HOUSING AUTHORITY OF FRESNO COUNTY

BASIC FINANCIAL STATEMENTS

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

THIS PAGE INTENTIONALLY LEFT BLANK

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

TABLE OF CONTENTS

THIS PAGE INTENTIONALLY LEFT BLANK

Davis Farr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
2301 Dupont Drive | Suite 200 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of Fresno County
Fresno, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Kerman Acre, LP, a discretely presented component unit, which represents 4.2 percent, (4.5) percent, and 0.4 percent, respectively, of the assets, net position and revenue of the Agency. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of Fresno County, California, and its discretely presented component unit, as of December 31, 2016, and the changes in financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The financial statements for the year ended December 31, 2016 reflect certain prior period adjustment as described further in Note 21 to the financial statements. Our opinion is not modified with respect to these matters.

O***ther Matters***

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that *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 collectively comprise the Housing Authority of Fresno County'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 Fresno County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Davis Farr LLP

Irvine, California
September 15, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

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

Introduction

This narrative overview and analysis of the Housing Authority of Fresno County'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 Principles, 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	$ 3,650,949	$ 4,403,711	$ (752,762)	-17.09%
Restricted Assets	6,091,691	3,602,376	2,489,315	69.10%
Capital Assets, Net of Accumulated Depreciation	14,824,455	14,319,240	505,215	3.53%
Other Assets	33,209,918	28,217,837	4,992,081	17.69%
Deferred Outflows	1,805,433	330,648	1,474,785	446.03%
Total Assets	$ 59,582,446	$ 50,873,812	$ 8,708,634	17.12%
Liabilities:				
Current Liabilities	$ 8,125,510	$ 3,628,203	$ 4,497,307	123.95%
Non-Current Liabilities	9,588,009	7,740,233	1,847,776	23.87%
Total Liabilities	17,713,519	11,368,436	6,345,083	55.81%
Deferred Inflows	441,296	773,265	(331,969)	-42.93%
Total Liabilities and Deferred Inflows	18,154,815	12,141,701	6,013,114	49.52%
Net Position:				
Invested in Capital Assets, Net of Related Debt	10,206,099	10,321,249	(115,150)	-1.12%
Restricted Net Assets	2,779,750	2,889,384	(109,635)	-3.79%
Unrestricted Net Assets	28,441,783	25,521,478	2,920,305	11.44%
Total Net Position	41,427,631	38,732,111	2,695,520	6.96%
Total Liabilities, Deferred Inflows, and Net Position	$ 59,582,446	$ 50,873,812	$ 8,708,634	17.12%

Total assets of the Agency at December 31, 2016, and 2015 amounted to $59.6 million and $50.9 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, such as 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. Other assets increased by almost $5 million due to loans made to related parties. 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 $18.2 million and $12.1 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. Unearned revenue in the current year increased by $3.1 million due to the Agency receiving the January 2017 Housing Choice Voucher funding in December of 2016. Non-current liabilities are primarily made up of the long-term portion of notes and interest payable. Non-current liabilities increased from $7.7 million in 2015 to $9.6 million in 2016. This is largely due to a $2.1 million increase in Net Pension Liabilities during 2016. 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: 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 7% during the year from $38.7 million in 2015 to $41.4 million in 2016. The increase in net position represents an increase in restricted and capital assets and an increase of $1.5 million in deferred outflows of resources, which are attributable to the new GASB 68 requirements initiated in 2015.

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), Developer Fees for development activities, or as grant revenue from another funding source. 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. 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.

(Remainder of page intentionally left blank)

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

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

	December 31, 2016	December 31, 2015	Increase/ (Decrease)	% Change
Operating Revenues				
Rental Revenue	$ 3,686,642	$ 3,608,289	$ 78,353	2.17%
Fee Revenue	482,856	298,248	184,608	61.90%
HUD Grants	41,610,416	43,330,623	(1,720,207)	-3.97%
Other Governmental Grants	1,267,822	1,830,572	(562,750)	-30.74%
Other Revenue	691,674	731,021	(39,347)	-5.38%
Total Operating Revenues	47,739,410	49,798,753	(2,059,343)	-4.14%
Operating Expenses				
Administrative Expense	8,353,627	8,894,131	(540,504)	-6.08%
Tenant Services Expense	12,713	587,452	(574,739)	-97.84%
Utilities Expense	1,076,236	1,066,865	9,371	0.88%
Maintenance & Operations Expense	2,434,489	2,635,242	(200,753)	-7.62%
Protective Services Expense	34,255	33,433	822	2.46%
Insurance Expense	502,349	428,823	73,526	17.15%
General Expense	1,464,218	708,109	756,109	106.78%
Housing Assistance Payments	32,966,932	35,680,126	(2,713,194)	-7.60%
Depreciation	1,967,693	2,243,938	(276,245)	-12.31%
Total Operating Expenses	48,812,512	52,278,119	(3,465,607)	-6.63%
Operating Income/(Loss)	(1,073,102)	(2,479,366)	1,406,264	-56.72%
Non-Operating Revenues/(Expenses)				
Interest Revenue, Unrestricted	9,520	4,079	5,441	133.39%
Interest Revenue, Restricted	6,096	2,612	3,484	133.38%
Interest Revenue on Notes Receivable	762,851	326,841	436,010	133.40%
Interest Expense	(87,211)	(81,538)	(5,673)	6.96%
Fraud Recovery	11,173	-	11,173	100.00%
Share of Joint Venture Net Income	470,216	117,147	353,069	301.39%
Developer Fees	1,399,766	987,060	412,706	41.81%
Transfer From/(To) Other Related Entity	(50,815)	-	(50,815)	-100.00%
Gain/(Loss) from Disposition of Capital Assets	1,139,654	133,868	1,005,786	751.33%
Total Non-Operating Revenues/(Expenses)	3,633,845	1,490,069	2,143,776	143.87%
Net Income before Contributions	2,560,743	(989,297)	3,550,040	-358.84%
Capital Contributions	-	159,852	(159,852)	-100.00%
Increase/(Decrease) in Net Position	2,560,743	(829,445)	3,390,188	-408.73%
Net Position, Beginning of Year	38,729,538	39,561,555	(832,017)	-2.10%
Prior Period Adjustment	137,350	-	137,350	100.00%
Net Position, Beginning of Year as Restated	38,866,888	39,561,555	(694,667)	-1.76%
Net Position, End of the Year	$ 41,427,631	$ 38,732,110	$ 2,695,521	6.96%

The preceding Statement of Revenues, Expenses and Changes in Net Position reflects the year ended December 31, 2016, compared to the year ended December 31, 2015. Overall, operating revenues decreased by 4.14%, or $2.1 million, from 2015 to 2016; operating expenses decreased by 6.63%, or $3.5 million for the year; non-operating revenues increased by $2.1 million from 2015 to 2016; and capital contributions decreased by $84 thousand from prior year. These changes lead to an increase in Net Position of $2.6 million 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 reserves 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 that was not incurred again in 2016.

Capital Assets

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

	December 31,		Increase/	
	2016	2015	(Decrease)	% Change
Land	$ 1,996,870	$ 1,449,424	$ 547,446	37.77%
Structures	8,374,309	9,195,692	(821,383)	-8.93%
Equipment	768,469	566,615	201,854	35.62%
Construction in Progress	3,684,807	3,107,510	577,297	18.58%
Total Capital Assets, Net	$ 14,824,455	$ 14,319,240	$ 505,215	3.53%

Overall, the Agency's capital assets increased by $505 thousand during 2016, primarily resulting from depreciation exceeding capital additions in 2016. See Note 9 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)	$ 500,000	$ 500,000	$ -	0.00%
Notes Payable - Non-Related Parties	3,181,060	2,048,335	1,132,725	55.30%
Notes Payable - Related Parties	1,892,952	3,397,637	(1,504,685)	-44.29%
Total Debt	$ 5,574,012	$ 5,945,972	$ (371,960)	-6.26%

Most significantly, the Notes Payable-Related Parties decreased by $1.5 million during the year due to significant payments toward our pre-development projects. See Note 7 for the Notes Receivable from related parties and Note 12 for a more detailed explanation of indebtedness.

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
Director of Finance & Administrative Services
1331 Fulton Mall
Fresno, CA 93721
Phone: (559) 457-4266

THIS PAGE INTENTIONALLY LEFT BLANK

HOUSING AUTHORITY OF THE COUNTY OF FRESNO
Fresno, California

STATEMENT OF NET POSITION
DECEMBER 31, 2016

ASSETS	Primary Government	Kerman Acre, LP
Current Assets		
Cash & Investments	$ 2,383,122	$ 24,637
Accounts Receivable - Tenants, Net of Allowance for Doubtful Accounts of $5,200	94,641	1,483
Miscellaneous Receivables, Net of Allowance for Uncollectable Accounts of $40,109	116,408	157
Due From Other Governments	496,440	-
Due From Related Parties	426,428	-
Prepaid Expenses	133,910	1,030
Total Current Assets	**3,650,949**	**27,307**
Restricted Assets		
Restricted Cash	6,091,691	48,843
Total Restricted Assets	**6,091,691**	**48,843**
Non-Current Assets		
Capital Assets		
Capital Assets - Not being depreciated	5,681,676	119,217
Capital Assets - Depreciable, Net of Accumulated Depreciation of $63,934,165	9,142,778	2,359,552
Total Capital Assets, Net	**14,824,455**	**2,478,769**
Other Non-Current Assets		
Notes Receivable From Related Parties	18,528,093	-
Interest Receivable - Related Parties	1,449,007	-
Interest Receivable - Non-related Parties	-	76,692
Investments In Joint Ventures	13,601,099	-
Equity Interest In Component Unit	(713,909)	-
Assets Held For Sale	345,628	-
Total Other Non-Current Assets	**33,209,918**	**76,692**
Deferred Outflow of Resources - Pension Related	1,805,433	-
Total Deferred Outflow of Resources	**1,805,433**	**-**
Total Assets and Deferred Outflows	**$ 59,582,446**	**$ 2,631,611**

See accompanying notes to the basic financial statement

HOUSING AUTHORITY OF THE COUNTY OF FRESNO
Fresno, California

STATEMENT OF NET POSITION
DECEMBER 31, 2016
(Continued)

