



Boards of Commissioners Update

September 2020

Boards of Commissioners Update – September 2020

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BOARD UPDATE

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Fresno, California 93721
TTY (800) 735-2929

www.fresnohousing.org

TO: Boards of Commissioners

Fresno Housing Authority

FROM: Preston Prince, CEO

SUBJECT: 2020 Point in Time Count Results

DATE: September 14, 2020

AUTHOR: Angie Nguyen

Executive Summary

The purpose of this memo is to update the Board of Commissioners on the results on the 2020 Point in Time results.

The U. S. Department of Housing and Urban Development (HUD) mandates that communities receiving Continuum of Care (CoC) funding conduct a Sheltered and Unsheltered Point in Time (PIT) Count of HUD defined individuals/families experiencing homelessness. The PIT is mandated by HUD to be conducted during the last ten (10) days of January. This year the Fresno Madera Continuum of Care (FMCoC) conducted the PIT on January 28-30, 2020. The first night consisted of volunteers canvassing the streets for the actual count of observed homelessness on the street and the next two (2) days with a follow up survey for demographic and characteristic purposes.

The Fresno and Madera communities continue to support the PIT. Again this year, the first night saw over 200 volunteers – many first time volunteers, others coming back for the second year after a positive experience in 2019. Volunteers included Mayor Lee Brand, Councilmember Miguel Arias and Supervisor Nathan Magsig.

Results are as follows:

2020		2019	
Fresno & Madera total number of persons	3,641	2,508	+1,133 or 45.2%
City of Fresno number of persons	2,510	1,486	+1,024 or 68.9%
County of Fresno number of persons	741	645	+96 or 14.9%

The FMCoC believes these results are primarily due to the increased number of sheltered persons in both the City and County. In 2019 a combined total of 343 persons were sheltered on the night of the PIT. In 2020 a combined total of 865 persons were sheltered – an increase of 522 persons. Last year, both the City and FMCoC received State of California Homeless Emergency Aid Program (HEAP) funding. This funding provided three (3) new triage centers, diversion strategies, rapid rehousing, youth services and landlord engagement/mitigation. The programs started last summer to great success – the triage centers are usually at capacity. The triage centers enable the community to bring persons/families experiencing homelessness off the street, into shelter and gives the opportunity to work on both housing and issues that led to homelessness. These triage centers and the other HEAP funded activities are expected to continue to mid-2022.

The FMCoC has also analyzed data of first time homelessness. In 2019, the community provided services to 1,215 unique clients who entered housing services from emergency shelter to permanent supportive housing and had no prior entries in HMIS. This represents a third of those counted in the 2020 PIT and may have been experiencing homelessness for the first time. Further, the FMCoC believes first time homelessness may be linked to extreme rent burden in Fresno County which is higher than in the general U.S. population of renters.

Currently, the community has funded additional emergency shelter beds due to COVID-19 and is strategizing housing exits utilizing technical assistance from HUD for the use of CARES funding in the most appropriate way.



FRESNO MADERA CONTINUUM OF CARE

2020 FMCoC PIT Count - Context

OVERVIEW

As required by HUD, the FMCoC conducted a Point-in-Time (PIT) Count in January 2020. Despite the FMCoC's successful efforts to expand its housing and services, the overall count of the number of persons experiencing homelessness increased significantly compared to the 2019 PIT Count. This document lays out information that helps put the increase in context.

FIRST-TIME HOMELESSNESS

In 2019 the FMCoC had **1,215 unique clients** enter an Emergency Shelter (ES), Safe Haven, Transitional Housing, Rapid Re-Housing, or Permanent Supportive Housing program who had no prior enrollments in HMIS, the homeless services database. This is a significant fraction of the 3,641 people counted in the 2020 PIT Count, nearly a third of the total who may have experienced homelessness for the first time.

SUCCESSFUL EXITS

Although the total count of people experiencing homelessness has increased, many people during the past year have exited homelessness through FMCoC programs to permanent housing. During the 2019 calendar year, the FMCoC successfully helped 1,284 people exit to permanent housing. This includes 75% of the people who were served by the FMCoC's Permanent Supportive Housing (PSH), Rapid Rehousing (RRH), and Transitional Housing (TH) programs.

	Served	Perm Exits	Total Exits	% of Exits that were Permanent
Permanent Supportive Housing	827	114	192	59%
Rapid Rehousing	1127	520	635	82%
Transitional Housing	253	104	157	66%
Emergency Shelter	1116	382	934	41%
Homeless Prevention	269	164	197	83%
TOTAL	3592	1284	2115	61%

PSH + RRH + TH	738	984	75%
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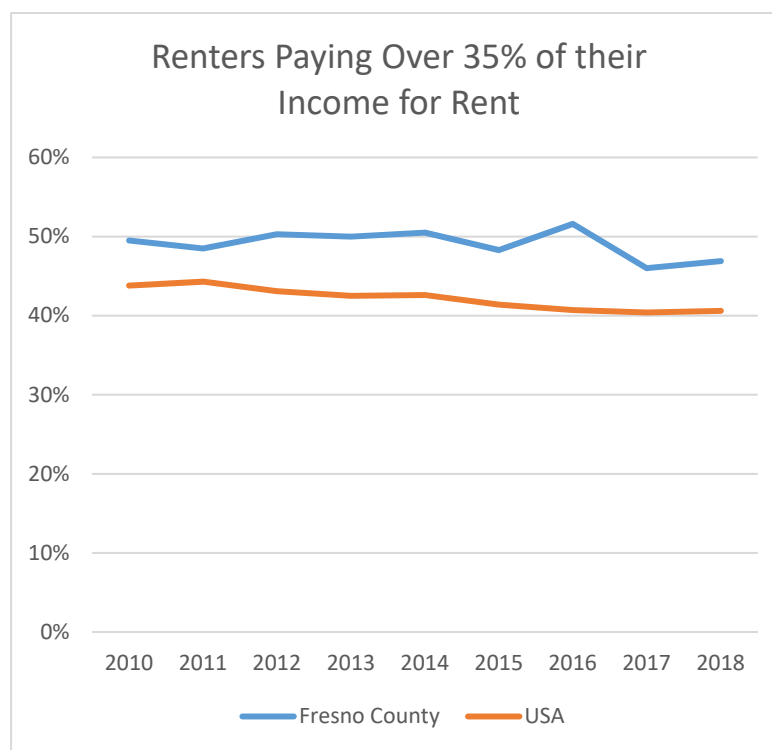
Including those in Permanent Supportive Housing who remained housed within the program and did not re-enter homelessness, the PSH positive outcome is 91% and increases the overall positive outcome for all programs to 70%.

INCREASE IN SHELTERED POPULATION

Much of the increase in the total 2020 PIT Count is driven by an increase in the population of the FMCoC's emergency shelters. In 2019, the sheltered population count was 439 and in 2020, it was 588. This was achieved by increasing the number of emergency shelter beds in 2019, thus bringing people off the streets allowing the rehousing process to begin.

WHY ARE MORE PEOPLE HOMELESS? RENT BURDEN

The American Community Survey produced by the U.S. Census Bureau in 2018 reported Fresno County had 27,154 people earning \$20,000 or less and paying more than 50% of their income toward rent. These people suffer from a severe rent burden – many only one unexpected repair bill or one missed paycheck away from losing their homes. If 5% of the people in this category become homeless each year, that would account for the increase in homelessness since the 2019 PIT Count. As shown below, the fraction of people with a high rent burden is much higher in Fresno County than in the rest of the United States.



WHY ARE MORE PEOPLE HOMELESS? LOW RATE OF RENTAL VACANCIES

Rental vacancy rates in Fresno County are much lower than in the rest of the United States meaning there are fewer rentals available. As of 2018, only 3.6% of homes that were on the rental market in Fresno County were currently available compared to 6.3% in the U.S.

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TO: Boards of Commissioners

Fresno Housing Authority

DATE: September 14, 2020

AUTHOR: Christine Muro

FROM: Preston Prince CEO/Executive Director

SUBJECT: Housing Choice Voucher (HCV) Interest List and Project Based
Voucher (PBV) Program Update

Executive Summary

Fresno Housing's practice in recent years has been to open the interest lists annually in the Spring to applicants who are interested in the Housing Choice Voucher (HCV) Program for both the City and County of Fresno. Working with various partners and FH staff, the interest lists open for a two-week period. Last year, the interest lists opened on June 5, 2019 and closed on June 21, 2019, and the Agency received 47,605 pre-applications, of which, approximately 50% are duplicate applications as we encourage those interested to apply for both lists. As vouchers become available for admission, FH performs incremental draws from the interest list(s) by random lottery to select applicants and create a waiting list. This process repeats itself throughout the year and a final draw *may* be performed at the end of the year or as determined by staff based on the previous year's leasing activities.

Currently, there are over 23,000 City pre-applications and 22,000 County pre-applications remaining. Based on the analysis of operations and leasing activities in 2019 and 2020, there is no need to re-open the interest lists in 2020. Additionally, with the current state of the COVID-19 pandemic, we do not believe it would be safe or reasonable to re-open at this time. It is estimated that both the HCV City and County lists have an adequate number of pre-applications to sustain leasing needs through the end of 2020 and into next year. Staff will continue to evaluate response rates and determine when the interest lists will reopen, hopefully in 2021.

Project-Based Vouchers (PBV)

Although the general HCV Interest List will not open in 2020, the Agency will open interest lists for project-based vouchers for development projects that are coming on line in late 2020/early 2021, including The Villages at Paragon, Linnaea Villas, and Solivita Commons.

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TO: Boards of Commissioners
Fresno Housing Authority

DATE: September 14, 2020

AUTHOR: Aurora Ibarra

FROM: Preston Prince, CEO/Executive Director

SUBJECT: Update on 2020 Leasing and Housing Assistance Payment
Utilization for the Housing Choice Voucher (HCV) Programs

Executive Summary

The purpose of this memo is to update the Boards of Commissioners on July Housing Assistance Payments (HAP) and leasing activities, and projections for the remainder of 2020.

Leasing Update

Staff continue to review applicant files, issue vouchers remotely and connect applicants to the new online video briefings. Extensions continue to be granted for families to mitigate some of the challenges families may be experiencing related to COVID-19. The department also continues its landlord outreach strategies to recruit potential landlords who would provide leasing opportunities for our families.

Staff have been diligent in streamlining leasing activities that support applicants in efforts to reduce the timeline applicants experience from intake to lease-up. The new online applicant portal has been updated to allow applicants the ability to submit their initial occupancy application, household information and upload documents from the comfort of their homes. We are pleased to report a 44% response rate which is higher than the average response rate, pre-COVID. Staff have also been working with our background screening vendor and have switched search engines that produce instant background results and cost-saving opportunities. This expedites the eligibility determination and allows staff to issue a voucher to applicant and begin the housing search process much quicker.

With the availability of CARES Act funding for the HCV program, staff continue to strategize on eligible uses of funds to increase and facilitate leasing during the pandemic, such as landlord incentives, housing navigation, and housing retention services.

City HCV

HAP expenditures for the month of July are projected to be \$4,263,181 with a HAP utilization rate for the month of July of 99.1%. The overall projected HAP utilization rate is 97.9%, which would earn the Agency maximum points for leasing under SEMAP. As part of COVID waivers granted to PHAs across the nation, HUD informed our agency that we could use 2019 SEMAP score for the 2020 reporting year (which was High Performer) due to pandemic related delays and we elected to do so. Staff continues to use the SEMAP scoring factors as a guide to self-monitor program performance.

Voucher utilization for the month of July was 99% with an overall projected voucher utilization for CY 2020 of 98%.

County HCV

HAP expenditures for the month of July are projected to be \$3,285,369 with a HAP utilization rate for the month of July of 99.9%. The overall projected HAP utilization rate is 98.2%, which would earn the Agency maximum points for leasing under SEMAP. HUD informed our agency that we could use 2019 SEMAP score for the 2020 reporting year (which was High Performer) due to pandemic related delays and we agreed to do so. Staff continues to use the SEMAP scoring factors as a guiding tool to self-monitor program performance.

Voucher utilization for the month of July was 97.7% with an overall projected voucher utilization for CY 2020 of 97%.

HCV Leasing and Spending Projection

CA006 Two-Year Voucher Forecasting Summary

9/9/2020

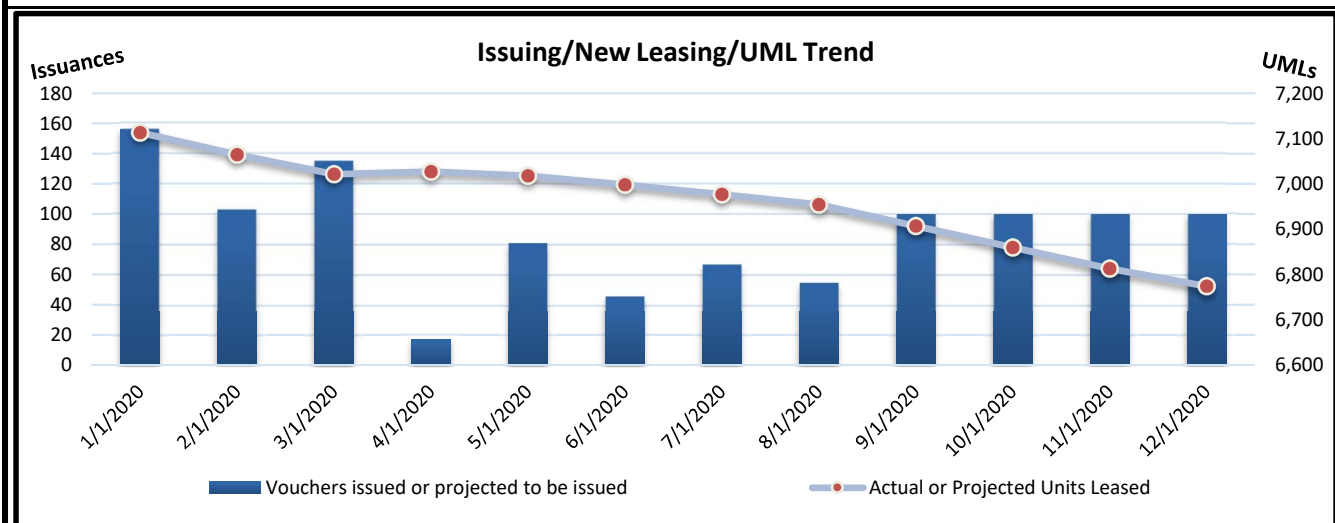
Prepared for: City Board of Commissioners

Prepared by: Housing Choice Department

Using the Housing Choice Voucher (HCV) Two-Year Tool, which allows a user to examine a PHA's voucher program under a variety of leasing, per-unit cost (PUC), and other key program scenarios, the attached tool estimates the program to end the current year with \$1,013,206, or 2% of budget authority. This scenario relies upon the following key variables:

Success Rate	Attrition Rate	Time from Issuance to HAP Effective Date	
(How many issued vouchers will go to HAP)	(What percent of participants annually leave)	(How fast do successful issuances lease up)	
55%	7.8%	Leased in	Percent
		0-30 Days	8%
2020 PUC		31-60 Days	25%
(Average monthly cost of a voucher - 2020)		61-90 Days	20%
\$607		91-120 Days	16%
		121-150 Days	31%

Please see the below graph, which shows issued vouchers and associated leasing, as well as the total program UMLs, which takes into account program attrition:



The City Program had no HAP offset this year. Additionally, the higher of this year's leased units (98.0%) or dollars (97.9%) is 98.0%, indicating full leasing indicator points in SEMAP. This estimate has been adjusted for VASH.

CA006 Summary

HAP expenditures for July are projected to be \$4,263,181 with a monthly HAP utilization rate of 99.1%. Voucher utilization for the month of July was 99% with an overall projected voucher utilization rate for CY 2020 of 98%. These utilization rates have been adjusted for VASH.

HCV Leasing and Spending Projection

CA028 Two-Year Voucher Forecasting Summary

9/9/2020

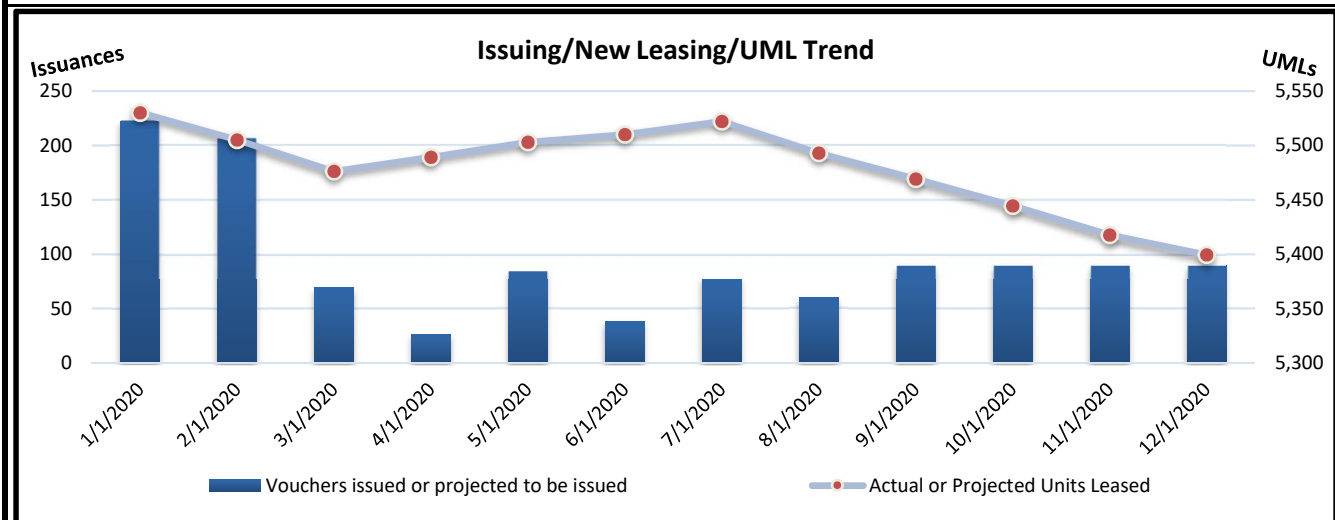
Prepared for: County Board of Commissioners

Prepared by: Housing Choice Department

Using the Housing Choice Voucher (HCV) Two-Year Tool, which allows a user to examine a PHA's voucher program under a variety of leasing, per-unit cost (PUC), and other key program scenarios, the attached tool estimates the program to end the current year with \$702,208, or 1.8% of budget authority. This scenario relies upon the following key variables:

Success Rate	Attrition Rate	Time from Issuance to HAP Effective Date	
(How many issued vouchers will go to HAP)	(What percent of participants annually leave)	(How fast do successful issuances lease up)	
55%	7.3%	Leased in	Percent
		0-30 Days	8%
2020 PUC		31-60 Days	25%
(Average monthly cost of a voucher - 2020)		61-90 Days	20%
\$590		91-120 Days	16%
		121-150 Days	31%

Please see the below graph, which shows issued vouchers and associated leasing, as well as the total program UMLs, which takes into account program attrition:



The County Program had no HAP offset this year. Additionally, the higher of this year's leased units (97.0%) or dollars (98.2%) is 98.2%, indicating full leasing indicator points in SEMAP. This is an estimate.

CA028 Summary

HAP expenditures for July are projected to be \$3,285,369 with a monthly HAP utilization rate of 99.9%. Current voucher utilization for the month of July was 97.7% with an overall projected voucher utilization rate for CY 2020 of 97%.

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TO: Boards of Commissioners

DATE: September 14, 2020

FROM: Preston Prince
CEO/Executive Director

AUTHOR: Kelli Furtado

SUBJECT: Update on Agency Strategic Initiatives: Communications
Department

Executive Summary

The Communications Department (Communications) is tasked with strategic outreach, both internally and externally. Strategic outreach includes heightened Agency visibility, the facilitation of community dialogue around priorities, and supporting all departments with communications, public relations and marketing efforts.

In addition to the day-to-day operational support provided to the Agency, in July 2019, Communications compiled an outreach and communications plan that includes an assessment of opportunities to increase awareness and support among regional stakeholders. The plan included recommendations on how to achieve a series of goals categorized by both short- and long-term goals. These goals aimed to raise awareness, dispel affordable housing myths and concerns, and highlight the Agency's community-wide benefits.

The purpose of this update is to highlight progress made to date, as well as inform the Boards that an update to the Communications and Outreach Plan is currently under way to ensure strategic direction and incorporation of initial recommendations from the Diversity, Equity and Inclusion efforts.

Background Information

The Communications Department consists of the Assistant Director of Strategic Initiatives, Communication Manager, and Communications Project Manager. Together, the Communications team continues working to support all departments and the executive team as a cross-departmental collaborator. Below is a list of projects and goals that the Communications department has been leading this year.

- Website Management and Development
 - o Existing Website: Communications continues to manage content updates, the splash page and updates in the internal staff page.

- o New Website: Content and development phases are complete. Staff is anticipating the first draft in design phase (clickable) to be completed before the end of 2020. The new website will feature several improved functions and features based on the needs of the public served.
 - o Other: Communications also manages updates and develops sites for properties owned/managed by the Agency.
- Media and Public Relations
 - o Monthly summary of media activity to Boards
 - o Quarterly community newsletter
 - o Participation in community-based organization forums
 - o Industry Awareness: Promote award-winning developments and initiatives through industry newsletters, tagging and hash-tag use, award applications, and expanding overall Agency awareness with partners in the industry
 - o Social Media
 - Expanded social media program and leveraging of community partners and resources, including responses to social media questions and comments (91% response rate/6 hours average response time)
 - Increased human-interest stories featuring staff and residents
 - Facebook “like” campaign completed, exceeded 5,000 goal for Facebook (5,735 likes/7,924 followers/18,900 reached in last 90 days)
- Brand Consistency and Collateral Materials
 - o Completed messaging platform
 - o Design and production of new collateral (maps, impact sheets, templates, etc.)
 - o Facilitate the design of property names and new logos for developments
- Events and Promotion
 - o Produce Resident Empowerment support and monthly newsletter
 - o Facilitate all-staff events, speakers, meeting logistics, and staff recognition awards
 - o Distribution of promotional materials (branded face masks, hand sanitizer etc.)
 - o Plan and staff Groundbreaking and Grand Opening events
 - o Translation and design of newspaper ads featuring housing opportunities

Fiscal Impact

This is an informational item and there is no change in fiscal impact. For 2020, the budget included \$225,000 for public relations and communication efforts. This amount covers 50% of two staff members, as well as consultants that span the development of the new website; branding and design consultation for collateral, property naming and logo development, and the strategic planning and that includes messaging platform and a key opinion leader audit report.

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TO: Boards of Commissioners

Fresno Housing Authority

DATE: September 14, 2020

AUTHOR: Emily De La Guerra

FROM: Preston Prince, CEO/Executive Director

SUBJECT: Update on the 2021 Annual Plans

Executive Summary

The purpose of this memo is to give the Boards of Commissioners an update on Fresno Housing's 2021 Public Housing Annual (PHA) Plans.

Generally, the Annual Plan must be approved by the Boards of Commissioners and submitted to HUD at least 75 days before the end of the Agency's fiscal year. The Housing Authority of the City of Fresno and the Housing Authority of Fresno County, with fiscal year-end dates of December 31, 2020, would normally be required to submit their respective Annual Plans no later than October 17, 2020. However, in response to the COVID-19 pandemic and the potential postponement of public hearings due to limitations on large public gatherings, HUD has extended the submission deadline to January 16, 2021.

Staff will continue to update the Boards of Commissioners on the progress of the development of the 2021 Annual Plans.

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TO: Boards of Commissioners

Fresno Housing Authority

FROM: Preston Prince, CEO

SUBJECT: Update on Data & Program Evaluation Strategic Goal

DATE: September 14, 2020

AUTHOR: Bobby Coulter

Executive Summary

The purpose of this update is to provide the Board of Commissioners with progress on the 2019-2020 Strategic Goal of Data and Program Evaluation.

Over the past five years, the Agency has made significant efforts to become a more data driven organization by investing in systems, talent and training. In 2019, the Board of Commissioners chose to increase the investment in order to evaluate Fresno Housing programs and track outcomes. Since hiring one Resident Empowerment Impact Analyst and reassigning an Analyst from the program side of the Agency to the newly established Research, Evaluation and Analysis Lab (REAL), the team has completed a few notable projects such as:

COVID-19 Dashboard – This dashboard was developed by the REAL team and keeps track of the impact of COVID-19 on our residents. Real time analytics enable the Agency to track operational changes made during COVID-19 to ensure the impact on residents is as intended. In addition, the COVID-19 dashboard tracks the financial impact on residents through loss of income. Each of these metrics is groups by race and ethnicity to track any disproportionality between different demographic groups.

Solivita Commons Resident Relocation - Staff conducted an analysis on the Pinedale neighborhood in comparison to the neighborhood surrounding Solivita Commons to inform leadership on which partnerships are needed to ensure the success of our families. While these two neighborhoods are only roughly four miles apart, the needs of the residents and amenities in the community were drastically different. By using metrics such as school-wide performance, educational attainment, income and homeownership, the Agency hopes to provide resources that will be custom tailored to the needs of the residents living in that specific neighborhood.

In addition to those listed above, REAL has created the following data dashboards;

- *California Avenue Neighborhood Residents and Resources* – Resident demographics and community resources for Fresno Housing and other residents within the 93706 zip code. The dashboard is intended to help support the application for the Choice Neighborhood Initiative grant.
- *Construction Cost Analysis* – A breakdown and analysis of historical development costs.
- *Eviction Analysis* – Analysis of eviction data across Fresno Housing, Fresno County, and nationally.
- *Diversity, Equity and Inclusion Dashboard* – Collaboration with IVY Consulting Group to analyze Staff, Residents, City and County Populations.
- *Work From Home Equipment Tracker* – Tracking deployment of equipment as the Agency transitioned to working from home due to COVID.
- *City, County and Congressional District Impact Maps* – Resident density and demographics by district.
- *School Density Analysis* - Resident Density across all Fresno Unified Elementary Schools for the purpose of informing resident services and outreach.
- *Interest List Analysis* – Openings day, volume of applicants, demographic and leasing statistics for our Housing Choice Voucher interest list
- *People and Places Property Map* – Visualization of Fresno Housing portfolio and density of residents.
- *Customer Service Dashboard* – Central Office lobby visitor statistics.
- *Housing Choice Voucher (HCV) Production Key Performance Indicators (KPI)* – Operations dashboard meant to track KPI's that could impact the Agency's largest program.
- *HCV Inspections* – Inspection volume, pass rate and location density.
- *Potential Impact of Proposed HUD Immigration Rule Change*
- *Internal Cyber Security Analysis*
- *IT Customer Service*

One major focus for REAL in 2020 is the procurement and implementation of a Resident Empowerment data system to track resident programming, partnerships and outcomes. The implementation of Yardi in 2016 fundamentally changed the way many departments utilized data to better serve residents, but unfortunately, Yardi does not have the ability to track the data that support the pillars of the Agency's Resident Empowerment services: Health, Education and Economic Mobility. In May 2020, staff successfully procured a software that will support the needs of current and future Resident Empowerment initiatives. The software, Apricot360, provides case management and allow the Agency to track the outcomes of each partnership and program that the Agency offers to residents. Since May, staff has been working to set up the system and ensure that data flows between Yardi and Apricot360. This will ensure that we leverage data in both systems and avoid any inefficiencies that can come from using two separate systems. The next step, staff training, is scheduled to start in early October and the estimated launch of Apricot360 is November of 2020.

Fiscal Impact

The Board of Commissioners committed \$200,000 to Data and Program Evaluation. As of the August, the Agency has spent \$140,000. The Board of Commissioners also committed \$50,000 to Resident Empowerment program evaluation. While implantation of Apricot 360 has not been completed, staff estimates that the total cost will be around \$48,000.

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www.fresnohousing.org

TO: Boards of Commissioners

Fresno Housing Authority

DATE: September 14, 2020

AUTHOR: Emily De La Guerra

FROM: Preston Prince, CEO/Executive Director

SUBJECT: Fresno Housing Operating Budget as of July 31, 2020

Executive Summary

The purpose of this update is to present an overview of the financial operating results for the Fresno Housing Authority as of July 31, 2020. The attached financial report shows the consolidation of all Agency operational budgets combined into seven divisions. Projections have been incorporated into the year-to-date budget to account for the timing of cash flows and known variable expenses. These adjustments were based on historical trends and the most current information available.

The 2020 Operating Budget was approved by the Boards of Commissioners in December 2019 with total revenues of \$44.7 million and total operating expenses of \$41.9 million. As of July, total revenues are \$23.7 million, which is \$1.2 million less than anticipated. However, total operating expenses are \$2.4 million less than budgeted at \$21.7 million through July. This puts net operating income at \$2.1 million, which is \$1.2 million better than budgeted. As of July, the Agency has utilized \$628 thousand in unrestricted reserves, which is \$177 thousand better than budgeted at this point in the year. The variance in July's unrestricted net income is mainly due to delayed receipt of projected development fee revenue, and expense reductions across the Agency.

