate explanations.

Management's Response Regarding Corrective Actions Planned

The Agency agrees with this finding and the Auditor's recommendation. Due to the complex nature of the Agency's pooled cash accounts and the accounting software conversion that occurred in 2016, the year-end reconciliation process was more complicated than previous years. Since December, the Agency has implemented additional internal control processes, which will result in accurate and timely reconciliations of all cash accounts to the general ledger on a monthly basis. As of August 2017, the Agency has completed the pooled cash reconciliation through June 2017. The Agency's Controller is responsible for ensuring the fulfillment of this internal control plan.

(2017-002) Improvements Needed in Closing of the Books at Year End

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

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

Recommendation

We recommend that efforts be made by the Agency to adhere to audit timelines agreed to by the Agency. The Agency may want to consider having a more structured process of its year end close to ensure areas are addressed timely.

Management's Response Regarding Corrective Actions Planned

The Agency agrees with this finding and the Auditor's recommendation. Due to the complex nature of the Agency's pooled cash accounts and the accounting software conversion that occurred in 2016, the year-end reconciliation process was more complicated than previous years. Since December, the Agency has implemented additional internal control processes, which will result in accurate and timely reconciliations of all cash accounts to the general ledger on a monthly basis. As of August 2017, the Agency has completed the pooled cash reconciliation through June 2017. The Agency's Controller is responsible for ensuring the fulfillment of this internal control plan.

(C) Findings and Questioned Costs for Federal Awards

There were no auditors' findings required to be reported in accordance with section 200.516 of the Uniform Guidance.

HOUSING AUTHORITY OF THE CITY OF FRESNO
Summary Schedule of Prior Audit Findings
Year ended December 31, 2016

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