LIABILITIES AND NET POSITION	Primary Government	Kerman Acre, LP
Current Liabilities		
Vendors & Contractors Payable	$ 259,583	$ 445
Accrued Salaries	144,660	-
Accrued Compensated Absences	187,851	-
Accrued Interest Payable	444,015	74,781
Resident Security Deposits	279,133	5,931
Due To Other Governments	342,126	-
Due To Related Parties	1,591,933	40,653
Other Current Liabilities - Related Parties	829	136,613
Other Current Liabilities - Non-Related Parties	159,210	27,811
Notes Payable - Related Parties	1,372,152	-
Notes Payable - Non-Related Parties	257,969	-
Unearned Revenue	3,086,047	342
Total Current Liabilities	**8,125,510**	**286,576**
Non-Current Liabilities		
Notes Payable - Related Parties	520,800	782,020
Notes Payable - Non-related Parties	2,923,090	3,102,168
Accrued Interest Payable	8,871	-
Accrued Compensated Absences	104,969	-
Other Accrued Non-current Liabilities	-	269,407
Family Self-Sufficiency Escrow	71,319	-
Net Pension Liability	5,958,960	-
Total Non-Current Liabilities	**9,588,009**	**4,153,595**
Deferred Inflows of Resources - Pension Related	441,296	-
Total Deferred Inflows of Resources	**441,296**	**-**
Total Liabilities and Deferred Inflows	**18,154,815**	**4,440,172**
Net Position		
Net Investment in Capital Assets	10,206,099	(427,082)
Restricted for:		
Housing Assistance Payments	719,446	
Other Externally Required Reserves	2,060,304	42,912
Unrestricted	28,441,783	(1,424,391)
Total Net Position	**41,427,631**	**(1,808,561)**
Total Liabilities and Deferred Inflows and Net Position	**$ 59,582,446**	**$ 2,631,611**

See accompanying notes to the basic financial statement

THIS PAGE INTENTIONALLY LEFT BLANK

HOUSING AUTHORITY OF THE COUNTY OF FRESNO
Fresno, California

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

	Primary Government	Kerman Acre, LP
Operating Revenues		
Rental Revenue	$ 3,686,642	$ 75,800
Fee Revenue	482,856	-
HUD Grants	41,610,416	7,865
Other Governmental Grants	1,267,822	60,720
Other Revenue	691,674	56,801
Total Operating Revenues	**47,739,410**	**201,186**
Operating Expenses		
Administrative Expense	8,353,627	122,977
Tenant Services Expense	12,713	-
Utilities Expense	1,076,236	9,981
Maintenance & Operations Expense	2,434,489	40,130
Protective Services Expense	34,255	872
Insurance Expense	502,349	8,011
General Expense	1,464,218	3,157
Housing Assistance Payments	32,966,932	-
Depreciation	1,967,693	341,299
Total Operating Expenses	**48,812,512**	**526,427**
Operating Income (Loss)	**(1,073,102)**	**(325,241)**
Non-Operating Revenues (Expenses)		
Interest Revenue, Unrestricted	9,520	-
Interest Revenue, Restricted	6,096	-
Interest Revenue on Notes Receivable	762,851	-
Interest Expense	(87,211)	(83,499)
Fraud Recovery	11,173	-
Share of Joint Venture Net Income	470,216	-
Impairment Loss	(27,405)	-
Developer Fees	1,399,766	-
Transfer From/(To) Other Related Entity	(50,815)	-
Gain/(Loss) from Disposition of Capital Assets	1,139,654	-
Total Non-Operating Revenues	**3,633,845**	**(83,499)**
Income (Loss) Before Contributions and Transfers	**2,560,743**	**(408,740)**
Increase (Decrease) in Net Position	**2,560,743**	**(408,740)**
Net Position, Beginning of Year	38,729,538	(1,389,081)
Prior Period Adjustment	137,350	(10,739)
Adjusted Net Position, Beginning of Year	**38,866,888**	**(1,399,821)**
Net Position, End of Year	**$ 41,427,631**	**$ (1,808,561)**

See accompanying notes to the basic financial statement

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

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

	Primary Government
Cash Flows from Operating Activities:	
Cash received from tenants	$ 3,624,906
Cash received from others	3,448,456
Cash paid for issuance of notes receivable	(2,386,492)
Repayments received on notes receivable	95,701
Cash paid to employees for services	(3,672,612)
Cash paid to suppliers for goods and services	(8,715,130)
Cash paid to joint ventures	29,749
Cash received from operating grants	42,981,067
Cash paid for housing assistance	(32,966,932)
Net cash provided by operating activities	2,438,713
Cash Flows from Noncapital Financing Activities:	
Developer fees received	1,399,766
Net cash provided by noncapital financing activities	1,399,766
Cash Flows From Capital Financing Activities:	
Acquisition of capital assets	(1,743,591)
Proceeds from sale of capital assets	-
Disposal of capital assets	14,440
Proceeds from issuance of notes payable	1,325,734
Principal paid on notes payable	(833,069)
Interest paid on notes payable	(158,844)
Net cash used for capital financing activities	(1,395,330)
Cash Flows From Investing Activities:	
Interest received from investments	9,521
Interest on restricted cash	6,096
Net cash provided by investing activities	15,617
Net increase (decrease) to cash and cash equivalents	2,458,766
Cash and cash equivalents at beginning of year	6,016,047
Cash and cash equivalents at end of year	$ 8,474,813

See accompanying notes to the basic financial statement

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF CASH FLOWS
(Continued)

		Primary Government
Reconciliation of Change in Net Position to Net Cash Provided By (Used For) Operating Activities:		
Operating income (loss)	$	(1,073,102)
Adjustments to reconcile change in net position to net cash provided by (used for) operating activities:		
Depreciation		1,967,693
Change in equity interest in component unit		-
Fraud recovery		11,173
Interest received on notes receivable		762,851
(Increase) decrease in accrued interest receivable		-
(Increase) decrease in accounts receivable - tenants		(62,370)
(Increase) decrease in accounts receivable - other		1,001,409
(Increase) decrease in due from other governments		102,829
(Increase) decrease in due from related parties		(426,428)
(Increase) decrease in assets held for resale		-
(Increase) decrease in interest receivable		(667,150)
(Increase) decrease in notes receivable		(2,386,492)
(Increase) decrease in investment in joint ventures		(470,216)
(Increase) decrease in interest in component unit		27,405
Increase (decrease) in deferred outflows		(1,474,785)
Increase (decrease) in accounts payable - vendors		(420,944)
Increase (decrease) in due to non-related parties		-
Increase (decrease) in accrued salaries		69,568
Increase (decrease) in OPEB obligation		-
Increase (decrease) in deferred revenue		2,915,508
Increase (decrease) in other current liabilities		106,041
Increase (decrease) in FSS liabilities		29,749
Increase (decrease) in tenant security deposits payable		(10,539)
Increase (decrease) in compensated absences		21,640
Increase (decrease) in pension liability		2,084,370
Increase (decrease) in deferred inflows		(331,969)
Net cash provided by operating activities	$	2,438,713
Reconciliation of Cash Per Statement of Net Position to Cash Per Statement of Cash Flows:		
Cash and investments	$	2,383,122
Restricted cash		6,091,691
Cash at end of year	$	8,474,813
Significant noncash transactions:		
Transfer of capital assets from other government	$	1,165,748
Transfer of a capital asset and offsetting liability	$	1,139,654

See accompanying notes to the basic financial statement

THIS PAGE INTENTIONALLY LEFT BLANK

1) Summary of Significant Accounting Policies

a) General Purpose

The Housing Authority of Fresno County, California (the Agency) is responsible for the development and implementation of housing programs and activities for the County of Fresno, California. The Agency provides housing to 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, and others.

b) Financial Reporting Entity

The Agency was established by a resolution of the Fresno County Board of Supervisors on February 5, 1946. The Agency is governed by a seven-member Board of Commissioners appointed by the County's Board of Supervisors, where five members are appointed to four-year terms, and two members, also residents of the agency housing programs, are appointed to two-year terms.

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

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

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

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

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

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

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

c) Basis of Presentation

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

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

d) Measurement Focus/Basis of Accounting

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

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

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

e) Cash and Cash Equivalents

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

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 8 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 outlay for capital assets are capitalized as projects are constructed. 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.

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 funds. 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 is the primary activity of the fund. All revenue and expenses not meeting these definitions are reported as non-operating revenue and expenses.

k) Income Taxes

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

l) Grant Restrictions

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

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

m) Use of Estimates

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

n) Notes Receivable

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

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 Fresno County. 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 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 Cash Equivalents

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

	Primary Government	Kerman Acre, LP.
Cash	$ 2,383,122	$ 24,637
Restricted cash	6,091,691	48,843
Total cash	$ 8,474,813	$ 73,480

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. 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, $116,985 of the Agency's deposits held with the California Housing Finance Agency (Cal-HFA) were un-collateralized.

Equity in Investment Pool

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

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

Cash restricted for:	**Cash Restriction**	**In Liabilities**	**In Restricted Net Assets**	**Kerman Acre LP**
USDA project reserves	$ 1,727,670	$ -	$ 1,727,670	$ -
CHFA	116,984		116,984	
HAP funding	3,704,012	2,984,566	719,446	-
Tenant security deposits	279,133	279,133	-	5,931
California Office of Migrant Services	263,892	48,242	215,650	-
Other reserves	-	-	-	42,912
Total Restricted Cash	**$ 6,091,691**	**$ 3,311,941**	**$ 2,779,750**	**$ 48,843**

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, consists of the following:

Accounts Receivable - Tenants, Net of Allowance for Doubtful Accounts of $5,200	$ 94,641

Miscellaneous Receivable, Net of Allowance for Uncollectable Accounts of $40,109	$ 14,266
Other	102,142
	$ 116,408

5) Due from Other Governments

Due from Other Governments consists of the following:

U.S. Department of HUD	$ 159,978
Other	336,462
	$ 496,440

6) Due from Related Parties

Silvercrest	$ 181,535
HRFC	1,408
Limited Partnership	239,084
Other	4,401
	$ 426,428

7) 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
Related Party:					
Kerman Acre L.P	$ 678,835	$ -	$ -	$ 678,835	$ 269,407
Kingsburg Marion Villas AHP	450,000	-	-	450,000	22,634
Mendota RAD	6,000,000	-	-	6,000,000	404,901
Orange Cove RAD	5,430,000	-	-	5,430,000	545,871
Orange Cove AHP	800,000	-	-	800,000	42,259
Reedley Kings River AHP	578,000	-	-	578,000	-
Reedley Trailside	1,054,766	1,376,234	-	2,431,000	95,767
Shockley Terrace LP	-	2,160,258	-	2,160,258	68,168
	$ 14,991,601	$ 3,536,492	$ -	**$ 18,528,093**	**$ 1,449,007**

Kerman Acre, L.P.