OPERATING BUDGET

TOTAL INCOME

TOTAL EXPENSES

NET OPERATING INCOME

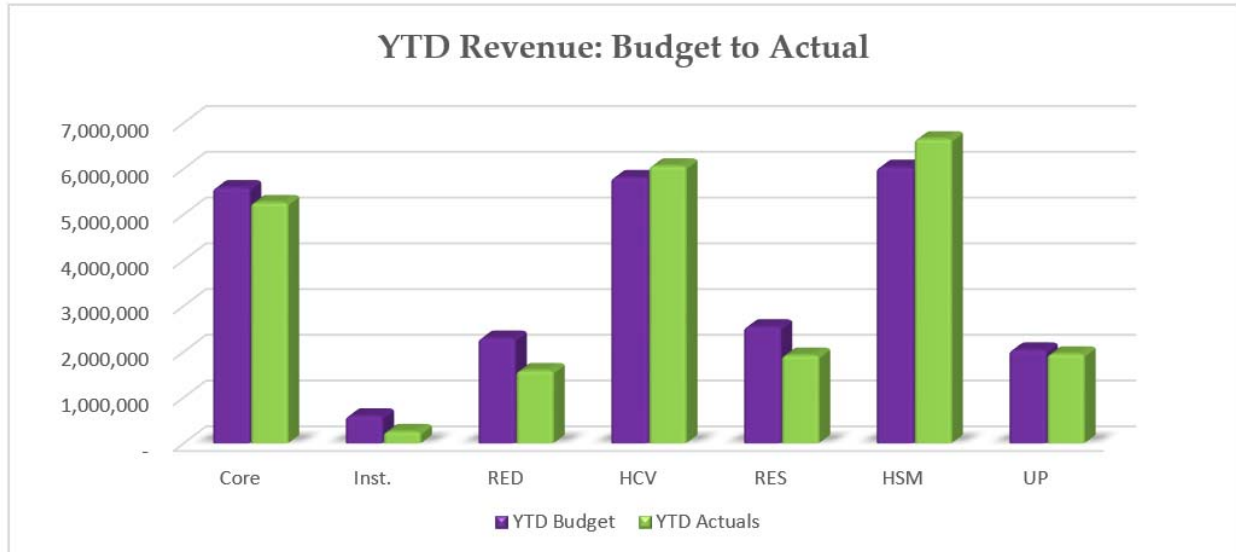
TOTAL NON-OPERATING EXPENSES

NET INCOME

UNRESTRICTED NET INCOME

Fresno Housing Authority			
	Annual Budget	YTD Budget	YTD Actuals
TOTAL INCOME	44,702,882	24,920,971	23,717,410
TOTAL EXPENSES	41,945,895	24,057,452	21,651,103
NET OPERATING INCOME	2,756,987	863,519	2,066,307
TOTAL NON-OPERATING EXPENSES	1,951,123	1,138,155	1,086,136
NET INCOME	805,864	(274,636)	980,171
UNRESTRICTED NET INCOME	(14,874)	(805,173)	(627,932)

Agency Revenue



Core - Administrative Services departments including Accounting, Executive, Human Resources and Asset Management

Inst. - Instrumentalities: Wholly-owned subsidiaries of the Agency, including HRFC, HSIC, and Silvercrest

RED - Real Estate Development: Real Estate Development and Construction Management departments

HCV - Housing Choice Voucher programs

RES - Resident Empowerment Services: Resident Services and Homeless programs

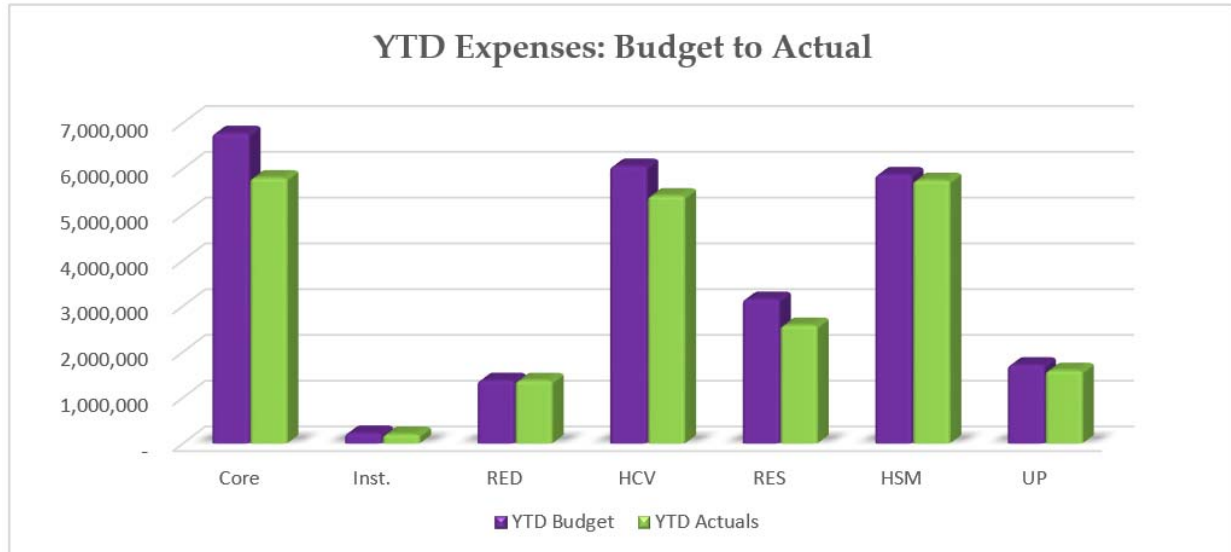
HSM - Housing Management: Restricted, subsidized properties including all public housing, farm labor and migrant properties

UP - Unrestricted Properties: Agency-owned non-subsidized properties, including Dayton, Woodside, El Cortez and San Ramon

Overall, year-to-date revenue is \$23.7 million, or 5% less than the year-to-date budget, largely due to a modest reduction in Admin & Management Fee Income in Core and minor delays in developer fee revenues.

- **Core:** Admin & Management Fee Income is less than budgeted due to a reduction in allocation revenue earned from IT services. Fees for those services are collected from Agency properties and programs and the revenue is booked in Core. As of July, expenses related to IT Services have been less than budgeted, therefore, less revenue has been collected and the net effect on the overall budget is neutral.
- **RED:** No developer fees were received in July. Staff anticipates the developer fees for Memorial Village, Oak Grove Commons and Magnolia Commons will be received in August.
- **RES:** HUD Grant Income is less than budgeted, however, the net effect on the overall budget is neutral as most of these grants operate on a reimbursement basis.

Agency Expenses



Core - Administrative Services departments including Accounting, Executive, Human Resources and Asset Management

Inst. - Instrumentalities: Wholly-owned subsidiaries of the Agency, including HRFC, HSIC, and Silvercrest

RED - Real Estate Development: Real Estate Development and Construction Management departments

HCV - Housing Choice Voucher programs

RES - Resident Empowerment Services: Resident Services and Homeless programs

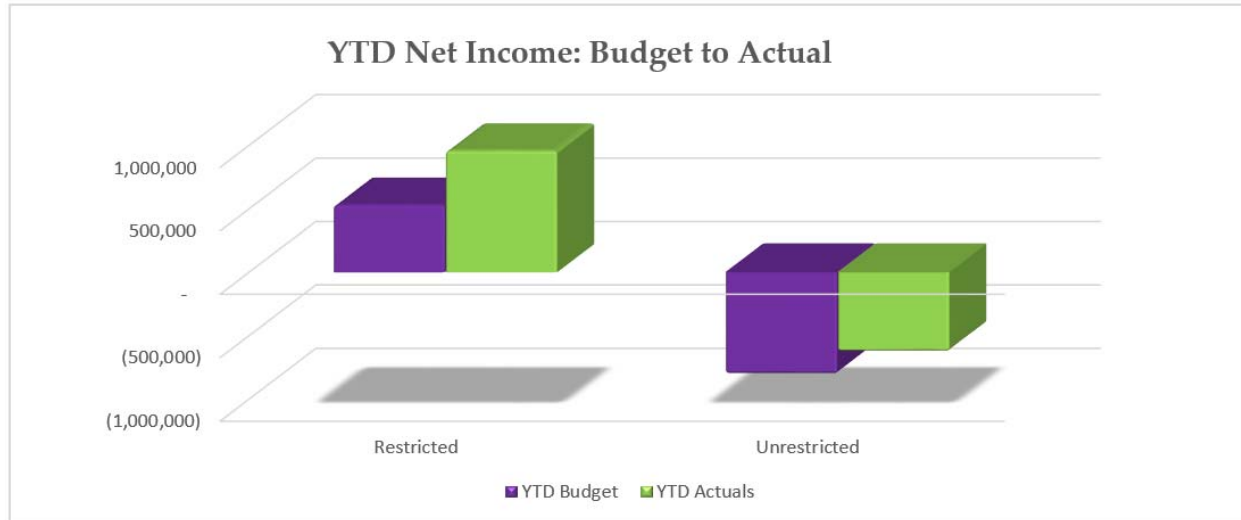
HSM - Housing Management: Restricted, subsidized properties including all public housing, farm labor and migrant properties

UP - Unrestricted Properties: Agency-owned non-subsidized properties, including Dayton, Woodside, El Cortez and San Ramon

Overall, year-to-date operating expenses are \$21.7 million and non-operating expenses are \$1.1 million, which together are about 10% lower than budgeted.

- **Agency-wide:** Payroll Expenses are approximately \$979 thousand (9%) lower than anticipated due to delays in hiring new and backfill positions.
- **Agency-wide:** Administrative Expenses are approximately \$855 thousand (12%) lower than budgeted across the Agency. As the year progresses, IT Services, Professional & Consulting Fees and Administrative Contract costs will increase as planned projects begin and expenses are incurred.
- **RES:** Tenant Services Expenses are lower than budgeted at this point in the year. These represent tenant rent payments within homeless service and rental assistance grants. If these dollars remain unspent, they can roll over into the next grant period.

Agency Net Income



- Unrestricted net income is approximately \$177 thousand higher than budgeted as of July 2020, mainly due to hiring delays.
- Restricted net income is approximately \$1.1 million higher than budgeted due to increased public housing operating subsidy revenue within the Housing Management Division, increased Administrative Fee Revenue and lower payroll expenses within the Housing Choice Voucher program.

Fresno Housing Authority
Financial Results as of July 31, 2020

	Core			Inst.			RED			HCV			RES			HSM			UP			Fresno Housing Authority			YTD \$ Variance	YTD % Variance
	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals		
OPERATING BUDGET																										
INCOME																										
NET TENANT INCOME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,074,032	2,959,852	3,130,347	2,761,359	1,610,793	1,541,427	7,835,391	4,570,645	4,671,774	101,129	2%
INTEREST INCOME	90,000	52,500	30,000	800,000	466,667	235,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	890,000	519,167	265,000	(254,167)	-49%
OTHER INCOME	950,000	554,167	221,009	150,000	87,500	12,790	20,000	11,667	254,181	800	467	2,499	899,432	524,669	538,657	349,887	204,101	632,259	52,980	30,905	19,045	2,423,099	1,413,474	1,680,440	266,966	19%
ADMIN & MANAGEMENT FEE INCOME	8,539,951	4,981,638	5,012,750	80,000	46,667	11,117	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,619,951	5,028,305	5,023,867	(4,438)	0%
DEVELOPER FEE INCOME	-	-	-	-	-	-	5,903,245	2,287,850	1,338,090	-	-	-	-	-	-	-	-	-	-	-	-	5,903,245	2,287,850	1,338,090	(949,760)	-42%
HUD GRANT INCOME	-	-	-	-	-	-	-	-	-	9,909,331	5,780,443	6,039,963	3,384,006	1,974,004	794,889	4,314,643	2,516,875	2,599,600	-	-	-	17,607,980	10,271,322	9,434,452	(836,870)	-8%
OTHER GRANT INCOME	-	-	-	-	-	-	-	-	-	50,000	29,167	21,449	83,025	48,431	593,405	604,464	352,604	293,671	685,727	400,007	395,262	1,423,216	830,209	1,303,787	473,578	57%
TOTAL INCOME	9,579,951	5,588,305	5,263,759	1,030,000	600,833	258,907	5,923,245	2,299,516	1,592,271	9,960,131	5,810,076	6,063,911	4,366,463	2,547,103	1,926,951	10,343,026	6,033,432	6,655,877	3,500,066	2,041,705	1,955,734	44,702,882	24,920,971	23,717,410	(1,203,561)	-5%
EXPENSES																										
PAYROLL EXPENSES	7,457,856	4,199,347	3,780,970	-	-	-	1,669,232	939,906	1,064,927	6,145,105	3,460,167	3,076,354	1,938,018	1,091,253	936,055	2,555,927	1,439,184	1,308,461	523,102	294,547	278,860	20,289,240	11,424,403	10,445,627	(978,776)	-9%
ADMINISTRATIVE EXPENSES	3,697,510	2,156,881	1,651,576	382,150	222,921	195,688	739,892	431,604	288,547	4,367,866	2,547,922	2,295,672	751,088	438,135	433,916	1,874,533	1,093,478	1,188,248	339,366	197,964	179,901	12,152,405	7,088,903	6,233,548	(855,355)	-12%
TENANT SERVICES EXPENSES	50,504	29,461	28,250	-	-	-	5,000	2,917	-	-	-	-	2,775,198	1,618,866	1,204,205	331,772	193,534	102,359	6,450	3,763	1,580	3,168,924	1,848,539	1,336,394	(512,145)	-28%
UTILITY EXPENSES	172,145	100,418	95,018	-	-	-	-	-	-	-	-	-	-	-	-	1,707,150	995,838	932,651	413,027	240,932	260,068	2,292,322	1,337,188	1,287,737	(49,451)	-4%
MAINTENANCE EXPENSES	459,118	267,819	229,712	-	-	4,927	5,000	2,917	22,541	81,969	47,815	37,398	10,020	5,845	9,475	2,168,196	1,264,781	1,268,019	731,468	426,690	419,735	3,455,771	2,015,866	1,991,807	(24,059)	-1%
TAXES & INSURANCE EXPENSES	40,364	23,546	20,715	8,900	5,192	4,374	6,200	3,617	1,539	7,353	4,289	4,248	-	-	1,288	402,276	234,661	268,781	122,140	71,248	55,045	587,233	342,553	355,990	13,437	4%
TOTAL EXPENSES	11,877,497	6,777,471	5,806,241	391,050	228,113	204,989	2,425,324	1,380,960	1,377,554	10,602,293	6,060,193	5,413,672	5,474,324	3,154,098	2,584,939	9,039,854	5,221,474	5,068,519	2,135,553	1,235,143	1,195,189	41,945,895	24,057,452	21,651,103	(2,406,349)	-10%
NET OPERATING INCOME	(2,297,546)	(1,189,166)	(542,482)	638,950	372,721	53,918	3,497,921	918,557	214,717	(642,162)	(250,117)	650,239	(1,107,861)	(606,995)	(657,988)	1,303,172	811,958	1,587,358	1,364,513	806,562	760,545	2,756,987	863,519	2,066,307	1,202,788	139%
NON-OPERATING EXPENSES																										
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	794,876	463,678	493,835	431,150	251,504	137,854	1,226,026	715,182	631,689	(83,493)	-12%
TOTAL FINANCING EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	326,508	190,463	189,577	398,589	232,510	264,870	725,097	422,973	454,447	31,474	7%
TOTAL ADJUSTMENTS & OPERATING TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,121,384	654,141	683,412	829,739	484,014	402,724	1,951,123	1,138,155	1,086,136	(52,019)	-5%
NET INCOME	(2,297,546)	(1,189,166)	(542,482)	638,950	372,721	53,918	3,497,921	918,557	214,717	(642,162)	(250,117)	650,239	(1,107,861)	(606,995)	(657,988)	181,788	157,817	903,946	534,774	322,548	357,821	805,864	(274,636)	980,171	1,254,807	-457%
UNRESTRICTED NET INCOME	(2,297,546)	(1,189,166)	(542,482)				3,497,921	918,557	214,717	(642,162)	(250,117)	-	(1,107,861)	(606,995)	(657,988)				534,774	322,548	357,821	(14,874)	(805,173)	(627,932)	177,241	22%

BOARD UPDATE

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1331 Fulton Mall

Fresno, California 93721

TTY (800) 735-2929

www.fresnohousing.org

TO: Boards of Commissioners

DATE: September 14, 2020

Fresno Housing Authority

AUTHOR: Nicole Diaz

FROM: Preston Prince, CEO/Executive Director

SUBJECT: Update on the 2019 Comprehensive Annual Financial Reports

Executive Summary

The purpose of this update is to provide the Boards of Commissioners with drafts of the 2019 Comprehensive Annual Financial Reports for the Housing Authority of the City of Fresno and the Housing Authority of Fresno County. Staff will be asking the Boards to receive and file the Annual Financial Statements at the September 22nd Boards of Commissioners meeting. Draft materials are being provided in advance of said meeting, in order to provide additional time for the review, discussion, and acceptance of the 2019 audit.

2019 audit is the first year the Agencies present Comprehensive Annual Financial Reports (CAFR) which includes three sections: Introductory, Financial and Statistical. In comparison with the Annual Audited Basic Financial Statements submitted in the past, a CAFR presents a wider variety of information intended to help the readers properly understand the basic statements.

The auditors and Agency staff are still in the process of making minor changes to the financial statements, including providing details on certain line items. The audit opinion letters are expected to be issued in September, which will include an unmodified, clean opinion. There's one finding related to the financial statement and no questioned costs for the County's financial reports and no findings nor questioned costs for the City's financial reports. There are two areas recommended from the auditors for improvement for the Agencies. The final results will be presented to the Audit Committee and the Boards of Commissioners this month.

**Housing Authority of
the City of Fresno**

Fresno, California

Comprehensive Annual Financial Report

Year ended

December 31, 2019

DRAFT

FRESNO VIBRANT
COMMUNITIES
QUALITY HOUSING ENGAGED
HOUSING RESIDENTS

HOUSING AUTHORITY OF THE CITY OF FRESNO

Comprehensive Annual Financial Report

For the year ended December 31, 2019

DRAFT

Issued by
Accounting & Finance Department

HOUSING AUTHORITY OF THE CITY OF FRESNO
Fresno, California
Year Ended December 31, 2019
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**Housing Authority of
the City of Fresno**

Fresno, California

Introductory Section:

Letter of Transmittal

Organizational Chart

List of Principal Officials



1331 Fulton Street
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September XX, 2020

Members of the Board of Commissioners of
the Housing Authority of the City of Fresno:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the Housing Authority of the City of Fresno (FH) for the year ended December 31, 2019. This report is prepared in conformance with standards of financial reporting as established by the Governmental Accounting Standards Board and the Government Finance Officers Association. The U.S. Department of Housing and Urban Development (HUD) requires that all public housing authorities publish within nine months after the fiscal year end, financial statements presented in conformity with U.S. Generally Accepted Accounting Principles (GAAP). FH's financial statements have been audited by Davis Farr LLP, a firm of licensed independent auditors. The purpose of the independent audit is to provide reasonable assurance that the audited financial statements are free from material misstatement. The auditors issued unmodified opinions on the Housing Authority of the City of Fresno's financial statements for the year ended December 31, 2019. The data presented in this report is the responsibility of the management of FH. To the best of our knowledge and belief, the data presented is accurate in all material aspects and is presented in a manner designed to fairly state the financial position and results of operations of the Agency. All disclosures necessary have been included to enable the reader to gain an understanding of FH's financial affairs. As required by GAAP, management has provided a narrative introduction, overview and analysis to complement the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The Agency's MD&A can be found immediately following the Independent Auditor's Report.

Government Overview

The Housing Authority of the City of Fresno was established by a resolution of the Fresno City Council on March 14, 1940. FH was founded under the Health and Safety Code of the State of California and the United States Housing Act of 1937, and is governed by a seven-member Board of Commissioners appointed by

the Mayor of the City of Fresno, where five members are appointed to four-year terms, and two members, also residents of the Agency's housing program, are appointed to two-year terms. The Housing Authority of the City of Fresno has been operating in conjunction with the Housing Authority of Fresno County since 1995 under a Joint Exercise of Powers Agreement, which authorizes the two agencies to pool resources and cooperate on designated projects of mutual interest. Collectively known as Fresno Housing (FH), the two housing authorities serve Fresno County under a variety of programs with the mission to create and sustain vibrant communities.

Fresno Housing's mission is accomplished by administering a number of programs developed by HUD, including the Public Housing Program, the Section 8 Housing Choice Voucher Program and the Project Based Section 8 Program. FH's primary source of funding comes from HUD, who has direct responsibility for administering housing program under the Housing Act of 1937. FH also receives funding from the U.S. Department of Agriculture's Rural Development Program to provide farm labor housing in the City of Fresno. In addition to these federal programs, FH has established various instrumentalities, affiliates and partnerships to explore and develop innovative methods for offering housing opportunities to low and moderate income residents of Fresno County. Altogether, FH provides affordable housing to more than 40,000 of Fresno's lowest-income families, elderly, veterans, and persons with disabilities, making FH the County's largest provider of affordable housing.

Economic Condition and Outlook

Over these past seven decades, Fresno Housing has been flexible in adhering to complex and demanding government mandates, while continuously attempting to meet the housing needs of Fresno's diverse communities. As the agency looks to the future, FH continue to consider ways to advance affordable housing opportunities by growing programs strategically, by maximizing the potential of its resources – increasing its effectiveness and expanding its capacity – and by responding appropriately to the specific issues facing the ever-changing communities of Fresno County.

Congressional housing legislation and the Federal budget affect the Agency more than local economic factors. FH's primary source of funding is HUD. As with most housing authorities, a majority of FH's operating and capital funding comes from federal sources in the form of operating subsidies, capital grant funds and Section 8 Housing Assistance Payments (HAP). In FY 2019, HUD and other federal agencies provided approximately 86% of the FH's total operating revenues. For the Public Housing program, housing authorities receive operating subsidies in accordance with an operating subsidy funding formula. In general, the calculated subsidy amount is the difference between an estimate of operating costs minus an estimate of income from rents. Operating subsidies are subject to annual appropriation by Congress. In 2019, the Public Housing

program was funded at 97.77% of eligibility. Funding for Section 8 was prorated at 99.5% for HAP and 79.6% of eligibility for administrative fees.

Major Initiatives

Fresno Housing envisions an engaged community, where all residents have access to quality housing that contributes to vibrant neighborhoods, and where all residents are empowered to achieve their educational and economic goals. Fresno Housing continues to focus on four primary strategies, as it works toward its broad, community-building mission and vision.

- **Place.** Develop and maintain quality affordable housing for low-income residents throughout the County.
- **People.** Design, implement, and sustain exceptional programs that invest in residents and program participants to become self-fulfilled through an array of educational, employment, and economic platforms.
- **Partnership.** Lead, encourage, and build partnerships with local, regional, and national organizations to promote policies that build community that increase and enhance affordable housing options, and that provide programs that reflect and support the diverse needs to housing participants.
- **Public.** Generate public will to address the housing needs to low-income households in Fresno, and throughout California, by contributing to effective national and statewide advocacy efforts and by implementing programs that educate and encourage residents of County of Fresno to have a voice in housing and civic issues.

It is FH's mission to serve the residents of Fresno by developing and expanding the availability of quality affordable housing options throughout the County by growing and preserving appropriate residential assets and increasing housing opportunities for low-income residents. Over the past decade, FH has been one of the most productive affordable housing developers in the Central Valley, building and renovating over 2,100 units and bringing close to \$400 million dollars of private investment to Fresno County. These efforts are mainly accomplished through the Low-Income Housing Tax Credit Program (LIHTC) and HUD's Rental Assistance Demonstration (RAD). These two programs allow FH to leverage public and private debt and equity in order to construct and/or rehabilitate affordable housing stock.

In 2019, FH completed Mariposa Commons in Fresno, CA, a multi-family residential development consisting of forty (40) units of housing specifically for farm worker families. Just over \$8 million dollars of Low-Income Housing Tax Credits financed the renovation. Construction began in early 2019 and the property will be fully occupied by Q3 2020.

FH received a \$10 million dollar tax credit award for Villages at Paragon. The project will consist of approximately twenty-three (23) units of permanent supportive housing with case management in partnership with County of Fresno Department of Behavioral Health. Construction is currently underway and is expected to be completed in late 2020.

Other on-going, FH initiatives include a Landlord Outreach Program, Workforce Development Pilot, Research, Program Evaluation, and Analysis, the California Avenue Neighborhood Plan, and a Resident Safety Program.

Financial Information

Fresno Housing's management is responsible for establishing and maintain a proper internal control structure to safeguard its assets and ensure accounting data is accurately presented in conformance with GAAP. FH has designed its internal control structure to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgment by management.

As a recipient of federal awards, FH is responsible for ensuring that adequate internal controls are in place to provide compliance with applicable laws, regulations, contracts and grants related to those programs. These internal controls are subject to periodic evaluation by management, and their independent auditors. As part of FH's single audit, the adequacy of internal controls are tested, including that portion related to federal award programs, as well as FH's compliance with applicable laws, regulations, contracts and grants. The FH's single audit for the year ended December 31, 2018 found no instances of material weakness in the internal controls. Reports were prepared for this purpose and are included in this CAFR in the Single Audit Section.

FH exercises budgetary controls over all programs through a variety of internal control mechanisms. Automated systems allow checking for purchases against expenditure budgets and accounts. Secondary budgetary control is maintained by the encumbrance of estimated purchase amounts and contracts prior to releasing payments on the purchase orders. Third is an automated inquiry system, which allows the user to look up account information to check budgets and detailed charges against budgets. Budget to actual reports are presented to the FH Board and management for all FH programs on a monthly basis.

Awards

During the past year, the Housing Authority of the City of Fresno achieved a High Performer status from the Public Housing Assessment System for Public Housing (PHAS) and a Section Eight Management Assessment Program (SEMAP) for Housing Choice Voucher from the U.S. Department of Housing and Urban Development.

Acknowledgements

Preparation of the Comprehensive Annual Financial Report is made possible through the dedicated service of the entire staff of the Accounting & Finance Department. Our sincere appreciation is extended to the management and staff of Davis Farr LLP who provided the necessary professional auditing services and technical assistance.

In closing, without the leadership and support of the members of the Boards of Commissioners, preparation of this report would not have been made possible.

Respectfully Submitted,

Preston Prince
CEO/Executive Director

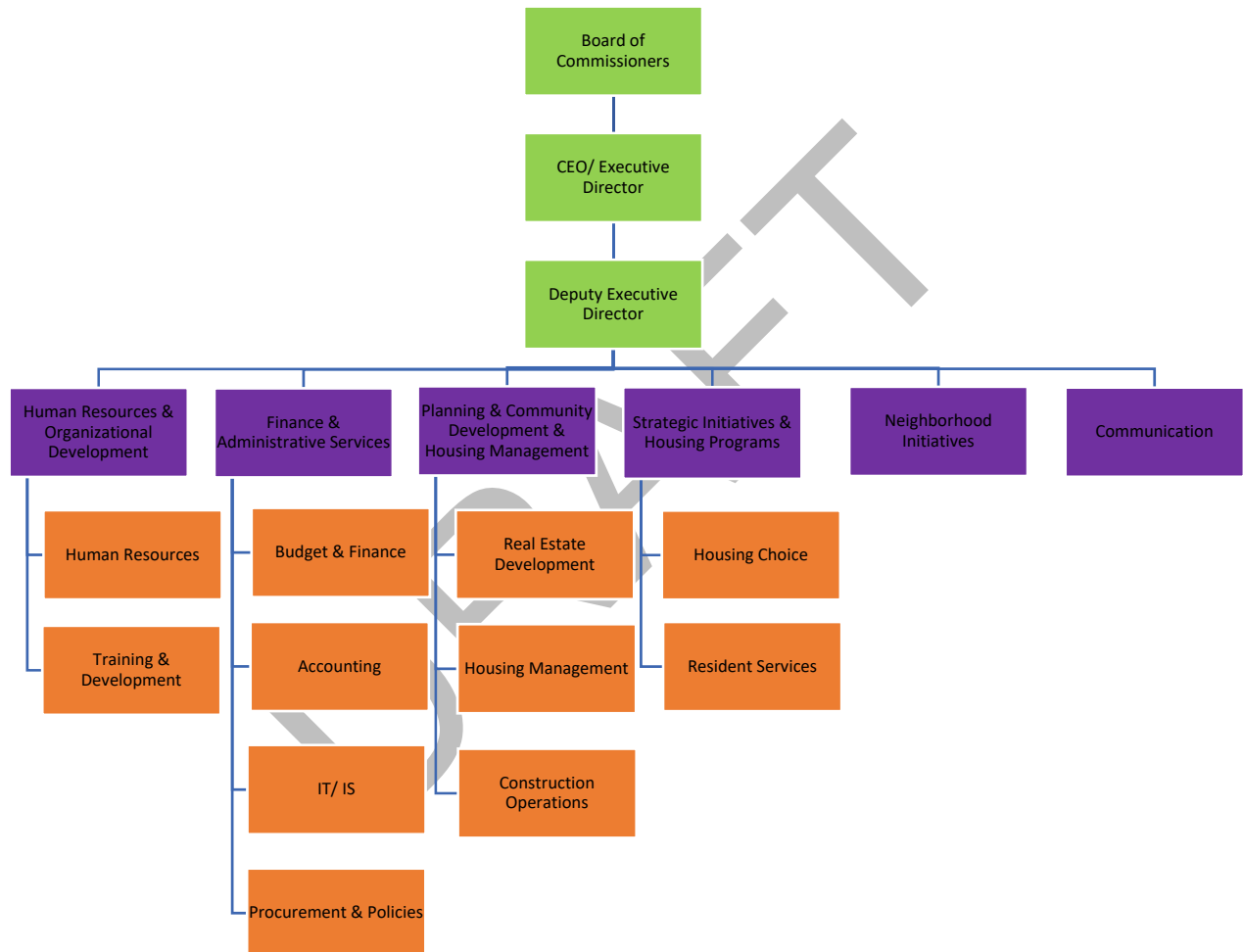
Emily De La Guerra
Director of Finance & Administrative
Services

DRAFT

Housing Authority of the City of Fresno

Organizational Chart

December 31, 2019



Housing Authority of the City of Fresno
List of Principal Officials
December 31, 2019

Board of Commissioners:

Adrian Jones
Chairperson

Caine Christensen
Vice-Chairperson

Terra Brusseau
Commissioner

Stacy Vaillancourt
Commissioner

Sharon Williams
Commissioner

Ruby Yanez
Commissioner

Management:

Preston Prince
Executive Director

Tracewell Hanrahan
Deputy Director

Angelina Nguyen
Chief of Staff, Housing Choice

Emily De La Guerra
Director of Finance & Administrative

Michael Duarte
Director of Planning & Community
Development

Scott Fetterhoff
Director of Human Resources &
Organizational Development

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Fresno, California (the "Agency"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2019, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The financial statements for the year ended December 31, 2019 reflect certain prior period adjustments as described further in Note 24 to the financial statements. Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information

We have previously audited the Agency's 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated August 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, the Schedule of Change 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 an opinion on the financial statements that comprise the Agency's basic financial statements. The *introductory section*, *statistical section* and *Financial Data Schedule* are presented for purposes of additional analysis and are not a required part of the 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 ("HUD"). This supplementary 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 *Financial Data Schedule* is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The *introductory section* and *statistical section* have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August ____, 2020 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* in considering the Agency's internal control over financial reporting and compliance.

