HOUSING AUTHORITY OF FRESNO COUNTY

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2017
(Including Auditors' Report Thereon)

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HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

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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, (the "Agency") and its discretely presented component unit, as of and for the year ended December 31, 2017, 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 4.3 percent, (3.6) percent, and 0.2 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.

Opinion

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 Agency, and its discretely presented component unit, as of December 31, 2017, 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, 2017 reflect certain prior period adjustment as described further in Note 23 to the financial statements. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that *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 Agency'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. The accompanying *Schedule of Modernization Cost Certificates for Completed Projects* is presented for purposes of additional analysis in accordance with filing requirements with the U.S. Department of Housing and Urban Development.

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 17, 2018 on our consideration of the Agency'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 17, 2018

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Housing Authority of Fresno County
Management's Discussion and Analysis
Year Ended December 31, 2017

Introduction

This narrative overview and analysis of the Housing Authority of Fresno County's (the "Agency") performance through December 31, 2017, 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
- 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, 2017, and 2016.

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	Percentage
Assets	2017	2016	(Decrease)	Change
Current Assets	$ 2,956,273	$ 3,650,949	$ (694,676)	-19.03%
Restricted Assets	2,710,076	6,091,691	(3,381,615)	-55.51%
Capital Assets, Net of Accumulated Depreciation	15,779,016	14,824,454	954,562	6.44%
Other Assets	41,094,203	33,209,919	7,884,284	23.74%
Deferred Outflows	2,318,128	1,805,433	512,695	28.40%
Total Assets	$ 64,857,696	$ 59,582,446	$ 5,275,250	8.85%
Liabilities				
Current Liabilities	$ 4,063,943	$ 8,125,510	$ (4,061,567)	-49.99%
Non-Current Liabilities	12,113,345	9,588,009	2,525,336	26.34%
Total Liabilities	16,177,288	17,713,519	(1,536,231)	-8.67%
Deferred Inflows	301,817	441,296	(139,479)	-31.61%
Total Liabilities and Deferred Inflows	16,479,105	18,154,815	(1,675,710)	-9.23%
Net Position				
Net Investment in Capital Assets	9,822,921	10,206,098	(383,177)	-3.75%
Restricted Net Position	2,377,669	2,779,750	(402,081)	-14.46%
Unrestricted Net Position	36,178,001	28,441,783	7,736,218	27.20%
Total Net Position	48,378,591	41,427,631	6,950,960	16.78%
Total Liabilities, Deferred Inflows, and Net Position	$ 64,857,696	$ 59,582,446	$ 5,275,250	8.85%

Total assets of the Agency at December 31, 2017, and 2016 amounted to $64.8 million and $59.6 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, 2016 to December 31, 2017 are decreases in restricted cash was due to the additional fund received in 2016 was for January 2017 Housing Choice. The increase in other non-current assets by almost $8 million was mainly attributable to loans made to Magill Terrace LP $3.2 million, and Sanger Memorial Village $3.4 million.

Total liabilities of the Agency were $16.4 million and $18.1 million at December 31, 2017 and 2016, 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 decreased by $3.1 million due to the unearned revenue related to restricted cash mentioned above. Non-current liabilities increased from $9.6 million in 2016 to $12.1 million in 2017 was largely attributed to the new GASB requirements initiated in 2015. This liability represents the difference between the Agency's total pension liability and the current plan assets calculated at fair value. See Note 17 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:

- **Net investment 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 16% during the year from $41.4 million in 2016 to $48.3 million in 2017.

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, 2017 to December 31, 2017.

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.

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

	December 31,		Increase	Percentage
	2017	2016	(Decrease)	Change
Operating Revenues	$ 50,497,841	$ 47,739,410	$ 2,758,431	5.78%
Operating Expenses	50,602,689	48,812,512	1,790,177	3.67%
Operating Loss	(104,848)	(1,073,102)	968,254	-90.23%
Non-Operating Revenues	7,099,689	3,633,845	3,465,844	95.38%
Net Income/(Loss) before Capital Contributions	6,994,841	2,560,743	4,434,098	173.16%
Capital Contributions	67,608	-	67,608	100.00%
Increase/ in Net Position	7,062,449	2,560,743	4,501,706	175.80%
Net Position, Beginning of Year	41,427,631	38,729,538	2,698,093	6.97%
Prior Period Adjustment	(111,489)	137,350	(248,839)	-181.17%
Net Position, Beginning of Year as Restated	41,316,142	38,866,888	2,449,254	6.30%
Net Position, End of Year	$ 48,378,591	$ 41,427,631	$ 6,950,960	16.78%

The preceding Statement of Revenues, Expenses and Changes in Net Position reflects the year ended December 31, 2017 compared to the year ended December 31, 2016. Overall, operating revenues increased by 5.78%, or $2.7 million from 2016 to 2017; operating expenses increased by 3.67%, or $1.8 million for the year; non-operating revenues increased by $3.4 million from 2016 to 2017; and capital contributions increased by $68 thousand from prior year. These changes lead to an increase in Net Position of $6.9 million from December 31, 2016 to December 31, 2017. Explanations of the primary reasons for these changes are as follows:

- The increase in operating revenue was attributable to HUD's additional funding of $800 thousands for Low-Income Public Housing and $550 thousand for the Housing Choice Voucher.
- The increase in operating expenses was mainly due to the increase in per unit costs (PUC) of each voucher for Housing Choice Voucher Program. If the PUC increases, so do total expenses for the year. Administrative expenses increased in 2017 was due to additional staffing added to the agency.

- The increase in non-operating revenues was attributable to sale of a couple of LIPH properties, increase in developer fees, and interest revenue on notes receivable.

Capital Assets

The table below shows the Agency's capital assets, net of accumulated depreciation, at December 31, 2017, and December 31, 2016:

	December 31, 2017	December 31, 2016	Increase (Decrease)	Percentage Change
Land	$ 1,981,565	$ 1,996,870	$ (15,305)	-0.77%
Structures	6,752,909	8,374,309	(1,621,400)	-19.36%
Equipment	752,428	768,469	(16,041)	-2.09%
Construction in Progress	6,292,114	3,684,807	2,607,307	70.76%
Total Capital Assets, Net	$ 15,779,016	$ 14,824,455	$ 954,561	6.44%

Overall, the Agency's capital assets increased by $954 thousand which resulted from the sale of LIPH properties and increase in construction in progress for improvements made to County Mendota, County Orchard Apartments, County Maldonado Plaza and County Parlier Migrant Center.

Debt Administration

The table below shows the Agency's outstanding debt at December 31, 2017 and 2016. 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, 2017	December 31, 2016	Increase (Decrease)	Percentage Change
Short Term Borrowings (Interfund)	$ 983,949	$ 1,807,461	$ (823,512)	-45.56%
Notes Payable - Non-Related Parties	3,240,205	2,923,090	317,115	10.85%
Notes Payable - Related Parties	844,841	520,800	324,041	62.22%
Total Debt	$ 5,068,995	$ 5,251,351	$ (182,356)	-3.47%

Most significantly, the Notes Payable-Related Parties decreased by $182 thousand during the year due to 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 County 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.

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HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF NET POSITION
December 31, 2017

ASSETS	**Primary Government**	**Kerman Acre, LP**
Current Assets		
Cash & Investments	$ 2,016,420	$ 43,802
Accounts Receivable - Tenants, Net of Allowance for Doubtful Accounts of $10,600	115,916	2,057
Miscellaneous Receivables, Net of Allowance for Uncollectable Accounts of $40,109	201,617	-
Due From Other Governments	436,204	-
Due From Related Parties	139,780	-
Prepaid Expenses	46,336	2,138
Total Current Assets	**2,956,273**	**47,997**
Restricted Assets		
Restricted Cash	2,710,076	13,048
Total Restricted Assets	**2,710,076**	**13,048**
Non-Current Assets		
Capital Assets		
Capital Assets - Not being depreciated	8,273,679	119,217
Capital Assets - Depreciable, Net of Accumulated Depreciation of $62,718,577	7,505,337	2,415,152
Total Capital Assets, Net	**15,779,016**	**2,534,369**
Other Non-Current Assets		
Notes Receivable From Related Parties, Net of allowance for doubtful accounts of $ 0	25,748,093	-
Interest Receivable - Related Parties	2,267,799	-
Investments In Joint Ventures	13,613,047	-
Equity Interest In Component Unit	(880,364)	-
Assets Held For Sale	345,628	-
Total Other Non-Current Assets	**41,094,203**	**-**
Deferred Outflow of Resources - Pension Related	2,318,128	-
Total Deferred Outflow of Resources	**2,318,128**	**-**
Total Assets and Deferred Outflows	**$ 64,857,696**	**$ 2,595,414**

See accompanying notes to the basic financial statement

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF NET POSITION
December 31, 2017
(Continued)