On May 16, 2010, the Agency entered into a loan agreement with Kerman Acre, L.P., a related party to the Housing Authority of Fresno County. The note bears an interest rate of 7.5% compounded annually. Principal and interest payments are contingent upon residual funds available to Kerman Acre, L.P. The outstanding balance of the loan due from Kerman Acre, L.P. at December 31, 2016, is $678,835 with accrued interest of $269,407.

Kingsburg Marion Villas

On June 1, 2015, the Agency entered into an AHP loan agreement with Kingsburg Marion Villas, a related party to the Housing Authority of Fresno County in the amount of $450,000. The Agency was awarded a grant through the Affordable Housing Program (AHP), and these funds were in turn loaned to the Kingsburg Marion Villas development. The note bears an interest rate of 3.36% compounded annually and matures in 55 years. As of December 31, 2016, the outstanding principal balance of the loan is $450,000, with accrued interest of $22,634.

Mendota RAD

On December 26, 2013, the Agency entered into a loan agreement for $600,000 with Mendota RAD, a related party to the Housing Authority of Fresno County. The purpose of the loan is to purchase a property in Mendota to rehabilitate into low-income housing. The note bears an interest rate of 3.32% compounded annually. Principal and interest payments are contingent upon residual cash flow available to Mendota RAD.

On December 20, 2013, the Agency entered into a second loan agreement with Mendota RAD for $5,400,000 for the rehabilitation of a 123-unit low-income housing. The note bears a 3.32% interest rate compounded annually and with a maturity date of December 20, 2068. Principal and interest payment shall commence on August 1, 2015 from available Net Cash Flow as defined in the Amended Partnership Agreement.

The outstanding balance of two loans at December 31, 2016, is $6,000,000 with accrued interest of $404,901.

Orange Cove RAD

On December 20, 2013, the Agency entered into a loan agreement for $4,130,000 with Orange Cove RAD, a related party to the Housing Authority of Fresno County. The note bears an interest rate of 3.32% compounded annually. Principal and interest payments are contingent upon residual funds available to Orange Cove RAD.

On December 20, 2013, the Agency entered into a second loan agreement for $1,300,000 with Orange Cove RAD to rehabilitate five former public housing sites into four sites consisting of 87 low-income-housing units. The note bears a 3.32% interest rate compounded annually with a maturity date of December 20, 2068. Principal and interest payment will commence on September 1, 2015 from available Net Cash Flow as defined in the Partnership Agreement.

The outstanding balance of these two loans at December 31, 2016, is $5,430,000 with accrued interest of $545,871.

On May 19, 2015, the Agency entered into a loan agreement with Orange Cove RAD in the amount of $800,000 (the "AHP" Loan"). The AHP Loan is secured by a deed of trust on the Project and matures on May 19, 2070. The loan bears interest on the outstanding balance at 3.32%, compounded annually, as defined in the AHP loan agreement. The outstanding balance of the AHP loan at December 31, 2016, is $800,000, and accrued interest of $42,259 is recognized in 2016.

Reedley Kings River Commons

The Agency entered into a loan agreement with Reedley Kings River Commons, a related party to the Housing Authority of Fresno County. The Agency was awarded a grant through the Affordable Housing Program (AHP), these funds were in turn loaned to the Reedley Kings River Commons development. The note bears no interest with principal payable upon completion of the project. The outstanding balance of the loan due from Reedley Kings River Commons at December 31, 2016, is $578,000.

Reedley Trailside Terrace

On December 3, 2015, the Agency entered into a loan agreement for $2,431,000 with Reedley Trailside, LP, a related party to the Housing Authority of Fresno County. The purpose of the loan is to purchase a property in Reedley to rehabilitate into low-income housing. The note bears a simple interest rate of 4%. Principal and interest payments are contingent upon residual funds available to Reedley Trailside, LP. The outstanding balance of this loan at December 31, 2016, is $2,431,000 and accrued interest of $ 95,767.

Shockley Terrace, LP

On March 18, 2016, the Agency entered into an HAFC Capital Funds loan agreement with Shockley Terrace LP, a related party to the Housing Authority of Fresno County in the amount of $1,010,257. The note is secured by the HAFC Capital Funds Construction Deed of Trust. The note bears an interest rate of 2.00% per annum and matures on March 18, 2071, a 55-year note. As of December 31, 2016, the outstanding principal balance of the loan is $1,010,258, with accrued interest of $31,879.

On March 18, 20016, the Agency entered into an HAFC Mortgage loan agreement with Shockley Terrace LP, a related party to the Housing Authority of Fresno County in the amount of $1,150,000. The note is secured by the HAFC Construction Deed of Trust. The note bears an interest rate of 2.00% per annum and matures on March 18, 2071, a 55-year note. As of December 31, 2016, the outstanding principal balance of the loan is $1,150,000, with accrued interest of $36,289.

The outstanding balance of two loans at December 31, 2016, is $2,160,258 with accrued interest of $68,168.

8) Assets Held for Sale

Assets held for sale consist of homes that are being developed using a variety of Federal, State, and local funds as part of our Public Housing Program. No properties were sold during the year. The value of these properties as of December 31, 2016, is $345,628.

	Noncurrent	Total
County AMP1	$ 345,628	$ 345,628
Total Assets Held for Sale	$ 345,628	$ 345,628

9) CHANGES IN CAPITAL ASSETS

Changes in capital assets during the fiscal year ended December 31, 2016, were as follows:

	Balance at 12/31/2015	Additions	Deletions	Transfer from City Housing Authority	Balance at 12/31/2016
Capital assets not depreciated:					
Land	$ 1,449,424	$ -	$ (8,701)	$ 556,147	$ 1,996,870
Construction in progress	3,107,510	1,743,432	(2,064,920)	898,785	3,684,807
Total capital assets not depreciated	4,556,934	1,743,432	(2,073,621)	1,454,932	5,681,677
Capital assets being depreciated:					
Buildings & Improvements	70,040,953	604,316	(166,419)	1,020,754	71,499,604
Equipment	1,386,683	319,467	(51,181)	(77,630)	1,577,339
Total capital assets being depreciated	71,427,636	923,783	(217,600)	943,124	73,076,943
Less accumulated depreciation for:					
Buildings	(60,845,262)	(1,870,479)	189,543	(599,097)	(63,125,295)
Equipment	(820,068)	(97,215)	13,618	94,795	(808,870)
Total accumulated depreciation	(61,665,330)	(1,967,694)	203,161	(504,302)	(63,934,165)
Total capital assets being depreciated, net	9,762,306	(1,043,911)	(14,439)	438,822	9,142,778
TOTAL	**$ 14,319,240**	**$ 699,521**	**$ (2,088,060)**	**$ 1,893,754**	**$ 14,824,455**

10) Investment in Joint Ventures

Investment in joint ventures as of December 31, 2016, consist of the following:

Joint Venture		**Investment**
Housing Relinquished Fund Corp	$	13,283,478
Silvercrest, Inc.		178,242
Housing Self-Insurance Corp		140,852
Villa Del Mar, Inc.		(1,473)
Total Investment in Joint Venture	$	13,601,099
Change in Investment in Joint Venture:		
Balance at December 31, 2015	$	13,130,883
Change in Investment in Joint Venture		470,216
Balance at December 31, 2016	$	13,601,099

Housing Relinquished Fund Corporation (HRFC) - Created as a steward for the Housing Authority of the City and County of Fresno's development and investment capital. HFRC's Board of Directors is comprised of two members each of the City Housing Authority and County Housing Authority Board of Commissioners. The Agency has a 35.26% equity interest in HRFC. HFRC does not issue separate financial statements.

Housing Self Insurance Corporation (HSIC) - Organized to provide additional security against a variety of insurable and non-insurable losses to include deductibles, payouts, settlements, and other related obligations. HSIC's Board of Directors is comprised of two members each of the City Housing Authority and County Housing Authority Board of Commissioners. The Agency has a 17.61% equity interest in HSIC. HSIC does not issue separate financial statements.

Silvercrest, Inc., a California non-profit public benefit corporation - Formed as a vehicle to own and operate a number of housing developments throughout Fresno County, primarily in a limited partnership arrangement with local developers. Silvercrest, Inc.'s Board of Directors is comprised of two members each 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. - Developed for purposes of ownership and management of the 48-unit Villa Del Mar affordable housing project in the City of Fresno. Villa Del Mar, Inc.'s Board of Directors is comprised of two members each of the City Housing Authority and County Housing Authority Board of Commissioners. The Agency has a 50% equity interest in Villa Del Mar, Inc. Villa Del Mar, Inc. does not issue separate financial statements.

11) Equity Investment in Component Unit

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

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

As of December 31, 2016, the Agency's share of its partners' deficit in the Kerman Acre, L.P. component unit is $713,909. The Agency will record a Loss on Investment for fiscal year 2016 in fiscal year 2017 in the amount of $208,457.

(Remainder of page intentionally left blank)

12) CHANGES IN LONG TERM LIABILITIES

Changes in long-term liabilities during the fiscal year ended December 31, 2016, were as follows:

	Balance 12/31/2015*	Additions	Deletions/ Payments	Balance 12/31/2016	Due Within one year
Notes payable - non-related parties:					
US Department of Agriculture				-	
Parlier FLH	$ 183,944	$ -	$ (76,794)	$ 107,150	$ 77,502
Mendota FLH	712,611	-	(34,788)	677,823	35,137
Parkside CHFA	701,780	-	(133,693)	568,087	145,330
Kingsburg Marion- AHP	450,000	-	-	450,000	-
Kings River Commons- AHP	578,000	-	-	578,000	-
Orange Cove- AHP	800,000	-	-	800,000	-
Total due of non-related parties	**3,426,335**	-	(245,275)	**3,181,060**	**257,969**
Notes payable - related parties:					
P&CD (Various pre-dev) to HRFC	1,175,652	1,323,402	(1,450,087)	1,048,967	1,048,967
County Section8 to HRFC	323,185	-	-	323,185	323,185
Office building to HRFC	66,000	-	-	66,000	-
County RF to HRFC	454,800	-	-	454,800	-
Total due to related parties	**2,019,637**	1,323,402	(1,450,087)	**1,892,952**	**1,372,152**
Other Liabililities:					
Interest Payable- others	71,541	381,817	(472)	452,886	-
Family Self-Sufficiency	41,570	34,050	(4,301)	71,319	-
Compensated Absences	271,180	320,401	(298,761)	292,820	187,851
Net Pension Liability	3,874,590	2,993,602	(909,232)	5,958,960	-
	4,258,881	3,729,870	(1,212,766)	**6,775,985**	**187,851**
Total	**$ 9,704,853**	**$ 5,053,272**	**$ (2,908,128)**	**$ 11,849,997**	**$1,817,972**

*The balance as of 12/31/15 was adjusted to properly reflect the Kings River Commons-AHP and Orange Cove-AHP notes as a non-related party.