Irvine, California
August ____, 2020

**Housing Authority of the City of Fresno
Management's Discussion and Analysis
Year Ended December 31, 2019**

Introduction

This narrative overview and analysis of the Housing Authority of the City of Fresno's (the "Agency") performance through December 31, 2019, 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
- Required Supplementary Information
- 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, 2019 and 2018. 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 provide 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.
- Required Supplementary information includes the Schedule of Changes in Net Pension Liability and Related Ratios, is required by the Governmental Accounting Standards Boards and are presented to supplement the basic financial statements.
- Supplemental Information includes the Schedule of Expenditures of Federal Awards, presented for purposes of additional analysis as required by U.S. Office of Management and Budget 2 CFR 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance). It also includes the Financial Data Schedules, which are submitted to HUD's Real Estate Assessment Center (REAC) online system.

Financial Analysis

Statement of Net Position-

	December 31,		Increase	Percentage
	2019	2018	(Decrease)	Change
Assets				
Current Assets	\$ 10,121,074	\$ 8,337,834	\$ 1,783,240	21.39%
Restricted Assets	740,220	1,456,118	(715,898)	-49.16%
Capital Assets, Net of Accumulated Depreciation	17,194,274	16,867,346	326,928	1.94%
Other Assets	74,924,464	71,660,008	3,264,456	4.56%
Deferred Outflows	2,051,068	1,903,922	147,146	7.73%
Total Assets	<u>\$ 105,031,100</u>	<u>\$ 100,225,228</u>	<u>\$ 4,805,872</u>	<u>4.80%</u>
Liabilities				
Current Liabilities	\$ 6,951,914	\$ 5,141,186	\$ 1,810,728	35.22%
Non-Current Liabilities	22,003,756	20,907,373	1,096,383	5.24%
Total Liabilities	28,955,670	26,048,559	2,907,111	11.16%
Deferred Inflows	273,151	277,755	(4,604)	-1.66%
Total Liabilities and Deferred Inflows	29,228,821	26,326,314	2,902,507	11.03%
Net Position				
Net Investment in Capital Assets	2,967,619	3,560,130	(592,511)	-16.64%
Restricted Net Position	471,147	1,174,748	(703,601)	-59.89%
Unrestricted Net Position	72,363,513	69,164,036	3,199,477	4.63%
Total Net Position	75,802,279	73,898,914	1,903,365	2.58%
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 105,031,100</u>	<u>\$ 100,225,228</u>	<u>\$ 4,805,872</u>	<u>4.80%</u>

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:

Total assets of the Agency at December 31, 2019, and 2018 amounted to \$105.0 million and \$100.2 million, respectively.

The significant components of current assets are cash, short-term investments, and receivables from tenants and related parties. Restricted assets are cash and investments that are restricted for explicit purposes, like federal programs or project-specific reserves. Capital assets include land, land improvements, leasehold improvements, structures, construction in progress, and equipment. All capital assets, except for land and construction in progress, are shown net of accumulated depreciation. Other assets include long-term notes receivables, interest receivable, assets held for sale and investments in joint ventures. The principal changes in assets from December 31, 2018 to December 31, 2019 were increases in current assets, increased in other assets, and decreases in restricted cash. The increase in unrestricted cash was mostly due to proceeds from development activities and gain from disposition of capital assets. The increase in other assets was mainly attributable to cash transfers to the Housing Relinquished Fund Corporation tied to the sales proceeds from past developments. The decrease in restricted cash was due to increased Housing Assistance Payments (HAP) expenses in the Housing Choice Voucher (HCV) program. The Agency increased its per unit costs (PUC) of each voucher, which indicates a higher subsidy rate per voucher and a corresponding decrease in restricted HAP cash.

Total liabilities of the Agency were \$28.9 million and \$26.0 million at December 31, 2019 and 2018, respectively. Current liabilities include short-term accounts payable, accrued liabilities, current portions of long-term debt, and unearned revenue. The increase in current liabilities by \$1.8 million was mainly due to additional pre-development loans borrowed from Housing Relinquished Funds Corporation. Non-current liabilities increased from \$20.9 million in 2018 to \$22 million in 2019 mainly due to the new GASB 68 requirements for accounting and reporting of pension liabilities. The pension 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:

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

The Agency's net position decreased by 2.58% during the year from \$73.8 million in 2018 to \$75.8 million in 2019.

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, 2019 to December 31, 2019.

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 fee revenue, or as grant revenue from another funding sources. Non-operating revenues/expenses are earned/incurred when goods or services are not a part of normal business activity, for example, interest income or interest expense. Operating expenses are those costs incurred to maintain the housing units or to provide other services to our clientele. Capital contributions represent revenues earned from HUD for public housing capital repairs and rehabilitation.

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

	December 31,		Increase	Percentage
	2019	2018	(Decrease)	Change
Operating Revenues	\$ 70,392,444	\$ 62,484,260	\$ 7,908,184	12.66%
Operating Expenses	72,656,850	64,265,376	8,391,474	13.06%
Operating Income/(Loss)	(2,264,406)	(1,781,116)	(483,290)	27.13%
Non-Operating Revenues/(Expenses)	4,153,753	1,049,385	3,104,368	295.83%
Net Income/(Loss) before Capital Contributions	1,889,347	(731,731)	2,621,078	-358.20%
Capital & Equity Contributions/(Distributions)	-	50,826	(50,826)	-100.00%
Increase/(Decrease) in Net Position	1,889,347	(680,905)	2,570,252	-377.48%
Net Position, Beginning of Year	73,898,914	74,552,907	(653,993)	-0.88%
Prior Period Adjustment	14,018	26,912	(12,894)	-47.91%
Net Position, Beginning of Year as Restated	73,912,932	74,579,819	(666,887)	-0.89%
Net Position, End of Year	\$ 75,802,279	\$ 73,898,914	\$ 1,903,365	2.58%

The preceding Statement of Revenues, Expenses and Changes in Net Position reflects the year ended December 31, 2019, compared to the year ended December 31, 2018. Overall, operating revenues increased by 12.66%, or \$7.9 million, from 2018 to 2019; operating expenses increased by 13.06%, or \$8.39 million for the year; non-operating revenues decreased by \$3.1 million from 2018 to 2019. These changes lead to a total increase in net position of \$1.9 million from December 31, 2018 to December 31, 2019. Explanations of the primary reasons for these changes are as follows:

- The increase in operating revenues is attributable to increase in HAP revenue in the Housing Choice Voucher Program.
- The increase in operating expenses was mostly related to the aforementioned increase in PUC of each voucher in the HCV program. HAP Expenses per voucher increased from 2018 to 2019, thus increasing total HAP expenses. Administrative expenses increased mostly due to increased benefits costs tied to the Agency's pension liability.
- The net increase in non-operating revenues/ (expenses) was attributable to developer fee revenue, interest revenue on notes receivable, and gain from disposition of capital assets.
- The increase in prior period adjustment was mostly due to the restatement on Agency's investment in Joint Ventures.

Capital Assets

The table below shows the Agency's capital assets, net of accumulated depreciation and amortization, at December 31, 2019, and 2018.

	December 31,		Increase (Decrease)	Percentage Change
	2019	2018		
Land	\$ 2,519,425	\$ 2,670,600	\$ (151,175)	-5.66%
Structures	10,050,088	11,324,453	(1,274,365)	-11.25%
Equipment	514,372	635,435	(121,063)	-19.05%
Construction in Progress	4,110,389	2,236,858	1,873,531	83.76%
Total Capital Assets, Net	<u>\$ 17,194,274</u>	<u>\$ 16,867,346</u>	<u>\$ 326,928</u>	<u>1.94%</u>

Overall, the Agency's capital assets increased by \$327 thousand during 2019, attributable to the sales of asset, See Note 7 in the Notes to the Basic Financial Statements for more information.

Debt Administration

The table below shows the Agency's outstanding debt at December 31, 2019 and 2018. Short-term borrowings include inter-fund loans between programs, between the City & County Housing Authorities, or between component units of the Agency. Notes payable- non-related parties include loans and mortgages with external entities. Notes payable- related parties includes loans from joint ventures and Agency-sponsored limited partnership

	December 31,		Increase (Decrease)	Percentage Change
	2019	2018		
Short Term Borrowings (Interfund)	\$ 1,157,327	\$ 1,236,217	\$ (78,890)	-6.38%
Notes Payable - Non-Related Parties	9,482,584	8,982,077	500,507	5.57%
Notes Payable - Related Parties	5,582,908	5,163,978	418,930	8.11%
Total Debt	<u>\$ 16,222,819</u>	<u>\$ 15,382,272</u>	<u>\$ 840,547</u>	<u>5.46%</u>

The Notes Payable increased by \$.8 million during the year mostly due to increase in various short-term pre-development loans from HRFC. The loan of \$1 million was reclassified from Notes Payable-Related Parties to Notes Payable – Non-Related parties due to the refinance with Central Valley Community Bank to pay off the loan with HRFC for San Ramon Court Apartments.

Economic Factors Affecting the Agency's Future

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

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

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

Requests for Information

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

Emily De La Guerra
Director of Finance & Administrative Services
1331 Fulton Street
Fresno, CA 93721
Phone: (559) 457-4266

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HOUSING AUTHORITY OF THE CITY OF FRESNO
Fresno, California

STATEMENT OF NET POSITION

December 31, 2019

(With comparative information for the prior year)

ASSETS AND DEFERRED OUTFLOWS	<u>2019</u>	<u>2018</u>
Current Assets		
Cash & Investments	\$ 7,357,996	\$ 4,516,196
Accounts Receivable - Tenants, Net of Allowance for Doubtful Accounts of \$6,639	48,152	50,729
Miscellaneous Receivables, Net of Allowance for Uncollectable Accounts of \$60,086	443,724	360,352
Due From Other Governments	671,609	891,788
Due From Related Parties	1,165,716	2,052,158
Prepaid Expenses	433,877	466,611
Total Current Assets	<u>10,121,074</u>	<u>8,337,834</u>
Restricted Assets		
Restricted Cash	740,220	1,456,118
Total Restricted Assets	<u>740,220</u>	<u>1,456,118</u>
Non-Current Assets		
Capital Assets		
Capital Assets - Not being depreciated	6,629,814	4,907,458
Capital Assets - Depreciable, Net of Accumulated Depreciation of \$39,860,969	10,564,460	11,959,888
Total Capital Assets, Net	<u>17,194,274</u>	<u>16,867,346</u>
Other Non-Current Assets		
Notes Receivable From Related Parties, Net of allowance for doubtful accounts of \$0	30,019,416	30,019,416
Notes Receivable From Non-related Parties, Net of allowance for doubtful accounts of \$0	376,032	407,033
Interest Receivable From Related Parties, Net of allowance for doubtful accounts of \$734,609	5,610,570	4,378,315
Investments In Joint Ventures	37,314,034	35,328,092
Assets Held For Sale	1,604,412	1,527,152
Total Other Non-Current Assets	<u>74,924,464</u>	<u>71,660,008</u>
Total Assets	<u>102,980,032</u>	<u>98,321,306</u>
Deferred Outflow of Resources - Pension Related	<u>2,051,068</u>	<u>1,903,922</u>
Total Deferred Outflow of Resources	<u>2,051,068</u>	<u>1,903,922</u>
Total Assets and Deferred Outflows	<u>\$ 105,031,100</u>	<u>\$ 100,225,228</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FRESNO
Fresno, California

STATEMENT OF NET POSITION
December 31, 2019
(With comparative information for the prior year)
(continued)

LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>2019</u>	<u>2018</u>
Current Liabilities		
Vendors & Contractors Payable	\$ 535,912	\$ 549,110
Accrued Salaries	228,230	296,415
Accrued Compensated Absences	549,198	463,382
Resident Security Deposits	266,290	278,004
Due To Other Governments	83,546	89,398
Due To Related Parties	1,275,774	795,942
Other Current Liabilities - Related Parties	7,207	-
Other Current Liabilities - Non-Related Parties	437,688	491,390
Notes Payable - Related Parties	3,117,878	1,696,041
Notes Payable - Non-Related Parties	424,224	460,642
Unearned Revenue	25,967	20,862
Total Current Liabilities	<u>6,951,914</u>	<u>5,141,186</u>
Non-Current Liabilities		
Notes Payable - Related Parties	2,465,030	3,467,937
Notes Payable - Non-related Parties	9,058,360	8,521,435
Accrued Interest Payable	764,697	908,203
Accrued Compensated Absences	237,492	237,492
Other Accrued Non-current Liabilities	81,716	75,255
Family Self-Sufficiency Escrow	-	5,994
Net Pension Liability	9,396,461	7,691,057
Total Non-Current Liabilities	<u>22,003,756</u>	<u>20,907,373</u>
Deferred Inflows of Resources - Pension Related	<u>273,151</u>	<u>277,755</u>
Total Deferred Inflows of Resources	<u>273,151</u>	<u>277,755</u>
Total Liabilities and Deferred Inflows	<u>29,228,821</u>	<u>26,326,314</u>
Net Position		
Net Investment in Capital Assets	2,128,782	3,560,130
Restricted for:		
Housing Assistance Payments	331,852	491,294
Other Externally Required Reserves	139,295	683,454
Unrestricted	73,202,350	69,164,036
Total Net Position	<u>75,802,279</u>	<u>73,898,914</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 105,031,100</u>	<u>\$ 100,225,228</u>

See accompanying notes to the basic financial statements

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HOUSING AUTHORITY OF THE CITY OF FRESNO
Fresno, California

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019
(With comparative information for the prior year)

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Rental Revenue	\$ 3,343,854	\$ 3,487,986
Fee Revenue	777,139	729,316
HUD Grants	60,539,026	52,580,052
Other Governmental Grants	1,228,617	1,010,723
Other Revenue	2,052,322	2,644,984
Developer Fee Revenue	2,451,486	2,031,199
Total Operating Revenues	<u>70,392,444</u>	<u>62,484,260</u>
Operating Expenses		
Administrative Expense	13,643,112	11,634,740
Tenant Services Expense	1,579,335	1,699,098
Utilities Expense	851,992	840,479
Maintenance & Operations Expense	2,177,493	2,146,495
Protective Services Expense	281,516	327,490
Insurance Expense	321,647	395,381
General Expense	1,463,318	1,654,261
Housing Assistance Payments	50,778,548	44,262,551
Depreciation	1,559,889	1,304,881
Total Operating Expenses	<u>72,656,850</u>	<u>64,265,376</u>
Operating Income (Loss)	<u>(2,264,406)</u>	<u>(1,781,116)</u>
Non-Operating Revenues (Expenses)		
Interest Revenue, Unrestricted	36,549	6,081
Interest Revenue, Restricted	3,733	4,154
Interest Revenue on Notes Receivable	1,416,294	1,462,442
Interest Expense	(304,346)	(354,980)
Fraud Recovery	41,023	49,727
Share of Joint Venture Net Income	537,242	1,075,432
Loss from Insurance Claim	(5,500)	-
Write Off in Interest Receivables	-	(1,035,979)
Transfer From/(To) Other Related Entity	849,799	(59,504)
Gain/(Loss) from Disposition of Capital Assets	1,578,959	(97,988)
Total Non-Operating Revenues	<u>4,153,753</u>	<u>1,049,385</u>
Income (Loss) Before Contributions and Transfers	<u>1,889,347</u>	<u>(731,731)</u>
Equity Contributions/ (Distributions)	<u>-</u>	<u>50,826</u>
Increase (Decrease) in Net Position	<u>1,889,347</u>	<u>(680,905)</u>
Net Position, Beginning of Year	73,898,914	74,552,907
Prior Period Adjustment	14,018	26,912
Adjusted Net Position, Beginning of Year	<u>73,912,932</u>	<u>74,579,819</u>
Net Position, End of Year	<u>\$ 75,802,279</u>	<u>\$ 73,898,914</u>

See accompanying notes to the basic financial statements

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HOUSING AUTHORITY OF THE CITY OF FRESNO
Fresno, California

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019
(with comparative information for the prior year)

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Cash received from tenants	\$ 3,375,740	\$ 3,528,727
Cash received from others	6,013,964	5,163,791
Repayments and interest received on notes receivable	215,040	1,111,718
Cash paid to joint ventures	(750,000)	(1,565,677)
Cash paid to employees for services	(10,013,774)	(7,713,734)
Cash paid to suppliers for goods and services	(8,293,335)	(10,662,282)
Cash received from operating grants	61,992,927	53,283,226
Cash paid for housing assistance	(50,777,044)	(44,262,551)
	<u>1,763,518</u>	<u>(1,116,782)</u>
Net cash used for operating activities		
Cash Flows From Capital Financing Activities:		
Grants received to acquire/construct capital assets	-	50,826
Acquisition of capital assets	(5,388,329)	(1,184,772)
Proceeds from sale of capital assets	1,700,000	-
Issuance of notes payable	9,324,047	1,475,583
Principal paid on long term debt	(5,024,139)	(695,039)
Interest paid on long term debt	(289,477)	(229,539)
	<u>322,102</u>	<u>(582,941)</u>
Net cash used for capital financing activities		
Cash Flows From Investing Activities:		
Interest received from investments	40,282	10,235
	<u>40,282</u>	<u>10,235</u>
Net cash provided by investing activities		
Net increase (decrease) to cash	2,125,902	(1,689,488)
Cash at beginning of year	5,972,314	7,661,802
Cash at end of year	<u>\$ 8,098,216</u>	<u>\$ 5,972,314</u>

HOUSING AUTHORITY OF THE CITY OF FRESNO
Fresno, California

STATEMENT OF CASH FLOWS
(Continued)

	<u>2019</u>	<u>2018</u>
Reconciliation of Change in Net Position to Net		
Cash Provided By (Used For) Operating Activities:		
Operating income (loss)	\$ (2,264,406)	\$ (1,781,116)
Adjustments to reconcile change in net position to net cash provided by (used for) operating activities:		
Depreciation	1,559,889	1,304,881
Changes in joint ventures	537,242	1,075,432
Interest earned on notes receivable, net of write off	1,416,294	426,463
Fraud recovery	41,023	49,727
Other expense	(5,500)	(59,504)
(Increase) decrease in accounts receivable - tenants	2,577	(11,223)
(Increase) decrease in accounts receivable - other	(83,372)	73,763
(Increase) decrease in due from other governments	220,179	(319,228)
(Increase) decrease in due from related parties	886,442	(315,471)
(Increase) decrease in prepaid insurance	32,734	8,178
(Increase) decrease in investment in joint venture	(1,280,500)	(3,484,166)
(Increase) decrease in notes receivable	31,001	649,331
(Increase) decrease in assets held for resale	(77,260)	150,829
(Increase) decrease in interest receivable	(1,232,255)	31,234
(Increase) decrease in deferred outflows	(147,146)	393,896
Increase (decrease) in accounts payable - vendors	(13,198)	119,401
Increase (decrease) in due to related parties	479,832	599,538
Increase (decrease) in accrued salaries	(68,185)	55,335
Increase (decrease) in accrued compensated absences	85,816	181,199
Increase (decrease) in other accrued liabilities	(40,034)	(600,068)
Increase (decrease) in accounts payable - other governments	(5,852)	(71,429)
Increase (decrease) in deferred revenue	5,105	11,679
Increase (decrease) in FSS liabilities	(5,994)	6,062
Increase (decrease) in tenant security deposits payable	(11,714)	2,237
Increase (decrease) in pension liability	1,705,404	407,655
Increase (decrease) in deferred inflows	(4,604)	(21,417)
Net cash used for operating activities	<u>\$ 1,763,518</u>	<u>\$ (1,116,782)</u>
Reconciliation of Cash Per Statement of Net Position to Cash Per Statement of Cash Flows:		
Cash and investments	\$ 7,357,996	\$ 4,516,196
Restricted cash	740,220	1,456,118
Cash at end of year	<u>\$ 8,098,216</u>	<u>\$ 5,972,314</u>
Significant noncash transactions:		
Loan payable offset by construction activity	\$ 3,380,471	\$ 1,125,187

See accompanying notes to the basic financial statements.

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**HOUSING AUTHORITY OF THE CITY OF FRESNO
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

1) Summary of Significant Accounting Policies

a) General Purpose

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

b) Financial Reporting Entity

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

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

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

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

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

Pacific Gardens Enterprises, Inc. a California Corporation. In 2010, the Agency purchased 100% of the Corporation’s outstanding stock. Pacific Gardens Enterprises, Inc. consists of a 56-unit affordable housing project in the City of Fresno. In March 2011, the Agency entered into a Purchase and Sale Agreement with Pacific Garden, LP related to the building and improvements, and Ground Lease agreement related to the land and improvement. The Limited Partnership pays rent to the Corporation for the use of the land. Separate financial statements are not issued for Pacific Gardens Enterprises, Inc.

c) Basis of Presentation

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

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

d) Measurement Focus/Basis of Accounting

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

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

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

e) Cash and Cash Equivalents

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

f) Assets Held for Sale

Several of the Agency's funds administer homeownership programs. Assets held for sale consist of housing units set aside by the Agency for these homeownership programs. These assets are recorded at the Agency's cost to purchase the property or upon entering into a contract for sale, the estimated realizable value, if lower. See Note 10 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 acquisition 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.

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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, developer revenue and operating grants. Operating expenses are necessary costs that have been incurred in order to provide the good or service that are the primary activity of the fund. All revenue and expenses not meeting these definitions are reported as non-operating revenue and expenses.

k) Income Taxes

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

l) Grant Restrictions

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

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

m) Use of Estimates

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

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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

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

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

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	June 30, 2018 to June 30, 2019

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.

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q) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should not be read in conjunction with the Agency's prior year financial statements, from which this selected financial data was derived.

2) Cash and Investments

Cash and investments held by the Agency at December 31, 2019, was classified as follows in the accompanying Statement of Net Position:

Cash & Investments	\$ 7,357,996
Restricted Cash	740,220
Total Cash	<u>\$ 8,098,216</u>

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.

For the year ended December 31, 2019, 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.

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Custodial Credit Risk

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

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

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

At December 31, 2019, \$141,437, of the Agency's deposits with the California Housing Finance Agency (CHFA) Garland Gardens Housing Project were held uncollateralized. This amount is inclusive of tenant security deposits.

Equity in Investment Pool

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

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3) Restricted Cash

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

Cash held by the California Housing Finance Agency (CHFA) can only be used for major repairs or insurance on the associated project and upon receipt of prior written approval from CHFA. Cash held as replacement reserves for the USDA projects cannot be disbursed without the approval of the USDA Rural Economic and Community Development. The funds held by CHFA, excess HAP funds and the funds held for the replacement of the USDA program projects are also reported as restricted net assets. The amounts held by the Agency on behalf of program participants, tenants and for future HAP payments not yet taken as revenue are also reported as payable from restricted assets. Details of restricted cash at December 31, 2019 are as follows:

Cash Restricted for:	Cash Restriction	In Liabilities	In Restricted Net Assets
CHFA	\$ 141,437	\$ 2,782	\$ 138,655
HAP Funding	331,852	-	331,852
Tenant Security Deposits	266,291	266,291	-
Other Federal/ State Funding	640	-	640
	<u><u>\$ 740,220</u></u>	<u><u>\$ 269,073</u></u>	<u><u>\$ 471,147</u></u>

4) Accounts Receivable

The Agency's accounts receivable consists of related party receivables, grant program receivables, overpayment to landlords and tenant rent receivables. Accounts receivable 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 at December 31, 2019 consist of the following:

Accounts Receivable -Tenants, Net of Allowance for Doubtful Accounts of \$6,639	\$ 48,152
Miscellaneous Receivables, Net of Allowance for Uncollectable Accounts of \$60,086	56,652
Other	387,072
	<u><u>\$ 491,876</u></u>

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5) Due from Other Governments

At December 31, 2019, amounts due from Other Governments consists of the following:

U.S. Department of HUD	\$ 501,116
Other	170,493
	<u><u>\$ 671,609</u></u>

6) Due from Related Parties

At December 31, 2019, amounts due from Related Parties consists of the following:

Housing Authority of the County of Fresno	\$ 249,300
Housing Relinquished Fund Corporation	341
Limited Partnership	541,363
Silvercrest	364,296
Others	10,416
	<u><u>\$ 1,165,716</u></u>

7) Capital Assets

At December 31, 2019, changes in capital assets during the fiscal years were as follows:

8) Notes Receivable

The following are schedules of changes in notes receivable at December 31, 2019:

	<u>Balance at 12/31/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/2019</u>
Capital assets not depreciated:				
Land	\$ 2,670,600	\$ -	\$ (151,175)	\$ 2,519,425
Construction in progress	2,236,858	5,413,334	(3,539,803) *	4,110,389
Total capital assets not depreciated	<u>4,907,458</u>	<u>5,413,334</u>	<u>(3,690,978)</u>	<u>6,629,814</u>
Capital assets being depreciated:				
Buildings & Improvements	51,336,657	310,510	(2,757,035)	48,890,132
Equipment / Software	1,433,167	41,989	60,141	1,535,297
Total capital assets being depreciated	<u>52,769,824</u>	<u>352,499</u>	<u>(2,696,894)</u>	<u>50,425,429</u>
Less accumulated depreciation for:				
Buildings	(39,908,747)	(1,386,466)	2,455,169	(38,840,044)
Equipment	(901,189)	(173,423)	53,687	(1,020,925)
Total accumulated depreciation	<u>(40,809,936)</u>	<u>(1,559,889)</u>	<u>2,508,856</u>	<u>(39,860,969)</u>
Total capital assets being depreciated, net	<u>11,959,888</u>	<u>(1,207,390)</u>	<u>(188,038)</u>	<u>10,564,460</u>
TOTAL	<u>\$ 16,867,346</u>	<u>\$ 4,205,944</u>	<u>\$ (3,879,016)</u>	<u>\$ 17,194,274</u>

* Deletions were mainly driven by the reimbursements for the Pre-Development Activities.

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	Balance 12/31/2018	Additions	Payments	Balance 12/31/2019	Interest Receivable
Non-Related Parties:					
City of Clovis	\$ 407,033	\$ -	\$ (31,001)	\$ 376,032	\$ -
Total due from nonrelated parties	407,033	-	(31,001)	376,032	-
Related Parties:					
Better Opportunity Builders	125,000	-	-	125,000	-
Limited Partnerships:					
Fresno Edison II (Legacy Commons)	4,150,000	-	-	4,150,000	262,833
Fresno Pacific Gardens LP	2,738,430	-	-	2,738,430	1,211,163
Parc Grove Commons II	3,129,538	-	-	3,129,538	2,203,853
Renaissance at Alta Monte	400,000	-	-	400,000	46,793
Renaissance at Santa Clara	400,000	-	-	400,000	56,695
Renaissance at Santa Clara AHP	638,839	-	-	638,839	55,898
Renaissance at Trinity	400,000	-	-	400,000	-
Renaissance at Trinity - AHP Loan	200,000	-	-	200,000	-
Southeast Fresno RAD	10,623,924	-	-	10,623,924	1,059,823
Viking Village RAD	955,349	-	-	955,349	64,413
YEC Limited (HOPE VI)	6,258,336	-	-	6,258,336	649,099
Total due from related parties	30,019,416	-	-	30,019,416	5,610,570
TOTAL	\$ 30,426,449	\$ -	\$ (31,001)	\$ 30,395,448	\$ 5,610,570

City of Clovis

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

Annual principal and interest payments depend on the residual cash flows of this future tax credit project. The availability of these cash flows to make future payments is unknown. At December 31, 2019, the outstanding principal balance was \$376,032 with accrued interest of \$0.

Better Opportunities Builders, Inc.

On September 18, 2008, the Agency has made a loan of \$125,000 to Better Opportunities Builders, Inc. (BOB). The loan is unsecured and interest free. No payments are due on this loan for 60 months after the date the Agency records the final release of construction covenants for the projects pursuant to the Disposition and Development Agreement (DDA). BOB is considered to be a related party of the Agency. The outstanding principal balance at December 31, 2019 was \$125,000.

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Fresno Edison II, LP

On April 14, 2017, the Agency entered into two loan agreements with Fresno Edison II, LP to develop and construct Low-Income housing units. The first loan, Capital and Operating Fund Loan agreement for \$1,800,000 bears an interest rate of 4.0% compounded annually and with a maturity date of April 14, 2072. Principal and interest payable annually commencing on June 1, 2019 from available cash flow.

The second loan, HACF Disposition Funds Loan Agreement for \$2,350,000 bears an interest rate of 4.0% compounded annually with a maturity date of April 14, 2072 with principal and interest payable annually commencing on May 1, 2017 from available cash flow. The note is secured by, among other security, a subordinate lien mortgage covering the fee simple interest of the Partnership.

At December 31, 2019, the total outstanding principal balances for both loans was \$4,150,000 with accrued interest of \$262,833.

Fresno Pacific Gardens, LP

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

The first loan was authorized on March 14, 2011 for \$1,588,656. The loan bears an interest rate of 5.4625% compounded annually, with principal and interest payable annually commencing January 1, 2012 from available cash flow. The note is secured by the deed of trust of the development's property located in Fresno, California.