LIABILITIES AND NET POSITION	Primary Government	Kerman Acre, LP
Current Liabilities		
Vendors & Contractors Payable	$ 336,037	$ 1,408
Accrued Salaries	81,614	-
Accrued Compensated Absences	241,998	-
Resident Security Deposits	307,171	5,696
Due To Other Governments	440,570	-
Due To Related Parties	650,525	9,938
Other Current Liabilities - Related Parties	829	161,831
Other Current Liabilities - Non-Related Parties	62,428	17,524
Notes Payable - Related Parties	1,648,237	-
Notes Payable - Non-Related Parties	222,813	-
Unearned Revenue	71,721	675
Total Current Liabilities	**4,063,943**	**197,072**
Non-Current Liabilities		
Notes Payable - Related Parties	844,841	782,020
Notes Payable - Non-related Parties	3,240,205	3,102,168
Accrued Interest Payable	468,720	430,476
Accrued Compensated Absences	130,197	-
Family Self-Sufficiency Escrow	81,604	-
Net Pension Liability	7,347,778	-
Total Non-Current Liabilities	**12,113,345**	**4,314,664**
Deferred Inflows of Resources - Pension Related	301,817	-
Total Deferred Inflows of Resources	**301,817**	**-**
Total Liabilities and Deferred Inflows	**16,479,105**	**4,511,736**
Net Position		
Net Investment in Capital Assets	9,822,921	(1,511,650)
Restricted for:		
Housing Assistance Payments	436,633	-
Other Externally Required Reserves	1,941,036	6,177
Unrestricted	36,178,001	(410,849)
Total Net Position	**48,378,591**	**(1,916,322)**
Total Liabilities and Deferred Inflows and Net Position	**$ 64,857,696**	**$ 2,595,414**

See accompanying notes to the basic financial statement

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HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

	Primary Government	Kerman Acre, LP
Operating Revenues		
Rental Revenue	$ 3,470,504	$ 82,590
Fee Revenue	748,301	-
HUD Grants	41,877,230	-
Other Governmental Grants	2,929,546	43,495
Other Revenue	1,472,260	2,899
Total Operating Revenues	**50,497,841**	**128,984**
Operating Expenses		
Administrative Expense	9,100,447	68,146
Tenant Services Expense	8,381	-
Utilities Expense	1,453,782	10,299
Maintenance & Operations Expense	2,527,771	44,207
Protective Services Expense	31,523	538
Insurance Expense	474,865	5,021
General Expense	1,728,640	2,498
Housing Assistance Payments	33,853,191	-
Depreciation	1,424,089	141,096
Total Operating Expenses	**50,602,689**	**271,805**
Operating Income (Loss)	**(104,848)**	**(142,821)**
Non-Operating Revenues (Expenses)		
Interest Revenue, Unrestricted	2,718	-
Interest Revenue, Restricted	2,563	-
Interest Revenue on Notes Receivable	834,661	-
Interest Expense	(65,617)	(86,289)
Fraud Recovery	26,946	-
Share of Joint Venture Net Income	283,126	-
Loss from Equity Interest in Component Unit	(166,456)	-
Developer Fees	2,220,177	-
Transfer From/(To) Other Related Entity	600	-
Gain/(Loss) from Disposition of Capital Assets	3,960,971	-
Total Non-Operating Revenues	**7,099,689**	**(86,289)**
Income (Loss) Before Contributions and Transfers	**6,994,841**	**(229,110)**
Capital Contributions	67,608	-
Increase (Decrease) in Net Position	**7,062,449**	**(229,110)**
Net Position, Beginning of Year	41,427,631	(1,808,561)
Prior Period Adjustment	(111,489)	121,349
Adjusted Net Position, Beginning of Year	**41,316,142**	**(1,687,212)**
Net Position, End of Year	**$ 48,378,591**	**$ (1,916,322)**

See accompanying notes to the basic financial statement

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HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Primary Government
Cash Flows from Operating Activities:	
Cash received from tenants	$ 3,504,213
Cash received from others	2,422,000
Cash paid for issuance of notes receivable	(2,440,000)
Interest payments received on notes receivable	15,869
Cash paid to employees for services	(4,116,476)
Cash paid to suppliers for goods and services	(11,071,763)
Cash received from operating grants	41,862,971
Cash paid for housing assistance	(33,853,191)
Net cash used for operating activities	(3,676,377)
Cash Flows from Noncapital Financing Activities:	
Developer fees received	2,220,177
Net cash provided by noncapital financing activities	2,220,177
Cash Flows From Capital Financing Activities:	
Grants received to acquire/construct capital assets	67,608
Acquisition of capital assets	(2,657,307)
Proceeds from issuance of notes payable	600,126
Principal paid on notes payable	(258,041)
Interest paid on notes payable	(49,784)
Net cash used for capital financing activities	(2,297,398)
Cash Flows From Investing Activities:	
Interest received from investments	2,718
Interest on restricted cash	2,563
Net cash provided by investing activities	5,281
Net increase (decrease) to cash and cash equivalents	(3,748,317)
Cash and cash equivalents at beginning of year	8,474,813
Cash and cash equivalents at end of year	$ 4,726,496

See accompanying notes to the basic financial statements

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)	$	(104,848)
Adjustments to reconcile change in net position to net cash provided by (used for) operating activities:		
Depreciation		1,424,089
Changes in joint ventures equity interest		283,126
Change in equity interest in component unit		(166,456)
Fraud recovery		26,946
Interest earned on notes receivable		834,661
Other revenue		600
(Increase) decrease in accounts receivable - tenants		(21,275)
(Increase) decrease in accounts receivable - other		(85,209)
(Increase) decrease in due from other governments		60,236
(Increase) decrease in due from related parties		286,648
(Increase) decrease in prepaid insurance and other assets		87,574
(Increase) decrease in interest receivable		(818,792)
(Increase) decrease in notes receivable		(2,440,000)
(Increase) decrease in investment in joint ventures		(283,126)
(Increase) decrease in interest in component unit		318,696
Increase (decrease) in deferred outflows		(512,695)
Increase (decrease) in accounts payable - vendors		83,529
Increase (decrease) in due to related parties		(941,408)
Increase (decrease) in accrued salaries		(63,046)
Increase (decrease) in accounts payable - other governments		98,444
Increase (decrease) in unearned revenue		(3,014,326)
Increase (decrease) in other current liabilities		(96,782)
Increase (decrease) in FSS liabilities		10,285
Increase (decrease) in tenant security deposits payable		28,038
Increase (decrease) in compensated absences		79,375
Increase (decrease) in pension liability		1,388,818
Increase (decrease) in deferred inflows		(139,479)
Net cash used for operating activities	$	(3,676,377)
Reconciliation of Cash Per Statement of Net Position to Cash Per Statement of Cash Flows:		
Cash and investments	$	2,016,420
Restricted cash		2,710,076
Cash at end of year	$	4,726,496
Significant noncash transactions:		
Note received for the sale of property	$	4,240,000
Net capital assets sold for a note	$	279,029

See accompanying notes to the basic financial statements

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1) Summary of Significant Accounting Policies

a) General Purpose

The Housing Authority of 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 Agency. 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, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	June 30, 2016, to June 30, 2017

p) Deferred Outflows/Inflows of Resources

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

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

2) Cash and Cash Equivalents

Cash and cash equivalents held by the Agency at December 31, 2017, is classified as follows in the accompanying Statement of Net Position:

	Primary Government	Kerman Acre, LP.
Cash &Investments	$ 2,016,420	$ 43,802
Restricted Cash	2,710,076	13,048
Total Cash	$ 4,726,496	$ 56,850

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, 2017, 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, 2017, $67,797 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.