The schedule of debt payments to maturity are as follows:

	Notes and Interest Payable					
Year Ending December 31	**Principal**		**Interest**		**Total**	
2017	$	1,630,121	$	512,564	$	2,142,685
2018		222,935		38,132		261,067
2019		207,392		39,596		246,988
2020		129,063		39,709		168,772
2021		36,375		5,184		41,559
2022-2026		149,189		20,335		169,524
2027-2031		195,030		10,678		205,708
2032-2036		155,107		1,578		156,685
2037 and Beyond		2,348,800		2,275,090		4,623,890
	$	**5,074,012**	**$**	**2,942,866**	**$**	**8,016,878**

U.S. Department of Agriculture Notes

The Agency entered into six notes with the United States Department of Agriculture Farmer Homes Administration under the Farm Labor Housing Union Loan program. In accordance with the notes, the Agency used the funds for the acquisition and development of four multi-unit rental housing developments. The notes accrue interest at 1% per annum. The notes mature at various dates beginning on January 6, 2014 and ending on April 2, 2035. At December 31, 2016, the outstanding balance for all the notes is $784,973.

Parkside

The Parkside Apartments project has two loans with the California Housing Finance Agency (Cal-HFA). The first note requires a monthly payment of $15,178 and accrues interest at a rate of 8.3% per annum. The second loan of $63,000 accrues interest at a rate of 3% per annum. This loan, principal and interest, is deferred until March 1, 2020. The outstanding balance of the two loans at December 31, 2016, is $568,087.

Kingsburg Marion Villa

On July I, 2015, the Agency entered into an AHP agreement with Rabobank in the amount of $450,000 from funds provided by the Federal Home Loan Bank of San Francisco pursuant to the regulations governing the Affordable Housing Program ("AHP"). Under the terms of the agreement, the AHP Loan bears no interest and the principal is payable in full in 2030. The Agency has loaned the proceeds to Kingsburg Marion Villas, a related party. See Note 7 for the Notes Receivable from Kingsburg Marion Villas related to this AHP Loan. As of December 31, 2016, the principal balance is $450,000 and accrued interest is $0.

Kings River Commons

In December 2013, the Agency entered into an AHP agreement with Wells Fargo Financial National Bank in the amount of $578,000 (the "AHP Loan") from funds provided by the Federal Home Loan Bank of San Francisco pursuant to the regulations governing the Affordable Housing Program ("AHP"). The Agency has loaned the proceeds to Kings River Commons, a related party. See Note 7 for the Notes Receivable from Kings River Commons related to this AHP Loan. As of December 31, 2016, the principal balance is $578,000 and accrued interest is $0.

Orange Cove

In May 2015, the Agency entered into a loan agreement with Rabobank in the amount of $450,000 (the "AHP Loan") from funds provided by the Federal Home Loan Bank of San Francisco pursuant to the regulations governing the Affordable Housing Program ("AHP"). Under the terms of the agreement, the AHP Loan bears no interest and the principal is payable in full in 2030. The Agency has loaned the proceeds to Orange Cove RAD, a related party. See Note 7 for the Notes Receivable from Orange Cove RAD related to this AHP Loan. As of December 31, 2016, the principal balance is $800,000 and accrued interest is $0.

Housing Relinquished Fund Corporation (HRFC)

The Agency entered into various notes with the HRFC for the purpose of development activities. During 2016, the Agency paid $1,450,087 and added $1,323,402. The notes accrue interest at 5% per annum and are due by the projected completion dates in 2018. As of December 31, 2016, the outstanding balance is $1,048,967.

In February 2010, the Agency entered into a promissory note agreement with the Housing Relinquished Fund Corporation (HRFC) for $323,185. This is a non-interest-bearing note, payable in full on March 31, 2013 and may be extended for 2 years. In 2017, the Agency will request an extension and Amendment to the loan. The outstanding balance on this note as of December 31, 2016, is $323,185.

The Agency entered into a promissory note agreement with the HRFC for $66,000, representing partial funding related to the acquisition of the Central Office Building. This note is non-interest bearing and repayment terms are not explicitly stated. The outstanding balance on this note as of December 31, 2016, is $66,000.

In April 2007, the Agency entered into a promissory note agreement with the Housing Relinquished Fund Corporation (HRFC) for $655,656. The note is non-interest bearing and repayment terms are not explicitly stated. The outstanding balance on this note as of December 31, 2016, is $454,800.

Family Self Sufficiency

The Family Self Sufficiency (FSS) program provides supportive services that enable participating low-income and moderate-income families to achieve economic independence and self-sufficiency. The Agency contracts with each participating family to set aside funds in an interest-bearing account until that family can afford to pay its entire monthly rent without assistance from the Authority. Upon successful completion of the program requirements, the funds are released and disbursed to the family. The amount held for FSS participants at December 31, 2016, is $ 71,319.

Compensated Absences Payable

It is the Agency's policy to permit employees to accumulate earned but unused vacation leave, which will be paid to employees upon separation from the Authority's service or used in future periods. The Agency permits employees to accumulate earned but unused sick leave which will be used in future periods, paid to the employee upon termination, or paid to the employee upon retirement. Upon termination employees are paid 25% of the value of their unused sick leave, except for the Executive Director who is entitled to 100% of the value of his sick leave upon request. Upon retirement, employees are paid 50% of the value of their unused sick leave. As of December 31, 2016, accrued vacation and vested sick leave have been valued by the Agency at $292,820.

13) Due to Other Governments

Amounts due to other governments as of December 31, 2016, are as follows:

Payments in Lieu of Taxes	$ 126,169
U.S. Department of HUD	215,458
Other	499
	$ 342,126

14) Due to Related Parties

Amounts due to related parties as of December 31, 2016, are as follows:

Housing Authority of City of Fresno	$ 1,306,070
HRFC	26,722
HSIC	223,382
Silvercrest	10,074
Other	25,685
	$ 1,591,933

15) Unearned Revenues

Unearned revenues as of December 31, 2016, consist of the following:

Prepaid HUD annual contributions	$ 3,007,809
Prepaid tenant rents	53,238
Other	25,000
	$ 3,086,047

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.

(Remainder of page intentionally left blank)

17) Defined Benefit Pension Plan

Plan Descriptions 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.

Benefits Provided – 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	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	103	104
2. Transferred Members	41	37
3. Terminated Members	66	60
4. Retired Members and	90	84
5. **Active to Retired Ratio** (1)	1.14	1.24

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 the 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 8.701 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 date 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, 2015, valuation was 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.

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

Pension Plan Fiduciary Net Position

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)	$ 29,998,408	$ 26,123,819	3,874,590
Changes Recognized for the Measurement Period:			
Service Cost	636,086	-	636,086
Interest on the Total Pension Liability	2,262,010	-	2,262,010
Changes in Benefit Terms	56,408	-	56,408
Differences between Expected and Actual Experience	23,177	-	23,177
Contributions - Employer	-	414,971	(414,971)
Contributions - Employees	-	347,428	(347,428)
Net Investment Income	-	146,833	(146,833)
Benefit Payments, including Refunds of Employee Contributions	(1,654,238)	(1,654,238)	-
Administrative Expense	-	(15,921)	15,921
Net Changes during 2015-16	1,323,443	(760,927)	2,084,370
Balance at: 6/30/2016 (MD)	$ 31,321,851	25,362,892	5,958,960

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 what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.55 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)	$10,051,819	$5,958,960	$2,575,298

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. The discount rate used for the GASB 68 calculation will thus change from 7.65% to 7.15%.

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 4 years, which was obtained by dividing the total service years of 1,189 (the sum of remaining service lifetimes of the active employees) by 300 (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 ended June 30, 2016, the Agency incurred a pension expense of $888,090. As of June 30, 2016, the Housing Authority of Fresno County 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	$ 292,902	$ -
Changes of assumptions	-	(259,747)
Diffence between Expected and Actual Experience	136,812	(181,548)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,375,719	-
Total	$ 1,805,433	$ (441,296)

The $292,902 in pension payments between June 30 and December 31, 2016, 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:

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Periods Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2017	$ 30,513
2018	36,152
2019	642,439
2020	362,133
2021	-

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. Membership was comprised of 90 public housing authorities at December 31, 2014. 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 $206,032 for the year ended December 31, 2016. The loss limits for the various types of insurance are as 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, including losses arising from the use of a non-owned covered 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 theft with a $1,000 deductible; and $2,000,000 for errors and omissions with a 10% co-pay.

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

California Housing Worker's Compensation Authority

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

19) Participation in Related Party Limited Partnerships

Reedley Kings River Commons, LP

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

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

Mendota RAD, LP

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

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

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

Orange Cove RAD, LP

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

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

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

Kingsburg Marion Villas, LP

Kingsburg Marion Villas, LP was formed to acquire, construct, and operate Kingsburg Marion Villas, a 45-unit affordable senior housing complex and community resource building in Kingsburg, 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 Kingsburg Marion Villas 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 Kingsburg Marion Villas AGP, LLC. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the Fresno County, at P.O. Box 11985, Fresno, California 93776-1985. See note 6 for descriptions of any related party transactions between the Agency and the partnership.

Firebaugh Gateway, LP

Firebaugh Gateway, LP was formed to expand the development and availability of long-term senior housing for low-income persons residing in the City of Firebaugh, California. This includes the sale of low-income housing tax credits and entering into agreements for the financing, planning, construction, and development of a 30-unit affordable housing project for seniors. This property is located in the City of Firebaugh, County of Fresno, California and known as Firebaugh Gateway Apartments. The project received the Notice of Completion on April 4, 2017 and as of December 31, 2016, there is no substantial activity to report.

Reedley Trailside Terrace, LP

Reedley Trailside Terrace, LP was formed to expand the development and availability of affordable housing for low-income persons residing in the City of Reedley, California, including the sale of low-income housing tax credits and entering into agreements for the financing, planning, construction and development, on real property located in the City of Reedley, County of Fresno, California, of a 55-unit affordable housing project, generally known as Trailside Terrace Apartments. The project filed the Notice to Proceed with construction on November 30, 2015 and as of December 31, 2016, there is no substantial activity to report.

Shockley Terrace, LP

Shockley Terrace, LP was formed to expand the development and availability of long-term housing for low-income persons residing in the City of Selma, California, including the sale of low-income housing tax credits and entering into agreements for the financing, planning, construction and development, on real property located in the City of Selma, County of Fresno, California, of a 48-unit affordable housing project for families, generally known as Shockley Terrace. The project filed the Notice to Proceed with construction on March 17, 2016 and as of December 31, 2016, there is no substantial activity to report.