The second loan was also authorized on March 14, 2011 in the amount of \$599,774. The loan bears an interest rate of 5.4625% compounded annually, with principal and interest payable annually commencing January 1, 2012 from available cash flow after payment of the principal and interest due on the first loan.

The third loan was also authorized on March 14, 2011 in the amount of \$550,000. The loan bears an interest rate of 5.4625% compounded annually, with principal and interest payable annually commencing January 1, 2012 from available cash flow after payment of principal and interest due on the first and second loans.

At December 31, 2019, the outstanding principal balance for all three loans was \$2,738,430 with accrued interest of \$1,211,163.

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Parc Grove Commons II, LP

On January 27, 2010, the Agency authorized a loan to Parc Grove Commons II, LP, for \$5,322,730 for the development and construction of a mixed-income tax credit rental unit project comprised of 215 rental units of which 31 are Public Housing units. Interest accrues at a rate of 5%, compounded annually prior to construction completion and 7.5% compounded annually thereafter. The entire amount of principal and accrued interest for both notes is due and payable on February 1, 2065. The note is secured by the deed of trust of the development's property located in Fresno, California. At December 31, 2019, the outstanding principal balance was \$3,129,538 with accrued interest of \$2,203,853.

Renaissance at Alta Monte, LP

On December 13, 2011, the Partnership entered into a loan agreement with the Housing Authority of the City of Fresno, an affiliate of the Administrative General Partner, for an amount of \$400,000. This loan is secured by a Deed of Trust, bears interest at a simple rate of 7.5% during construction and 8.75% after construction completion. The loan matures on November 30, 2065. The loan is payable in annual amounts equal to 50% of the residual receipts as defined in Article 1, Section 1.3 of the promissory note dated December 13, 2011. As of December 31, 2019, the outstanding principal was \$400,000 with accrued interest of \$46,793.

Renaissance at Santa Clara Street, LP

On December 1, 2010, the Partnership entered into a loan agreement with the Housing Authority of the City of Fresno, an affiliate of the Administrative General Partner, for an amount of \$400,000 (the "FH Loan"). The loan bears interest on the outstanding balance at 8.75%. The FH Loan is secured by a Deed of Trust, and matures on December 30, 2066. Beginning January 14, 2014, annual payments of interest and principal are due equal to 50% of the residual receipts, as defined in the Partnership Agreement. As of December 31, 2019, the outstanding principal balance on the FH Loan was \$400,000 with accrued interest of \$56,695.

On November 14, 2014, the Agency entered into an AHP loan agreement with Santa Clara, LP, for \$638,839 with a maturity date of June 1, 2068. The loan bears interest at 8.75% per annum. As of December 31, 2019, the outstanding principal on the AHP Loan was \$638,839 with accrued interest of \$55,898.

The total principal recorded for both loans at December 31, 2019 was \$1,038,839 with accrued interest of \$112,593.

Fresno Renaissance at Trinity, LP

On December 1, 2010, the Agency authorized a loan of \$400,000 to Fresno Renaissance at Trinity, LP, a related party to the Housing Authority of the City of Fresno, for the purpose of financing a 21-unit low-income multifamily project known as Renaissance at Trinity. The loan bears no interest with

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payments due on or before the maturity date of November 30, 2065. The note is secured by a deed of trust of the development's property located in Fresno, California. Fresno Renaissance at Trinity, LP, is considered to be related party of the Agency. The outstanding balance at December 31, 2019 was \$400,000.

On December 1, 2010, the Agency entered into a loan agreement with Fresno Renaissance at Trinity, LP. The Agency was awarded a grant through the Affordable Housing Program (AHP) and these funds were in turn loaned to the Fresno Renaissance at Trinity, LP. The note bears no interest with principal payable upon completion of the project. The outstanding balance of the loan due from Fresno Renaissance at Trinity, LP at December 31, 2019 was \$200,000.

Southeast Fresno RAD, LP

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

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

The outstanding principal balances for the two loans at December 31, 2018, were \$10,623,924 with accrued interest of \$1,059,823.

Viking Village RAD, LP

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

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

The outstanding principal balances for the two loans at December 31, 2019 was \$955,349 with accrued interest of \$64,413.

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YEC Limited

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

The first loan was authorized on November 1, 2008 for \$990,000. This loan is secured by the deed of trust of the development's property. This loan and applicable interest, if any, is deferred until November 1, 2063.

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

The third loan was authorized on November 6, 2009 for \$5,829,325. This loan is secured by the deed of trust of the development's property. This loan bears no interest and is deferred until November 1, 2063.

At December 31, 2019, the outstanding principal balances for all three loans was \$6,258,336 with accrued interest of \$649,099.

9) Investment in Joint Ventures

As of December 31, 2019, the Agency's investment in joint ventures is comprised of the following:

Joint Venture:

Housing Relinquished Fund Corp	\$ 37,138,695
Housing Self-Insurance Corp	(64,979)
Silvercrest, Inc.	83,753
Villa Del Mar, Inc.	156,565
Total Investment in Joint Venture	<u>\$ 37,314,034</u>

Housing Relinquished Fund Corporation (HRFC) – This entity was created as a steward for the Housing Authority of the City and County of Fresno's development and investment capital. HFRC's Board of Directors is comprised of two members of the City Housing Authorities and County Housing Authorities Board of Commissioners. The Agency has a 65% equity interest in HRFC. HRFC does not issue separate financial statements.

Housing Self Insurance Corporation (HSIC) – This entity was organized to provide additional security against a variety of insurable and non-insurable losses to include deductibles, payouts, settlements,

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and other related obligations. HSIC's Board of Directors is comprised of two members of the City Housing Authority and County Housing Authority's Board of Commissioners. The Agency has an 84% equity interest in HSIC. HSIC does not issue separate financial statements.

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

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

10) Assets Held for Sale

Assets held for sale consist of homes that are being developed using a variety of Federal, State, and local funds. The assets held for sale are recorded in the following funds as of December 31, 2019:

CalHFA Program	\$ 1,037,878
City Public Housing Program	415,842
Neighborhood Stabilization Program	150,692
Total Asset Held for Sale	<u>\$ 1,604,412</u>

The Agency used a portion of loans from the California Housing Finance Agency (CalHFA) HELP Program to purchase properties for use in future developments or for the future sale to program participants. The Agency purchased a parcel of land at a total cost of \$1,037,878 to be used for future development. At December 31, 2019, the carrying value of remaining asset held for sale was \$1,037,878.

In accordance with Section 5 of the Public Housing Act, the Agency sells single family homes to qualified low-income residents. At December 31, 2019, the book value of homes held for sale were \$415,842.

The purpose of the Neighborhood Stabilization Program is to purchase foreclosed homes through public auction, renovate the homes, and sell them to qualified low or moderate-income families. This program was funded by HUD, with the funds passed through the City of Fresno. As of December 31, 2019, the carrying value of remaining homes held for sale was \$150,692.

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11) Long-Term Liabilities

Schedules of changes in long-term liabilities for the year ended December 31, 2019, was as follows:

	Balance 12/31/18	Additions	Payments/ Deletions	Balance 12/31/19	Due Within One Year
Notes payable - non-related parties:					
U.S. Department of Agriculture					
Mariposa FLH	\$ 223,173	\$ -	\$ (223,173)	\$ -	\$ -
Garland Gardens	418,766	-	(199,646)	219,120	219,120
City of Fresno NSP	44,441	44,872	-	89,313	44,441
City of Fresno NSP 3	3,000,036	-	-	3,000,036	-
Santa Clara-AHP	638,839	-	-	638,839	-
Trinity-AHP	200,000	-	-	200,000	-
San Ramon Apts. CVC Bank	-	1,020,721	-	1,020,721	14,691
Mortgages					
Dayton Square	1,520,390	-	(47,890)	1,472,500	49,816
El Cortez Apartments	1,210,736	39,679	(77,893)	1,172,522	39,679
Woodside Apartments	1,725,696	56,477	(112,640)	1,669,533	56,477
	8,982,077	1,161,749	(661,242)	9,482,584	424,224
Notes payable - related parties:					
P&CD (Pacific Garden Enterp.) to HRFC	1,340,894	-	-	1,340,894	-
P&CD (Various pre-dev) to HRFC	1,696,041	8,258,455	(6,836,619)	3,117,877	3,117,878
Helm Home to HRFC	872,040	-	-	872,040	-
Office building to HRFC	154,000	-	-	154,000	-
LIPH (Townsend) to HRFC	98,097	-	-	98,097	-
San Ramon (NSP 3) to HRFC	1,002,906	-	(1,002,906)	-	-
	5,163,978	8,258,455	(7,839,525)	5,582,908	3,117,878
Other Liabilities:					
Interest payable	908,203	230,363	(373,869)	764,697	-
Compensated Absences	700,874	806,805	(720,989)	786,690	549,198
Family Self-Sufficiency	5,994	-	(5,994)	-	-
Homebuyers earned payments	75,255	6,461	-	81,716	-
Net Pension Liability	7,691,057	1,705,404	-	9,396,461	-
	9,381,383	2,749,033	(1,100,852)	11,029,564	549,198
TOTALS	\$ 23,527,438	\$ 12,169,237	\$ (9,601,619)	\$ 26,095,056	\$ 4,091,300

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

Year Ending December 31	Principal	Interest	Total
2020	\$ 3,542,102	\$ 503,901	\$ 4,046,003
2021	311,341	292,824	604,165
2022	510,586	280,061	790,647
2023	518,015	272,458	790,473
2024	679,333	264,712	944,045
2025-2029	3,322,129	946,187	4,268,316
2030-2034	2,592,298	1,054,774	3,647,072
2035-2039	2,089,672	775,193	2,864,865
2040-2044	1,500,016	609,404	2,109,420
	\$ 15,065,492	\$ 4,999,514	\$ 20,065,006

U.S. Department of Agriculture Notes-Mariposa FLH

The Agency entered into two notes with the United States Department of Agriculture Farmer Homes Administration under the Farm Labor Housing Union Loan program. In accordance with the notes, the Agency used the funds for the acquisition and development of four multi-unit rental housing developments. The notes accrue interest at 1% per annum. The notes mature on April 2, 2033. The loan was assumed by Fresno Mariposa Meadows, LP. At December 31, 2019, the outstanding principal balances for the note were \$0.

Garland Gardens

The Agency entered into a note with the California Housing Finance Agency (Cal-HFA) on July 1, 1979 for \$2,406,600. The note accrues interest of 9.34% per annum, requires a monthly payment of \$19,196, and matures on January 1, 2021. At December 31, 2019, the outstanding principal balances were \$219,120.

City of Fresno NSP (Neighborhood Stabilization Program)

In October 2009, the Agency entered into an agreement with the City of Fresno to administer the Neighborhood Stabilization Program (NSP), a federal program that is being funded by HUD. The City of Fresno agreed to loan the Agency up to \$5,000,000 to purchase foreclosed homes through public auction, renovate the homes, and sell them to qualified low or moderate-income families. The Agency is responsible for executing the loans with the buyers. As the loans are repaid the Agency is to reimburse the City of Fresno. Because the dates of repayment will vary based on the affordability of each family, the annual amounts due to the City of Fresno are unknown; therefore, this note has not been included in schedule of debt payment requirements. As of December 31, 2019, the outstanding balance was \$89,313.

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In March 2013, the Agency entered into a Loan Agreement with the City of Fresno for \$1,800,000 to administer the Neighborhood Stabilization Program, a federal program funded by HUD. This loan is intended for the construction, rehabilitation, and/or preservation of project units and affordable housing units. In March 2014, an Amendment to the Agreement was made to increase the loan amount to \$3,000,000. This note carries a 2% simple annual interest rate. Current payment terms are based upon residual cash flow of the properties being funded with principal and interest payable 30 years from origination date. As of December 31, 2019, outstanding balances of this note was \$3,000,036.

Santa Clara-AHP

On November 14, 2014, the Agency entered into a promissory note with Mississippi Valley Company Bank in the amount of \$ 638,839 (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 interests. The Agency has loaned the proceeds to 1555 Santa Clara Street, LP, a related party. See Note 8 for the Notes Receivable from 1555 Santa Clara related to this AHP loan. As of December 31, 2019, the outstanding principal balance was \$638,839.

Fresno Renaissance at Trinity-AHP

On February 25, 2013, the Agency entered into a promissory note with Bank of the West in the amount of \$200,000 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. The Agency has loaned the proceeds to Fresno Renaissance at Trinity, LP, a related party. See Note 8 for the Notes Receivable from Fresno Renaissance at Trinity related to this AHP loan. As of December 31, 2019, the outstanding principal balance was \$200,000.

San Ramon Apartments

On July 15, 2019, the Agency entered into a promissory note with Central Valley Community Bank in the amount of \$1,025,000. The fund was applied to the HRFC loan, which can be used on future affordable housing projects. The note accrues interest of 5.25% per annum and matures on July 15, 2029. At December 31, 2019, the outstanding principal balance was 1,020,721.

Mortgages

On January 14, 2004, the Agency borrowed \$5,000,000 from the Bank of the West, with the purpose of refinancing the debt on three apartment complexes: El Cortez Apartments, Dayton Square, and Woodside Apartments. Each of the three loans is secured by each apartment complex. On March 20, 2014, the three mortgages were re-financed for \$4,589,657 at 4.25% interest rate and set to mature on January 5, 2024. As of December 31, 2019, the balances were the following:

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	Principal	Monthly Payment	Due Within 1 Year
Dayton Square	\$ 1,472,500	\$ 9,378	\$ 49,816
El Cortez	1,172,522	7,470	39,679
Woodside Apartments	1,669,533	10,632	56,477
	<u>\$ 4,314,555</u>		<u>\$ 145,972</u>

Housing Relinquished Fund Corporation (HRFC)

On June 2, 2010, the Agency recorded in the Planning and Community Development fund a promissory note entered into with the HRFC for \$2,700,000 for the acquisition of 100% of the shares of Pacific Gardens Enterprises, Inc., the sole owner of Pacific Gardens Apartments located in Fresno, California. Payments for the loan are to be made from the eventual sale or refinancing of the apartment complex. The loan carries an interest rate of 5% per annum and is due upon sale or refinance of the complex. The outstanding principal balance at December 31, 2019 was \$1,340,894.

The predevelopment loans are made throughout the year. Payments are to be made from the sale of the properties. The outstanding balance at December 31, 2019 was \$3,117,878.

The Helm Home is located at 1749 L Street in Fresno, was purchased in March 2010 and is on the local register of historic sites. The loan carries an interest rate of 5% per annum and is due upon sale or refinance of the complex. The outstanding principal balance at December 31, 2019 was \$872,040.

The Agency entered into a promissory agreement with HRFC for \$154,000, a portion of the acquisition of the Central Office Building. This note bears no interest and is open ended with regard to payment. The outstanding principal balance on this note at December 31, 2019 was \$154,000.

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

On August 28, 2013, the Board approved a \$1.25 million loan from HRFC for the San Ramon Court project for the rehabilitation of 32 multi-family housing units located at 1328 and 1346 E. San Ramon, Fresno. The note bears a simple interest of 4.0% per annum with a maturity date of August 27, 2068. The loan was refinanced between HAFC and Central Valley Community Bank and fund was used to pay off the loan. As of December 31, 2019, the total outstanding principal loan balance was \$0.

Compensated Absences Payable

It is the Agency's policy to permit employees to accumulate earned but unused vacation leave, which will be paid to employees upon separation from the Agency's service or used in future periods. The Agency permits employees to accumulate earned but unused sick leave which will be used in future periods, paid to the employee upon termination, or upon retirement. Except for the Executive Director

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who is entitled to 100% of the value of their sick leave upon request, employees are paid 25% of the value of their unused sick leave upon voluntary separation, and 50% upon retirement or death.

Employees are paid 100% of unused vacation leave upon separation of employment as provided in the applicable collective bargaining agreement and in accordance with the law.

As of December 31, 2019, accrued vacation and vested sick leave has been valued by the Agency at \$786,690, with the current portion due in the amount of \$549,198.

Family Self Sufficiency

The Family Self Sufficiency (FSS) program provides supportive services that enable participating low and moderate-income families achieve economic independence and self-sufficiency. The Agency contracts with each participating family to set aside funds in an interest-bearing account until that family can afford to pay its entire monthly rent without assistance from the Agency. Upon successful completion of the program requirements, those funds are disbursed to the family. The Agency's liability to FSS participants at December 31, 2019 was \$0.

12) Due to Other Governments

At December 31, 2019, amounts due to Other Governments consists of the following:

Payments in Lieu of Taxes	\$ 83,295
Other	251
	<u>\$ 83,546</u>

13) Due to Related Parties

At December 31, 2019, amounts due to Related Parties consist of the following:

Housing Authority of the County of Fresno	\$ 1,247,651
Limited Partnerships	28,035
Silvercrest	88
	<u>\$ 1,275,774</u>

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14) Other Current Liabilities

Other current liabilities at December 31, 2019, consist of the following:

Payroll-Withholding Taxes, Benefits Payable	\$	87,110
Unclaimed Checks/ Refunds		100,503
Accrued Expenses		249,676
Others		399
	<u>\$</u>	<u>437,688</u>

15) Unearned Revenues

Unearned revenues at December 31, 2019, consist of the following:

Prepaid tenant rents	\$	18,484
Other		7,483
	<u>\$</u>	<u>25,967</u>

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. Annual contributions by a participant may not exceed \$19,000 established by IRS for 2019. Employees may also borrow against their deferred compensation account while employed under the deferred compensation loan program. The 401(a) Plan also provides an employer-matching contribution on amounts up to \$1,000 per employee to defer into the 457 plan. The employer contribution to the 457 plan amounted to \$89,598 for the year ended December 31, 2019. 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

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common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Plan's Major Benefit Options

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

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

Contract Package			
	Active Misc.	Active Misc.	Receiving Misc.
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%

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Employees Covered:

Summary of Valuation Data (Counts)

	June 30, 2018
1 Active Members	109
2 Transferred Members	29
3 Terminated Members	86
4 Retired Members and Beneficiaries	107
5 Active to Retired Ratio [(1)/ (4)]	1.02

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

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

Contribution Description

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

For the measurement period ending June 30, 2019, the average active employee contribution rate was 6.609 percent of annual pay, and the average employer's contribution rate was 6.697 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, 2018 valuation was rolled forward to determine the June 30, 2019 total pension liability, based on the following actuarial methods and assumptions:

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Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.5% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

¹ The Morality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvements using 90% of scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the Funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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The expected real rates of return by asset class are as followed:

Asset Class ¹	Current Target Allocation	Real Return Year 1-10 ²	Real Return Years 11+ ³
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

- (1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (2) An expected inflation of 2.00% used for this period.
- (3) An expected inflation of 2.92% used for this period.

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Changes in Net Pension Liability

The changes in Net Pension Liability for the year ended June 30, 2019, were as follows:

	<u>Increase (Decrease)</u>		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability
Balance at: 06/30/2018	\$ 36,261,302	\$ 28,570,245	\$ 7,691,057
Changes recognized for the measurement period:			
Service Cost	910,248	-	910,248
Interest on Total Pension Liability	2,718,988	-	2,718,988
Changes of Benefit Terms	-	-	-
Changes of Assumptions	-	-	-
Differences between Expected and Actual Experience	1,226,677	-	1,226,677
Net Plan to Plan Resource Movement	-	-	-
Contributions - Employer	-	810,203	(810,203)
Contributions - Employee	-	460,592	(460,592)
Net Investment Income	-	1,900,615	(1,900,615)
Benefit Payments, including Refunds of Employee Contributions	(1,895,860)	(1,895,860)	-
Administrative Expense	-	(20,969)	20,969
Other Miscellaneous Income	-	68	(68)
Net Changes during 2018 - 2019	2,960,053	1,254,649	1,705,404
Balance at: 06/30/2019	\$ 39,221,355	\$ 29,824,894	\$ 9,396,461

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)	\$ 14,587,815	\$ 9,396,461	\$ 5,107,309

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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, 2019 were 3.7 years, which was obtained by dividing the total service years of 1,223 (the sum of remaining service lifetimes of the active employees) by 331 (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 ending June 30, 2019, the Agency incurred a pension expense of \$1,705,404.

As of June 30, 2019, the Housing Authority of the City of Fresno has deferred outflows and deferred inflows of resources related to pensions listed below. Contributions subsequent to the measurement date are also shown as a Deferred Outflow of Resources.

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	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes of Assumptions	\$ 399,814	\$ (131,224)
Differences between Expected and Actual Experience	1,202,316	(15,606)
Payment on pension contributions between measurement date and fiscal year end	448,938	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(126,321)
Total	\$ 2,051,068	\$ (273,151)

The \$448,938 in pension payments between June 30 and December 31, 2019, 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 fiscal year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Amortization of Deferred Outflows/(Inflows) of Resources

December 31:	
2020	\$ 934,552
2021	144,359
2022	216,420
2023	33,648
2024	-
Thereafter	-
	\$ 1,328,979
	\$ 2,051,068
	(273,151)
	1,777,917
Payment on pension contributions between measurement date and fiscal year end	\$ (448,938)

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18) Insurance Coverage

HARRP

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

The Agency's insurance expense were \$321,647 for the year ended December 31, 2019. The loss limits for the various types of insurance are follows: individual structure stated value, with full replacement cost, for property with a deductible per occurrence of \$10,000; \$2,000,000 for general liability with no deductible; \$2,000,000 for automobile liability, including losses arising from the use of a non-owned covered automobile; \$100,000 for employee dishonesty and forgery and alteration with a \$1,000 deductible; \$10,000 for employee theft with a \$1,000 deductible; and \$2,000,000 for errors and omissions with a 10% co-pay.

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

California Housing Worker's Compensation Authority

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

19) Participation in Related Party Limited Partnerships

YEC Limited

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

The partnership was originally formed on February 7, 2007, by the Housing Authority of the City of Fresno as the Co-General Partner and Silvercrest, Inc., a California non-profit public benefit

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corporation, as the Managing General Partner. The day-to-day operations of the partnership are controlled by the Managing General Partner. This agreement was later amended to admit Columbia Housing/PNC Institutional Fund XLI Limited Partnership as the Investment Limited Partner and Columbia Housing SLP Corporation as the Special Limited Partner.

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

Parc Grove Commons II, Limited Partnership

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

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

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

Fresno Renaissance at Trinity, LP

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

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

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Fund 47 Limited Partnership as the Investment Limited Partner, and Colombia Housing SLP Corporation as the Special Limited Partner.

Together, the two General Partners (Fresno Renaissance at Trinity LLC and Silvercrest Inc.) are allocated 0.01% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985. See Note 8 and Note 11 for descriptions of any related party transactions between the Agency and the partnership.

Fresno Renaissance at Alta Monte, LP

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

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

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

1555 Santa Clara Street, LP

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

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

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

Fresno Pacific Gardens, LP

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

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

Together, the two General Partners (Fresno Pacific Gardens AGP LLC and Silvercrest Inc.) are allocated 0.01% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985. See Note 8 and Note 11 for descriptions of any related party transactions between the Agency and the partnership.

Bridges at Florence, LP

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

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

Silvercrest, Inc., as Managing General Partner, is allocated 0.005% interest of all net profits (or net losses) of the partnership. Bridges at Florence AGP, LLC, as Administrative General Partner, is

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allocated 0.005% interest of all net profits (or net losses) of the partnership. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985.

Parc Grove Commons Northwest, LP

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

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

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

Southeast Fresno RAD, LP

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

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

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

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Viking Village Fresno RAD, LP

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

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

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

802 Van Ness Avenue, LP

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

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

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

Fulton West/Cedar Heights Scattered Site, LP

Fulton West/Cedar Heights Scattered Site, LP was formed to acquire, construct and/or rehabilitate, and operate a scattered site affordable-housing development and community resource building in Fresno, California. The Partnership was formed for the purpose of developing and operating a 45-unit project located in Fresno, California. The project qualifies for federal low-income housing tax credit

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program as described in the Internal Revenue Code Section 42. The project received low-income housing tax credits through the California Tax Credit Allocation Committee.

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

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

Fresno Edison I Apartments, LP

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

Fresno Edison Apartments, L.P. was originally formed on February 1, 2015 and is a California limited partnership between Fresno Edison Apartments AGP, LLC as the Administrative General Partner, Silvercrest, Inc. as the Managing General Partner, PNC Real Estate Tax Credit Capital Institutional Fund 47, LP as the Original Investment Limited Partner, PNC Real Estate Tax Credit Capital Institutional Fund 53, LLC as the Investment Limited Partner and Columbia Housing SLP Corporation as the Special Limited Partner.

Net profits or losses of the partnership are allocated 0.005% to the Administrative General Partner, 0.005% to the Managing General Partner, 99.99% to the Investment Limited Partner and 0.0% to the Special Limited Partner. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985.

Lowell Neighborhood Project, LP

Lowell Neighborhood Project, LP was formed for the purpose of developing and operating a 30-unit project located in the City of Fresno, California.

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Lowell Neighborhood Project, L.P. was originally formed on June 18, 2015 and is a California limited partnership between Lowell Neighborhood Project AGP, LLC as the Administrative General Partner, Silvercrest, Inc. as the Managing General Partner, and U.S. Bankcorp Community Development Corporation as the Limited Partner.

Net profits or losses of the partnership are allocated 0.005% to the Administrative General Partner, 0.005% to the Managing General Partner, and 99.99% to the Limited Partner. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985.

Fresno Edison II Apartments, LP

Fresno Edison Apartments, LP was formed in February 2015 to expand the development and availability of long-term housing for low-income persons residing in the City of Fresno, California.

Fresno Edison II, LP is a limited partnership between Fresno Edison Apartments II AGP, LLC (the Administrative General Partner), Silvercrest, Inc. (the Managing General Partner) and US Bankcorp Community Development Corporation (the Limited Partner). The partnership was formed for the purpose of developing a 64-unit project located in Fresno, California known as Fresno Edison Apartments Phase II.

Net profits or losses of the partnership are allocated 0.005% to the Administrative General Partner, 0.005% to the Managing General Partner, and 99.99% to the Limited Partner. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985.

Parc Grove Commons III, LP

Parc Grove III, LP was formed in June 2016 to expand the development and availability of long-term housing for low-income persons residing in the City of Fresno, California.

Parc Grove Commons III, LP is a limited partnership between Renaissance Parc Grove AGP, LLC (the Administrative Partner), Silvercrest, Inc. (the Managing General Partner) and Wells Fargo Affordable Housing Community Development Corporation (the Investor Limited Partner). The Partnership was formed for the purpose of development and operating a 40-unit project located in Fresno, California known as Parc Grove Commons Northeast Veterans.

Net profits, losses or tax credits of the partnership are allocated 0.005% to the Administrative General Partner, 0.005% to the Managing General Partner, and 99.99% to the Limited Partner. Complete audited financial statements, when they become available, may be requested by writing to the Housing Authority of the City of Fresno, at P.O. Box 11985, Fresno, California 93776-1985.

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Fresno Mariposa Meadows, LP

Fresno Mariposa Meadows, LP was formed in October of 2018 to expand the development and availability of long-term housing for low-income persons residing in the City of Fresno, California, including the sale of low-income housing tax credits and entering into agreements for the financing, planning, construction and development, on real property located in the City of Fresno, County of Fresno, California, of an affordable-housing project, generally known as Mariposa Meadows, that is anticipated to include 40 units of multifamily housing. The project filed a notice to proceed with construction on May 10, 2019. As of December 31, 2019, there is no substantial activity to report.

Villages at Paragon, LP

Villages at Paragon, LP was formed in July of 2019 to expand the development and availability of long-term housing for low-income persons residing in the City of Fresno, California, including the sale of low-income housing tax credits and entering into agreements for the financing, planning, construction and development of the Complex. The complex is anticipated to include 28 units of multifamily housing. The project filed a notice to proceed with construction on December 6, 2019. As of December 31, 2019, there is no substantial activity to report.

20) Other Related Parties

Better Opportunities Builders, Inc.

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

Housing Authority of the County of Fresno

The Housing Authority of the County of Fresno was established by a resolution of the Fresno County Board of Supervisors on February 5, 1946. The Authority is governed by a seven-member Board of Commissioners who are appointed to four-year terms by the County Board of Supervisors, reports on a calendar year, and has issued separate financial and compliance audits for 2019. The County and City Housing Authorities operate and report separately while sharing the same management team and staff. All significant related party transactions have been appropriately identified in the accompanying financial statements.

The budget document for the jointly managed operations is approved by both Boards. If one Board amends budgetary data subject to its jurisdiction, executive staff of the Authorities amends the joint

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budget as necessary to accommodate such changes. Although each Board takes action to approve its portion of the budget, the budget adoption process reflects considerable interplay between the two Boards and is essentially a single process managed by the shared management and staff of the two Authorities.

21) Inter-fund and Interagency Activity

The following is a summary of changes in Inter-fund loans as of December 31, 2019:

	Balance 12/31/18	Additions	Deletions	Balance 12/31/19	Interest
Receivables:					
City RF from NSP	\$ 1,128,277	\$ -	\$ -	\$ 1,128,277	\$ 222,163
City RF from El Cortez	107,940	-	(78,890)	29,050	-
City RF from P&CD	-	-	-	-	-
Total Receivables	\$ 1,236,217	\$ -	\$ (78,890)	\$ 1,157,327	\$ 222,163
Payables:					
NSP To City RF	\$ 1,128,277	\$ -	\$ -	\$ 1,128,277	\$ 222,163
El Cortez to City RF	107,940	-	(78,890)	29,050	-
P&CD to City RF	-	-	-	-	-
Total Payables	\$ 1,236,217	\$ -	\$ (78,890)	\$ 1,157,327	\$ 222,163

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

22) Contingent Liabilities

a) Grants

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

b) Pending Litigation

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

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c) Guarantees

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

d) HUD Guaranteed Debt

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

23) Restricted Net Position

Net position is reported as restricted when constraints placed on the net position uses are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation and/or imposed time restrictions. At December 31, 2019, the Agency had reported the following as restricted net position:

Externally Required Restrictions:	
Housing Choice Voucher	\$ 331,852
CHFA	138,655
Other Federal/ State Programs	640
	<u>\$ 471,147</u>

24) Prior Year Restatement

During the year ended December 31, 2019, the Agency made certain adjustments to beginning equity for activities related to the affordable housing program.