4) Accounts Receivable

Cash Restricted for:	Cash Restriction	In Liabilities	In Restricted Net Assets	Kerman Acre, LP
USDA Project Reserves	$ 1,679,198	$ 4,982	$ 1,674,216	$ -
CHFA	67,797	758	67,039	-
HAP Funding	438,140	1,507	436,633	-
Tenant Security Deposits	302,958	302,958	-	5,696
CA Office of Migrant Services	160,261	357	159,904	-
Other Reserves	61,722	21,845	39,877	35,463
	$ 2,710,076	**$ 332,407**	**$ 2,377,669**	**$ 41,159**

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, 2017, consists of the following:

Accounts Receivable -Tenants, Net of Allowance for Doubtful Accounts of $10,600	$ 115,916
Miscellaneous Receivables, Net of Allowance for Uncollectable Accounts of $40,109	$ 193,350
Other	8,267
	$ 201,617

5) Due from Other Governments

Due from Other Governments consists of the following:

U.S. Department of HUD	$	101,731
Other		334,473
	$	436,204

6) Due from Related Parties

Silvercrest	$	17,042
Limited Partnership		118,937
Other		3,801
	$	139,780

7) Notes Receivable

The following is a summary of changes in notes receivable as of December 31, 2017:

	Restated Balance 12/31/2016	Additions	Payments	Balance 12/31/2017	Interest Receivable
Related Parties:					
Kerman Acre L.P	$ 678,835	$ -	$ -	$ 678,835	$ 342,895
Kingsburg Marion Villas AHP	450,000	-	-	450,000	38,325
Magill Terrace LP	-	3,240,000	-	3,240,000	4,940
Mendota RAD	6,000,000	-	-	6,000,000	617,490
Orange Cove RAD	5,430,000	-	-	5,430,000	743,274
Orange Cove AHP	800,000	-	-	800,000	70,090
Reedley Kings River AHP	578,000	-	-	578,000	-
Reedley Trailside	2,431,000	-	-	2,431,000	193,007
Reedley Trailside- AHP	540,000 *	-	-	540,000	-
Shockley Terrace LP	2,160,258	-	-	2,160,258	154,578
Sanger Memorial Village	-	3,440,000	-	3,440,000	103,200
TOTAL	**$ 19,068,093**	**$ 6,680,000**	**$ -**	**$ 25,748,093**	**$ 2,267,799**

*Restated to include pass-through AHP Loan in December 2016. See the related Schedule of Changes on Notes Payable.

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, 2017 is $678,835 with accrued interest of $342,895.

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, 2017, the outstanding principal balance of the loan is $450,000 with accrued interest of $38,325.

Magill Terrace, LP

On December 12, 2017, the Agency entered into an HAFC Capital Funds Mortgage Note agreement with Sanger Memorial Village, LP, a related party to the Housing Authority of Fresno County in the amount of $2,000,000. The note is secured by, among other security, a subordinate lien mortgage Deed of Trust. The note bears an interest rate of 4.00% per annum and matures on December 17, 2072. As of December 31, 2017, the outstanding principal balance of the loan is $2,000,000 with accrued interest of $2,322.

On December 12, 2017, the Agency entered into an HAFC Seller Financing Mortgage Note agreement with Sanger Memorial Village, LP, a related party to the Housing Authority of Fresno County in the amount of $1,240,000. The note is secured by, among other security, a subordinate lien mortgage Deed of Trust. The note bears an interest rate of 4.00% per annum and matures on December 17, 2072. As of December 31, 2017, the outstanding principal balance of the loan is $1,240,000 with accrued interest of $2,618.

The outstanding balance of two loans at December 31, 2017 is $3,240,000 with accrued interest of $4,940.

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, 2017 is $6,000,000 with accrued interest of $617,490.

<u>Orange Cove RAD</u>

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, 2017 is $5,430,000 with accrued interest of $743,274.

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, 2017 is $800,000 with accrued interest of $70,090.

<u>Reedley Kings River Commons</u>

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, 2017 is $578,000.

<u>Reedley Trailside Terrace</u>

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, 2017 is $2,431,000 with accrued interest of $193,007.

On December 1, 2015, the Partnership obtained a loan in the amount of $540,000 from HAFC (the "AHP Loan") from the 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 shall be payable from net cash flow and net cash proceeds, as defined in the Partnership Agreement. The AHP Loan shall be secured by a deed of trust on the Project and matures on June 1, 2070. The outstanding balance of this loan at December 31, 2017 is $540,000.

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. As of December 31, 2017, the outstanding principal balance of the loan is $1,010,258 with accrued interest of $72,290.

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. As of December 31, 2017, the outstanding principal balance of the loan is $1,150,000, with accrued interest of $82,288. The outstanding balance of two loans at December 31, 2017 is $2,160,258 with accrued interest of $154,578.

Sanger Memorial Village, LP

On March 30, 2017, the Agency entered into an HAFC Operating Funds Mortgage Note agreement with Sanger Memorial Village, LP, a related party to the Housing Authority of Fresno County in the amount of $1,340,000. The note is secured by, among other security, a subordinate lien mortgage Deed of Trust. The note bears an interest rate of 4.00% per annum and matures on March 30, 2072. As of December 31, 2017, the outstanding principal balance of the loan is $1,340,000 with accrued interest of $40,200.

On March 30, 2017, the Agency entered into an HAFC Seller Financing loan agreement with Sanger Memorial Village, LP, a related party to the Housing Authority of Fresno County in the amount of $2,100,000. The note is secured by, among other security, a subordinate lien mortgage or Deed of Trust. The note bears an interest rate of 4.00% per annum and matures on March 30, 2072. As of December 31, 2017, the outstanding principal balance of the loan is $2,100,000, with accrued interest of $63,000. The outstanding balance of two loans at December 31, 2017 is $3,440,000 with accrued interest of $103,200.

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, 2017 is $345,628.

	Noncurrent
County Public Housing Program	$ 345,628
Total Assets Held for Sale	**$ 345,628**

9) Changes in Capital Assets

Changes in capital assets during the fiscal year ended December 31, 2017, were as follows:

	Balance at 12/31/2016	Additions	Deletions	Balance at 12/31/2017
Capital assets not depreciated:				
Land	$ 1,996,870	$ -	$ (15,304)	$ 1,981,566
Construction in progress	3,684,807	2,622,686	(15,380)	6,292,113
Total capital assets not depreciated	5,681,677	2,622,686	(30,684)	8,273,679
Capital assets being depreciated:				
Buildings & Improvements	71,499,604	48,141	(2,860,726)	68,687,019
Equipment	1,577,339	-	(40,444)	1,536,895
Total capital assets being depreciated	73,076,943	48,141	(2,901,170)	70,223,914
Less accumulated depreciation for:				
Buildings	(63,125,295)	(1,405,558)	2,596,743	(61,934,110)
Equipment	(808,870)	(18,531)	42,934	(784,467)
Total accumulated depreciation	(63,934,165)	(1,424,089)	2,639,677	(62,718,577)
Total capital assets being depreciated, net	9,142,778	(1,375,948)	(261,493)	7,505,337
TOTAL	**$ 14,824,455**	**$ 1,246,738**	**$ (292,177)**	**$ 15,779,016**

10) Investment in Joint Ventures

Investment in joint ventures as of December 31, 2017, consist of the following:

Joint Venture		Investment
Housing Relinquished Fund Corp	$	13,628,665
Silvercrest, Inc.		(48,634)
Housing Self-Insuraance Corp		29,629
Villa Del Mar, Inc.		3,387
Total Investment in Joint Venture	$	13,613,047
Change in Investment in Joint Venture		
Balance at December 31, 2016	$	13,601,099
Change in Investment in Joint Venture		11,948
Balance at December 31, 2017	$	13,613,047

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, 2017, the Agency's share of its partners' deficit in the Kerman Acre, L.P. component unit is $880,364.

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12) Changes in Long Term Liabilities

Changes in long-term liabilities during the fiscal year ended December 31, 2017, were as follows:

	Restated Balance 12/31/2016	Additions	Deletions/ Payments	Balance 12/31/2017	Due Within one year
Notes payable - non-related parties:					
US Department of Agriculture					
Parlier FLH	$ 107,150	$ -	$ (77,572)	$ 29,578	$ 29,525
Mendota FLH	677,823	-	(35,140)	642,683	35,308
Parkside CHFA	568,087	-	(145,330)	422,757	157,980
Kingsburg Marion- AHP	450,000	-	-	450,000	-
Kings River Commons- AHP	578,000	-	-	578,000	-
Orange Cove RAD- AHP	800,000	-	-	800,000	-
Reedley Trailside- AHP	540,000 *	-	-	540,000	-
Total due to non-related parties	**3,721,060**	**-**	**(258,042)**	**3,463,018**	**222,813**
Notes payable - related parties:					
P&CD (Various pre-dev) to HRFC	1,048,967	599,270	-	1,648,237	1,648,237
County HCV to HRFC	323,185	-	-	323,185	
Office building to HRFC	66,000	-	-	66,000	-
County RF to HRFC	454,800	856	-	455,656	-
Total due to related parties	**1,892,952**	**600,126**	**-**	**2,493,078**	**1,648,237**
Other Liabililities:					
Interest Payable- others	452,886	24,706	(8,872)	468,720	-
Family Self-Sufficiency	71,319	183,476	(173,191)	81,604	-
Compensated Absences	292,820	580,877	(501,502)	372,195	241,998
Net Pension Liability	5,958,960	3,077,061	(1,690,243)	7,345,778	-
	6,775,985	**3,866,120**	**(2,373,808)**	**8,268,297**	**241,998**
Total	**$12,389,997**	**$4,466,246**	**$ (2,631,850)**	**$ 14,224,393**	**$2,113,048**

* Restated to include pass-through AHP Loan for Reedley Trailside. See related Schedule of Changes in Notes Receivable.