Sanger Memorial Village, LP

Sanger Memorial Village, LP was formed to expand the development and availability of long-term housing for low-income persons residing in the City of Sanger, California, including the sale of low-income housing tax credits and entering into agreements for the financing, planning, construction and development, on real property located in the City of Sanger, County of Fresno, California, of an affordable housing project, generally knows as Memorial Village, this anticipated to include 48 units of multifamily housing.. The project filed the Notice to Proceed with construction on April 17, 2017 and as of December 31, 2016, there is no substantial activity to report.

20) Other Related Parties

<u>Better Opportunities Builders, Inc.</u>

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 are selected by other affiliated agencies. BOB has agreed to be the Managing General Partner in several low-income housing projects within the City of Fresno.

<u>Housing Authority of the City of Fresno</u>

The Housing Authority of the City of Fresno was established by a resolution of the Fresno City Council on March 14, 1940. The Authority is governed by a seven-member Board of Commissioners who are appointed to four-year terms by the City Council, reports on a calendar year, and issue separate financial and compliance audits. 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 of Commissioners. 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) Inter-fund and Interagency Activity

The following is a summary of changes in Inter-fund loans as of December 31, 2016:

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16	Due within One Year
Receivables:					
County RF from P&CD	$ 500,000	-	-	$ 500,000	110,850
Total Receivables	**$ 500,000**	**-**	**-**	**$ 500,000**	**-**
Payables:					
P&CD to County RF	$ 500,000	-	-	$ 500,000	110,850
Total Payables	**$ 500,000**	**-**	**-**	**$ 500,000**	**-**

The Authority has made Inter-fund loans. Inter-fund balances have been eliminated in the Statement of Net Position.

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

22) Contingent Liabilities

<u>Grants</u>

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.

<u>Pending Litigation</u>

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.

<u>HUD Guaranteed Debt</u>

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

<u>Pension Liability</u>

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) Prior Year Restatement

During the year ended December 31, 2016, the Agency made certain adjustments to correctly present activity related to the Parlier Migrant Program:

Net Position at Beginning of Year, as Previously Reported	$	38,732,111
The prior period adjustment is primarily related to a restatement of various assets and liabilities in Parlier Migrant		137,350
Net Position at Beginning of Year, as Restated	**$**	**38,869,461**

24) Restricted Net Position

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

The Agency has reported the following as restricted net position:

Externally Required Restrictions:	
USDA Programs	$ 1,727,670
CHFA	116,984
Housing Choice Voucher	719,446
Migrant Services	215,650
Total	**$ 2,779,750**

25) Discrete Component Unit – Kerman Acre, L.P.

a) Organization

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

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

Pursuant to the Amended and Restated Agreement of Limited Partnership dated March 16, 2010, (the "Partnership Agreement"), profits, losses and tax credits are allocated 51.00% to the Co-General Partner, 44.00% to the Managing General Partner and 5.00% to the Limited Partner. Pursuant to the terms of the Partnership Agreement, the Limited Partner is required to make capital contributions totaling $100, the Co-General Partner is required to make capital contribution totaling $800 and the Managing General Partner is required to make capital contributions totaling $100.

The Agency has reported the following as the Component Unit for KERMAN:

Net Position at Beginning of Year, as Previously Reported	$	1,389,082
The prior period adjustment is related to the restatement of various asset and liability balances for Granada Commons, LP.		10,739
Net Position at Beginning of Year, as Restated	**$**	**1,399,821**

b) CAPITAL ASSETS

Capital assets consist of the following as of December 31, 2016:

	Balance at 12/31/2015	Additions	Deletions	Balance at 12/31/2016
Capital assets not depreciated:				
Land	$ 119,262	$ -	$ (45)	$ 119,217
Construction in progress	-	-	-	-
Total capital assets not depreciated	119,262	-	(45)	119,217
Capital assets being depreciated:				
Buildings & Improvements	3,110,840	-	-	3,110,840
Equipment	327,259	-	-	327,259
Total capital assets being depreciated	3,438,099	-	-	3,438,099
Less accumulated depreciation for:				
Buildings	(565,437)	(261,761)	-	(827,198)
Equipment	(171,811)	(79,538)	-	(251,349)
Total accumulated depreciation	(737,248)	(341,299)	-	(1,078,547)
Total capital assets being depreciated, net	2,700,851	(341,299)	-	2,359,552
TOTAL	**$ 2,820,113**	**$ (341,299)**	**$ (45)**	**$ 2,478,769**

Capital assets are recorded at cost. Buildings, which include building improvements, are depreciated over their estimated useful lives of 40 years under the straight-line method. Land improvements are depreciated over their estimated useful life of 20 years under the straight-line method. Furniture and equipment are depreciated over their estimated useful life of 10 years under the straight-line method. Depreciation expense under FASB for the year ended was $47,455. Under GASB, depreciation expense is an additional $149,748 for a total depreciation for the year ended December 31, 2016, of $197,203.

c) Long Term Liabilities

Changes in long term liabilities for December 31, 2016, are as follows:

	Kerman Acre, LP	Balance 12/31/15	Reductions	Balance 12/31/16
2302-02-000 Notes Pay RP LT BOB	BOB - RHED Loan	$ 103,185	$ -	$ 103,185
2302-04-000 Notes Pay RP LT HACF	HACF - CFRG Loan	678,835	-	678,835
2300-05-000 Note Pay LT County of Fresno	Kerman Acre Fresno County	900,000	-	900,000
2300-08-000 Note Pay LT CAP	Kerman Acre TCAC	2,202,168	-	2,202,168
	Accrued Interest Payable	343,509	(74,102)	269,407
		$ 4,227,697	$ (74,102)	$ 4,153,595

Kerman Acre, LP

The Partnership entered into a TCAC loan agreement in an amount not to exceed $2,202,168 for the purpose of developing the rental property know as Granada Commons Apartments. The funds are to be used solely for eligible costs per the loan agreement. The note is dated March 16, 2010 and bears no interest. The loan is secured deed of trust and matures on March 16, 2065. All outstanding principal payments are due at maturity. As of December 31, 2016, the outstanding principal balance was $2,202,168.

The Partnership entered into a HOME loan agreement (the "HOME Loan") with the County of Fresno. The HOME Loan is in the amount of $900,000 for the purpose of developing the Project and the loan bears no interest. The loan is secured by the deed of trust and matures on April 1, 2041. Payments are made from available cash flow as further defined in the Partnership Agreement. As of December 31, 2016, the outstanding principal balance was $900,000.

d) Related party transactions

Property Management Fee

Pursuant to the property management agreement date October 13, 2010, (the "Property Management Agreement") with the Housing Authority of the Fresno County (the "Manager"), the Manager is to manage the operations of the Project. As defined in the Property Management Agreement, the property management fee is $65.07 per unit per of month, excluding the manager's unit. For the year ended, property management fees of $7,893 were incurred.

Ground Lease

Pursuant to the Ground Lease Agreement dated March 16, 2010, (the “Ground Lease”), the Partnership entered into a ground lease to pay the Managing General in the amount of $10 per year plus additional rent as defined in the Ground Lease until the lease expires. In addition, the Partnership is obligated to pay all costs, expenses and obligations with respect to the property including property taxes, insurance, utilities operating costs and costs of maintenance. The lease term commenced on March 16, 2010 and expires on February 28, 2066. For the year ended, ground lease expense was $10, and is included in general and administrative expenses on the Statement of Operations. As of, there is no outstanding balance for the ground lease.

Co-General Partner Management Fee

Pursuant to the Partnership Agreement, the Partnership pays an annual partnership management fee of $1,920, increased annually by 3%, to the Co-General Partner. The fee shall accrue, without interest, and shall be payable from available cash flow as further defined in the Partnership Agreement. For the year ended, the partnership management fee with interest was $2,226, and is included in general partner fees on the Statement of Revenues & Expenses. As of, the amount owed for Co-General Partner management fee was $12,420 and is included in Due to General Partners on the Statement of Net Position.

Managing General Partner Management Fee

Pursuant to the Partnership Agreement, the Partnership pays an annual partnership management fee of $19,200, increased annually by 3%, to the Managing General Partner. The fee shall accrue without interest and shall be payable from available cash flow as further defined in the Partnership Agreement. For the year ended, the partnership management fee with interest was $22,258 and is included in General Partner fees on the Statement of Revenues & Expenses. As of, the amount owed for Managing General Partner management fee was $124,193, and is included in Due to General Partners on the Statement of Net Position.

Developer Fee Payable

Pursuant to the Developer Agreement dated March 16, 2010 (the “Developer Agreement”), the Partnership agreed to pay the Limited Partner and Co-General partner (the “Developers”), a total development fee up to $474,000 for services relating to the development of the Project. The fee shall be paid from available proceeds after certain milestones are achieved per the Developer Agreement, and the balance bears no interest. As of December 31, 2016, the amount owed was $17,524.

Due to HACF

Housing Authority of Fresno County (HACF) advanced funds to the Partnership for various operational costs. The outstanding balance does not bear interest and is payable out of available Net Cash Flow, as defined in the Partnership Agreement. As of December 31, 2016, the outstanding amount owed to HACF was $40,653.

Notes Payable – HAFC

On March 16, 2010, the Partnership entered into a Capital Fund Recovery Grant (the "CFRG") assistance loan agreement with HAFC in the amount not to exceed $1,200,000 for the purpose of developing the property. The CFRG loan has been made available by the U.S. Department of Housing and Urban Development pursuant to the American Recovery and Reinvestment Act of 2009. Prior to the completion of construction, the note bore interest at 5%. Subsequent to the construction completion the note bears an interest of 7.5%. The CFRG loan is secured by the deed of trust on the property and matures on March 16, 2065. As the second priority loan, along with the fourth priority loan, payments are made in accordance with their respective balance from 79.8% of net cash flow per the Partnership Agreement. For the year ended December 31, 2016, interest expense was $68,203. As of December 31, 2016, the outstanding principal balance was $0.00, with accrued interest of $269,407.