Net Position at Beginning of Year, as Previously reported	\$ 73,898,914
Other prior period adjustments primarily related to restatements of various assets and liabilities	14,018
Net position at Beginning of Year, as Restated	<u>\$ 73,912,932</u>

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25) Subsequent events

The spread of a novel strain of coronavirus (COVID-19) in the first quarter of 2020 has caused significant volatility in U.S. markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impacts of COVID-19 on the Agency's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on customers, employees, and vendors, all of which are uncertain and cannot be determined at this time.

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REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF FRESNO
Schedule of Changes in Net Pension Liability and Related Ratios
for the Measurement Period (Miscellaneous Plan)
Year Ended December 31, 2019
(With comparative information for the last 10 years)*

Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
TOTAL PENSION LIABILITY						
Service Cost	\$910,248	\$807,945	\$734,975	\$631,345	\$631,110	\$627,365
Interest on Total Pension Liability	2,718,988	2,458,715	2,326,027	2,242,188	2,143,493	2,058,422
Changes of Benefit Terms	-	-	-	55,914	-	-
Changes of Assumptions	-	(274,502)	1,920,586	-	(516,001)	-
Difference between Expected and Actual Experience	1,226,677	611,470	15,516	22,974	(122,369)	-
Benefit Payments, Including Refunds of Employee Contributions	(1,895,860)	(1,748,538)	(1,638,316)	(1,639,744)	(1,487,628)	(1,463,163)
Net Change in Total Pension Liability	2,960,053	1,855,090	3,358,788	1,312,677	648,605	1,222,624
Total Pension Liability - Beginning	36,261,302	34,406,212	31,047,424	29,734,747	29,086,142	27,863,518
Total Pension Liability - Ending (a)	39,221,355	36,261,302	34,406,212	31,047,424	29,734,747	29,086,142
PLAN FIDUCIARY NET POSITION						
Net Plan to Plan Resource Movement	-	(66)	-	-	-	-
Contributions - Employer	810,203	625,366	515,021	412,060	340,596	313,597
Contributions - Employee	460,592	425,542	366,062	344,384	336,751	307,963
Investment Income	1,900,615	2,268,066	2,776,486	145,546	586,662	3,933,088
Benefit Payments, Including Refunds of Employee Contributions	(1,895,860)	(1,748,538)	(1,638,316)	(1,639,744)	(1,487,628)	(1,463,163)
Administrative Expense	(20,969)	(42,406)	(37,119)	(15,781)	(29,146)	-
Other Miscellaneous Income	68	(80,529)	-	-	-	-
Net Change in Fiduciary Net Position	1,254,649	1,447,435	1,982,134	(753,535)	(252,765)	3,091,485
Plan Fiduciary Net Position - Beginning	28,570,245	27,122,810	25,140,676	25,894,211	26,146,976	23,055,491
Plan Fiduciary Net Position - Ending (b)	29,824,894	28,570,245	27,122,810	25,140,676	25,894,211	26,146,976
Plan Net Pension Liability - Ending (a) - (b)	\$ 9,396,461	\$7,691,057	\$7,283,402	\$5,906,748	\$3,840,536	\$2,939,166
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.04%	78.79%	78.83%	80.98%	87.08%	89.89%
Covered Payroll	\$ 6,497,015	\$ 5,751,118	\$ 5,215,616	\$ 5,007,615	\$ 4,869,500	\$ 4,707,335
Plan Net Pension Liability as a Percentage of Covered Payroll	144.63%	133.73%	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, 2018, 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: None in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflected an adjustment of the discount rate from 7.15 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 THE CITY OF FRESNO
Schedule of Plan Contributions
(Miscellaneous Plan)
Year Ended December 31, 2019
(With comparative information for the last 10 years)*

Schedule of Plan Contributions for the Fiscal Years Ended December 31

	2019	2018	2017	2016	2015	2014
Employer Fiscal Year End						
Actuarially Determined Contribution	\$ 455,589	\$ 425,659	\$ 455,851	\$ 469,586	\$ 371,354	\$ 325,829
Contributions in Relation to the Actuarially Determined Contribution	(455,589)	(425,659)	(455,851)	(469,586)	(371,354)	(325,829)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 6,610,324	\$ 6,298,492	\$ 5,781,250	\$ 5,406,119	\$ 5,029,081	\$ 4,520,151
Contributions as a Percentage of Covered Payroll	6.89%	6.76%	7.88%	8.69%	7.38%	7.21%

Notes to Schedule of Plan Contributions:

The actuarial method and assumptions used to set the actuarially determined contributions for the Fiscal Year 2018-2019 were derived from the June 30, 2016 funding valuation report as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2016 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2016 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3%
Investment Rate of Return	7.375% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	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.

Other information:

* The fiscal year ended December 31, 2014 was the first year of implementation. Information for the last 10 years is not available. For changes to previous year's information, refer to past GASB 68 reports.

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SUPPLEMENTAL INFORMATION

FINANCIAL DATA SCHEDULES

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

DRAFT

Housing Authority City of Fresno (CA006)
Fresno, CA
Entity Wide Balance Sheet Summary
Submission Type: Audited/Single Audit
Fiscal Year End: 12/31/2019

	Project Total	14.169 Housing Counseling Assistance Program	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.866 Revitalization of Severely Distressed Public Housing	14.185 Hope III	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities
111 Cash - Unrestricted	\$1,315,527											
112 Cash - Restricted - Modernization and Development	\$0											
113 Cash - Other Restricted	\$0							\$180,977				\$150,876
114 Cash - Tenant Security Deposits	\$101,500										\$15,652	
115 Cash - Restricted for Payment of Current Liabilities												
100 Total Cash	\$1,417,027	\$0	\$0	\$0	\$0	\$0	\$0	\$180,977	\$0	\$0	\$15,652	\$150,876
121 Accounts Receivable - PHA Projects												
122 Accounts Receivable - HUD Other Projects	\$950		\$57,331		\$0			\$120,961				
124 Accounts Receivable - Other Government								\$7,989				
125 Accounts Receivable - Miscellaneous	\$2,800		\$2,957					\$148,786			\$110	
126 Accounts Receivable - Tenants	\$55,378		\$0								\$3,595	
126.1 Allowance for Doubtful Accounts - Tenants	(\$4,715)		\$0					(\$8,427)			\$0	
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0		\$0			(\$60,086)			\$0	
127 Notes, Loans, & Mortgages Receivable - Current												
128 Fraud Recovery								\$116,268				
128.1 Allowance for Doubtful Accounts - Fraud								\$0				
129 Accrued Interest Receivable												
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$54,413	\$0	\$60,288	\$0	\$0	\$0	\$0	\$325,491	\$0	\$0	\$3,705	\$0
131 Investments - Unrestricted												
132 Investments - Restricted											\$141,438	
135 Investments - Restricted for Payment of Current Liability												
142 Prepaid Expenses and Other Assets	\$266											
143 Inventories												
143.1 Allowance for Obsolete Inventories												
144 Inter Program Due From	\$379,531											
145 Assets Held for Sale	\$415,842											
150 Total Current Assets	\$2,267,079	\$0	\$60,288	\$0	\$0	\$0	\$0	\$506,468	\$0	\$0	\$160,795	\$150,876
161 Land	\$419,272										\$158,970	
162 Buildings	\$30,377,402										\$2,636,849	
163 Furniture, Equipment & Machinery - Dwellings												
164 Furniture, Equipment & Machinery - Administration	\$312,665							\$125,505			\$32,813	
165 Leasehold Improvements												
166 Accumulated Depreciation	(\$27,457,901)							(\$103,506)			(\$2,653,516)	
167 Construction in Progress	\$57,115											
168 Infrastructure												
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,708,553	\$0	\$0	\$0	\$0	\$0	\$0	\$21,999	\$0	\$0	\$175,116	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current	\$9,645,969											
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due												
173 Grants Receivable - Non Current												
174 Other Assets												
176 Investments in Joint Ventures	\$6,163,881											
180 Total Non-Current Assets	\$19,518,403	\$0	\$0	\$0	\$0	\$0	\$0	\$21,999	\$0	\$0	\$175,116	\$0
200 Deferred Outflow of Resources	\$184,597							\$738,590				
290 Total Assets and Deferred Outflow of Resources	\$21,970,079	\$0	\$60,288	\$0	\$0	\$0	\$0	\$1,267,057	\$0	\$0	\$335,911	\$150,876

Housing Authority City of Fresno (CA006)
Fresno, CA
Entity Wide Balance Sheet Summary
Submission Type: Audited/Single Audit
Fiscal Year End: 12/31/2019

	Project Total	14.169 Housing Counseling Assistance Program	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.866 Revitalization of Severely Distressed Public Housing	14.185 Hope III	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities
311 Bank Overdraft												
312 Accounts Payable <= 90 Days	\$59,479							\$10,193			\$11,775	
313 Accounts Payable >90 Days Past Due												
321 Accrued WagerPayroll Taxes Payable	\$9,256						\$2,049	\$50,280			\$1,755	
322 Accrued Compensated Absences - Current Portion	\$26,924		\$418				\$2,381	\$135,766			\$2,721	
324 Accrued Contingency Liability			\$1,263									
325 Accrued Interest Payable												
331 Accounts Payable - HUD PHA Programs												
332 Account Payable - PHA Projects												
333 Accounts Payable - Other Government	\$158,368							\$7,005			\$12,194	
341 Tenant Security Deposits	\$101,499										\$15,652	
342 Unearned Revenue	\$17,006				\$0			\$2,271			\$2,782	
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue											\$219,120	
344 Current Portion of Long-term Debt - Operating Borrowings												
345 Other Current Liabilities												
346 Accrued Liabilities - Other	\$85,378		\$98				\$667	\$98,845			\$766	
347 Inter Program - Due To	\$379,531		\$115,680					\$3,045,308			\$416,699	
348 Loan Liability - Current												
310 Total Current Liabilities	\$837,441	\$0	\$117,459	\$0	\$0	\$0	\$5,097	\$3,349,668	\$0	\$0	\$683,464	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$98,097				\$0							
352 Long-term Debt, Net of Current - Operating Borrowings												
353 Non-current Liabilities - Other												
354 Accrued Compensated Absences - Non Current	\$10,097		\$801				\$1,299	\$52,931			\$655	
355 Loan Liability - Non Current												
356 FASB 5 Liabilities												
357 Accrued Pension and OPEB Liabilities	\$845,681							\$3,383,666				
350 Total Non-Current Liabilities	\$953,875	\$0	\$801	\$0	\$0	\$0	\$1,299	\$3,436,597	\$0	\$0	\$655	\$0
300 Total Liabilities	\$1,791,316	\$0	\$118,260	\$0	\$0	\$0	\$6,396	\$6,786,265	\$0	\$0	\$684,119	\$0
400 Deferred Inflow of Resources	\$24,583							\$98,362				
508.4 Net Investment in Capital Assets	\$3,610,457		\$0					\$22,001			(\$44,003)	
511.4 Restricted Net Position	\$0		\$0		\$0			\$180,977			\$138,655	\$150,876
512.4 Unrestricted Net Position	\$16,543,723	\$0	(\$57,972)	\$0	\$0	\$0	(\$6,396)	(\$5,820,548)	\$0	\$0	(\$442,860)	\$0
513 Total Equity - Net Assets / Position	\$20,154,180	\$0	(\$57,972)	\$0	\$0	\$0	(\$6,396)	(\$5,617,570)	\$0	\$0	(\$348,208)	\$150,876
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$21,970,079	\$0	\$60,288	\$0	\$0	\$0	\$0	\$1,267,057	\$0	\$0	\$335,911	\$150,876

Housing Authority City of Fresno (CA006)
Fresno, CA
Entity Wide Balance Sheet Summary
Submission Type: Audited/Single Audit
Fiscal Year End: 12/31/2019

	14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.235 Supportive Housing Program	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC	6.2 Component Unit - Blended	Subtotal	ELIM	Total
111 Cash - Unrestricted			\$1		\$37,396	\$4,819,286	\$449	\$79,778	\$6,252,437		\$6,252,437
112 Cash - Restricted - Modernization and Development									\$0		\$0
113 Cash - Other Restricted					\$638		\$0		\$332,491		\$332,491
114 Cash - Tenant Security Deposits					\$15,865	\$133,274			\$266,291		\$266,291
115 Cash - Restricted for Payment of Current Liabilities											
100 Total Cash	\$0	\$0	\$1	\$0	\$53,899	\$4,952,560	\$449	\$79,778	\$6,851,219	\$0	\$6,851,219
121 Accounts Receivable - PHA Projects											
122 Accounts Receivable - HUD Other Projects	\$128,031		\$80,622	\$105,622		\$7,599			\$501,116		\$501,116
124 Accounts Receivable - Other Government					\$51,915	\$110,589			\$170,493		\$170,493
125 Accounts Receivable - Miscellaneous			\$11,870	\$10,620	\$73,660	\$22,542	\$1,259,913	\$20,000	\$1,553,258		\$1,553,258
126 Accounts Receivable - Tenants				\$0	\$3,725	\$522			\$63,220		\$63,220
126.1 Allowance for Doubtful Accounts -Tenants				\$0	(\$1,925)	\$0	\$0		(\$15,067)		(\$15,067)
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0	\$0	\$0	\$0	\$0	(\$60,086)		(\$60,086)
127 Notes, Loans, & Mortgages Receivable - Current						\$1,157,327			\$1,157,327	(\$1,157,327)	\$0
128 Fraud Recovery									\$116,268		\$116,268
128.1 Allowance for Doubtful Accounts - Fraud									\$0		\$0
129 Accrued Interest Receivable						\$222,163			\$222,163	(\$222,163)	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$128,031	\$0	\$92,492	\$116,242	\$127,375	\$1,520,742	\$1,259,913	\$20,000	\$3,708,692	(\$1,379,490)	\$2,329,202
131 Investments - Unrestricted						\$1,105,560			\$1,105,560		\$1,105,560
132 Investments - Restricted									\$141,438		\$141,438
135 Investments - Restricted for Payment of Current Liability											
142 Prepaid Expenses and Other Assets					\$3,724	\$86,544	\$343,344		\$433,878		\$433,878
143 Inventories											
143.1 Allowance for Obsolete Inventories											
144 Inter Program Due From						\$8,381,664	\$63,142		\$8,824,337	(\$8,824,338)	(\$1)
145 Assets Held for Sale					\$1,037,878	\$150,691			\$1,604,411		\$1,604,411
150 Total Current Assets	\$128,031	\$0	\$92,493	\$116,242	\$1,222,876	\$16,197,761	\$1,666,848	\$99,778	\$22,669,535	(\$10,203,828)	\$12,465,707
161 Land					\$106,690	\$1,612,800	\$167,838		\$2,465,570		\$2,465,570
162 Buildings					\$3,935,080	\$9,248,185	\$2,692,616	\$53,856	\$48,943,988		\$48,943,988
163 Furniture, Equipment & Machinery - Dwellings											
164 Furniture, Equipment & Machinery - Administration						\$159,058	\$905,255		\$1,535,296		\$1,535,296
165 Leasehold Improvements											
166 Accumulated Depreciation					(\$691,254)	(\$5,728,117)	(\$3,226,676)	\$0	(\$39,860,970)		(\$39,860,970)
167 Construction in Progress						\$4,024,722	\$28,553		\$4,110,390		\$4,110,390
168 Infrastructure											
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$0	\$3,350,516	\$9,316,648	\$567,586	\$53,856	\$17,194,274	\$0	\$17,194,274
171 Notes, Loans and Mortgages Receivable - Non-Current			\$1,303,488			\$25,056,561			\$36,006,018		\$36,006,018
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due											
173 Grants Receivable - Non Current											
174 Other Assets			\$0						\$0		\$0
176 Investments in Joint Ventures						\$31,150,152			\$37,314,033		\$37,314,033
180 Total Non-Current Assets	\$0	\$0	\$1,303,488	\$0	\$3,350,516	\$65,523,361	\$567,586	\$53,856	\$90,514,325	\$0	\$90,514,325
200 Deferred Outflow of Resources						\$256,384	\$871,499		\$2,051,070		\$2,051,070
290 Total Assets and Deferred Outflow of Resources	\$128,031	\$0	\$1,395,981	\$116,242	\$4,573,392	\$81,977,506	\$3,105,933	\$153,634	\$115,234,930	(\$10,203,828)	\$105,031,102

Housing Authority City of Fresno (CA006)
Fresno, CA
Entity Wide Balance Sheet Summary
Submission Type: Audited/Single Audit
Fiscal Year End: 12/31/2019

	14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.235 Supportive Housing Program	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC	6.2 Component Unit - Blended	Subtotal	ELIM	Total
311 Bank Overdraft											
312 Accounts Payable <= 90 Days			\$18,954		\$1,966	\$282,242	\$151,349		\$535,958		\$535,958
313 Accounts Payable >90 Days Past Due											
321 Accrued WagerPayroll Taxes Payable	\$140		\$4,442	\$217	\$7,504	\$21,434	\$190,691		\$227,768		\$227,768
322 Accrued Compensated Absences - Current Portion	\$1,454		\$4,633		\$20,832	\$48,092	\$305,131		\$548,352		\$548,352
324 Accrued Contingency Liability									\$1,263		\$1,263
325 Accrued Interest Payable						\$522,479			\$522,479	(\$222,163)	\$300,316
331 Accounts Payable - HUD PHA Programs											
332 Account Payable - PHA Projects											
333 Accounts Payable - Other Government					\$9,309	\$71,956	\$74,390		\$333,222		\$333,222
341 Tenant Security Deposits					\$15,865	\$133,274			\$266,290		\$266,290
342 Unearned Revenue					\$3,907	\$0			\$25,966		\$25,966
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					\$14,691	\$3,353,164			\$3,586,975		\$3,586,975
344 Current Portion of Long-term Debt - Operating Borrowings											
345 Other Current Liabilities						\$410,707	\$870,992		\$1,281,699		\$1,281,699
346 Accrued Liabilities - Other	\$160		\$1,452	\$73	\$2,660	\$6,339	\$74,572		\$271,010		\$271,010
347 Inter Program - Due To	\$510,415		\$596,911	\$121,086	\$2,177,593	\$57,897	\$1,403,218		\$8,824,338	(\$8,824,338)	\$0
348 Loan Liability - Current											
310 Total Current Liabilities	\$512,169	\$0	\$626,392	\$121,376	\$2,254,327	\$4,907,584	\$3,010,343	\$0	\$16,425,320	(\$9,046,501)	\$7,378,819
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					\$4,006,066	\$6,381,517	\$154,000		\$10,639,680		\$10,639,680
352 Long-term Debt, Net of Current - Operating Borrowings										(\$1,157,327)	\$838,839
353 Non-current Liabilities - Other					\$358,214	\$106,168			\$464,382		\$464,382
354 Accrued Compensated Absences - Non Current	\$905		\$2,271		\$11,372	\$26,054	\$131,106		\$237,491		\$237,491
355 Loan Liability - Non Current											
356 FASB 5 Liabilities											
357 Accrued Pension and OPEB Liabilities						\$1,174,558	\$3,992,556		\$9,396,461		\$9,396,461
350 Total Non-Current Liabilities	\$905	\$0	\$2,271	\$0	\$4,375,652	\$9,684,463	\$4,277,662	\$0	\$22,734,180	(\$1,157,327)	\$21,576,853
300 Total Liabilities	\$513,074	\$0	\$628,663	\$121,376	\$6,629,979	\$14,592,047	\$7,288,005	\$0	\$39,159,500	(\$10,203,828)	\$28,955,672
400 Deferred Inflow of Resources						\$34,144	\$116,062		\$273,151		\$273,151
508.4 Net Investment in Capital Assets				\$0	(\$670,242)	(\$418,033)	\$413,586	\$53,856	\$2,967,622		\$2,967,622
511.4 Restricted Net Position	\$0		\$0	\$0	\$638	\$0			\$471,146		\$471,146
512.4 Unrestricted Net Position	(\$385,043)	\$0	\$767,318	(\$5,134)	(\$1,386,983)	\$67,769,348	(\$4,711,720)	\$99,778	\$72,363,511		\$72,363,511
513 Total Equity - Net Assets / Position	(\$385,043)	\$0	\$767,318	(\$5,134)	(\$2,056,587)	\$67,351,315	(\$4,298,134)	\$153,634	\$75,802,279	\$0	\$75,802,279
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$128,031	\$0	\$1,395,981	\$116,242	\$4,573,392	\$81,977,506	\$3,105,933	\$153,634	\$115,234,930	(\$10,203,828)	\$105,031,102

Housing Authority City of Fresno (CA006)
Fresno, CA
Entity Wide Revenue and Expense Summary
Submission Type: Audited/Single Audit
Fiscal Year End: 12/31/2019

	Project Total	14.169 Housing Counseling Assistance Program	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.866 Revitalization of Severely Distressed Public Housing	14.185 Hope III	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities
70300 Net Tenant Rental Revenue	\$1,099,128							\$21,733			\$150,794	
70400 Tenant Revenue - Other	\$20,769										\$4,323	
70500 Total Tenant Revenue	\$1,119,897	\$0	\$0	\$0	\$0	\$0	\$0	\$21,733	\$0	\$0	\$155,117	\$0
70600 HUD PHA Operating Grants	\$2,585,024		\$269,791				\$32,346	\$55,760,032				\$398,225
70610 Capital Grants												
70710 Management Fee												
70720 Asset Management Fee												
70730 Book Keeping Fee												
70740 Front Line Service Fee												
70750 Other Fees												
70700 Total Fee Revenue												
70800 Other Government Grants								\$0			\$327,391	
71100 Investment Income - Unrestricted	\$576,098							\$0				
71200 Mortgage Interest Income												
71300 Proceeds from Disposition of Assets Held for Sale												
71310 Cost of Sale of Assets												
71400 Fraud Recovery								\$62,431				
71500 Other Revenue	\$11,587						\$72,515	\$1,112				
71600 Gain or Loss on Sale of Capital Assets												
72000 Investment Income - Restricted								\$0			\$3,075	
70000 Total Revenue	\$4,292,606	\$0	\$269,791	\$0	\$0	\$0	\$104,861	\$55,845,308	\$0	\$0	\$485,583	\$398,225
91100 Administrative Salaries	\$370,208		\$39,744				\$53,883	\$2,030,572			\$31,031	
91200 Auditing Fees	\$13,622							\$32,500			\$12,200	
91300 Management Fee	\$337,655							\$1,030,896			\$24,000	\$42,419
91310 Book-keeping Fee	\$33,938							\$644,310				
91400 Advertising and Marketing	\$573							\$7,956				
91500 Employee Benefit contributions - Administrative	\$329,655		\$16,057				\$25,506	\$1,331,334			\$29,987	
91600 Office Expenses	\$31,187		\$2,807				\$5,351	\$318,153			\$10,597	
91700 Legal Expense	\$2,505							\$418			\$1,517	
91800 Travel								\$13,053			\$659	
91810 Allocated Overhead												
91900 Other	\$175,563		\$2,983				\$9,458	\$410,408			\$18,360	
91000 Total Operating - Administrative	\$1,294,906	\$0	\$61,591	\$0	\$0	\$0	\$94,198	\$5,819,600	\$0	\$0	\$128,351	\$42,419
92000 Asset Management Fee	\$45,720											
92100 Tenant Services - Salaries												
92200 Relocation Costs												
92300 Employee Benefit Contributions - Tenant Services												
92400 Tenant Services - Other												
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93100 Water	\$154,092										\$23,675	
93200 Electricity	\$34,604										\$930	
93300 Gas	\$1,916										\$573	
93400 Fuel												
93500 Labor												
93600 Sewer	\$80,362										\$12,371	
93700 Employee Benefit Contributions - Utilities												
93800 Other Utilities Expense	\$148,059										\$13,852	
93000 Total Utilities	\$419,033	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$51,401	\$0
94100 Ordinary Maintenance and Operations - Labor	\$139,877										\$27,919	
94200 Ordinary Maintenance and Operations - Materials and Other	\$161,684							\$4,800			\$23,239	
94300 Ordinary Maintenance and Operations Contracts	\$580,115		\$657				\$1,048	\$30,755			\$71,960	
94500 Employee Benefit Contributions - Ordinary Maintenance								\$97				
94000 Total Maintenance	\$881,676	\$0	\$657	\$0	\$0	\$0	\$1,048	\$35,652	\$0	\$0	\$123,118	\$0
95100 Protective Services - Labor												
95200 Protective Services - Other Contract Costs												
95300 Protective Services - Other												
95500 Employee Benefit Contributions - Protective Services												
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$45,692								\$182		\$17,652	
96120 Liability Insurance	\$10,997								\$20		\$1,183	
96130 Workmen's Compensation	\$19,771		\$360				\$375	\$29,515			\$3,596	
96140 All Other Insurance	\$5,934		\$97				\$249	\$11,881	\$4		\$1,218	
96100 Total Insurance Premiums	\$82,394	\$0	\$457	\$0	\$0	\$0	\$624	\$41,396	\$206	\$0	\$23,649	\$0

Housing Authority City of Fresno (CA006)
Fresno, CA
Entity Wide Revenue and Expense Summary
Submission Type: Audited/Single Audit
Fiscal Year End: 12/31/2019

	Project Total	14.169 Housing Counseling Assistance Program	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.866 Revitalization of Severely Distressed Public Housing	14.185 Hope III	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities
96200 Other General Expenses	\$839,779		\$204,328					\$5,927			\$438	
96210 Compensated Absences	\$49,355		\$2,425				\$6,408	\$251,638			\$5,449	
96300 Payments in Lieu of Taxes	\$83,295											
96400 Bad debt - Tenant Rents	\$13,569										\$12,678	
96500 Bad debt - Mortgages												
96600 Bad debt - Other	\$11,044											
96800 Severance Expense												
96900 Total Other General Expenses	\$997,042	\$0	\$206,753	\$0	\$0	\$0	\$6,408	\$257,565	\$0	\$0	\$18,565	\$0
96710 Interest of Mortgage (or Bonds) Payable												
96720 Interest on Notes Payable (Short and Long Term)	\$1,420										\$31,105	
96730 Amortization of Bond Issue Costs												
96700 Total Interest Expense and Amortization Cost	\$1,420	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31,105	\$0
96900 Total Operating Expenses	\$3,722,191	\$0	\$269,458	\$0	\$0	\$0	\$102,278	\$6,154,213	\$206	\$0	\$376,189	\$42,419
97000 Excess of Operating Revenue over Operating Expenses	\$570,415	\$0	\$333	\$0	\$0	\$0	\$2,583	\$49,691,095	(\$206)	\$0	\$109,394	\$355,806
97100 Extraordinary Maintenance												
97200 Casualty Losses - Non-capitalized												
97300 Housing Assistance Payments	\$770		\$16,953					\$50,548,222			\$277	\$229,279
97350 HAP Portability-In												
97400 Depreciation Expense	\$718,251							\$10,380			\$9,747	
97500 Fraud Losses												
97600 Capital Outlays - Governmental Funds												
97700 Debt Principal Payment - Governmental Funds												
97800 Dwelling Units Rent Expense												
99000 Total Expenses	\$4,441,212	\$0	\$286,411	\$0	\$0	\$0	\$102,278	\$56,712,815	\$206	\$0	\$386,213	\$271,698
10010 Operating Transfer In												
10020 Operating transfer Out												
10030 Operating Transfers from/to Primary Government	\$6,742											
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	\$238,709											
10092 Inter Project Excess Cash Transfer Out	(\$238,709)											
10093 Transfers between Program and Project - In												
10094 Transfers between Project and Program - Out												
10100 Total Other financing Sources (Uses)	\$6,742	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$141,864)	\$0	(\$16,620)	\$0	\$0	\$0	\$2,583	(\$867,507)	(\$206)	\$0	\$99,370	\$126,527
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$20,220,003	\$0	(\$41,352)	\$0	\$536,023	(\$347,883)	(\$8,979)	(\$4,750,063)	(\$600)	\$0	(\$447,578)	\$24,349
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$76,041				(\$536,023)	\$347,883		\$0	\$806		\$0	
11050 Changes in Compensated Absence Balance												
11060 Changes in Contingent Liability Balance												
11070 Changes in Unrecognized Pension Transition Liability												
11080 Changes in Special Term/Severance Benefits Liability												
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents												
11100 Changes in Allowance for Doubtful Accounts - Other												
11170 Administrative Fee Equity								(\$5,795,524)				
11180 Housing Assistance Payments Equity								\$177,954				
11190 Unit Months Available	\$6,048			\$0	\$480			\$85,872			\$50	
11210 Number of Unit Months Leased	\$5,954			\$0	\$474			\$85,872			\$50	
11270 Excess Cash	\$782,244											
11610 Land Purchases	\$0											
11620 Building Purchases	\$0											
11630 Furniture & Equipment - Dwelling Purchases	\$0											
11640 Furniture & Equipment - Administrative Purchases	\$0											
11650 Leasehold Improvements Purchases	\$77,328											
11660 Infrastructure Purchases	\$0											
13510 CFFP Debt Service Payments	\$0											
13901 Replacement Housing Factor Funds	\$0											

Housing Authority City of Fresno (CA006)
Fresno, CA
Entity Wide Revenue and Expense Summary
Submission Type: Audited/Single Audit
Fiscal Year End: 12/31/2019