The schedule of debt payments to maturity are as follows:

	Notes		
Year Ending December 31	**Principal**	**Interest**	**Total**
2018	$ 1,871,050	$ 468,720	$ 2,339,770
2019	207,580	16,314	223,894
2020	129,072	5,863	134,935
2021	36,571	5,184	41,755
2022	36,938	4,817	41,755
2023-2027	190,333	18,442	208,775
2028-2032	2,028,087	8,688	2,036,775
2033-2037	71,570	644	72,214
2038-2042	1,384,895	-	1,384,895
	$ 5,956,096	**$ 528,672**	**$ 6,484,768**

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, 2017, the outstanding principal balance for all the notes is $672,261.

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 principal balance of the two loans at December 31, 2017, is $422,757.

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, 2017, the outstanding principal balance is $450,000.

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, 2017, the outstanding principal balance is $578,000.

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, 2017, the outstanding principal balance is $800,000.

Reedley Trailside

On December 1, 2015, the Agency entered into a loan agreement with Mississippi Valley Company in the amount of $540,000 (the “AHP Loan”) from the 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 2070. See Note 7 for the Notes Receivable from Reedley Trailside related to this AHP Loan. The outstanding balance of this loan at December 31, 2017 is $ 540,000.

Housing Relinquished Fund Corporation (HRFC)

The Agency entered into various notes with the HRFC for the purpose of development activities. During 2017, the Agency added $599,270. The notes accrue interest at 5% per annum and are due by the projected completion dates in 2018. As of December 31, 2017, the outstanding balance is $1,648,237.

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. The outstanding balance on this note as of December 31, 2017, 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, 2017, 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 as of December 31, 2017, is $455,656.

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, 2017, is $ 81,604.

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, 2017, accrued vacation and vested sick leave have been valued by the Agency at $372,195.

13) Due to Other Governments

Amounts due to other governments as of December 31, 2017, are as follows:

U.S. Department of HUD	$ 439,954
Other	616
	$ 440,570

14) Due to Related Parties

Amounts due to related parties as of December 31, 2017, are as follows:

Housing Authority of City of Fresno	$ 650,510
Other	15
	$ 650,525

15) Unearned Revenues

Unearned revenues as of December 31, 2017, consist of the following:

Prepaid tenant rents	$ 48,862
Other	22,859
	$ 71,721

16) Deferred Compensation

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

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

17) Defined Benefit Pension Plan

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

Plan's Major Benefit Options

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 Period	One Year	Three Year	
Sick Leave Credit	Yes	Yes	
Non-Industrial Disability	Standard	Standard	
Industrial Disability	No	No	
Pre-Retirement Death Benefits			
Optional Settlement 2W	No	No	
1959 Survivor Benefit Level	No	No	
Special	No	No	
Alternate (firefighters)	No	No	
Post-Retirement Death Benefits			
Lump Sum	$500	$500	$500
Survivor Allowance (PRSA)	No	No	No
COLA	2%	2%	2%

Employees Covered:

Summary of Valuation Data (Counts)

	June 30, 2016
1 Active Members	106
2 Transferred Members	37
3 Terminated Members	65
4 Retired Members and Beneficiaries	94
5 Active to Retired Ratio [(1) / (4)]	112.77%

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, 2017, (the measurement date), the average active employee contribution rate is 6.25 percent of annual pay, and the average employer's contribution rate is 6.857 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, 2016, valuation was rolled forward to determine the June 30, 2017, 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	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3%
Mortality Rate Table	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

Change of Assumptions

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 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 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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 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 (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B and C funds), 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 PERF 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 equal 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, 2014.

Asset Class	**Assumed Asset Allocation**	**Real Retun Years 1-10**	**Real Return Years 11+**
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-2.20%	-2.70%

(1) An expected inflation of 2.50% used for this period.
(2) An expected inflation of 3.00% used for this period.

Changes in Net Pension Liability

The Changes in Net Pension Liability for the year ended June 30, 2017, were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability
Balance at: 06/30/2016	31,321,848	25,362,892	5,958,956
Changes recognized for the measurement period:			
Service Cost	741,472	-	741,472
Interest on Total Pension Liability	2,346,586	-	2,346,586
Changes of Benefit Terms			-
Changes of Assumptions	1,937,562	-	1,937,562
Differences between Expected and Actual Experience	15,650	-	15,650
Contributions - Employer	-	519,574	(519,574)
Contributions - Employee	-	369,297	(369,297)
Net Investment Income	-	2,801,027	(2,801,027)
Benefit Payments, including Refunds of Employee Contributions	(1,652,796)	(1,652,796)	-
Administrative Expense	-	(37,447)	37,447
Net Changes during 2016 - 2017	3,388,474	1,999,655	1,388,822
Balance at: 06/30/2017	$ 34,710,325	$ 27,362,547	$ 7,347,778

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 7.15 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 (6.15 percent or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Plan's Net Pension Liability/ (Asset)	$ 12,191,244	$ 7,347,778	$ 3,408,061

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

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:

Net 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 measurement period ending June 30, 2017 is 4 years, which was obtained by dividing the total service years of 1,216 (the sum of remaining service lifetimes of the active employees) by 302 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. 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, 2017, the Agency incurred a pension expense of $1,388,822.

As of June 30, 2017, 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 Outflow of Resources	Deferred Inflow of Resources
Changes of Assumptions	$ 1,425,458	$ (129,337)
Differences between Expected and Actual Experience	168,216	(172,480)
Payment on pension contributions between measurement date and fiscal year end	353,253	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	371,201	-
Total	$ 2,318,128	$ (301,817)

The $353,253 in pension payments between June 30 and December 31, 2017, 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:

Amortization of Deferred Outflows/(Inflows) of Resources	
Measurement Periods Ended	
June 30:	
2018	$ 345,192
2019	951,479
2020	570,752
2021	(204,365)
	$ 1,663,058
Deferred Outflows	$ 2,318,128
Deferred Inflows	(301,817)
Net	2,016,311
Payment on pension contributions between measurement date and fiscal year end	$ (353,253)

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 $197,364 for the year ended December 31, 2017. 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

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 partnership was originally formed on August 20, 2015, by Firebaugh Gateway 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. BALIHTC 2016-5, LLC and US Bankcorp Community Development Corporation are the respective Limited Partner and State Credit Partners.

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.

Magill Terrace, LP

Magill Terrace, 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 Fowler, County of Fresno, California, of an affordable housing project, generally knows as Magill Terrace, this anticipated to include 60 units of multifamily housing. The project filed the Notice to proceed with construction on December 5, 2017 and as of December 31, 2017, there is no substantial activity to report.

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.

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.

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.

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 partnership was originally formed on August 20, 2015, by Reedley Trailside Terrace 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.

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, 2017, 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 partnership was originally formed on September 14, 2015, by Firebaugh Gateway 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. BALIHTC 2016-5, LLC and US BankCorp Community Development Corporation are the respective Limited Partner and State Credit Partners.

20) Other Related Parties

Better Opportunities Builders, Inc.

The Executive Director of the Agency serves as the Secretary-Treasurer of Better Opportunities Builders, Inc. (BOB). The Agency's Director of Planning & Community Development serves as the Chief Executive Officer of BOB. One of the Agency's Commissioners serves on the Board of Directors of BOB. The remaining Board of Directors 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.

Housing Authority of the City of Fresno

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

The following is a summary of changes in Inter-fund loans as of December 31, 2017:

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017
Receivables:				
County RF from P&CD	$ 500,000	-	-	$ 500,000
Total Receivables	**$ 500,000**	-	-	**$ 500,000**
Payables:				
P&CD to County RF	$ 500,000	-	-	$ 500,000
Total Payables	**$ 500,000**	-	-	**$ 500,000**

The Agency has made various interfund loans. Interfund 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, 2017, is $500,000 and $125,885 respectively.

22) Contingent Liabilities

Grants

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

Pending Litigation

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

HUD Guaranteed Debt

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

23) Prior Year Restatement

During the year ended December 31, 2017, the Agency made certain adjustments to correctly present activity:

Net Position at Beginning of Year, as Previously reported	$	41,427,631
The prior period adjustment is primarily related to a restatement of change in investment in Joint Ventures		(111,489)
Net position at Beginning of Year, as Restated	**$**	**41,316,142**

During the year ended December 31, 2017, the Agency made certain adjustments to correctly present activity as Component Unit for KERMAN:

Net Position as Beginning of Year, as Previously Reported	$	(1,808,561)
The prior period adjustment is related to the restatement of various asset and liability balances for Granada Commons, LP.		121,349
Net Position at Beginning of Year, as Restated	**$**	**(1,687,212)**

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	$ 1,674,216
CHFA	67,039
Housing Choice Voucher	436,633
Migrant Services	159,904
Other Reserves	39,877
	$ 2,377,669

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.