Notes Payable – BOB

On March 16, 2010, the Partnership entered into a Rural Housing and Economic Development assistance loan agreement with Better Opportunities Builders, Inc. in the amount not to exceed $147,238 for the purpose of developing the rental property. Prior to the completion of construction, the note bore interest at 5%. Subsequent to the completion of construction, the note bears interest at 7.5%. The loan is secured by the deed of trust and matures on March 16, 2065. As the fourth priority loan, along with the second priority loan (CFRG), payments are made in accordance with their respective balances from 79.8% of net cash flow per the Partnership Agreement. For the year ended December 31, 2016, interest expense was $12,800. As of December 31, 2016, the outstanding principal balance was $103,185, with accrued interest of $74,781.

e) Low-income housing tax credits

The Partnership expects to generate an aggregate of $1,000 of federal low-income housing tax credits (“Tax Credits”). Generally, such credits become available for use by its partner’s pro-rata over a ten-year period, which began in 2011. The year in which the credit period begins is determined on a building-by-building basis within the Partnership. In order to qualify for these credits, the Project must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation. The Partnership has also agreed to maintain and operate the Project as low-income housing for an additional 40 years beyond the initial 15-year compliance period. Because the Tax Credits are subject to compliance with certain requirements, there can be no assurance that the aggregate amount of Tax Credits will be realized and failure to meet all such requirements or to correct noncompliance within a specified time period may result in generating a lesser amount of Tax Credits than expected in future years, and/or recapture of Tax Credits previously allocated. A reduction of future credits or recapture would require credit deficit payments to the Limited Partner under the terms of the Partnership Agreement.

(Remainder of page intentionally left blank)

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF FRESNO COUNTY

Schedule of Changes in Net Pension Liability and Related Ratios

for the Measurment Period (Miscellaneous Plan)

Last Ten Years*

Measurement Date:	6/30/2016	6/30/2015	6/30/2014
TOTAL PENSION LIABILITY			
Service Cost	$ 636,086	$ 636,707	$ 632,927
Interest on Total Pension Liability	2,262,010	2,162,499	2,076,674
Changes of Benefit Terms	56,408	-	-
Changes of Assumptions	-	(520,576)	-
Difference between Expected and Actual Experience	23,177	(123,455)	-
Benefit Payments, Including Refunds of Employee Contributions	(1,654,238)	(1,500,820)	(1,476,137)
Net Change in Total Pension Liability	1,323,443	654,355	1,233,464
Total Pension Liability – Beginning	29,998,408	29,344,053	28,110,589
Total Pension Liability – Ending (a)	31,321,851	29,998,408	29,344,053
PLAN FIDUCIARY NET POSITION			
Contributions – Employer	414,971	343,617	316,377
Contributions – Employee	347,428	339,737	310,693
Investment Income	146,833	591,865	3,967,964
Benefit Payments, Including Refunds of Employee Contributions	(1,654,238)	(1,500,820)	(1,476,137)
Administrative Expense	(15,921)	(29,405)	-
Net Change in Fiduciary Net Position	(760,927)	(255,006)	3,118,897
Plan Fiduciary Net Position – Beginning	26,123,819	26,378,825	23,259,928
Plan Fiduciary Net Position – Ending (b)	25,362,892	26,123,819	26,378,825
Plan Net Pension Liability – Ending (a) - (b)	$ 5,958,960	$ 3,874,589	$ 2,965,228
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.98%	87.08%	89.89%
Covered-Employee Payroll	$ 5,051,877	$ 4,912,678	$ 4,749,075
Plan Net Pension Liability as a Percentage of Covered-Employee Payroll	117.96%	78.87%	62.44%

HOUSING AUTHORITY OF FRESNO COUNTY

Schedule of Changes in Net Pension Liability and Related Ratios

for the Measurment Period (Miscellaneous Plan)

Last Ten Years*

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.

(Remainder of page intentionally left blank)

HOUSING AUTHORITY OF FRESNO COUNTY
Schedule of Plan Contributions (Miscellaneous Plan)
Last Ten Years*

	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Actuarially Determined Contribution	$ 473,737	$ 374,636	$ 328,709
Contributions in Relation to the Actuarially Determined Contribution	(473,737)	(374,636)	(328,709)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Covered-Employee Payroll	$ 5,453,903	$ 5,073,533	$ 4,560,104
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 of Fresno County (CA028)
FRESNO, CA
Entity Wide Balance Sheet Summary
Audited/Single Audit FYE 12/31/2016

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	93.558 Temporary Assistance for Needy Families	6.1 Component Unit - Discretely Presented	14.182 N/C S/R Section 8 Programs
111 Cash - Unrestricted	$403,381		$185	$364,513			$263	$24,635	$230,923
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted				$1,727,670		$3,704,012		$42,912	
114 Cash - Tenant Security Deposits	$195,777			$46,805				$5,931	$21,573
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	$599,158	$0	$185	$2,138,988	$0	$3,704,012	$263	$73,478	$252,496
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects	$10,500	$12,509			$33,099	$28,713			
124 Accounts Receivable - Other Government			$1,500	$4,730					
125 Accounts Receivable - Miscellaneous						$98,334		$159	
126 Accounts Receivable - Tenants	$22,280			$35,730		$15,991		$1,483	$11,601
126.1 Allowance for Doubtful Accounts -Tenants	-$5,843			$0		$0		$0	$0
126.2 Allowance for Doubtful Accounts - Other	$0	$0	$0	$0	$0	-$40,109		$0	$0
127 Notes, Loans, & Mortgages Receivable - Current	$678,835								
128 Fraud Recovery									
128.1 Allowance for Doubtful Accounts - Fraud									
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	$705,772	$12,509	$1,500	$40,460	$33,099	$102,929	$0	$1,642	$11,601
131 Investments - Unrestricted									
132 Investments - Restricted									$116,985
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets				$1,026		$7,418		$1,030	$12
143 Inventories									
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From	$593,868	$27,222				$9,163			
145 Assets Held for Sale	$345,628								
150 Total Current Assets	$2,244,426	$39,731	$1,685	$2,180,474	$33,099	$3,823,522	$263	$76,150	$381,094
161 Land	$956,246			$224,412				$119,217	$41,254
162 Buildings	$56,010,160			$6,440,454				$3,110,840	$2,215,364
163 Furniture, Equipment & Machinery - Dwellings	$0							$327,259	
164 Furniture, Equipment & Machinery - Administration	$490,880					$59,742			
165 Leasehold Improvements									
166 Accumulated Depreciation	-$49,641,736			-$5,819,018		-$21,341		-$1,078,547	-$2,215,364
167 Construction in Progress	$2,072,814								$2,900
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	$9,888,364	$0	$0	$845,848	$0	$38,401	$0	$2,478,769	$44,154
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	$269,407							$76,692	
176 Investments in Joint Ventures									
180 Total Non-Current Assets	$10,157,771	$0	$0	$845,848	$0	$38,401	$0	$2,555,461	$44,154
200 Deferred Outflow of Resources	$357,583					$559,012			
290 Total Assets and Deferred Outflow of Resources	$12,759,780	$39,731	$1,685	$3,026,322	$33,099	$4,420,935	$263	$2,631,611	$425,248

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Balance Sheet Summary
Audited/Single Audit FYE 12/31/2016

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	93.558 Temporary Assistance for Needy Families	6.1 Component Unit - Discretely Presented	14.182 N/C S/R Section 8 Programs
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	$48,810			$7,109		$45,186		$445	$5,172
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable	$1					$529			
322 Accrued Compensated Absences - Current Portion	$50,357	$1,502		$4,948	$3,798	$8,555			$323
324 Accrued Contingency Liability									
325 Accrued Interest Payable								$344,187	
331 Accounts Payable - HUD PHA Programs									$215,458
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government	$126,169			$12,329				$10,287	$9,701
341 Tenant Security Deposits	$195,777			$46,804				$5,931	$21,574
342 Unearned Revenue				$29,552		$2,984,565		$342	$11,481
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				$112,639		$323,185		$136,613	$145,330
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities	$8,597							$58,179	$50
346 Accrued Liabilities - Other	$419								$86
347 Inter Program - Due To	$388,711	$17,069	$127,167	$2,317	$58,145	$181,599			$212,190
348 Loan Liability - Current									
310 Total Current Liabilities	$818,841	$18,571	$127,167	$215,698	$61,943	$3,543,619	$0	$555,984	$621,365
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				$672,333				$3,884,188	$422,757
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other						$71,319			$27,392
354 Accrued Compensated Absences - Non Current	$25,427	$810		$2,138	$1,689	$1,143			
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities	$1,180,225					$1,845,064			
350 Total Non-Current Liabilities	$1,205,652	$810	$0	$674,471	$1,689	$1,917,526	$0	$3,884,188	$450,149
300 Total Liabilities	$2,024,493	$19,381	$127,167	$890,169	$63,632	$5,461,145	$0	$4,440,172	$1,071,514
400 Deferred Inflow of Resources	$87,402					$136,639			
508.4 Net Investment in Capital Assets	$9,888,362			$60,876		-$284,785		-$1,542,033	-$523,933
511.4 Restricted Net Position				$1,727,670		$719,446		$42,912	$116,985
512.4 Unrestricted Net Position	$759,523	$20,350	-$125,482	$347,607	-$30,533	-$1,611,510	$263	-$309,440	-$239,318
513 Total Equity - Net Assets / Position	$10,647,885	$20,350	-$125,482	$2,136,153	-$30,533	-$1,176,849	$263	-$1,808,561	-$646,266
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$12,759,780	$39,731	$1,685	$3,026,322	$33,099	$4,420,935	$263	$2,631,611	$425,248

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Balance Sheet Summary
Audited/Single Audit FYE 12/31/2016