	14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.235 Supportive Housing Program	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC	6.2 Component Unit - Blended	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue					\$132,129	\$1,940,070			\$3,343,854		\$3,343,854
70400 Tenant Revenue - Other						\$10			\$25,102		\$25,102
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$132,129	\$1,940,080	\$0	\$0	\$3,368,956	\$0	\$3,368,956
70600 HUD PHA Operating Grants	\$836,594		\$407,169	\$249,844					\$60,539,025		\$60,539,025
70610 Capital Grants											
70710 Management Fee							\$1,458,336		\$1,458,336	(\$1,458,336)	\$0
70720 Asset Management Fee							\$45,720		\$45,720	(\$45,720)	\$0
70730 Book Keeping Fee							\$678,248		\$678,248	(\$678,248)	\$0
70740 Front Line Service Fee											
70750 Other Fees							\$1,021,057		\$1,021,057		\$1,021,057
70700 Total Fee Revenue							\$3,203,361		\$3,203,361	(\$2,182,304)	\$1,021,057
70800 Other Government Grants					\$211,418	\$16,411			\$555,220		\$555,220
71100 Investment Income - Unrestricted			\$105,914			\$744,931	\$25,902		\$1,452,845		\$1,452,845
71200 Mortgage Interest Income											
71300 Proceeds from Disposition of Assets Held for Sale											
71310 Cost of Sale of Assets											
71400 Fraud Recovery									\$62,431		\$62,431
71500 Other Revenue			\$28,045		\$835,978	\$4,809,308	\$1,800,557	\$22,200	\$7,581,302	(\$1,407,281)	\$6,174,021
71600 Gain or Loss on Sale of Capital Assets						(\$63,890)	\$1,642,850		\$1,578,960		\$1,578,960
72000 Investment Income - Restricted						\$657			\$3,732		\$3,732
70000 Total Revenue	\$836,594	\$0	\$541,128	\$249,844	\$1,179,525	\$7,447,497	\$6,672,670	\$22,200	\$78,345,832	(\$3,589,585)	\$74,756,247
91100 Administrative Salaries	\$14,941		\$174,634	\$18,383	\$383,864	\$815,941	\$2,386,460		\$6,319,661		\$6,319,661
91200 Auditing Fees					\$9,809	\$11,767	\$1,563	\$2,250	\$83,711		\$83,711
91300 Management Fee						\$23,365			\$1,458,335	(\$1,458,336)	(\$1)
91310 Book-keeping Fee									\$678,248	(\$678,248)	\$0
91400 Advertising and Marketing					\$1,941	\$5,849	\$22,143		\$37,562		\$37,562
91500 Employee Benefit contributions - Administrative	\$6,310		\$68,384	\$7,235	\$149,552	\$825,934	\$1,502,162		\$4,292,116		\$4,292,116
91600 Office Expenses	\$7,473		\$142,099	\$3,914	\$67,221	\$93,719	\$631,684	\$46	\$1,314,251	(\$447,495)	\$866,756
91700 Legal Expense					\$719	\$22,860	\$84,781		\$112,800		\$112,800
91800 Travel			\$8,189		\$4,624	\$12,997	\$84,292		\$123,814		\$123,814
91810 Allocated Overhead											
91900 Other	\$1,114		\$21,346	\$173	\$102,730	\$755,528	\$776,733	(\$4,391)	\$2,270,005	(\$959,786)	\$1,310,219
91000 Total Operating - Administrative	\$29,838	\$0	\$414,652	\$29,705	\$719,560	\$2,567,960	\$5,489,818	(\$2,095)	\$16,690,503	(\$3,543,865)	\$13,146,638
92000 Asset Management Fee									\$45,720	(\$45,720)	\$0
92100 Tenant Services - Salaries											
92200 Relocation Costs							\$1,780		\$1,780		\$1,780
92300 Employee Benefit Contributions - Tenant Services											
92400 Tenant Services - Other			\$4,961						\$4,961		\$4,961
92500 Total Tenant Services	\$0	\$0	\$4,961	\$0	\$0	\$0	\$1,780	\$0	\$6,741	\$0	\$6,741
93100 Water					\$5,623	\$62,369	\$2,109		\$247,868		\$247,868
93200 Electricity					\$6,851	\$89,866	\$72,743		\$204,994		\$204,994
93300 Gas					\$161	\$29,042	\$2,624		\$34,316		\$34,316
93400 Fuel											
93500 Labor											
93600 Sewer					\$5,623	\$53,989	\$842		\$153,187		\$153,187
93700 Employee Benefit Contributions - Utilities											
93800 Other Utilities Expense					\$5,098	\$44,509	\$5,309		\$216,827		\$216,827
93000 Total Utilities	\$0	\$0	\$0	\$0	\$23,356	\$279,775	\$83,627	\$0	\$857,192	\$0	\$857,192
94100 Ordinary Maintenance and Operations - Labor					\$14,603	\$45,204	\$115,855		\$343,458		\$343,458
94200 Ordinary Maintenance and Operations - Materials and Other			\$680		\$9,617	\$67,868	\$28,813		\$296,701		\$296,701
94300 Ordinary Maintenance and Operations Contracts			\$27,216	\$292	\$44,627	\$527,211	\$560,020		\$1,843,901		\$1,843,901
94500 Employee Benefit Contributions - Ordinary Maintenance									\$97		\$97
94000 Total Maintenance	\$0	\$0	\$27,896	\$292	\$68,847	\$640,283	\$704,688	\$0	\$2,484,157	\$0	\$2,484,157
95100 Protective Services - Labor											
95200 Protective Services - Other Contract Costs											
95300 Protective Services - Other											
95500 Employee Benefit Contributions - Protective Services											
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance					\$4,824	\$64,238	\$10,712		\$143,300		\$143,300
96120 Liability Insurance						\$529	\$1,108		\$13,837		\$13,837
96130 Workmen's Compensation	\$167		\$1,331	\$154	\$3,977	\$12,779	\$47,730		\$119,755		\$119,755
96140 All Other Insurance	\$331		\$542		\$1,619	\$3,725	\$24,117		\$49,717		\$49,717
96100 Total Insurance Premiums	\$498	\$0	\$1,873	\$154	\$10,420	\$81,271	\$83,667	\$0	\$326,609	\$0	\$326,609

Housing Authority City of Fresno (CA006)
Fresno, CA
Entity Wide Revenue and Expense Summary
Submission Type: Audited/Single Audit
Fiscal Year End: 12/31/2019

	14.238 Shelter Plus Care	93.645 Child Welfare Services_State Grants	14.235 Supportive Housing Program	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC	6.2 Component Unit - Blended	Subtotal	ELIM	Total
96200 Other General Expenses	\$803,582		\$12,617	\$179,362	\$236,426	\$761,278	\$220,330		\$3,264,067		\$3,264,067
96210 Compensated Absences	\$9,006		\$16,508	\$22	\$29,927	\$86,462	\$289,061		\$746,261		\$746,261
96300 Payments in Lieu of Taxes									\$83,295		\$83,295
96400 Bad debt - Tenant Rents					\$3,734				\$29,981		\$29,981
96500 Bad debt - Mortgages											
96600 Bad debt - Other						\$32,539	\$1,485		\$45,068		\$45,068
96800 Severance Expense							\$3,437		\$3,437		\$3,437
96000 Total Other General Expenses	\$812,588	\$0	\$29,125	\$179,384	\$270,087	\$880,279	\$514,313	\$0	\$4,172,109	\$0	\$4,172,109
96710 Interest of Mortgage (or Bonds) Payable					\$81,953				\$81,953		\$81,953
96720 Interest on Notes Payable (Short and Long Term)						\$189,866			\$222,391		\$222,391
96730 Amortization of Bond Issue Costs											
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$81,953	\$189,866	\$0	\$0	\$304,344	\$0	\$304,344
96900 Total Operating Expenses	\$842,924	\$0	\$478,507	\$209,535	\$1,174,223	\$4,639,434	\$6,877,893	(\$2,095)	\$24,887,375	(\$3,589,585)	\$21,297,790
97000 Excess of Operating Revenue over Operating Expenses	(\$6,330)	\$0	\$62,621	\$40,309	\$5,302	\$2,808,063	(\$205,223)	\$24,295	\$53,458,457	\$0	\$53,458,457
97100 Extraordinary Maintenance						\$20	\$7,140		\$7,160		\$7,160
97200 Casualty Losses - Non-capitalized											
97300 Housing Assistance Payments			\$1,292	\$42,115	\$12,952				\$50,851,860		\$50,851,860
97350 HAP Portability-In											
97400 Depreciation Expense					\$140,021	\$456,134	\$225,356		\$1,559,889		\$1,559,889
97500 Fraud Losses											
97600 Capital Outlays - Governmental Funds											
97700 Debt Principal Payment - Governmental Funds											
97800 Dwelling Units Rent Expense											
90000 Total Expenses	\$842,924	\$0	\$479,799	\$251,650	\$1,327,196	\$5,095,588	\$7,110,389	(\$2,095)	\$77,306,284	(\$3,589,585)	\$73,716,699
10010 Operating Transfer In											
10020 Operating transfer Out											
10030 Operating Transfers from/to Primary Government						\$843,057			\$849,799		\$849,799
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									\$238,709		\$238,709
10092 Inter Project Excess Cash Transfer Out									(\$238,709)		(\$238,709)
10093 Transfers between Program and Project - In											
10094 Transfers between Project and Program - Out											
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$843,057	\$0	\$0	\$849,799	\$0	\$849,799
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$6,330)	\$0	\$61,329	(\$1,806)	(\$147,671)	\$3,194,966	(\$437,719)	\$24,295	\$1,889,347	\$0	\$1,889,347
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	(\$378,713)	\$0	\$724,140	(\$4,084)	(\$1,950,892)	\$62,363,394	(\$2,163,190)	\$124,339	\$73,898,914		\$73,898,914
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			(\$18,151)	\$756	\$41,976	\$1,792,955	(\$1,697,225)	\$5,000	\$14,018		\$14,018
11050 Changes in Compensated Absence Balance											
11060 Changes in Contingent Liability Balance											
11070 Changes in Unrecognized Pension Transition Liability											
11080 Changes in Special Term/Severance Benefits Liability											
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents											
11100 Changes in Allowance for Doubtful Accounts - Other											
11170 Administrative Fee Equity									(\$5,795,524)		(\$5,795,524)
11180 Housing Assistance Payments Equity									\$177,954		\$177,954
11190 Unit Months Available					\$384	\$2,472			\$95,306		\$95,306
11210 Number of Unit Months Leased					\$352	\$2,425			\$95,127		\$95,127
11270 Excess Cash									\$782,244		\$782,244
11610 Land Purchases							\$0		\$0		\$0
11620 Building Purchases							\$0		\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases							\$0		\$0		\$0
11640 Furniture & Equipment - Administrative Purchases							\$0		\$0		\$0
11650 Leasehold Improvements Purchases							\$0		\$77,328		\$77,328
11660 Infrastructure Purchases							\$0		\$0		\$0
13510 CFFP Debt Service Payments							\$0		\$0		\$0
13901 Replacement Housing Factor Funds							\$0		\$0		\$0

Housing Authority of the City of Fresno

Statistical Section:

Financial Trends

Revenue Capacity

Debt Capacity

Demographic and Economic Information

Operating Information



HOUSING AUTHORITY OF THE CITY OF FRESNO

Statistical Section

This section provides additional information regarding the Authority in the following following categories:

Financial Trends	show how the Authority's financial position has changed over time	Table 1-2
Revenue Capacity	the tables in this section show the Authority's ability to generate revenue	Table 3-4
Debt Capacity	show the Authority's debt burden over time and provide information on the ability to issue debt	Table 5
Demographics and Economic Statistics	the tables in this section portray the socioeconomic environment and provide information to allow companies over time and comparison to other governments	Table 6-8
Operating Information	the purpose of these tables is to show the Authority's operations and provide information to assess the government's economic condition	Table 9-10

Table 1

HOUSING AUTHORITY OF THE CITY OF THE FRESNO

Financial Trends

Net Position by Component Last Ten Fiscal Years* (Unaudited)

Year	Net Investment in capital	Restricted	Unrestricted	Total
	assets			
2011	\$ 18,168,148	\$ 46,432,715	\$ 40,897,089	\$ 105,497,952
2012	11,846,562	50,642,176	48,047,749	110,536,487
2013	11,572,071	2,262,085	57,010,081	70,844,237
2014	6,028,575	2,079,758	64,007,650	72,115,983
2015	6,404,089	2,646,373	60,832,566	69,883,028
2016	4,769,521	619,142	64,524,416	69,913,079
2017	3,919,932	2,320,389	68,312,587	74,552,908
2018	3,560,130	1,174,748	69,164,036	73,898,914
2019	2,128,782	471,147	73,202,350	75,802,279

Source: Previous year's audits and current year financial statements

*Information for 2010 is not available as the audited financial statements for Housing Authority of the City and County of Fresno was consolidated.

Table 2

HOUSING AUTHORITY OF THE CITY OF THE FRESNO

Financial Trends

Change in Net Position
Last Ten Fiscal Years* (Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019
OPERATING REVENUES:									
Rents	\$ 3,158,387	\$ 3,322,010	\$ 3,109,755	\$ 2,894,035	\$ 3,089,770	\$ 3,196,411	\$ 3,258,298	\$ 3,487,986	\$ 3,343,854
Fee revenue	208,500	208,577	97,098	476,859	354,951	601,303	552,747	729,316	777,139
HUD operating grants	55,164,753	50,352,741	53,303,231	53,508,904	54,383,867	50,398,482	54,637,261	52,580,052	60,539,026
Other governmental grants	1,974,865	481,693	1,175,526	1,075,842	455,625	351,782	2,085,524	1,010,723	1,228,617
Other revenue	2,597,761	2,148,610	1,821,304	1,201,116	1,259,466	2,156,993	2,447,587	2,644,984	2,052,322
Developer Fee Revenue	-	-	-	-	-	-	-	2,031,199	2,451,486
Total operating revenue	63,104,266	56,513,631	59,506,914	59,156,756	59,543,679	56,704,971	62,981,417	62,484,260	70,392,444
OPERATING EXPENSES:									
Administrative expense	10,415,307	9,813,039	9,873,691	10,900,220	10,759,053	9,927,066	12,577,813	11,634,740	13,643,112
Tenant services expense	32,719	46,233	70,885	153,454	499,593	109,582	1,472,123	1,699,098	1,579,335
Utilities expense	708,902	628,349	708,841	628,874	530,752	579,424	820,658	840,479	851,992
Maintenance and operations expense	3,255,902	2,807,765	2,465,561	1,891,255	1,978,848	1,923,354	2,058,131	2,146,495	2,177,493
Protective services expense	93,338	84,351	76,789	87,103	80,602	96,255	107,902	327,490	281,516
Insurance expense	242,589	492,252	477,656	265,620	314,550	370,853	427,511	395,381	321,644
General expense	3,212,409	1,419,037	1,535,173	994,399	931,461	1,972,644	1,819,057	1,654,261	1,463,321
Housing assistance payments	44,524,301	44,541,851	44,955,037	45,052,228	44,993,932	42,719,636	42,737,248	44,262,551	50,778,548
Depreciation	2,392,159	1,990,047	1,847,309	1,118,368	1,827,362	1,461,231	1,562,745	1,304,881	1,559,889
Total operating expenses	64,877,626	61,822,924	62,010,942	61,091,521	61,916,153	59,160,045	63,583,188	64,265,376	72,656,850
Operating income (loss)	(1,773,360)	(5,309,293)	(2,504,028)	(1,934,765)	(2,372,474)	(2,455,074)	(601,771)	(1,781,116)	(2,264,406)
NON-OPERATING REVENUES (EXPENSES):									
Interest revenue, unrestricted	27,248	18,647	701,344	30,755	3,857	91,547	3,292	6,081	36,549
Interest revenue, restricted	11,837	10,454	1,949	6,276	3,930	9,557	3,253	4,154	3,733
Interest revenue, notes receivable	-	-	-	400,035	936,283	1,092,438	1,308,920	1,462,442	1,416,294
Interest expense	(748,099)	(682,439)	(449,878)	(462,390)	(357,485)	(366,199)	(389,987)	(354,980)	(304,346)
Fraud recovery	51,010	59,468	5,950	1,768	19,268	24,733	37,470	49,727	41,023
Share of joint venture net income	234,604	4,252,724	256,540	523,505	642,541	836,301	392,363	1,075,432	537,242
Loss from Insurance Claim	-	-	-	-	-	-	-	-	(5,500)
Developer fees	647,917	253,684	1,369,797	1,740,661	1,451,931	1,192,393	1,674,870	-	-
Transfer from (to) other related entities	-	353,630	-	-	186,864	50,813	(600)	(59,504)	849,799
Gain (loss) on sale/disposition of capital assets	120,610	(182,333)	8,753,616	490,335	(49,824)	2,216	2,141,912	(97,988)	1,578,959
Write off of related party receivable	-	(3,978,495)	-	-	-	-	-	(1,035,979)	-
Total nonoperating revenues (expenses)	345,127	105,340	10,639,318	2,730,945	2,837,365	2,933,799	5,171,493	1,049,385	4,153,753
Net income (loss) before contributions and transfers	(1,428,233)	(5,203,953)	8,135,290	796,180	464,891	478,725	4,569,723	(731,731)	1,889,347
Capital contributions-cash capital fund grants	1,912,426	1,242,381	220,211	-	157,128	-	77,328	50,826	-
Increase (decrease) in net position	484,193	(3,961,572)	8,355,501	796,180	622,019	478,725	4,647,051	(680,905)	1,889,347
Net position, Beginning of year	71,019,125	66,450,310	62,488,737	70,844,237	72,115,984	69,883,027	69,913,079	74,552,907	73,898,914
Prior period adjustment	(6,902,455)	-	-	475,566	(2,854,978)	(448,673)	(7,222)	26,912	14,018
Net position, End of year	\$ 64,600,863	\$ 62,488,738	\$ 70,844,238	\$ 72,115,983	\$ 69,883,025	\$ 69,913,079	\$ 74,552,908	\$ 73,898,914	\$ 75,802,279

Source: Previous year's audits and current year financial statements

* Information for 2010 is not available as the audited financial statements for Housing Authority of the City and County of Fresno was consolidated.

Table 3

HOUSING AUTHORITY OF THE CITY OF THE FRESNO

Revenue Capacity

Operating Revenues by Source Last Ten Fiscal Years* (Unaudited)

Year	Tenant rentals		Housing assistance payment subsidies		Other Governmental grants		Fee revenue		Other revenue		Developer Fee Revenue		Total	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	Total
2011	\$ 3,158,387	5	\$ 55,164,753	87	\$ 1,974,865	3	\$ 208,500	0	\$ 2,597,761	4	-	-	\$63,104,266	100
2012	3,322,010	6	50,352,741	89	481,693	1	208,577	0	2,148,610	4	-	-	56,513,631	100
2013	3,109,755	5	53,303,231	90	1,175,526	2	97,098	0	1,821,304	3	-	-	59,506,914	100
2014	2,894,035	5	53,508,904	90	1,075,842	2	476,859	1	1,201,116	2	-	-	59,156,756	100
2015	3,089,770	5	54,383,867	91	455,625	1	354,951	1	1,259,466	2	-	-	59,543,679	100
2016	3,196,411	6	50,398,482	89	351,782	1	601,303	1	2,156,993	4	-	-	56,704,971	100
2017	3,258,298	5	54,637,261	87	2,085,524	3	552,747	1	2,447,587	4	-	-	62,981,417	100
2018	3,487,986	6	52,580,052	84	1,010,723	2	729,316	1	2,644,984	4	2,031,199	3	62,484,260	100
2019	3,343,854	5	60,539,026	86	1,228,617	2	777,139	1	2,052,322	3	2,451,486	3	70,392,444	100

Source: Previous year's audits and current year financial statements

* Information for 2010 is not available as the audited financial statements for Housing Authority of the City and County of Fresno was consolidated.

Table 4

HOUSING AUTHORITY OF THE CITY OF THE FRESNO

Revenue Capacity

Non-Operating Revenues by Source Last Ten Fiscal Years* (Unaudited)

Year	Interest Income		Fraud recovery		Share of joint venture net income		Developer Fees		Transfer from (to) other related entities		Gain (Loss) on Assets		Total	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	Total
2011	\$ 39,085	4	\$ 51,010	5	\$ 234,604	21	\$ 647,917	59	\$ -	-	\$ 120,610	11	\$ 1,093,226	100
2012	29,101	1	59,468	1	4,252,724	89	253,684	5	353,630	7	(182,333)	(4)	4,766,274	100
2013	703,293	6	5,950	0	256,540	2	1,369,797	12	-	-	8,753,616	79	11,089,196	100
2014	437,066	14	1,768	0	523,505	16	1,740,661	55	-	-	490,335	15	3,193,335	100
2015	944,070	30	19,268	1	642,541	20	1,451,931	45	186,864	6	(49,824)	(2)	3,194,850	100
2016	1,193,542	36	24,733	1	836,301	25	1,192,393	36	50,813	2	2,216	0	3,299,998	100
2017	1,315,465	24	37,470	1	392,363	7	1,674,870	30	(600)	(0)	2,141,912	39	5,561,480	100
2018	1,472,677	60	49,727	2	1,075,432	44	-	-	(59,504)	(2)	(97,988)	(4)	2,440,344	100
2019	1,456,576	33	41,023	1	537,242	12	-	-	849,799	19	1,578,959	35	4,463,599	100

Source: Previous year's audits and current year financial statements

* Information for 2010 is not available as the audited financial statements for Housing Authority of the City and County of Fresno was consolidated.

Table 5**HOUSING AUTHORITY OF THE CITY OF THE FRESNO****Debt Capacity****Ratio of Debt to Capital Assets
Last Ten Fiscal Years* (Unaudited)**

Year	Long - Term Debt			Capital Assets, Net	Ratio of Total Debt to Capital Assets
	Current portion	Noncurrent Portion	Total		
2011	\$ 1,988,102	\$ 10,835,764	\$12,823,866	\$ 24,498,379	52.35%
2012	5,504,979	11,840,861	17,345,840	24,968,984	69.47%
2013	7,695,768	5,879,333	13,575,101	22,517,725	60.29%
2014	2,389,404	14,248,150	16,637,554	21,950,301	75.80%
2015	1,947,556	13,892,741	15,840,297	21,375,560	74.10%
2016	1,546,246	12,502,409	14,048,655	18,818,174	74.65%
2017	2,073,801	12,216,897	14,290,698	18,210,630	78.47%
2018	2,156,683	11,989,372	14,146,055	16,867,346	83.87%
2019	3,542,102	11,523,390	15,065,492	17,194,274	87.62%

Source: Previous year's audits and current year financial statements

* Information for 2010 is not available as the audited financial statements for Housing Authority of the City and County of Fresno was consolidated.

Table 6

HOUSING AUTHORITY OF THE CITY OF THE FRESNO

Demographics and Economic Statistics

Tenant Demographics – Population Statistics Last Ten Fiscal Years* (Unaudited)

Housing Choice Voucher						
Year	Adults	Elderly	Minors	Females	Males	Total
2010	6,775	434	4,886	7,155	4,940	12,095
2011	7,612	491	5,493	8,047	5,549	13,596
2012	9,849	719	7,634	10,650	7,552	18,202
2013	9,456	873	7,880	10,522	7,687	18,209
2014	9,528	981	8,134	10,924	7,719	18,643
2015	10,424	1,195	9,122	12,047	8,694	20,741
2016	9,342	1,233	8,313	10,941	7,947	18,888
2017	7,273	928	5,688	8,259	5,630	13,889
2018	9,453	1,239	7,376	10,653	7,415	18,068
2019	8,895	1,338	7,275	10,286	7,222	17,508

Public Housing						
Year	Adults	Elderly	Minors	Females	Males	Total
2010	406	73	352	499	332	831
2011	453	80	416	556	393	949
2012	498	89	471	617	441	1,058
2013	551	95	529	695	480	1,175
2014	425	69	424	548	370	918
2015	522	79	494	645	450	1,095
2016	447	77	444	569	399	968
2017	555	65	463	659	424	1,083
2018	565	60	459	661	423	1,084
2019	566	60	479	670	435	1,105

Affordable Housing						
Year	Adults	Elderly	Minors	Females	Males	Total
2016	122	47	90	170	89	259
2017	118	30	99	151	96	247
2018	113	33	89	150	85	235
2019	108	33	93	151	83	234

Source: IT Department from Housing Authority of the City of Fresno

Note: The demographic data for affordable housing prior to 2016 is not available.

Demographic data managed by 3rd party management is not included.

Table 7

HOUSING AUTHORITY OF THE CITY OF THE FRESNO

Demographics and Economic Statistics

Principal Employers Current Year and Nine Years Ago* (Unaudited)

Employer	2019			2010		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Fresno Unified School District	14,238	1	6.44%	8,400	2	4.39%
Community Medical Centers	8,500	2	3.84%	6,200	3	3.24%
County of Fresno	8,341	3	3.77%	8,654	1	4.53%
Clovis Unified School District	8,313	4	3.76%	5,000	4	2.62%
California State University, Fresno	5,766	5	2.61%	-	-	-
State Center Community College	5,192	6	2.35%	-	-	-
City of Fresno	4,556	7	2.06%	2,600	5	1.36%
Children's Hospital of Central CA	4,140	8	1.87%	-	-	-
Saint Agnes Medical	2,696	9	1.22%	-	-	-
Kaiser Permanente Medical	2,300	10	1.04%	2,000	8	1.05%
California DMV	-	-	-	2,533	6	1.32%
United States Postal Services	-	-	-	2,421	7	1.27%
California Department of Correction	-	-	-	2,000	9	1.05%
Hall Management Services	-	-	-	2,000	10	1.05%
Total	64,042		28.95%	41,808		21.87%
Fresno City Employment	221,200			191,200		

Source: Employer Information - Fresno County Comprehensive Annual Financial Report
City of Fresno Employment Information - Employment Development Department (EDD) - Labor Market Information
State, California

Table 8**HOUSING AUTHORITY OF THE CITY OF THE FRESNO****Demographics and Economic Statistics****Regional Demographics – Population Statistics
Last Ten Fiscal Years* (Unaudited)**

Year	Population	Personal Income*	Per Capita Personal Income	Unemployment Rate
2010	494,665	29,246	31,357	18.7%
2011	499,299	31,353	33,321	17.7%
2012	506,653	32,728	34,539	15.9%
2013	512,589	33,354	34,886	13.7%
2014	517,953	35,172	36,448	12.1%
2015	522,369	37,359	38,323	10.8%
2016	526,916	39,295	40,101	7.2%
2017	531,440	41,024	41,470	6.2%
2018	536,593	42,842	43,084	5.6%
2019	542,012	Not Available	Not Available	5.0%

Source:

Population: California State Department of Finance, Demographic Research Unit
 Personal Income: City of Fresno Comprehensive Annual Financial Report
 Per Capita Personal Income: City of Fresno Comprehensive Annual Financial Report
 Unemployment Rate: California Employment Development Department (EDD),
 Labor Market Information Division

* Amount in thousands

Table 9

HOUSING AUTHORITY OF THE CITY OF THE FRESNO

Operating Information

Property Characteristics and Dwelling Unit Composition December 31, 2019 (Unaudited)

Public housing			
Name of development	Address	Number of units	Year built or acquired
Sequoia Courts	515 S. Modoc	60	1942
Sierra Plaza	838 Tulare Street	70	1942
Fairview Heights Terrace	2195 S. Maud Street	74	1952
Sequoia Courts Terrace	549 S. Thorne Street	78	1942
Sierra Terrace	631 Kern Street	26	1952
Monte Vista Terrace	1132 N. Sherman Court	44	1952
DeSoto Gardens II	640 E. California Avenue	28	1995
Total units - Public Housing		380	
Affordable Housing			
Name of development	Address	Number of units	Year built or acquired
El Cortez Apts	4949 N. Gearhart Ave.	48	2004
Woodside Apts	3212 E. Ashcroft Ave.	76	2004
Dayton Square	3050 E. Daton	66	2004
San Ramon	1328 E. San Ramon	32	2013
Garland Gardens	3726 N. Pleasant, #101	51	1980
Total units - Affordable Housing		273	
Farm Labor Housing			
Name of development	Address	Number of units	Year built or acquired
Mariposa Meadows	1011 W. Atchison Ave	40	1989
Total units - Farm Labor Housing		40	
Total Units		693	

Table 10**HOUSING AUTHORITY OF THE CITY OF THE FRESNO****Operating Information****Employee Demographics
Last Ten Fiscal Years (Unaudited)**

Calendar year	Black	Asian/ Pacific Islander	White	Hispanic	Others	Total
2010	32	21	72	102	5	232
2011	30	21	71	103	4	229
2012	31	20	66	99	3	219
2013	31	17	67	90	4	209
2014	25	19	72	89	7	212
2015	21	17	69	97	6	210
2016	21	19	68	93	5	206
2017	24	19	65	102	6	216
2018	23	23	61	111	9	227
2019	15	24	56	108	12	215

Source: Human Resource Department

Note: The County and City Housing Authorities operate and report separately while sharing the same management team and staff represented above.

SINGLE AUDIT REPORTS AND RELATED SCHEDULES

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Fresno (Agency), as of and for the year ended December 31, 2019, 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 ____, 2020.

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.

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*.

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.

Irvine, California
September ____, 2020

**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**

Independent Auditor's Report

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

Report on Compliance for Each Major Program

We have audited the Housing Authority of the City of Fresno's (Agency's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2019. 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, 2019.

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the basic financial statements of the Agency as of and for the year ended December 31, 2019 and have issued our report thereon dated September ____, 2020, which contained an unmodified opinion on the financial statements. 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.