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b) Capital Assets

Capital assets consist of the following as of December 31, 2017:

	Restated Balance at 12/31/2016	Additions	Deletions	Balance at 12/31/2017
Capital assets not depreciated:				
Land	$ 119,217	$ -	$ -	$ 119,217
Total capital assets not depreciated	119,217	-	-	119,217
Capital assets being depreciated:				
Dwelling structures	3,110,840	-	-	3,110,840
Dwelling equipment	327,259	-	-	327,259
Total capital assets being depreciated	3,438,099	-	-	3,438,099
Less accumulated depreciation for:				
Accumulated depreciation - building	(630,502)	(108,370)	-	(738,872)
Accumulated depreciation - equipment	(251,349)	(32,726)	-	(284,075)
Total accumulated depreciation	(881,851)	(141,096)	-	(1,022,947)
Total capital assets, net of depreciation	2,556,248	(141,096)	-	2,415,152
Total	**$ 2,675,465**	**$ (141,096)**	**-**	**$ 2,534,369**

Restatement to reflect decrease in accumulated depreciation by $196,696.

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 $79,615 for a total depreciation for the year ended December 31, 2017, of $127,070.

c) Long Term Liabilities

Changes in long term liabilities for December 31, 2017, are as follows:

		Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017
2302-02-000 RP LT BOB	BOB - RHED Loan	$ 103,185	$ -	$ -	$ 103,185
2302-04-000 RP LT HACF	HACF - CFRG Loan	678,835	-	-	678,835
2300-05-000 LT County of Fresno	Kerman Acre Fresno County	900,000	-	-	900,000
2300-08-000 LT CAP	Kerman Acre TCAC	2,202,168	-	-	2,202,168
	Accrued Interest Payable	269,407	161,069	-	430,476
		$ 4,153,595	$ 161,069	$ -	$ 4,314,664

Kerman Acre, LP

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, 2017, the outstanding principal balance was $900,000.

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, 2017, the outstanding principal balance was $2,202,168.

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 $9,300 were incurred.

Ground Lease

Pursuant to the Ground Lease Agreement dated March 16, 2010, (the "Ground Lease"), the Partnership entered into a ground lease to pay the Managing General in the amount of $10 per year plus additional rent as defined in the Ground Lease until the lease expires. In addition, the Partnership is obligated to pay all costs, expenses and obligations with respect to the property including property taxes, insurance, utilities operating costs and costs of maintenance. The lease term commenced on March 16, 2010 and expires on February 28, 2066. For the year ended December 31, 2017, ground lease expense was $10, and is included in general and administrative expenses on the Statement of Operations. As of December 31, 2017, 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 $2,293, and is included in general partner fees on the Statement of Revenues & Expenses. As of December 31, 2017, the amount owed for Co-General Partner management fee was $14,713 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 $22,926 and is included in General Partner fees on the Statement of Revenues & Expenses. As of December 31, 2017, the amount owed for Managing General Partner management fee was $147,119, 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, 2017, 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, 2017, the outstanding amount owed to HACF was $9,938.

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, 2017, interest expense was $12,800. As of December 31, 2017, the outstanding principal balance was $103,185, with accrued interest of $87,581.

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, 2017, interest expense was $73,489. As of December 31, 2017, the outstanding principal balance was $678,835, with accrued interest of $342,896.

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.

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REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF FRESNO COUNTY

Schedule of Changes in Net Pension Liability and Related Ratios
for the Measurement Period (Miscellaneous Plan)
Last Ten Years*

Measurement Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014
TOTAL PENSION LIABILITY				
Service Cost	$741,472	$636,086	$636,707	$632,927
Interest on Total Pension Liability	2,346,586	2,262,010	2,162,499	2,076,674
Changes of Benefit Terms	-	56,408	-	-
Changes of Assumptions	1,937,562	-	(520,576)	-
Difference between Expected and Actual Experience	15,653	23,177	(123,455)	-
Benefit Payments, Including Refunds of Employee Contributions	(1,652,796)	(1,654,238)	(1,500,820)	(1,476,137)
Net Change in Total Pension Liability	3,388,477	1,323,443	654,355	1,233,464
Total Pension Liability - Beginning	31,321,848	29,998,408	29,344,053	28,110,589
Total Pension Liability - Ending (a)	34,710,325	31,321,851	29,998,408	29,344,053
PLAN FIDUCIATY NET POSITION				
Contributions - Employer	519,574	414,971	343,617	316,377
Contributions - Employee	369,297	347,428	339,737	310,693
Investment Income	2,801,027	146,833	591,865	3,967,964
Benefit Payments, Including Refunds of Employee Contributions	(1,652,796)	(1,654,238)	(1,500,820)	(1,476,137)
Administrative Expense	(37,447)	(15,921)	(29,405)	-
Net Change in Fiduciary Net Position	1,999,655	(760,927)	(255,006)	3,118,897
Plan Fiduciary Net Position - Beginning	25,362,892	26,123,819	26,378,825	23,259,928
Plan Fiduciary Net Position - Ending (b)	27,362,547	25,362,892	26,123,819	26,378,825
Plan Net Pension Liability - Ending (a) - (b)	$7,347,778	$5,958,959	$3,874,589	$2,965,228
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.83%	80.98%	87.08%	89.89%
Covered Payroll	$ 5,261,716	$5,051,877	$4,912,678	$ 4,749,075
Plan Net Pension Liability as a Percentage of Covered Payroll	139.65%	117.96%	78.87%	62.44%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016, 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 2017, the accounting discount rate reduced from 7.65 to 7.15 percent. 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 December 31, 2014 was the first year of implementation. Information for the last 10 years is not available.

HOUSING AUTHORITY OF FRESNO COUNTY
Schedule of Changes in Net Pension Liability and Related Ratios
for the Measurement Period (Miscellaneous Plan)
Last Ten Years*
(Continued)

Schedule of Plan Contributions for the Fiscal Years Ended December 31

Employer Fiscal Year End	2017	2016	2015	2014
Actuarially Determined Contribution	$ 459,880	$ 469,586	$ 371,354	$ 325,829
Contributions in Relation to the Actuarially Determined Contribution	(459,880)	(469,586)	(371,354)	(325,829)
Contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 5,832,350	$ 5,406,119	$ 5,029,081	$ 4,520,151
Contributions as a Percentage of Covered Payroll	7.88%	8.69%	7.38%	7.21%

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

HOUSING AUTHORITY OF FRESNO COUNTY

Schedule of Changes in Net Pension Liability and Related Ratios
for the Measurement Period (Miscellaneous Plan)
Last Ten Years*
(Continued)

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for the Fiscal Year 2016-2017 were derived from the June 30, 2014 funding valuation report as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	See note 17) Defined Benefit Pension Plan, for related information. The amortization method and periods are based on the June 30, 2014 Funding Valuation Report.
Asset Valuation Method	See note 17) Defined Benefit Pension Plan, for related information. The market value of assets are based on the June 30, 2014 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3%
Investment Rate of Return	7.5% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	See note 17) Defined Benefit Pension Plan, for related information. The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	See note 17) Defined Benefit Pension Plan, for related information. The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre -retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB 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.

Other Information:
For changes to previous year's information, refer to past GASB 68 report.

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF FRESNO COUNTY
Schedule of Modernization Costs for Completed Projects
Year ended December 31, 2017

Grant Number	Funds Approved	Funds Expended	Excess
CA39P028501-14	$ 1,623,792	$ 1,623,792	-
CA39P028501-15	$ 1,252,130	$ 1,252,130	-

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FINANCIAL DATA SCHEDULE

The following schedule is presented in accordance with reporting requirements under the U. S. Department of HUD's Uniform Financial Reporting Standards.