	14.235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$3	$173,522	$1,138,730	$22,159	$2,358,314		$2,358,314
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted		$263,892			$5,738,486		$5,738,486
114 Cash - Tenant Security Deposits			$14,978		$285,064		$285,064
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	$3	$437,414	$1,153,708	$22,159	$8,381,864	$0	$8,381,864
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects	$46,130				$130,951		$130,951
124 Accounts Receivable - Other Government		$330,232		$29,028	$365,490		$365,490
125 Accounts Receivable - Miscellaneous		$3,808		$480,803	$583,104		$583,104
126 Accounts Receivable - Tenants		$1,820	$8,387	$4,676	$101,968		$101,968
126.1 Allowance for Doubtful Accounts -Tenants		$0	$0	$0	-$5,843		-$5,843
126.2 Allowance for Doubtful Accounts - Other	$0	$0		$0	-$40,109		-$40,109
127 Notes, Loans, & Mortgages Receivable - Current			$18,349,257		$19,028,092	-$500,000	$18,528,092
128 Fraud Recovery							
128.1 Allowance for Doubtful Accounts - Fraud							
129 Accrued Interest Receivable							
120 Total Receivables, Net of Allowances for Doubtful Accounts	$46,130	$335,860	$18,357,644	$514,507	$20,163,653	-$500,000	$19,663,653
131 Investments - Unrestricted		$49,443			$49,443		$49,443
132 Investments - Restricted					$116,985		$116,985
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets			$16,200	$109,251	$134,937		$134,937
143 Inventories							
143.1 Allowance for Obsolete Inventories							
144 Inter Program Due From			$205,170	$785,411	$1,620,834	-$1,620,835	-$1
145 Assets Held for Sale					$345,628		$345,628
150 Total Current Assets	$46,133	$822,717	$19,732,722	$1,431,328	$30,813,344	-$2,120,835	$28,692,509
161 Land		$110,118	$501,800	$163,039	$2,116,086		$2,116,086
162 Buildings		$3,208,882	$1,231,605	$2,390,245	$74,607,550		$74,607,550
163 Furniture, Equipment & Machinery - Dwellings					$327,259		$327,259
164 Furniture, Equipment & Machinery - Administration			$23,769	$1,005,845	$1,580,236		$1,580,236
165 Leasehold Improvements							
166 Accumulated Depreciation		-$2,649,566	-$1,066,082	-$2,521,059	-$65,012,713		-$65,012,713
167 Construction in Progress		$290,563	$1,318,530		$3,684,807		$3,684,807
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$959,997	$2,009,622	$1,038,070	$17,303,225	$0	$17,303,225
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			$1,290,485		$1,636,584	-$110,885	$1,525,699
176 Investments in Joint Ventures			$12,887,191		$12,887,191		$12,887,191
180 Total Non-Current Assets	$0	$959,997	$16,187,298	$1,038,070	$31,827,000	-$110,885	$31,716,115
200 Deferred Outflow of Resources		$59,841	$133,043	$695,954	$1,805,433		$1,805,433
290 Total Assets and Deferred Outflow of Resources	$46,133	$1,842,555	$36,053,063	$3,165,352	$64,445,777	-$2,231,720	$62,214,057

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Balance Sheet Summary
Audited/Single Audit FYE 12/31/2016

	14.235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	$44,600	$22,423	$261	$86,025	$260,031		$260,031
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable		$9,063	$1	$135,066	$144,660		$144,660
322 Accrued Compensated Absences - Current Portion		$21,304	$23,434	$73,630	$187,851		$187,851
324 Accrued Contingency Liability							
325 Accrued Interest Payable			$416,623		$760,810		$760,810
331 Accounts Payable - HUD PHA Programs					$215,458		$215,458
332 Account Payable - PHA Projects							
333 Accounts Payable - Other Government		$5,310	$1,477		$165,273		$165,273
341 Tenant Security Deposits			$14,978		$285,064		$285,064
342 Unearned Revenue		$48,866	$11,582		$3,086,388		$3,086,388
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			$1,048,967		$1,766,734		$1,766,734
344 Current Portion of Long-term Debt - Operating Borrowings							
345 Other Current Liabilities			$1,039,045	$392,430	$1,498,301		$1,498,301
346 Accrued Liabilities - Other		$5,453		$97,043	$103,001		$103,001
347 Inter Program - Due To	$16,383	$639,638		$158,518	$1,801,737	-$1,620,835	$180,902
348 Loan Liability - Current							
310 Total Current Liabilities	$60,983	$752,057	$2,556,368	$942,712	$10,275,308	-$1,620,835	$8,654,473
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			$1,827,144	$26,000	$6,832,422		$6,832,422
352 Long-term Debt, Net of Current - Operating Borrowings			$995,656		$995,656	-$500,000	$495,656
353 Non-current Liabilities - Other			$119,718		$218,429	-$110,885	$107,544
354 Accrued Compensated Absences - Non Current		$23,438	$11,571	$38,790	$105,006		$105,006
355 Loan Liability - Non Current							
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities		$197,508	$439,115	$2,297,049	$5,958,961		$5,958,961
350 Total Non-Current Liabilities	$0	$220,946	$3,393,204	$2,361,839	$14,110,474	-$610,885	$13,499,589
300 Total Liabilities	$60,983	$973,003	$5,949,572	$3,304,551	$24,385,782	-$2,231,720	$22,154,062
400 Deferred Inflow of Resources		$14,627	$32,520	$170,110	$441,298		$441,298
508.4 Net Investment in Capital Assets		$959,997	-$866,489	$972,070	$8,664,065		$8,664,065
511.4 Restricted Net Position		$215,648			$2,822,661		$2,822,661
512.4 Unrestricted Net Position	-$14,850	-$320,720	$30,937,460	-$1,281,379	$28,131,971		$28,131,971
513 Total Equity - Net Assets / Position	-$14,850	$854,925	$30,070,971	-$309,309	$39,618,697	$0	$39,618,697
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$46,133	$1,842,555	$36,053,063	$3,165,352	$64,445,777	-$2,231,720	$62,214,057

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2016

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	93.558 Temporary Assistance for Needy Families	6.1 Component Unit - Discretely Presented
70300 Net Tenant Rental Revenue	$2,385,675			$646,397				$75,800
70400 Tenant Revenue - Other	$3,906			$437				
70500 Total Tenant Revenue	$2,389,581	$0	$0	$646,834	$0	$0	$0	$75,800
70600 HUD PHA Operating Grants	$3,998,977	$92,636			$84,334	$37,037,976		$7,865
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				$156,383				$60,720
71100 Investment Income - Unrestricted	$136,371			$11		$141		
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery						$11,173		
71500 Other Revenue	$96,508			$6,974		$723		$56,798
71600 Gain or Loss on Sale of Capital Assets	$1,105							
72000 Investment Income - Restricted				$603		$4,829		
70000 Total Revenue	$6,622,542	$92,636	$0	$810,805	$84,334	$37,054,842	$0	$201,183
91100 Administrative Salaries	$551,848	$45,020		$120,014	$43,731	$1,189,473		$31,599
91200 Auditing Fees	$12,806	$574		$2,317	$572	$14,113		$15,000
91300 Management Fee	$556,991			$22,500		$800,412		
91310 Book-keeping Fee	$61,187					$500,261		
91400 Advertising and Marketing	$752			$648		$481		
91500 Employee Benefit contributions - Administrative	$516,728	$21,205		$63,622	$21,544	$514,173		$9,939
91600 Office Expenses	$317,558			$16,045	$5,862	$319,214		$15,657
91700 Legal Expense	$12,353			$125		$5,394		$423
91800 Travel	$335			$315	$2,133	$9,730		
91810 Allocated Overhead								
91900 Other	$391,588			$25,392	$5,217	$129,452	$84	$49,993
91000 Total Operating - Administrative	$2,422,146	$66,799	$0	$250,978	$79,059	$3,482,703	$84	$122,611
92000 Asset Management Fee	$70,981							
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
93100 Water	$220,536			$57,533				$4,334
93200 Electricity	$85,045			$5,597				$1,641
93300 Gas	$12,708			$705		$206		$1
93400 Fuel								
93500 Labor								
93600 Sewer	$261,778			$52,191				$4,005
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense								
93000 Total Utilities	$580,067	$0	$0	$116,026	$0	$206	$0	$9,981

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	93.558 Temporary Assistance for Needy Families	6.1 Component Unit - Discretely Presented
94100 Ordinary Maintenance and Operations - Labor	$345,692			$62,877		$2,979		$6,200
94200 Ordinary Maintenance and Operations - Materials and Other	$257,888			$71,049		$6,524		$11,212
94300 Ordinary Maintenance and Operations Contracts	$719,652			$113,760	$546	$119,286		$23,589
94500 Employee Benefit Contributions - Ordinary Maintenance								
94000 Total Maintenance	$1,323,232	$0	$0	$247,686	$546	$128,789	$0	$41,001
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
96110 Property Insurance	$82,987			$7,932				$4,193
96120 Liability Insurance	$10,842			$1,099				
96130 Workmen's Compensation	$129,288	$895		$25,411	$1,451	$44,971		$3,264
96140 All Other Insurance	$20,705			$3,148	$2,651	$8,896		$554
96100 Total insurance Premiums	$243,822	$895	$0	$37,590	$4,102	$53,867	$0	$8,011
96200 Other General Expenses	$9,528			$236,764	$3	$48,082		$112
96210 Compensated Absences	$102,012	$4,592		$18,471	$5,770	$143,979		$3,410
96300 Payments in Lieu of Taxes	$50,331							
96400 Bad debt - Tenant Rents	$36,908			$3,528				
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense	$5,370			$5,370		$16,996		
96000 Total Other General Expenses	$204,149	$4,592	$0	$264,133	$5,773	$209,057	$0	$3,522
96710 Interest of Mortgage (or Bonds) Payable								
96720 Interest on Notes Payable (Short and Long Term)				$8,455				$83,499
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$8,455	$0	$0	$0	$83,499
96900 Total Operating Expenses	$4,844,397	$72,286	$0	$924,868	$89,480	$3,874,622	$84	$268,625
97000 Excess of Operating Revenue over Operating Expenses	$1,778,145	$20,350	$0	-$114,063	-$5,146	$33,180,220	-$84	-$67,442
97100 Extraordinary Maintenance								
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments				$74		$32,835,046		
97350 HAP Portability-In								
97400 Depreciation Expense	$1,752,100			$55,966		$5,247		$341,299
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	$6,596,497	$72,286	$0	$980,908	$89,480	$36,714,915	$84	$609,924

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2016

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	93.558 Temporary Assistance for Needy Families	6.1 Component Unit - Discretely Presented
10010 Operating Transfer In	$1,707,178							
10020 Operating transfer Out	-$3,038,078							
10030 Operating Transfers from/to Primary Government	-$62,792							
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	$0							
10093 Transfers between Program and Project - In								
10094 Transfers between Project and Program - Out								
10100 Total Other financing Sources (Uses)	-$1,393,692	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$1,367,647	$20,350	$0	-$170,103	-$5,146	$339,927	-$84	-$408,741
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0	$0	$0
11030 Beginning Equity	$14,184,861	$0	-$125,482	$2,098,320	-$25,393	-$1,529,818	$347	-$1,389,081
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-$2,169,329			$207,936	$6	$13,042		-$10,739
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						-$1,896,165		
11180 Housing Assistance Payments Equity						$719,316		
11190 Unit Months Available	8436					67824		
11210 Number of Unit Months Leased	8158					66947		
11270 Excess Cash	$681,803							
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 of Fresno County (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2016