Irvine, California
September ____, 2020

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019**

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		\$ 16,411
Subtotal - Department of Agriculture			16,411
Department of Housing and Urban Development:			
Direct Assistance:			
Supportive Housing of Persons with Disabilities	14.181		398,225
Special Needs Assistance (SNAP)	14.235		251,612
Shelter Plus Care Program	14.238		836,594
Home Investment Partnerships Program	14.239		249,844
Homelessness Prevention and Rapid Re-Housing Program	14.257		269,791
Public and Indian Housing	14.850	Contract # SF-170	2,158,151
Resident Opportunity and Supportive Services	14.870	CA006RFS015A007	32,346
Section 8 Housing Voucher Program	14.871	Contract # SF-472	55,760,032
Public Housing Capital Funds Program	14.872	Contract # SF-170	426,873
Subtotal - HUD Direct Assistance			60,383,469
Passed through the State of California Housing Finance Agency:			
Section 8 New Construction and Sub Rehab	14.182	CHFA # 76-54-N	327,391
Subtotal - U.S. Department of Housing and Urban Development			60,710,860
Total expenditures of federal awards			\$ 60,727,271

See accompanying notes to the schedule of expenditures of federal awards.

HOUSING AUTHORITY OF THE CITY OF FRESNO

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2019

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

(a) **Scope of Presentation**

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

(b) **Basis of Accounting**

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

(c) **Subrecipients**

During the fiscal year ended December 31, 2019, the Agency disbursed no federal funds to subrecipients.

HOUSING AUTHORITY OF THE CITY OF FRESNO

Schedule of Findings and Questioned Costs

Year ended December 31, 2019

(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? | None Reported |
| 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 auditor's 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

14.871

Name of Federal Program or Cluster

U.S. Dept. of Housing and Urban
Development – Section 8 Housing Choice
Vouchers

- | | |
|---|-------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$1,821,818 |
| 6. Auditee qualified as a low-risk auditee? | Yes |

HOUSING AUTHORITY OF THE CITY OF FRESNO

Schedule of Findings and Questioned Costs

(Continued)

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

There were no auditor's findings required to be reported in accordance with GAGAS.

(C) Findings and Questioned Costs for Federal Awards

There were no auditor's finding required to be reported in accordance with section 200.516 of the Uniform Guidance.

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HOUSING AUTHORITY OF THE CITY OF FRESNO

Summary Schedule of Prior Audit Findings

Year ended December 31, 2019

There were no findings noted in the Single Audit Report for the year ended December 31, 2018.

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Housing Authority of

Fresno County

Fresno, California

Comprehensive Annual Financial Report

Year ended

December 31, 2019

DRAFT

FRESNO VIBRANT
COMMUNITIES
QUALITY HOUSING ENGAGED
HOUSING RESIDENTS

HOUSING AUTHORITY OF FRESNO COUNTY

Comprehensive Annual Financial Report

For the year ended December 31, 2019

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Issued by
Accounting & Finance Department

HOUSING AUTHORITY OF FRESNO COUNTY

**Fresno, California
Year Ended December 31, 2019
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Housing Authority of

Fresno County

Fresno, California

Introductory Section:

Letter of Transmittal

Organizational Chart

List of Principal Officers



1331 Fulton Street
Fresno, California 93721

(559) 443-8400
TTY (800) 735-2929

www.fresnohousing.org

September XX, 2020

Members of the Board of Commissioners of
the Housing Authority of Fresno County:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the Housing Authority of Fresno County (FH) for the year ended December 31, 2019. This report is prepared in conformance with standards of financial reporting as established by the Governmental Accounting Standards Board and the Government Finance Officers Association. The U.S. Department of Housing and Urban Development (HUD) requires that all public housing authorities publish within nine months after the fiscal year end, financial statements presented in conformity with U.S. Generally Accepted Accounting Principles (GAAP). FH's financial statements have been audited by Davis Farr LLP, a firm of licensed independent auditors. The purpose of the independent audit is to provide reasonable assurance that the audited financial statements are free from material misstatement. The auditors issued unmodified opinions on the Housing Authority of Fresno County's financial statements for the year ended December 31, 2019. The data presented in this report is the responsibility of the management of FH. To the best of our knowledge and belief, the data presented is accurate in all material aspects and is presented in a manner designed to fairly state the financial position and results of operations of the Agency. All disclosures necessary have been included to enable the reader to gain an understanding of FH's financial affairs. As required by GAAP, management has provided a narrative introduction, overview and analysis to complement the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The Agency's MD&A can be found immediately following the Independent Auditor's Report.

Government Overview

The Housing Authority of Fresno County was established by a resolution of Fresno County Board of Supervisors on February 5, 1946. FH was founded under the Health and Safety Code of the State of California and the United States Housing Act of 1937, and 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's housing program, are appointed to two-year terms. The Housing Authority of Fresno County has been operating in conjunction with the Housing Authority of the City of Fresno since 1995 under a Joint Exercise of Powers Agreement, which authorizes the two agencies to pool resources and cooperate on designated projects of mutual interest. Collectively known as Fresno Housing (FH), the two housing authorities serve Fresno County under a variety of programs with the mission to create and sustain vibrant communities.

Fresno Housing's mission is accomplished by administering a number of programs developed by HUD, including the Public Housing Program, the Section 8 Housing Choice Voucher Program and the Project Based Section 8 Program. FH's primary source of funding comes from HUD, who has direct responsibility for administering housing program under the Housing Act of 1937. FH also receives funding from the U.S. Department of Agriculture's Rural Development Program to provide farm labor housing in the Fresno County. In addition to these federal programs, FH has established various instrumentalities, affiliates and partnerships to explore and develop innovative methods for offering housing opportunities to low and moderate income residents of Fresno County. Altogether, FH provides affordable housing to more than 40,000 of Fresno's lowest-income families, elderly, veterans, and persons with disabilities, making FH the County's largest provider of affordable housing.

Economic Condition and Outlook

Over these past seven decades, Fresno Housing has been flexible in adhering to complex and demanding government mandates, while continuously attempting to meet the housing needs of Fresno's diverse communities. As the agency looks to the future, FH continue to consider ways to advance affordable housing opportunities by growing programs strategically, by maximizing the potential of its resources – increasing its effectiveness and expanding its capacity – and by responding appropriately to the specific issues facing the ever-changing communities of Fresno County.

Congressional housing legislation and the Federal budget affect the Agency more than local economic factors. FH's primary source of funding is HUD. As with most housing authorities, a majority of FH's operating and capital funding comes from federal sources in the form of operating subsidies, capital grant funds and Section 8 Housing Assistance Payments (HAP). In FY 2019, HUD and other federal agencies provided approximately 86% of the FH's total operating revenues. For the Public Housing program, housing authorities receive operating subsidies in accordance with an operating subsidy funding formula. In general, the calculated subsidy amount is the difference between an estimate of operating costs minus an estimate of income from rents. Operating subsidies are subject to annual appropriation by Congress. In 2019, the Public Housing

program was funded at 97.77% of eligibility. Funding for Section 8 was prorated at 99.5% for HAP and 79.6% of eligibility for administrative fees.

Major Initiatives

Fresno Housing envisions an engaged community, where all residents have access to quality housing that contributes to vibrant neighborhoods, and where all residents are empowered to achieve their educational and economic goals. Fresno Housing continues to focus on four primary strategies, as it works toward its broad, community-building mission and vision.

- **Place.** Develop and maintain quality affordable housing for low-income residents throughout the County.
- **People.** Design, implement, and sustain exceptional programs that invest in residents and program participants to become self-fulfilled through an array of educational, employment, and economic platforms.
- **Partnership.** Lead, encourage, and build partnerships with local, regional, and national organizations to promote policies that build community that increase and enhance affordable housing options, and that provide programs that reflect and support the diverse needs to housing participants.
- **Public.** Generate public will to address the housing needs to low-income households in Fresno, and throughout California, by contributing to effective national and statewide advocacy efforts and by implementing programs that educate and encourage residents of County of Fresno to have a voice in housing and civic issues.

It is FH's mission to serve the residents of Fresno by developing and expanding the availability of quality affordable housing options throughout the County by growing and preserving appropriate residential assets and increasing housing opportunities for low-income residents. Over the past decade, FH has been one of the most productive affordable housing developers in the Central Valley, building and renovating over 2,100 units and bringing close to \$400 million dollars of private investment to Fresno County. These efforts are mainly accomplished through the Low-Income Housing Tax Credit Program (LIHTC) and HUD's Rental Assistance Demonstration (RAD). These two programs allow FH to leverage public and private debt and equity in order to construct and/or rehabilitate affordable housing stock.

In 2019, FH completed Orchard Apartments in Parlier, CA, a multi-family residential development consisting of forty-one (41) units of housing specifically for farm worker families. Just over \$9 million dollars of Low-Income Housing Tax Credits financed the renovation. Construction began in early 2019 and the property will be fully occupied by Q3 2020.

FH received a \$23 million dollar tax credit award for Solivita Commons in the City of Clovis. The project will consist of approximately sixty (60) multi-family units. Construction is currently underway and is expected to be completed in early 2021.

FH partnered with City of Kingsburg on Linnaea Villas, which is a senior housing development consisting of forty-seven (47) units. This project was financed with \$15 million dollars of LIHTC financing, as well as investments from the City of Kingsburg, Fresno Housing, the County of Fresno and the California Housing Finance Agency. The construction is currently in progress and is expected to be completed in 2021.

Other on-going, FH initiatives include a Landlord Outreach Program, Workforce Development Pilot, Research, Program Evaluation, and Analysis, the California Avenue Neighborhood Plan, and a Resident Safety Program.

Financial Information

Fresno Housing's management is responsible for establishing and maintain a proper internal control structure to safeguard its assets and ensure accounting data is accurately presented in conformance with GAAP. FH has designed its internal control structure to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgment by management.

As a recipient of federal awards, FH is responsible for ensuring that adequate internal controls are in place to provide compliance with applicable laws, regulations, contracts and grants related to those programs. These internal controls are subject to periodic evaluation by management, and their independent auditors. As part of FH's single audit, the adequacy of internal controls are tested, including that portion related to federal award programs, as well as FH's compliance with applicable laws, regulations, contracts and grants. The FH's single audit for the year ended December 31, 2018 found no instances of material weakness in the internal controls. Reports were prepared for this purpose and are included in this CAFR in the Single Audit Section.

FH exercises budgetary controls over all programs through a variety of internal control mechanisms. Automated systems allow checking for purchases against expenditure budgets and accounts. Secondary budgetary control is maintained by the encumbrance of estimated purchase amounts and contracts prior to releasing payments on the purchase orders. Third is an automated inquiry system, which allows the user to look up account information to check budgets and detailed charges against budgets. Budget to actual reports are presented to the FH Board and management for all FH programs on a monthly basis.

Awards

During the past year, the Housing Authority of Fresno County achieved a High Performer status from the Public Housing Assessment System for Public Housing (PHAS) and a Section Eight Management Assessment Program (SEMAP) for Housing Choice Voucher from the U.S. Department of Housing and Urban Development.

Acknowledgements

Preparation of the Comprehensive Annual Financial Report is made possible through the dedicated service of the entire staff of the Accounting & Finance Department. Our sincere appreciation is extended to the management and staff of Davis Farr LLP who provided the necessary professional auditing services and technical assistance.

In closing, without the leadership and support of the members of the Boards of Commissioners, preparation of this report would not have been made possible.

Respectfully Submitted,

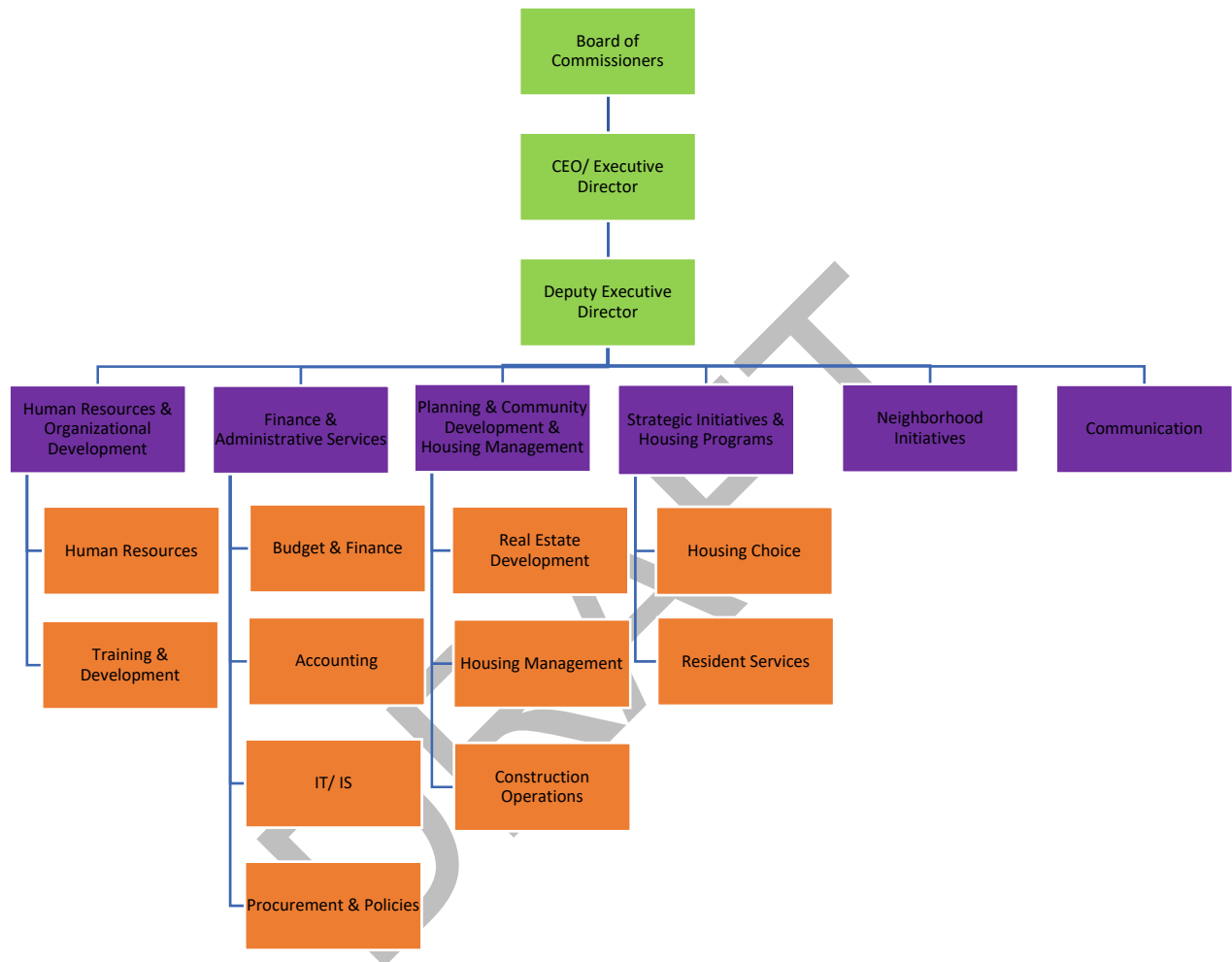
Preston Prince
CEO/Executive Director

Emily De La Guerra
Director of Finance & Administrative
Services

Housing Authority of Fresno County

Organizational Chart

December 31, 2019



Housing Authority of Fresno County
List of Principal Officials
December 31, 2019

Board of Commissioners:

Stacy Sablan
Chairperson

Mary G. Castro
Vice-Chairperson

Cary Catalano
Commissioner

Joey Fuentes
Commissioner

Nikki Henry
Commissioner

Valori Gallaher
Commissioner

Management:

Preston Prince
Executive Director

Tracewell Hanrahan
Deputy Director

Angelina Nguyen
Chief of Staff, Housing Choice

Emily De La Guerra
Director of Finance & Administrative

Michael Duarte
Director of Planning & Community
Development

Scott Fetterhoff
Director of Human Resources &
Organizational Development

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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, 2019, 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 3.0 percent, (4.2) 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, 2019, 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, 2019 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.

Report on Summarized Comparative Information

We have previously audited the Agency's 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated August 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that *Management's Discussion and Analysis, 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 *introductory section*, *statistical section*, *Financial Data Schedule* and *Schedule of Actual Modernization Cost Certificates* are presented for purposes of additional analysis and are not a required part of the 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. The *Schedule of Actual Modernization Cost Certificates* is presented for additional analysis in accordance with filing requirements with the U.S. Department of Housing and Urban Development. This supplementary 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 *Financial Data Schedule* and *Schedule of Actual Modernization Cost Certificates* are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The *introductory section* and *statistical section* have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August ____, 2020 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.

Irvine, California
August ____, 2020

**Housing Authority of Fresno County
Management's Discussion and Analysis
Year Ended December 31, 2019**

Introduction

This narrative overview and analysis of the Housing Authority of Fresno County's (the "Agency") performance through December 31, 2019, 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
- Required Supplementary Information
- 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, 2019 and 2018. 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 provide 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.
- Required Supplementary information includes the Schedule of Changes in Net Pension Liability and Related Ratios, is required by the Governmental Accounting Standards Boards and are presented to supplement the basic financial statements.
- Supplemental Information includes the Schedule of Expenditures of Federal Awards, presented for purposes of additional analysis as required by U.S. Office of Management and Budget 2 CFR 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance). It also includes the Financial Data Schedules, which are submitted to HUD's Real Estate Assessment Center (REAC) online system.

Financial Analysis

Statement of Net Position

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

Statement of Net Position is summarized in the table below:

	December 31,		Increase	Percentage
	2019	2018	(Decrease)	Change
Assets				
Current Assets	\$ 8,334,705	\$ 5,638,557	\$ 2,696,148	47.82%
Restricted Assets	2,646,854	2,318,083	328,771	14.18%
Capital Assets, Net of Accumulated Depreciation	13,281,831	13,619,132	(337,301)	-2.48%
Other Assets	51,179,218	46,643,228	4,535,990	9.72%
Deferred Outflows	2,047,772	1,908,038	139,734	7.32%
Total Assets	<u>\$ 77,490,380</u>	<u>\$ 70,127,038</u>	<u>\$ 7,363,342</u>	<u>10.50%</u>
Liabilities				
Current Liabilities	\$ 6,926,920	\$ 5,105,903	\$ 1,821,017	35.66%
Non-Current Liabilities	13,614,697	12,336,266	1,278,431	10.36%
Total Liabilities	<u>20,541,617</u>	<u>17,442,169</u>	<u>3,099,448</u>	<u>17.77%</u>
Deferred Inflows	272,712	278,356	(5,644)	-2.03%
Total Liabilities and Deferred Inflows	<u>20,814,329</u>	<u>17,720,525</u>	<u>3,093,804</u>	<u>17.46%</u>
Net Position				
Net Investment in Capital Assets	9,274,860	10,394,276	(1,119,416)	-10.77%
Restricted Net Position	1,271,754	1,995,584	(723,830)	-36.27%
Unrestricted Net Position	<u>46,129,437</u>	<u>40,016,653</u>	<u>6,112,784</u>	<u>15.28%</u>
Total Net Position	<u>56,676,051</u>	<u>52,406,513</u>	<u>4,269,538</u>	<u>8.15%</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 77,490,380</u>	<u>\$ 70,127,038</u>	<u>\$ 7,363,342</u>	<u>10.50%</u>

Total assets of the Agency at December 31, 2019, and 2018 amounted to \$77.4 million and \$70.1 million, respectively.

The significant components of current assets are cash, short-term investments, and receivables from tenants and related parties. Restricted assets are cash and investments that are restricted for explicit purposes, like federal programs or project-specific reserves. Capital assets include land, land improvements, leasehold improvements, structures, construction in progress, and equipment. All capital assets, except for land and construction in progress, are shown net of accumulated depreciation. Other assets include long-term notes receivables, interest receivable, assets held for sale and investments in joint ventures. The principal changes in assets from December 31, 2018 to December 31, 2019 were increases in current assets and increases in other assets. The increase in unrestricted cash was mostly due to gain from dispositions of capital assets and the proceeds from development activities. Additionally, the increase in other assets is due to loans made to Clovis Solivita, LP.

Total liabilities of the Agency were \$20.8 million and \$17.7 million at December 31, 2019 and 2018, respectively. Current liabilities include short-term accounts payable, accrued liabilities, current portions of long-term debt, and unearned revenue. Current liabilities increased from \$5.1 million in 2018 to \$6.9 million in 2019 due to various short-term pre-development loans. Non-current liabilities increased from \$12.3 million in 2018 to \$13.6 million in 2019 due to the new GASB 68 requirements around the accounting and reporting of pension liabilities. The pension 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:

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

The Agency's net position increased by 8.15% during the year from \$52.4 million in 2018 to \$56.6 million in 2019.

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, 2019 to December 31, 2019.

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 fee revenue or as grant revenue from another funding sources. Non-operating revenues/expenses are earned/incurred when goods or services are not a part of normal business activity,

for example, interest income or interest expense. Operating expenses are those costs incurred to maintain the housing units or to provide other services to our clientele. Capital contributions represent revenues earned from HUD for public housing capital repairs and rehabilitation.

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

	December 31,		Increase	Percentage
	2019	2018	(Decrease)	Change
Operating Revenues	\$ 55,549,805	\$ 52,500,534	\$ 3,049,271	5.81%
Operating Expenses	57,329,978	53,408,491	3,921,487	7.34%
Operating Income/(Loss)	(1,780,173)	(907,957)	(872,216)	96.06%
Non-Operating Revenues/(Expenses)	3,444,367	4,563,137	(1,118,770)	-24.52%
Net Income/(Loss) before Capital Contributions	1,664,194	3,655,180	(1,990,986)	-54.47%
Capital Contributions	2,520,488	215,605	2,304,883	1069.03%
Increase/(Decrease) in Net Position	4,184,682	3,870,785	313,897	8.11%
Net Position, Beginning of Year	52,406,513	48,378,591	4,027,922	8.33%
Prior Period Adjustment	84,856	157,137	(72,281)	-46.00%
Net Position, Beginning of Year as Restated	52,491,369	48,535,728	3,955,641	8.15%
Net Position, End of Year	\$ 56,676,051	\$ 52,406,513	\$ 4,269,538	8.15%

The statement of revenues, expenses and changes in net position, which preceded this section, reflects the year ended December 31, 2019, compared to the year ended December 31, 2018. Overall, operating revenues increased by 5.81%, or \$3 million, from 2018 to 2019; operating expenses increased by 7.34%, or \$3.9 million for the year; non-operating revenues decreased by \$194 thousand from 2018 to 2019; and capital contributions increased by \$2.3 million from prior year. These changes lead to a total increase in net position of \$4.2 million from December 31, 2018 to December 31, 2019. Explanations of the primary reasons for these changes are as follows:

- The increase in operating revenues is attributable to increase in HAP revenue in the Housing Choice Voucher Program.
- The increase in operating expenses was mostly related to increased Housing Assistance Payments (HAP) expenses in the Housing Choice Voucher (HCV) program. The Agency increased its per unit costs (PUC) of each voucher from 2018 to 2019, which indicates a higher subsidy rate per each voucher and a corresponding increase in total HAP expenses.
- The increase in capital contribution was due to receipt of the public housing capital funds from HUD and grant received from USDA for the capital improvements on Maldonado Plaza.
- The decrease in prior period adjustment was mostly due to the restatement on Agency's investment in Joint Ventures.

Capital Assets

The table below shows the Agency's capital assets, net of accumulated depreciation and amortization, at December 31, 2019, and December 31, 2018.

	December 31,		Increase (Decrease)	Percentage Change
	2019	2018		
Land	\$ 1,667,636	\$ 1,938,178	\$ (270,542)	-13.96%
Structures	6,365,652	6,645,842	(280,190)	-4.22%
Equipment	1,052,740	716,086	336,654	47.01%
Construction in Progress	4,195,803	4,319,026	(123,223)	-2.85%
Total Capital Assets, Net	\$ 13,281,831	\$ 13,619,131	\$ (337,301)	-2.48%

Overall, the Agency's capital assets decreased by \$337 thousand during 2019. See Note 9 in the Notes to the Basic Financial Statements for more information.

Debt Administration

The table below shows the Agency's outstanding debt at December 31, 2019 and 2018. Short-term borrowings include inter-fund loans between programs, between the City & County Housing Authorities, or between component units of the Agency. Notes payable- non-related parties include loans and mortgages with external entities. Notes payable- related parties includes loans from joint ventures and Agency-sponsored limited partnership.

	December 31,		Increase (Decrease)	Percentage Change
	2019	2018		
Notes Payable - Non-Related Parties	\$ 3,089,916	\$ 3,255,693	\$ (165,777)	-5.09%
Notes Payable - Related Parties	4,063,895	3,116,004	947,891	30.42%
Total Debt	\$ 7,153,811	\$ 6,371,697	\$ 782,114	12.27%

The Notes Payable - Non- Related Parties increased by \$.78 million during the year mostly due to increases to various short-term pre-development loans.

Economic Factors Affecting the Agency's Future

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

As we look forward, the near-term forecast for low-income housing programs continues to be unchanged, requiring the Agency to operate with less federal funding while continuing to provide high quality,

affordable housing that promotes safe and vibrant communities. The Agency has been swift to respond to changes in federal limitations, both programmatically and financially. We have responded by implementing changes designed to reduce costs with the least effect on services. We have been adamant that despite funding cuts, we would continue to maintain housing for existing residents and voucher participants. As a result, the Agency is better poised to weather additional funding cuts without further capacity reductions.

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

Requests for Information

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

Emily De La Guerra
Director of Finance & Administrative Services
1331 Fulton Street
Fresno, CA 93721
Phone: (559) 457-4266

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HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF NET POSITION
December 31, 2019
(with comparative information for the prior year)

	2019		2018	
	Primary Government	Kerman Acre, L.P.	Primary Government	Kerman Acre, L.P.
ASSETS AND DEFERRED OUTFLOWS				
Current Assets				
Cash & Investments	\$ 6,116,152	\$ 57,841	\$ 4,029,909	\$ 48,965
Accounts Receivable - Tenants, Net of Allowance for Doubtful Accounts of \$4,454	43,508	1,374	46,109	-
Miscellaneous Receivables, Net of Allowance for Uncollectable Accounts of \$40,109	251,981	-	256,838	-
Due From Other Governments	367,070	-	461,967	-
Due From Related Parties	1,266,433	-	750,071	-
Prepaid Expenses	289,561	3,468	93,663	3,124
Total Current Assets	8,334,705	62,683	5,638,557	52,089
Restricted Assets				
Restricted Cash	2,646,854	12,828	2,318,083	41,521
Total Restricted Assets	2,646,854	12,828	2,318,083	41,521
Non-Current Assets				
Capital Assets				
Capital Assets - Not being depreciated	5,863,439	119,217	6,257,203	119,217
Capital Assets - Depreciable, Net of Accumulated Depreciation of \$56,379,848	7,418,392	2,164,578	7,361,929	2,278,731
Total Capital Assets, Net	13,281,831	2,283,795	13,619,132	2,397,948
Other Non-Current Assets				
Notes Receivable From Related Parties, Net of allowance for doubtful accounts of \$ 0	32,841,800	-	29,093,093	-
Interest Receivable - Related Parties, Net of allowance for doubtful accounts of \$428,946	3,483,447	-	2,620,709	-
Investments In Joint Ventures	15,725,374	-	15,677,634	-
Equity Interest In Component Unit	(1,217,031)	-	(1,093,836)	-
Assets Held For Sale	345,628	-	345,628	-
Total Other Non-Current Assets	51,179,218	-	46,643,228	-
Total Assets	75,442,608	2,359,306	68,219,000	2,491,557
Deferred Outflow of Resources - Pension Related	2,047,772	-	1,908,038	-
Total Deferred Outflow of Resources	2,047,772	-	1,908,038	-
Total Assets and Deferred Outflows	\$ 77,490,380	\$ 2,359,306	\$ 70,127,038	\$ 2,491,557

See accompanying notes to the basic financial statement

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF NET POSITION
December 31, 2019
(with comparative information for the prior year)
(Continued)

LIABILITIES, DEFERRED INFLOWS AND NET POSITION	2019		2018	
	Primary Government	Kerman Acre, L.P.	Primary Government	Kerman Acre, L.P.
Current Liabilities				
Vendors & Contractors Payable	\$ 510,701	\$ 2,057	\$ 540,468	1,568
Accrued Salaries	155,695	-	113,586	-
Accrued Compensated Absences	243,041	-	198,291	-
Resident Security Deposits	256,577	5,976	266,905	5,557
Due To Other Governments	404,848	-	423,963	-
Due To Related Parties	325,406	8,783	774,834	3,340
Other Current Liabilities - Related Parties	4,804	214,561	-	187,806
Other Current Liabilities - Non-Related Parties	457,995	177	236,572	17,524
Notes Payable - Related Parties	3,219,054	-	2,271,163	-
Notes Payable - Non-Related Parties	188,096	-	224,528	-
Unearned Revenue	1,160,703	88	55,593	72
Total Current Liabilities	6,926,920	231,642	5,105,903	215,867
Non-Current Liabilities				
Notes Payable - Related Parties	844,841	782,020	844,841	782,020
Notes Payable - Non-related Parties	2,901,820	3,102,168	3,031,165	3,102,168
Accrued Interest Payable	291,985	629,812	525,132	531,312
Accrued Compensated Absences	94,357	-	94,357	-
Family Self-Sufficiency Escrow	100,329	-	84,458	-
Net Pension Liability	9,381,365	-	7,756,313	-
Total Non-Current Liabilities	13,614,697	4,514,000	12,336,266	4,415,500
Total Liabilities	20,541,617	4,745,642	17,442,169	4,631,367
Deferred Inflows of Resources - Pension Related	272,712	-	278,356	-
Total Deferred Inflows of Resources	272,712	-	278,356	-
Total Liabilities and Deferred Inflows	20,814,329	4,745,642	17,720,525	4,631,367
Net Position				
Net Investment in Capital Assets	9,274,860	(1,814,955)	10,394,276	(1,571,753)
Restricted for:				
Other Externally Required Reserves	1,271,754	6,764	1,995,584	35,964
Unrestricted	46,129,437	(578,145)	40,016,653	(604,021)
Total Net Position	56,676,051	(2,386,336)	52,406,513	(2,139,810)
Total Liabilities, Deferred Inflows and Net Position	\$ 77,490,380	\$ 2,359,306	\$ 70,127,038	\$ 2,491,557