Housing Authority of Fresno County (CA028)
Fresno, CA
Entity Wide Balance Sheet Summary
Fiscal Year End: 12/31/2017

Submission Type: Audited/Single Audit	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	14.235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$114,062	$7,779		$61,235	$24	$154,248	$239	$43,802	$72	$10	$275	$604,355	$1,025,681	$2,011,782		$2,011,782
112 Cash - Restricted - Modernization and Development																
113 Cash - Other Restricted				$1,679,199		$438,140		$6,852			$221,983			$2,346,174		$2,346,174
114 Cash - Tenant Security Deposits	$190,291			$54,311				$6,196	$16,580		$27,253			$294,631		$294,631
115 Cash - Restricted for Payment of Current Liabilities												$14,524		$14,524		$14,524
100 Total Cash	$304,353	$7,779	$0	$1,794,745	$24	$592,388	$239	$56,850	$16,652	$10	$249,511	$618,879	$1,025,681	$4,667,111	$0	$4,667,111
121 Accounts Receivable - PHA Projects																
122 Accounts Receivable - HUD Other Projects		$15,622			$16,542	$25,394				$44,173				$101,731		$101,731
124 Accounts Receivable - Other Government			$1,500	$3,406							$300,538		$29,028	$334,472		$334,472
125 Accounts Receivable - Miscellaneous	$1,090					$215,537						$134,889	$29,990	$381,506		$381,506
126 Accounts Receivable - Tenants	$40,684			$20,674		$45,919		$2,057	$13,007		$5,069	$293		$127,703		$127,703
126.1 Allowance for Doubtful Accounts -Tenants	($5,791)	$0	$0	$0	$0	$0	$0	$0	($3,943)	$0	$0	$0		($9,734)		($9,734)
126.2 Allowance for Doubtful Accounts - Other	$0	$0	$0	$0	$0	($40,109)	$0			$0	$0	$0	$0	($40,109)		($40,109)
127 Notes, Loans, & Mortgages Receivable - Current												$500,000		$500,000	($500,000)	$0
128 Fraud Recovery																
128.1 Allowance for Doubtful Accounts - Fraud																
129 Accrued Interest Receivable												$388,603		$388,603	($125,885)	$262,718
120 Total Receivables, Net of Allowances for Doubtful Accounts	$35,983	$15,622	$1,500	$24,080	$16,542	$246,741	$0	$2,057	$9,064	$44,173	$305,607	$1,023,785	$59,018	$1,784,172	($625,885)	$1,158,287
131 Investments - Unrestricted											$48,440			$48,440		$48,440
132 Investments - Restricted									$67,797					$67,797		$67,797
135 Investments - Restricted for Payment of Current Liability																
142 Prepaid Expenses and Other Assets	$20,745					$7,420		$2,137	$11,672		$533		$5,968	$48,475		$48,475
143 Inventories																
143.1 Allowance for Obsolete Inventories																
144 Inter Program Due From				$169,888								$1,315,411		$1,485,299	($1,485,299)	$0
145 Assets Held for Sale	$345,628													$345,628		$345,628
150 Total Current Assets	$706,709	$23,401	$1,500	$1,988,713	$16,566	$846,549	$239	$61,044	$105,185	$44,183	$604,091	$2,958,075	$1,090,667	$8,446,922	($2,111,184)	$6,335,738
161 Land	$940,942			$224,412				$119,217	$41,254		$110,118	$501,800	$163,039	$2,100,782		$2,100,782
162 Buildings	$53,180,070			$6,457,964				$3,110,840	$2,215,364		$3,208,882	$1,231,605	$2,390,239	$71,794,964		$71,794,964
163 Furniture, Equipment & Machinery - Dwellings								$327,259					$0	$327,259		$327,259
164 Furniture, Equipment & Machinery - Administration	$450,577					$59,742						$23,768	$1,005,704	$1,539,791		$1,539,791
165 Leasehold Improvements																
166 Accumulated Depreciation	($48,362,713)			($5,847,001)		($28,337)		($1,022,947)	($2,215,364)		($2,680,855)	($1,063,248)	($2,521,059)	($63,741,524)		($63,741,524)
167 Construction in Progress	$2,140,422			$982,771							$920,562	$2,248,360		$6,292,115		$6,292,115
168 Infrastructure																
160 Total Capital Assets, Net of Accumulated Depreciation	$8,349,298	$0	$0	$1,818,146	$0	$31,405	$0	$2,534,369	$41,254	$0	$1,558,707	$2,942,285	$1,037,923	$18,313,387	$0	$18,313,387
171 Notes, Loans and Mortgages Receivable - Non-Current	$678,835											$26,731,443		$27,410,278		$27,410,278
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due																
173 Grants Receivable - Non Current																
174 Other Assets	$342,895							$0						$342,895		$342,895
176 Investments in Joint Ventures												$12,732,683		$12,732,683		$12,732,683
180 Total Non-Current Assets	$9,371,028	$0	$0	$1,818,146	$0	$31,405	$0	$2,534,369	$41,254	$0	$1,558,707	$42,406,411	$1,037,923	$58,799,243	$0	$58,799,243
200 Deferred Outflow of Resources	$407,990					$657,885					$101,766	$249,199	$901,288	$2,318,128		$2,318,128
290 Total Assets and Deferred Outflow of Resources	$10,485,727	$23,401	$1,500	$3,806,859	$16,566	$1,535,839	$239	$2,595,413	$146,439	$44,183	$2,264,564	$45,613,685	$3,029,878	$69,564,293	($2,111,184)	$67,453,109

Housing Authority of Fresno County (CA028)
Fresno, CA
Entity Wide Balance Sheet Summary
Fiscal Year End: 12/31/2017

Submission Type: Audited/Single Audit	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	14.235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
311 Bank Overdraft	$19,645													$19,645		$19,645
312 Accounts Payable <= 90 Days	$98,857			$21,623		$6,214		$1,407	$17,117	$31,418	$54,220	$615	$86,328	$317,799		$317,799
313 Accounts Payable >90 Days Past Due																
321 Accrued Wage/Payroll Taxes Payable	$16,409	$1,210		$2,974	$1,598	$36,466			$1,106	$605	$17,134	$556	$3,555	$81,613		$81,613
322 Accrued Compensated Absences - Current Portion	$25,458	$1,823		$8,233	$4,193	$73,727					$10,345	$22,854	$95,368	$242,001		$242,001
324 Accrued Contingency Liability																
325 Accrued Interest Payable								$430,476				$439,438		$869,914		$869,914
331 Accounts Payable - HUD PHA Programs	$84													$84		$84
332 Account Payable - PHA Projects																
333 Accounts Payable - Other Government	$304,306			$1,561		$3,357			$4,322		$40,326	$1,175		$355,047		$355,047
341 Tenant Security Deposits	$190,291			$53,856				$5,696	$20,794		$27,253	$14,978		$312,868		$312,868
342 Unearned Revenue	$42,269			$4,982		$1,507		$675	$759		$22,202			$72,394		$72,394
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				$64,833				$161,831	$157,980			$1,648,237		$2,032,881		$2,032,881
344 Current Portion of Long-term Debt - Operating Borrowings																
345 Other Current Liabilities	$10,798					$62,815		$27,462			$4,453	$187,455	$476,627	$769,610		$769,610
346 Accrued Liabilities - Other	$419			$92							$10,657	$86	$46,194	$57,448		$57,448
347 Inter Program - Due To			$127,151		$3,600	$566,113			$152,328	$44,887	$591,219			$1,485,298	($1,485,299)	($1)
348 Loan Liability - Current																
310 Total Current Liabilities	$708,536	$3,033	$127,151	$158,154	$9,391	$750,199	$0	$627,547	$354,406	$76,910	$777,809	$2,315,394	$708,072	$6,616,602	($1,485,299)	$5,131,303
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				$607,427		$323,185		$3,884,188	$264,777			$2,823,656	$66,000	$7,969,233		$7,969,233
352 Long-term Debt, Net of Current - Operating Borrowings												$500,000		$500,000	($500,000)	$0
353 Non-current Liabilities - Other						$81,605			$29,282			$125,885		$236,772	($125,885)	$110,887
354 Accrued Compensated Absences - Non Current	$14,724	$784		$4,353	$1,969	$39,121					$5,264	$12,388	$51,595	$130,198		$130,198
355 Loan Liability - Non Current																
356 FASB 5 Liabilities																
357 Accrued Pension and OPEB Liabilities	$1,293,209					$2,085,299					$322,567	$789,886	$2,856,816	$7,347,777		$7,347,777
350 Total Non-Current Liabilities	$1,307,933	$784	$0	$611,780	$1,969	$2,529,210	$0	$3,884,188	$294,059	$0	$327,831	$4,251,815	$2,974,411	$16,183,980	($625,885)	$15,558,095
300 Total Liabilities	$2,016,469	$3,817	$127,151	$769,934	$11,360	$3,279,409	$0	$4,511,735	$648,465	$76,910	$1,105,640	$6,567,209	$3,682,483	$22,800,582	($2,111,184)	$20,689,398
400 Deferred Inflow of Resources	$53,121					$85,656					$13,250	$32,445	$117,346	$301,818		$301,818
508.4 Net Investment in Capital Assets	$8,349,295			$1,145,885		($291,781)		($1,511,650)	($381,503)		$1,558,706	($1,529,606)	$971,924	$8,311,270		$8,311,270
511.4 Restricted Net Position	$0			$1,674,217		$436,633		$6,177	$67,037		$199,782			$2,383,846		$2,383,846
512.4 Unrestricted Net Position	$66,842	$19,584	($125,651)	$216,823	$5,206	($1,974,078)	$239	($410,849)	($187,560)	($32,727)	($612,814)	$40,543,637	($1,741,875)	$35,766,777		$35,766,777
513 Total Equity - Net Assets / Position	$8,416,137	$19,584	($125,651)	$3,036,925	$5,206	($1,829,226)	$239	($1,916,322)	($502,026)	($32,727)	$1,145,674	$39,014,031	($769,951)	$46,461,893	$0	$46,461,893
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$10,485,727	$23,401	$1,500	$3,806,859	$16,566	$1,535,839	$239	$2,595,413	$146,439	$44,183	$2,264,564	$45,613,685	$3,029,878	$69,564,293	($2,111,184)	$67,453,109