	14.182 N/C S/R Section 8 Programs	14.235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$162,847		$306,067	$185,913		$3,762,699		$3,762,699
70400 Tenant Revenue - Other	$215				$2,503	$7,061		$7,061
70500 Total Tenant Revenue	$163,062	$0	$306,067	$185,913	$2,503	$3,769,760	$0	$3,769,760
70600 HUD PHA Operating Grants	$283,823	$112,670				$41,618,281		$41,618,281
70610 Capital Grants								
70710 Management Fee					$1,260,047	$1,260,047	-$1,260,158	-$111
70720 Asset Management Fee					$47,692	$47,692	-$50,254	-$2,562
70730 Book Keeping Fee					$551,568	$551,568	-$551,711	-$143
70740 Front Line Service Fee								
70750 Other Fees					$518,116	$518,116	-$43,635	$474,481
70700 Total Fee Revenue					$2,377,423	$2,377,423	-$1,905,758	$471,665
70800 Other Government Grants			$629,844			$846,947		$846,947
71100 Investment Income - Unrestricted			$0	$626,480	$9,509	$772,512		$772,512
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery						$11,173		$11,173
71500 Other Revenue	$944		$490,701	$1,877,381	$1,515,611	$4,045,640	-$952,890	$3,092,750
71600 Gain or Loss on Sale of Capital Assets				$1,138,549		$1,139,654		$1,139,654
72000 Investment Income - Restricted	$474		$49			$5,955		$5,955
70000 Total Revenue	$448,303	$112,670	$1,426,661	$3,828,323	$3,905,046	$54,587,345	-$2,858,648	$51,728,697
91100 Administrative Salaries	$25,185	$13,703	$104,395	$502,121	$1,538,592	$4,165,681		$4,165,681
91200 Auditing Fees	$6,772	$153	$2,495	$6,097	$14,188	$75,087		$75,087
91300 Management Fee	$20,856					$1,400,759	-$1,303,793	$96,966
91310 Book-keeping Fee						$561,448	-$551,711	$9,737
91400 Advertising and Marketing			$73	$221	$5,627	$7,802		$7,802
91500 Employee Benefit contributions - Administrative	$18,520	$3,919	$96,770	$122,829	$899,600	$2,288,849		$2,288,849
91600 Office Expenses	$4,830	$52,789	$153,154	$65,331	$380,409	$1,330,849	-$463,162	$867,687
91700 Legal Expense	$3,049		$3,461	$3,551	$55,394	$83,750		$83,750
91800 Travel			$4,861	$15,710	$69,296	$102,380		$102,380
91810 Allocated Overhead								
91900 Other	$5,781	$43,944	$32,880	$247,639	$539,911	$1,471,881	-$489,728	$982,153
91000 Total Operating - Administrative	$84,993	$114,508	$398,089	$963,499	$3,503,017	$11,488,486	-$2,808,394	$8,680,092
92000 Asset Management Fee						$70,981	-$50,254	$20,727
92100 Tenant Services - Salaries								
92200 Relocation Costs			$1,165			$1,165		$1,165
92300 Employee Benefit Contributions - Tenant Services								
92400 Tenant Services - Other								
92500 Total Tenant Services	$0	$0	$1,165	$0	$0	$1,165	$0	$1,165
93100 Water	$28,266		$28,896	$14,406	$1,721	$355,692		$355,692
93200 Electricity	$1,544		$80,088	$5,222	$71,602	$250,739		$250,739
93300 Gas	$941		$26,413	$302	$1,260	$42,536		$42,536
93400 Fuel								
93500 Labor								
93600 Sewer	$16,900		$79,830	$18,582	$1,120	$434,406		$434,406
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense								
93000 Total Utilities	$47,651	$0	$215,227	$38,512	$75,703	$1,083,373	$0	$1,083,373

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2016

	14.182 N/C S/R Section 8 Programs	14.235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	$17,171		$73,250	$1,680	$1,603	$511,452		$511,452
94200 Ordinary Maintenance and Operations - Materials and Other	$25,089		$52,253	$13,958	$23,817	$461,790		$461,790
94300 Ordinary Maintenance and Operations Contracts	$35,436	$180	$123,810	$38,209	$353,783	$1,528,251		$1,528,251
94500 Employee Benefit Contributions - Ordinary Maintenance								
94000 Total Maintenance	$77,696	$180	$249,313	$53,847	$379,203	$2,501,493	$0	$2,501,493
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
96110 Property Insurance	$17,002		$14,876	$3,970	$2,738	$133,698		$133,698
96120 Liability Insurance	$979		$2,521	$894	$562	$16,897		$16,897
96130 Workmen's Compensation	$5,763	$265	$23,534	$12,289	$52,448	$299,579		$299,579
96140 All Other Insurance	$944	$49	$2,854	$4,036	$16,350	$60,187		$60,187
96100 Total insurance Premiums	$24,688	$314	$43,785	$21,189	$72,098	$510,361	$0	$510,361
96200 Other General Expenses	$30,432		$4,773	$7,289	$158,007	$494,990		$494,990
96210 Compensated Absences	$4,461	$448	$15,731	$61,231	$163,088	$523,193		$523,193
96300 Payments in Lieu of Taxes						$50,331		$50,331
96400 Bad debt - Tenant Rents	$600		$746			$41,782		$41,782
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense					$16,994	$44,730		$44,730
96000 Total Other General Expenses	$35,493	$448	$21,250	$68,520	$338,089	$1,155,026	$0	$1,155,026
96710 Interest of Mortgage (or Bonds) Payable								
96720 Interest on Notes Payable (Short and Long Term)	$50,333			$28,423		$170,710		$170,710
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	$50,333	$0	$0	$28,423	$0	$170,710	$0	$170,710
96900 Total Operating Expenses	$320,854	$115,450	$928,829	$1,173,990	$4,368,110	$16,981,595	-$2,858,648	$14,122,947
97000 Excess of Operating Revenue over Operating Expenses	$127,449	-$2,780	$497,832	$2,654,333	-$463,064	$37,605,750	$0	$37,605,750
97100 Extraordinary Maintenance			$430	$27,405		$27,835		$27,835
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments	$358		$170,782			$33,006,260		$33,006,260
97350 HAP Portability-In								
97400 Depreciation Expense			$9,959	$9,606	$134,815	$2,308,992		$2,308,992
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	$321,212	$115,450	$1,110,000	$1,211,001	$4,502,925	$52,324,682	-$2,858,648	$49,466,034

Housing Authority of Fresno County (CA028)
FRESNO, CA
Entity Wide Revenue and Expense Summary
Audited/Single Audit FYE 12/31/2016

	14.182 N/C S/R Section 8 Programs	14.235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
10010 Operating Transfer In			$10,000	$1,078,425	$191,660	$2,987,263		$2,987,263
10020 Operating transfer Out				-$50,814		-$3,088,892		-$3,088,892
10030 Operating Transfers from/to Primary Government				$50,814		-$11,978		-$11,978
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						$0		$0
10093 Transfers between Program and Project - In								
10094 Transfers between Project and Program - Out								
10100 Total Other financing Sources (Uses)	$0	$0	$10,000	$1,078,425	$191,660	-$113,607	$0	-$113,607
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$127,091	-$2,780	$326,661	$3,695,747	-$406,219	$2,149,056	$0	$2,149,056
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0		$0
11030 Beginning Equity	-$783,558	-$12,070	$495,326	$24,111,180	$318,400	$37,343,032		$37,343,032
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$10,201		$32,938	$2,264,044	-$221,490	$126,609		$126,609
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						-$1,896,165		-$1,896,165
11180 Housing Assistance Payments Equity						$719,316		$719,316
11190 Unit Months Available					0	76260		76260
11210 Number of Unit Months Leased					0	75105		75105
11270 Excess Cash						$681,803		$681,803
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

Davis Farr LLP
2301 Dupont Drive | Suite 200 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

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 Fresno County
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 Fresno County, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 15, 2017. Our report includes a reference to other auditors who audited the financial statements of Kerman Acre, LP, as described in our report on the Agency's financial statements. The financial statements of Kerman Acre, LP were not audited in accordance with *Government Auditing Standards*.

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
2301 Dupont Drive | Suite 200 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

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 Fresno County
Fresno, California

Independent Auditor's Report

Report on Compliance for Each Major Program

We have audited the Housing Authority of Fresno County's (Agency) 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 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 FRESNO COUNTY
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		$ 156,383
Farm Labor Housing Loans and Grants (loans)	10.405		784,972
Subtotal - Department of Agriculture			**941,355**
Department of Housing and Urban Development:			
Direct Assistance			
Special Needs Assistance (SNAP)	14.261		112,670
Public and Indian Housing	14.850	Contract # SF-170	2,440,288
Public Housing Family Self-Sufficiency Under Resident Opportunity and Supportive Services	14.870	CA006RFS015A007	84,334
Section 8 Housing Voucher Program	14.871	Contract # SF-472	37,037,976
Section 8 Family Self-Sufficiency	14.896		92,636
Public Housing Capital Funds Program	14.872	Contract # SF-170	1,558,689
Subtotal - HUD Direct Assistance			**41,326,593**
Passed through the State of California Housing			
Section 8 New Construction and Sub Rehab	14.182	CHFA # 76-54-N	283,823
Subtotal - U.S. Department of Housing and Urban Development			**41,610,416**
Total expenditures of federal awards			**$ 42,551,771**

See accompanying notes to the schedule of expenditures of federal awards

HOUSING AUTHORITY OF FRESNO COUNTY
Notes to Schedule of Expenditures of Federal Awards
Year ended December 31, 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 Fresno County (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 Agency disbursed no federal funds to subrecipients.

(d) U.S. Department of Agriculture Notes

The Authority entered into six notes with the United States Department of Agriculture Farmer Homes Administration under the Farm Labor Housing Union Loan program. In accordance with the notes the Authority used the funds for the acquisition and development of four multi-unit rental housing developments. The notes accrue interest at 1% per annum. The notes mature at various dates, which began on January 6, 2014 and end on April 2, 2035. At December 31, 2016, the outstanding balance for all the notes is $784,972.

HOUSING AUTHORITY OF FRESNO COUNTY
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 were reported.

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

4. No material weaknesses or 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 programs of the auditee were:
    - CFDA No. 14.872 U.S. Department of Housing and Urban Development – Public Housing Capital Funds Program
    - 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 $1,276,789.

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 County 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 a system conversion of accounting software in 2016, there were several additional processes and reconciliations that were needed to finalize the year-end financial statements. While this system change will not happen again in 2017, the Agency is taking this opportunity to review its year-end closing procedures and timeline to ensure that the books are closed and ready to be audited by the agreed-upon timeline. The Agency is also enhancing internal procedures to ensure that major adjustments are completed before the audit begins. 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 FRESNO COUNTY
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.