Housing Authority of Fresno County (CA028)
Fresno, CA
Entity Wide Revenue and Expense Summary
Fiscal Year End: 12/31/2017

Submission Type: Audited/Single Audit	Project Total	14.896 PIH Family Self-Sufficiency Program	14.257 Homelessness Prevention and Rapid Re-Housing	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	14.235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$2,361,180			$708,391				$82,590	$163,260		$325,083	$194,547		$3,835,051	$0	$3,835,051
70400 Tenant Revenue - Other	$35,809			$8,233				$999	$405		$3,226	$1,628		$50,300	$0	$50,300
70500 Total Tenant Revenue	$2,396,989	$0	$0	$716,624	$0	$0	$0	$83,589	$163,665	$0	$328,309	$196,175	$0	$3,885,351	$0	$3,885,351
70600 HUD PHA Operating Grants	$4,080,127	$58,402			$70,631	$37,278,712				$104,083				$41,591,955		$41,591,955
70610 Capital Grants	$67,608													$67,608		$67,608
70710 Management Fee													$1,382,004	$1,382,004	($1,382,004)	$0
70720 Asset Management Fee													$84,169	$84,169	($84,169)	$0
70730 Book Keeping Fee													$547,733	$547,733	($547,373)	$360
70740 Front Line Service Fee																
70750 Other Fees													$734,067	$734,067		$734,067
70700 Total Fee Revenue													$2,747,973	$2,747,973	($2,013,546)	$734,427
70800 Other Government Grants				$987,333				$43,495	$281,957		$1,082,270			$2,395,055		$2,395,055
71100 Investment Income - Unrestricted	$73,489			$903							$150	$760,304	$2,684	$837,530		$837,530
71200 Mortgage Interest Income																
71300 Proceeds from Disposition of Assets Held for Sale																
71310 Cost of Sale of Assets																
71400 Fraud Recovery						$53,892								$53,892		$53,892
71500 Other Revenue	$84,096			$14,362		$90,076		$1,900	$1,242	$87	$649,829	$2,925,521	$1,643,280	$5,410,393	($914,407)	$4,495,986
71600 Gain or Loss on Sale of Capital Assets	($279,028)				$259							$4,240,000		$3,961,231		$3,961,231
72000 Investment Income - Restricted				$1,109		$470			$939		$44			$2,562		$2,562
70000 Total Revenue	$6,423,281	$58,402	$0	$1,720,331	$70,890	$37,423,150	$0	$128,984	$447,803	$104,170	$2,060,602	$8,122,000	$4,393,937	$60,953,550	($2,927,953)	$58,025,597
91100 Administrative Salaries	$556,958	$37,313		$77,256	$52,697	$1,344,419		$7,147	$18,139	$15,955	$211,934	$497,913	$1,719,029	$4,538,760		$4,538,760
91200 Auditing Fees	$7,649	$661		$1,180	$754	$20,399			$8,900	$137	$3,114	$8,723	$18,932	$70,449		$70,449
91300 Management Fee	$518,376			$22,500		$791,712			$20,856		$28,560			$1,382,004	($1,382,004)	$0
91310 Book-keeping Fee	$52,554					$494,820								$547,374	($547,373)	$1
91400 Advertising and Marketing	$1,278			$419		$3,451		$96	$32		$124	$441	$10,119	$15,960		$15,960
91500 Employee Benefit contributions - Administrative	$350,861	$16,700		$53,862	$20,835	$562,864		$3,621	$12,048	$4,579	$197,533	$287,259	$1,115,224	$2,625,386		$2,625,386
91600 Office Expenses	$242,675			$29,394	$11,268	$494,579		$6,977	$13,896	$94,470	$156,385	$52,441	$370,853	$1,472,938	($418,766)	$1,054,172
91700 Legal Expense	$7,655			$2,643		$1,231					$4,539	$18,791	$87,768	$122,627		$122,627
91800 Travel	$132			$1,674	$2,066	$9,874		$2	$6		$10,078	$11,095	$57,211	$92,138		$92,138
91810 Allocated Overhead																
91900 Other	$197,380		$149	$39,995	$9,230	$259,869		$51,184	$4,182	$4,395	$45,700	$173,532	$434,202	$1,219,818	($495,641)	$724,177
91000 Total Operating - Administrative	$1,935,518	$54,674	$149	$228,923	$96,850	$3,983,218	$0	$69,027	$78,059	$119,536	$657,967	$1,050,195	$3,813,338	$12,087,454	($2,843,784)	$9,243,670
92000 Asset Management Fee	$84,169													$84,169	($84,169)	$0
92100 Tenant Services - Salaries																
92200 Relocation Costs	$2,085													$2,085		$2,085
92300 Employee Benefit Contributions - Tenant Services																
92400 Tenant Services - Other																
92500 Total Tenant Services	$2,085	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,085	$0	$2,085
93100 Water	$199,584			$55,984				$4,159	$33,722		$56,784	$14,406	$2,118	$366,757		$366,757
93200 Electricity	$97,245			$6,363				$888	$5,315		$103,806	$5,181	$67,503	$286,301		$286,301
93300 Gas	$18,021			$1,085				$188	$727		$13,752	$6	$628	$34,407		$34,407
93400 Fuel																
93500 Labor																
93600 Sewer	$248,379			$52,169				$3,732	$16,900		$108,814	$18,582	$1,153	$449,729		$449,729
93700 Employee Benefit Contributions - Utilities																
93800 Other Utilities Expense	$246,385			$21,885				$1,332	$12,236		$41,969		$3,082	$326,889		$326,889
93000 Total Utilities	$809,614	$0	$0	$137,486	$0	$0	$0	$10,299	$68,900	$0	$325,125	$38,175	$74,484	$1,464,083	$0	$1,464,083
94100 Ordinary Maintenance and Operations - Labor	$276,286			$69,903				$7,307	$16,394		$74,582	$11,610	$122,382	$578,464		$578,464
94200 Ordinary Maintenance and Operations - Materials and Other	$287,746			$71,679	$536	$5,025		$9,687	$14,653		$44,341	$10,522	$27,860	$472,049		$472,049
94300 Ordinary Maintenance and Operations Contracts	$756,393		$20	$213,292	$2,458	$89,850		$27,751	$68,282	$2,231	$142,613	$42,199	$197,970	$1,543,059	$0	$1,543,059
94500 Employee Benefit Contributions - Ordinary Maintenance																
94000 Total Maintenance	$1,320,425	$0	$20	$354,874	$2,994	$94,875	$0	$44,745	$99,329	$2,231	$261,536	$64,331	$348,212	$2,593,572	$0	$2,593,572
95100 Protective Services - Labor																
95200 Protective Services - Other Contract Costs																
95300 Protective Services - Other																
95500 Employee Benefit Contributions - Protective Services																
95000 Total Protective Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
96110 Property Insurance	$56,797			$9,534				$2,780	$26,621		$13,273	$5,856	$4,798	$119,659		$119,659
96120 Liability Insurance	$6,284			$1,460					$508		$1,704	$344	$362	$10,662		$10,662
96130 Workmen's Compensation	$77,931	$722		$17,764	$1,178	$50,005		$2,093	$4,358	$280	$25,458	$16,121	$83,683	$279,593		$279,593
96140 All Other Insurance	$35,371			$4,723	$3,518	$2,918	$24	$148	$1,335		$4,622	$3,963	$13,350	$69,972		$69,972
96100 Total insurance Premiums	$176,383	$722	$0	$33,481	$4,696	$52,923	$24	$5,021	$32,822	$280	$45,057	$26,284	$102,193	$479,886	$0	$479,886

Housing Authority of Fresno County (CA028)
Fresno, CA
Entity Wide Revenue and Expense Summary
Fiscal Year End: 12/31/2017

Submission Type: Audited/Single Audit	Project Total	14.896 PIH Family Self-Sufficiency Program	14.257 Homelessness Prevention and Rapid Re-Housing	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	14.235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
96200 Other General Expenses	$50,040			$1,706	$31	$30,665		$0	$4		$8,706	$6,122	$128,343	$225,617		$225,617
96210 Compensated Absences	$34,676	$3,772		$18,975	$7,008	$250,819		$1,616	$2,998		$5,151	$58,743	$359,005	$742,763		$742,763
96300 Payments in Lieu of Taxes	$265,939													$265,939		$265,939
96400 Bad debt - Tenant Rents	$35,198			$7,285					$3,575					$46,058		$46,058
96500 Bad debt - Mortgages																
96600 Bad debt - Other	$2,418												$9,900	$12,318		$12,318
96800 Severance Expense	$1,857			$1,520									$19,104	$22,481		$22,481
96000 Total Other General Expenses	$390,128	$3,772	$0	$29,486	$7,039	$281,484	$0	$1,616	$6,577	$0	$13,857	$64,865	$516,352	$1,315,176	$0	$1,315,176
96710 Interest of Mortgage (or Bonds) Payable																
96720 Interest on Notes Payable (Short and Long Term)				$7,326				$86,289	$38,697			$19,594		$151,906		$151,906
96730 Amortization of Bond Issue Costs																
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$7,326	$0	$0	$0	$86,289	$38,697	$0	$0	$19,594	$0	$151,906	$0	$151,906
96900 Total Operating Expenses	$4,718,322	$59,168	$169	$791,576	$111,579	$4,412,500	$24	$216,997	$324,384	$122,047	$1,303,542	$1,263,444	$4,854,579	$18,178,331	($2,927,953)	$15,250,378
97000 Excess of Operating Revenue over Operating Expenses	$1,704,959	($766)	($169)	$928,755	($40,689)	$33,010,650	($24)	($88,013)	$123,419	($17,877)	$757,060	$6,858,556	($460,642)	$42,775,219	$0	$42,775,219
97100 Extraordinary Maintenance												$166,456		$166,456		$166,456
97200 Casualty Losses - Non-capitalized																
97300 Housing Assistance Payments	$2,123					$33,656,031			$538		$342,125			$34,000,817		$34,000,817
97350 HAP Portability-In																
97400 Depreciation Expense	$1,357,821			$27,983		$6,996		$141,096			$31,289			$1,565,185		$1,565,185
97500 Fraud Losses																
97600 Capital Outlays - Governmental Funds																
97700 Debt Principal Payment - Governmental Funds																
97800 Dwelling Units Rent Expense																
90000 Total Expenses	$6,078,266	$59,168	$169	$819,559	$111,579	$38,075,527	$24	$358,093	$324,922	$122,047	$1,676,956	$1,429,900	$4,854,579	$53,910,789	($2,927,953)	$50,982,836
10010 Operating Transfer In	$331,767										$600			$332,367		$332,367
10020 Operating transfer Out	($331,769)													($331,769)		($331,769)
10030 Operating Transfers from/to Primary Government	($2,586,449)				$76,428							$2,300,000		($210,021)		($210,021)
10040 Operating Transfers from/to Component Unit																
10050 Proceeds from Notes, Loans and Bonds																
10060 Proceeds from Property Sales																
10070 Extraordinary Items, Net Gain/Loss																
10080 Special Items (Net Gain/Loss)																
10091 Inter Project Excess Cash Transfer In																
10092 Inter Project Excess Cash Transfer Out																
10093 Transfers between Program and Project - In																
10094 Transfers between Project and Program - Out																
10100 Total Other financing Sources (Uses)	($2,586,451)	$0	$0	$0	$76,428	$0	$0	$0	$0	$0	$600	$2,300,000	$0	($209,423)	$0	($209,423)
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	($2,241,436)	($766)	($169)	$900,772	$35,739	($652,377)	($24)	($229,109)	$122,881	($17,877)	$384,246	$8,992,100	($460,642)	$6,833,338	$0	$6,833,338
11020 Required Annual Debt Principal Payments	$0	$0	$0	$64,833	$0	$0	$0	($161,831)	$157,980	$0	$0	$1,648,237	$0	$1,709,219		$1,709,219
11030 Beginning Equity	$10,647,885	$20,350	($125,482)	$2,136,153	($30,533)	($1,176,849)	$263	($1,808,561)	($646,266)	($14,850)	$854,925	$30,070,971	($309,309)	$39,618,697		$39,618,697
11040 Prior Period Adjustments, Equity Transfers and Correction of	$9,688							$121,348	$21,359		($93,497)	($49,040)	$0	$9,858		$9,858
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						($2,265,859)								($2,265,859)		($2,265,859)
11180 Housing Assistance Payments Equity						$436,633								$436,633		$436,633
11190 Unit Months Available	$8,040			$1,200		$67,824		$2,160	$49		$2,328	$2,168	$0	$83,769		$83,769
11210 Number of Unit Months Leased	$7,571			$1,153		$65,821		$2,134	$49		$1,402	$2,134	$0	$80,264		$80,264
11270 Excess Cash	($750,955)													($750,955)		($750,955)
11610 Land Purchases	$0												$0	$0		$0
11620 Building Purchases	$0												$0	$0		$0
11630 Furniture & Equipment - Dwelling Purchases	$0												$0	$0		$0
11640 Furniture & Equipment - Administrative Purchases	$0												$0	$0		$0
11650 Leasehold Improvements Purchases	$0												$0	$0		$0
11660 Infrastructure Purchases	$0												$0	$0		$0
13510 CFFP Debt Service Payments	$0												$0	$0		$0
13901 Replacement Housing Factor Funds	$0												$0	$0		$0

SINGLE AUDIT REPORTS AND RELATED SCHEDULES

Davis Farr LLP
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING 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 (the "Agency"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated September 17, 2018 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 a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001, that we consider to be a significant deficiency.

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 Response to Finding

The Agency's response to the finding 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 response.

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 17, 2018

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

Board of Commissioners
Housing Authority of 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 (the "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, 2017. 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, 2017.

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, 2017, and have issued our report thereon dated September 17, 2018. 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 17, 2018

HOUSING AUTHORITY OF FRESNO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

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		$ 175,634
Farm labor housing Loans and Grants (loans)	10.405		672,261
Subtotal - Department of Agriculture			**847,895**
Department of Housing and Urban Development:			
Direct Assistance:			
Supporting Housing Program	14.235		104,083
Public and Indian Housing	14.850	Contract # SF-170	2,549,751
Public Housing Family Self-Sufficiency Under			
Resident Opportunity and Supportive Services	14.870	CA006RFS015A00	70,631
Section 8 Housing Voucher Program	14.871	Contract # SF-472	37,282,030
Section 8 Family Self-Sufficiency	14.896		58,402
Public Housing Capital Funds Program	14.872	Contract # SF-170	1,597,984
Subtotal - HUD Direct Assistance			**41,662,881**
Passed through the State of California Housing Finance Agency:			
Section 8 New Construction and Sub Rehab	14.182	CHFA # 76-54-N	281,957
Subtotal - U.S. Department of Housing and Urban Development			**41,944,838**
Total expenditures of federal awards			**$ 42,792,733**

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, 2017

(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, 2017, 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, 2017, the outstanding balance for all the notes is $672,261.

HOUSING AUTHORITY OF FRESNO COUNTY

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

(A) Summary of Auditor's Results

Financial Statements

1. Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
2. Internal control over financial reporting:	
a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified?	Yes, 2017-001
3. Noncompliance material to the financial statements noted?	No

Federal Awards

1. Internal control over major programs:	
a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified?	None Reported
2. Type of auditors' report issued on compliance for major programs:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No

4. Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.871	U.S. Dept. of Housing and Urban Development – Section 8 Housing Choice Vouchers
14.850	U.S. Dept. of Housing and Urban Development – Public and Indian Housing

5. Dollar threshold used to distinguish between Type A and Type B programs:	$1,281,837
6. Auditee qualified as a low-risk auditee?	Yes

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

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

2017-001: Adjustments Detected by the Audit Process

An important element of internal control over financial reporting is for management to identify adjustments necessary for its financial statements to be fairly stated. Whenever possible, adjustments should be reflected in the accounting records prior to the start of the audit. When this is not possible, management should identify and communicate to the auditors the potential areas of adjustment that may need to be addressed during the audit process. This is an important element of internal control to reduce the risk of material misstatement. We identified a material prior period restatement related to the discretely presented component unit.

Recommendation:

We recommend that the Authority make efforts to ensure that all journal entries are properly reflected in the financial statements prior to the commencement of the audit.

Management Response:

During the audit process, the auditor identified an overstatement of accumulated depreciation for Kerman Acre, LP totaling $196 thousand. The materiality threshold for this discretely presented component unit is $27 thousand. Because this adjustment was identified by the auditors and was over the threshold, it is classified as a significant deficiency over internal controls.

The accumulated depreciation was corrected on the 2017 financial statements and the appropriate calculation will be applied going forward. As such, this finding has been corrected and resolved.

(C) Findings and Questioned Costs for Federal Awards

There were no auditor's 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, 2017

2016-001: 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 fiscal year 2016, 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.

Status

This finding is considered resolved.

2016-002: Improvements Needed in Closing of the Books at Year End

For the Fiscal Year 2016 audit, the Agency had originally communicated to the auditors that the books would be closed and ready for audit by the end of March 2017. 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.

Status

This finding is considered resolved.

(End of the report)