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, 2019
(with comparative information for the prior year)

	2019		2018	
	Primary Government	Kerman Acre, L.P.	Primary Government	Kerman Acre, L.P.
Operating Revenues				
Rental Revenue	\$ 3,650,358	\$ 86,522	\$ 3,694,908	\$ 94,726
Fee Revenue	634,849	-	580,458	-
HUD Grants	47,174,954	-	41,484,470	-
Other Governmental Grants	1,559,562	47,429	2,024,399	48,497
Developer Fee Revenue	1,634,322	-	3,685,245	-
Other Revenue	895,760	2,136	1,031,054	2,644
Total Operating Revenues	55,549,805	136,087	52,500,534	145,867
Operating Expenses				
Administrative Expense	10,034,827	74,558	10,662,276	68,927
Tenant Services Expense	576,561	7,368	758,574	7,062
Utilities Expense	1,363,723	13,361	1,323,772	11,799
Maintenance & Operations Expense	2,518,525	65,655	2,701,837	31,890
Protective Services Expense	48,074	1,517	56,658	1,097
Insurance Expense	363,374	5,371	526,118	4,977
General Expense	1,425,138	2,769	1,246,895	2,595
Housing Assistance Payments	39,571,456	-	34,502,667	-
Depreciation	1,428,300	114,153	1,629,694	136,421
Total Operating Expenses	57,329,978	284,752	53,408,491	264,768
Operating Income (Loss)	(1,780,173)	(148,665)	(907,957)	(118,901)
Non-Operating Revenues (Expenses)				
Interest Revenue, Unrestricted	26,752	-	4,975	-
Interest Revenue, Restricted	5,614	-	4,100	-
Interest Revenue on Notes Receivable	1,086,450	-	1,076,263	-
Interest Expense	(20,523)	(98,500)	(32,464)	(100,835)
Fraud Recovery	63,039	-	26,639	-
Share of Joint Venture Net Income	175,980	-	1,854,502	-
Loss from Equity Interest in Component Unit	(123,195)	-	(116,529)	-
Loss from Insurance Proceeds	(4,500)	-	(14,397)	-
Write Off in Interest Receivables	-	-	(428,946)	-
Transfer From/(To) Other Related Entity	(849,799)	-	59,504	-
Gain/(Loss) from Disposition of Capital Assets	3,084,549	-	2,129,490	-
Total Non-Operating Revenues	3,444,367	(98,500)	4,563,137	(100,835)
Income (Loss) Before Contributions and Transfers	1,664,194	(247,165)	3,655,180	(219,736)
Capital Contributions	2,520,488	-	215,605	-
Increase (Decrease) in Net Position	4,184,682	(247,165)	3,870,785	(219,736)
Net Position, Beginning of Year	52,406,513	(2,139,809)	48,378,591	(1,916,322)
Prior Period Adjustment	84,856	638	157,137	(3,751)
Adjusted Net Position, Beginning of Year	52,491,369	(2,139,171)	48,535,728	(1,920,073)
Net Position, End of Year	\$ 56,676,051	\$ (2,386,336)	\$ 52,406,513	\$ (2,139,809)

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, 2019
(with comparative information for the prior year)

	<u>Primary Government</u>	
	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Cash received from tenants	\$ 3,705,668	\$ 3,724,448
Cash received from others	2,559,896	4,460,220
Cash paid for issuance of notes receivable	(3,748,707)	-
Interest payments received on notes receivable	223,712	294,407
Cash paid to employees for services	(7,672,713)	(4,572,496)
Cash paid to suppliers for goods and services	(7,570,502)	(11,387,216)
Cash paid to joint ventures	(750,000)	-
Cash received from operating grants	49,950,394	43,469,832
Cash paid for housing assistance	(39,571,456)	(34,502,667)
Net cash provided (used) by operating activities	<u>(2,873,708)</u>	<u>1,486,528</u>
Cash Flows From Capital Financing Activities:		
Grants received to acquire/construct capital assets	2,520,488	215,604
Acquisition of capital assets	(3,664,563)	(403,376)
Proceeds from sale of capital assets	5,643,338	-
Proceeds from issuance of notes payable	1,078,467	2,623,260
Principal paid on notes payable	(296,353)	(2,207,659)
Interest paid on notes payable	(20,523)	(101,936)
Net cash used for capital financing activities	<u>5,260,854</u>	<u>125,893</u>
Cash Flows From Investing Activities:		
Interest received from investments	22,254	4,975
Interest on restricted cash	5,614	4,100
Net cash provided by investing activities	<u>27,868</u>	<u>9,075</u>
Net increase (decrease) to cash and cash equivalents	2,415,014	1,621,496
Cash and cash equivalents at beginning of year	<u>6,347,992</u>	<u>4,726,496</u>
Cash and cash equivalents at end of year	<u>\$ 8,763,006</u>	<u>\$ 6,347,992</u>

HOUSING AUTHORITY OF FRESNO COUNTY
Fresno, California

STATEMENT OF CASH FLOWS
(Continued)

	Primary Government	
	<u>2019</u>	<u>2018</u>
Reconciliation of Change in Net Position to Net		
Cash Provided By (Used For) Operating Activities:		
Operating income (loss)	\$ (1,780,175)	\$ (907,957)
Adjustments to reconcile change in net position to net cash provided by (used for) operating activities		
Depreciation	1,428,300	1,629,694
Changes in joint ventures equity interest	175,980	1,772,536
Change in equity interest in component unit	(123,195)	(116,529)
Fraud recovery	63,039	26,639
Interest earned on notes receivable, net of write off	1,086,450	647,317
Other revenue (expenses)	-	45,107
(Increase) decrease in accounts receivable - tenants	2,601	69,807
(Increase) decrease in accounts receivable - other	(93,477)	(55,221)
(Increase) decrease in due from other governments	94,897	(25,763)
(Increase) decrease in due from related parties	(516,362)	(780,487)
(Increase) decrease in prepaid insurance and other assets	(195,898)	(47,327)
(Increase) decrease in interest receivable	(862,738)	(352,910)
(Increase) decrease in investment in joint ventures	(932,722)	(1,772,536)
(Increase) decrease in interest in component unit	123,195	116,529
Increase (decrease) in deferred outflows	(139,734)	410,090
Increase (decrease) in accounts payable - vendors	(29,766)	204,431
Increase (decrease) in due to related parties	(449,428)	101,952
Increase (decrease) in accrued salaries	42,109	31,972
Increase (decrease) in accounts payable - other governments	(19,115)	63,882
Increase (decrease) in unearned revenue	1,105,110	(16,128)
Increase (decrease) in other current liabilities	226,227	173,315
Increase (decrease) in FSS liabilities	15,871	2,854
Increase (decrease) in tenant security deposits payable	(10,328)	(40,266)
Increase (decrease) in compensated absences	44,750	(79,547)
Increase (decrease) in pension liability	1,625,052	408,535
Increase (decrease) in deferred inflows	(5,644)	(23,461)
Net cash provided (used) by operating activities	<u>\$ (2,873,708)</u>	<u>\$ 1,486,528</u>
Reconciliation of Cash Per Statement of Net Position to Cash Per Statement of Cash Flows:		
Cash and investments	\$ 6,116,152	\$ 4,029,909
Restricted cash	2,646,854	2,318,083
Cash at end of year	<u>\$ 8,763,006</u>	<u>\$ 6,347,992</u>
Significant noncash transactions:		
Note received for the sale of property	\$ -	\$ 3,345,000
Net capital assets sold for a note	\$ -	\$ 1,247,686

See accompanying notes to the basic financial statements.

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**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

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

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

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 Silver crest 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 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.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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 acquisition 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.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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, developer revenue, 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.

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

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, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	June 30, 2018 to June 30, 2019

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.

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

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.

q) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's prior year financial statements, from which this selected financial data was derived.

2) Cash and Cash Equivalents

Cash and cash equivalents held by the Agency at December 31, 2019, were classified as follows in the accompanying Statement of Net Position:

	Primary Government	Kerman Acre, L.P.
Cash & Investments	\$ 6,116,152	\$ 57,841
Restricted Cash	2,646,854	12,828
Total Cash	\$ 8,763,006	\$ 70,669

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.

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Although for the year ended December 31, 2019, 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, 2019, \$64,779 of the Agency's deposits with the California Housing Finance Agency (Cal-HFA) Parkside Apartments was held uncollateralized. This amount is exclusive of tenant security deposits.

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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.

Restricted Cash

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

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

Cash Restricted for:	Cash			Kerman Acre, LP		
	<u>Cash Restriction</u>	<u>In Liabilities</u>	<u>In Restricted Net Assets</u>	<u>Cash Restriction</u>	<u>In Liabilities</u>	<u>In Restricted Net Assets</u>
USDA Project Reserves	\$ 729,765	\$ 8,948	\$ 720,817	\$ -	\$ -	\$ -
CHFA	64,779	4,349	60,430	-	-	-
HAP Funding	103,413	3,084	100,329	-	-	-
Tenant Security Deposits	256,576	256,576	-	5,976	5,976	-
CA Office of Migrant Services	136,541	-	136,541	-	-	-
Other Reserves	1,355,780	1,102,143	253,637	6,852	88	6,764
	<u>\$ 2,646,854</u>	<u>\$ 1,375,100</u>	<u>\$ 1,271,754</u>	<u>\$ 12,828</u>	<u>\$ 6,064</u>	<u>\$ 6,764</u>

3) Accounts Receivable

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

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Accounts Receivable as of December 31, 2019 consists of the following:

Accounts Receivable -Tenants, Net of Allowance for Doubtful Accounts of \$4,454	\$ 43,508
Miscellaneous Receivables, Net of Allowance for Uncollectable Accounts of \$40,109	251,981
	<u><u>\$ 295,489</u></u>

4) Due from Other Governments

Due from Other Governments consists of the following:

U.S. Department of HUD	\$ 53,889
Other	313,181
	<u><u>\$ 367,070</u></u>

5) Due from Related parties

Housing Authority of City of Fresno	\$ 1,247,651
Limited Partnership	18,782
	<u><u>\$ 1,266,433</u></u>

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**HOUSING AUTHORITY OF FRESNO COUNTY
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6) Notes Receivable

The following is a summary of changes in notes receivable as of December 31, 2019:

	Balance 12/31/2018	Additions	Payments	Balance 12/31/2019	Interest Receivable
Related Parties:					
Kerman Acre L.P	\$ 678,835	\$ -	\$ -	\$ 678,835	\$ 79,929
Kingsburg Marion Villas AHP	450,000	-	-	450,000	71,627
Magill Terrace	3,240,000	-	-	3,240,000	34,249
Mendota RAD	6,000,000	-	-	6,000,000	1,064,245
Orange Cove AHP	800,000	-	-	800,000	129,016
Orange Cove RAD	5,430,000	-	-	5,430,000	1,158,827
Parlier Oak Grove	3,345,000	-	-	3,345,000	24,155
Reedley Kings River AHP	578,000	-	-	578,000	-
Reedley Trailside	2,431,000	-	-	2,431,000	387,486
Reedley Trailside- AHP	540,000	-	-	540,000	-
Sanger Memorial	3,440,000	-	-	3,440,000	201,932
Shockley Terrace LP	2,160,258	-	-	2,160,258	327,399
Clovis Solivita	-	3,748,707	-	3,748,707	4,582
TOTAL	\$ 29,093,093	\$ 3,748,707	\$ -	\$ 32,841,800	\$ 3,483,447

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 principal balance at December 31, 2019 was \$678,835 with accrued interest of \$79,929.

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. The outstanding principal balance at December 31, 2019 was \$450,000 with accrued interest of \$71,627.

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

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Deed of Trust. The note bears an interest rate of 4.00% per annum and matures on December 17, 2072.

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.

The outstanding principal balance of two loans at December 31, 2019 was \$3,240,000 with accrued interest of \$34,249.

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 payments shall commence on August 1, 2015 from available Net Cash Flow as defined in the Amended Partnership Agreement.

The outstanding principal balance of two loans at December 31, 2019 was \$6,000,000 with accrued interest of \$1,064,245.

Orange Cove RAD

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

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

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

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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 principal balance of three loans at December 31, 2019 was \$6,230,000 with accrued interest of \$1,287,843.

Parlier Oak Grove, LP

On March 18, 2018, the Agency entered into a loan agreement for \$3,345,000 with Parlier Oak Grove, LP, a related party to the Housing Authority of Fresno County, the “HACF” Loan. The loan includes 3 notes: (1) a seller note in the amount of \$2,340,000; (2) disposition of proceeds realized from the sale of the western portion of Oak Grove in the amount of \$660,000 and (3) disposition of proceeds realized from the sale of a portion of Sunset Terrace II. The note is secured by, among other security, a subordinate lien mortgage deed of trust. The note bears an interest rate of 2.88% per annum and matures on January 31, 2075. At December 31, 2019, the outstanding principal balance of the loan was \$3,345,000 with accrued interest \$24,155.

Reedley Kings River Commons

The Agency entered into a loan agreement with Reedley Kings River Commons, a related party to the Housing Authority of Fresno County. The Agency was awarded a grant through the Affordable Housing Program (AHP), these funds were in turn loaned to the Reedley Kings River Commons development. The note bears no interest with principal payable upon completion of the project. The outstanding principal balance at December 31, 2019 was \$578,000.

Reedley Trailside Terrace

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

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 principal balance of two loans at December 31, 2019 was \$2,971,000 with accrued interest of \$387,486.

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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.

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.

The outstanding principal balance of two loans at December 31, 2019 was \$3,440,000 with accrued interest of \$201,932.

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.

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.

The outstanding principal balance of two loans at December 31, 2019 was \$2,160,258 with accrued interest of \$327,399.

Clovis Solivita, LP

On December 18, 2019, the Agency entered into an HAFC Capital Funds loan agreement with Clovis Solivita, LP, a related party to the Housing Authority of Fresno County in the amount of \$1,745,000. 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 January 31, 2077.

On December 18, 2019, the Agency entered into an HAFC Mortgage loan agreement with Clovis Solivita, LP, a related party to the Housing Authority of Fresno County in the amount of \$2,505,000. 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 January 31, 2077.

The outstanding principal balance of two loans at December 31, 2020 was \$3,748,707 with accrued interest of \$4,582.

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7) 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, 2019 was \$345,628.

County Public Housing Program	\$ 345,628
Total Assets Held for Sale	<u>\$ 345,628</u>

8) Changes in Capital Assets

Changes in capital assets during the fiscal year ended December 31, 2019, was as follows:

	Balance at 12/31/2018	Additions	Deletions	Balance at 12/31/2019
Capital assets not depreciated:				
Land	\$ 1,938,177	\$ -	\$ (270,541)	\$ 1,667,636
Construction in progress	4,319,025	4,143,826	(4,267,048) *	4,195,803
Total capital assets not depreciated	<u>6,257,202</u>	<u>4,143,826</u>	<u>(4,537,589)</u>	<u>5,863,439</u>
Capital assets being depreciated:				
Buildings & Improvements	64,889,144	901,531	(4,160,241)	61,630,434
Equipment	1,083,808	1,144,139	(60,141)	2,167,806
Total capital assets being depreciated	<u>65,972,952</u>	<u>2,045,670</u>	<u>(4,220,382)</u>	<u>63,798,240</u>
Less accumulated depreciation for:				
Buildings	(57,857,355)	(1,066,901)	3,609,704	(55,314,552)
Equipment	(753,667)	(361,399)	49,770	(1,065,296)
Total accumulated depreciation	<u>(58,611,022)</u>	<u>(1,428,300)</u>	<u>3,659,474</u>	<u>(56,379,848)</u>
Total capital assets being depreciated, net	<u>7,361,930</u>	<u>617,370</u>	<u>(560,908)</u>	<u>7,418,392</u>
TOTAL	<u>\$ 13,619,132</u>	<u>\$ 4,761,196</u>	<u>\$ (5,098,497)</u>	<u>\$ 13,281,831</u>

* Deletions were mainly driven by the reimbursements for the Pre-Development Activities.

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9) Investment in Joint Ventures

Investment in joint ventures as of December 31, 2019 consists of the following

Joint Venture:	
Housing Relinquished Fund Corp	\$ 15,727,889
Silvercrest, Inc.	(47,654)
Housing Self-Insurance Corp	42,587
Villa Del Mar, Inc.	2,552
Total Investment in Joint Venture	<u>\$ 15,725,374</u>

Housing Relinquished Fund Corporation (HRFC) - Created as a steward for the Housing Authority of the City and County of Fresno's development and investment capital. HRFC's Board 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% equity interest in HRFC. HRFC does not issue separate financial statements.

Housing Self Insurance Corporation (HSIC) - Organized to provide additional security against a variety of insurable and non-insurable losses to include deductibles, payouts, settlements, and other related obligations. HSIC's Board of Directors is comprised of two members each of the City Housing Authority and County Housing Authority Board of Commissioners. The Agency has a 16% 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.

10) Equity Investment in Component Unit

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

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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, 2019, the Agency's share of its partners' deficit in the Kerman Acre, L.P. component unit was \$1,217,031.

11) Long Term Liabilities

Changes in long-term liabilities during the fiscal year ended December 31, 2019, were as follows:

	<u>Balance 12/31/18</u>	<u>Additions</u>	<u>Deletions/ Payments</u>	<u>Balance 12/31/2019</u>	<u>Due Within one year</u>
Notes payable - non-related parties:					
US Department of Agriculture					
Parlier FLH	\$ 16,950	\$ -	\$ (16,950)	\$ -	\$ -
Mendota FLH	605,966	-	(35,939)	570,027	36,207
Parkside CHFA	264,777	-	(112,888)	151,889	151,889
Kingsburg Marion- AHP	450,000	-	-	450,000	-
Kings River Commons- AHP	578,000	-	-	578,000	-
Orange Cove- AHP	800,000	-	-	800,000	-
Reedley Trailside- AHP	540,000	-	-	540,000	-
Total due to non-related parties	3,255,693	-	(165,777)	3,089,916	188,096
Notes payable - related parties:					
P&CD (Various pre-dev) to HRFC	2,271,163	1,078,467	(130,576)	3,219,054	3,219,054
County Section 8 to HRFC	323,185	-	-	323,185	-
Office building to HRFC	66,000	-	-	66,000	-
County RF to HRFC	455,656	-	-	455,656	-
Total due to related parties	3,116,004	1,078,467	(130,576)	4,063,895	3,219,054
Other Liabilities:					
Interest Payable- others	225,149 *	95,300	(28,464)	291,985	-
Family Self-Sufficiency	84,458	17,190	(1,319)	100,329	-
Compensated Absences	292,648	634,650	(589,900)	337,398	243,041
Net Pension Liability	7,756,313	1,625,052	-	9,381,365	-
	8,358,568	2,372,192	(619,683)	10,111,077	243,041
Total	\$ 14,730,265	\$ 3,450,659	\$ (916,036)	\$ 17,264,888	\$ 3,650,191

*Restated to include the prior period adjustments on interest.

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The schedule of debt payments to maturity are as follows:

Year Ending December 31	Notes		Total
	Principal	Interest	
2020	\$ 3,407,150	\$ 531,210	\$ 3,938,360
2021	36,571	38,610	75,181
2022	36,938	5,184	42,122
2023	37,309	4,817	42,126
2024	34,530	4,089	38,619
2025-2029	581,435	16,530	597,965
2030-2034	1,641,878	3,858	1,645,736
2035-2039	1,378,000	121	1,378,121
	<u>\$ 7,153,811</u>	<u>\$ 604,419</u>	<u>\$ 7,758,230</u>

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, 2019, the outstanding principal balances for the notes were \$570,027.

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 balances of the two loans at December 31, 2019 were \$151,889 with accrued interest of \$33,062.

Kingsburg Marion Villa

On July 1, 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. At December 31, 2019, the outstanding principal balance was \$450,000.

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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 AHP Loan bears no interest and the principal is payable in full in 2068. 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. At December 31, 2019, the outstanding principal balance was \$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. At December 31, 2019, the outstanding principal balance was \$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. At December 31, 2019, the outstanding principal balance was \$540,000.

Housing Relinquished Fund Corporation (HRFC)

The Agency entered into various notes with HRFC for the purpose of pre-development activities. The notes accrue interest at 5% per annum and payments are made from the sale of the properties. The outstanding principal balance at December 31, 2019 was \$3,219,054.

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, 2019 was \$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, 2019 was \$66,000.

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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 principal balance as of December 31, 2019 was \$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, 2019 was \$100,329.

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. At December 31, 2019, accrued vacation and vested sick leave have been valued by the Agency at \$337,398.

12) Due to Other Governments

Amounts due to other governments as of December 31, 2019 are as follows:

U.S. Department of HUD	\$ 230,124
Other	174,724
	<u>\$ 404,848</u>

13) Due to Related Parties

Amounts due to related parties as of December 31, 2019 are as follows:

Housing Authority of City of Fresno	\$ 325,406
	<u>\$ 325,406</u>

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

14) Other Current Liabilities

Other current liabilities at December 31, 2019, consist of the following:

Payroll-Withholding Taxes, Benefits Payable	\$	123,202
Unclaimed Checks/ Refunds		60,089
Accrued Expenses		181,503
Others		98,005
	<u>\$</u>	<u>462,799</u>

15) Unearned Revenues

Unearned revenues as of December 31, 2019, consist of the following:

Prepaid tenant rents	\$	58,621
Grant		1,097,582
Other		4,500
	<u>\$</u>	<u>1,160,703</u>

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. Annual contributions by a participant may not exceed \$19,000 established by IRS for 2018. Employees may also borrow against their deferred compensation account while employed under the deferred compensation loan program. The 401(a) Plan also provides an employer-matching contribution on amounts up to \$900 per employee to defer into the 457 plan. The employer contribution to the 457 plan amounted to \$59,256 for the year ended December 31, 2019. 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.

**HOUSING AUTHORITY OF FRESNO COUNTY
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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%

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Employees Covered:

Summary of Valuation Data (Counts)

	June 30, 2018
1 Active Members	114
2 Transferred Members	37
3 Terminated Members	74
4 Retired Members and Beneficiaries	99
5 Active to Retired Ratio [(1)/ (4)]	1.15

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, 2019, the average active employee contribution rate is 6.609 percent of annual pay, and the average employer's contribution rate is 6.697 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.

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2018 valuation was rolled forward to determine the June 30, 2019 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	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.5% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

¹ The Morality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvements using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the Funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the

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expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class ¹	Current Target Allocation	Real Return Year 1-10 ²	Real Return Years 11+ ³
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

- (1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (2) An expected inflation of 2.00% used for this period.
- (3) An expected inflation of 2.92% used for this period.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

Changes in Net Pension Liability

The Changes in Net Pension Liability for the year ended June 30, 2019 was as follows:

	<u>Increase (Decrease)</u>		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability
Balance at: 06/30/2018	\$ 36,569,425	\$ 28,813,112	\$ 7,756,313
Changes recognized for the measurement period:			
Service Cost	867,361	-	867,361
Interest on Total Pension Liability	2,590,881	-	2,590,881
Changes of Benefit Terms	-	-	-
Changes of Assumptions	-	-	-
Differences between Expected and Actual Experience	1,168,882	-	1,168,882
Net Plan to Plan Resource Movement	-	-	-
Contributions - Employer	-	772,030	(772,030)
Contributions - Employee	-	438,892	(438,892)
Net Investment Income	-	1,811,066	(1,811,066)
Benefit Payments, including Refunds of Employee Contributions	(1,806,536)	(1,806,536)	-
Administrative Expense	-	(19,981)	19,981
Other Miscellaneous Income	-	65	(65)
Net Changes during 2018 - 2019	2,820,588	1,195,536	1,625,052
Balance at: 06/30/2019	\$ 39,390,013	\$ 30,008,648	\$ 9,381,365

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)	\$ 14,564,378	\$ 9,381,365	\$ 5,099,104

Subsequent Events

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2019 was 3.9 years, which was obtained by dividing the total service years of 1,254 (the sum of remaining service lifetimes of the active employees) by 324 (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.

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Deferred Outflows and Deferred Inflows of Resources

For the measurement periods ended June 30, 2019, the Agency incurred a pension expense of \$1,625,052.

As of June 30, 2019, 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	\$ 399,171	\$ (131,014)
Differences between Expected and Actual Experience	1,200,384	(15,580)
Payment on pension contributions between measurement date and fiscal year end	448,217	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(126,118)
Total	\$ 2,047,772	\$ (272,712)

The \$448,217 in pension payments between June 30 and December 31, 2019, 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 years ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

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Amortization of Deferred Outflows/(Inflows) of Resources

December 31:	
2020	\$ 933,049
2021	144,127
2022	216,073
2023	33,594
2024	-
Thereafter	-
	\$ 1,326,843
	\$ 2,047,772
	(272,712)
	1,775,060
Payment on pension contributions between measurement date and fiscal year end	\$ (448,217)

18) Insurance Coverage

HARRP

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

The Agency's insurance expenses were \$363,376 for the year ended December 31, 2019. 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.

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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 for the purpose of developing and operating a 60-unit project located in Fowler, California. The project qualifies for the federal low-income housing tax credit program as described in Internal Revenue and Taxation Code section 42. The partnership received an exemption from real estate taxes under California Revenue and Taxation Code section 214 (g).

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The partnership formed on July 5, 2017 and pursuant to the Amended and Restated Agreement of Limited Partnership dated December 14, 2017 between Magill Terrace, AGP, LLC and the Administrative General Partner, Silvercrest, Inc. (the General Partner) and Wells Fargo Affordable Housing Community Development Corporation (the Investor Limited Partner). Profits, losses and tax credits are allocated 0.005% to the Managing General Partner, 0.005% to the Administrative General Partner and 99.99% to the Investor Limited Partner.

Mendota RAD, LP

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

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

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.

Parlier Oak Grove, LP

Parlier Oak Grove, LP was formed for the purpose of developing and operating a 56-unit project located in Parlier, California known as Oak Grove. The project qualifies for the federal low-income housing tax credit program as described in Internal Revenue Code Section 42. The partnership received exemption from real estate taxes under California Revenue and Taxation Code section 214(g).

The partnership was originally formed on October 12, 2017 by Parlier Oak Grove, AGP, LLC (the Administrative General Partner), Silvercrest, Inc (the Managing General Partner) and Wells Fargo Affordable Housing Community Development Corporation (the Investor Limited Partner). Pursuant to the Amended and Restated Agreement of Limited Partnership dated March 21, 2018, profits, losses and tax credits are allocated 0.005% to the Managing General Partner, 0.005% to the Administrative General Partner and 99.99% to the Investor Limited Partner.

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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 projects, generally known as Sanger Memorial Village, and is anticipated to include 48 units of multifamily housing.

The partnership was original formed on October 27, 2016 and is a limited partnership between Sanger Memorial Village, 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. U.S. Bankcorp Community Development Corporation is the respective Limited Partner and State Credit Partner.

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

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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.

Clovis Solivita, LP

Clovis Solivita, LP was formed in July of 2019 to expand the development and availability of long-term housing for low-income persons residing in the County of Fresno, California, including the sale of low-income housing tax credits and entering into agreements for the financing, planning, construction and development of the Complex. The complex is anticipated to include 60 units of multifamily housing. The project filed a notice to proceed with construction on January 6, 2020. As of December 31, 2019, there is no substantial activity to report.

Kingsburg Linnaea Villas, LP

Kingsburg Linnaea Villas, LP was formed in August of 2019 to expand the development and availability of long-term housing for low-income persons aged 62 years and older, residing in the County of Fresno, California, including the sale of low-income housing tax credits and entering into agreements for the financing, planning, construction and development of the Complex. The complex is anticipated to include 47 units of multifamily housing. The project filed a notice to proceed with construction on December 3, 2019. As of December 31, 2019, there is no substantial activity to report.

20) Other Related Parties

Better Opportunities Builders, Inc.

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

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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) 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.

22) Prior Year Restatement

During the year ended December 31, 2019, the Agency made certain adjustments to correctly present activity:

Net Position at Beginning of Year, as Previously reported	\$ 52,406,513
Other prior period adjustments primarily related to restatements of various assets and liabilities	84,878
Net position at Beginning of Year, as Restated	<u><u>\$ 52,491,391.49</u></u>

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During the year ended December 31, 2019, the Agency made certain adjustments to correctly present activity as Component Unit for Kerman:

Net Position as Beginning of Year, as Previously Reported	\$ (2,139,809)
The prior period adjustment is related to the restatement of various asset and liability balances for Granada Commons, LP.	<u>638</u>
Net Position at Beginning of Year, as Restated	<u>\$ (2,139,171)</u>

23) Restricted Net Position

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

The Agency has reported the following as restricted net position:

Externally Required Restrictions:

USDA Programs	\$ 720,817
CHFA	60,430
HAP Funding	100,329
Migrant Services	136,541
Other Reserves	<u>253,637</u>
	<u>\$ 1,271,754</u>

24) 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

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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.

b) Capital Assets

Capital assets consist of the following as of December 31, 2019:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
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	(842,567)	(103,695)	-	(946,262)
Accumulated depreciation - equipment	(316,801)	(10,458)	-	(327,259)
Total accumulated depreciation	(1,159,368)	(114,153)	-	(1,273,521)
Total capital assets, net of depreciation	2,278,731	(114,153)	-	2,164,578
Total	\$ 2,397,948	\$ (114,153)	\$ -	\$ 2,283,795

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 \$66,698 for a total depreciation for the year ended December 31, 2019, of \$114,153.

**HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

c) Long Term Liabilities

Changes in long-term liabilities for December 31, 2019, are as follows:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
BOB - RHED Loan	\$ 103,185	\$ -	\$ -	\$ 103,185
HACF - CFRG Loan	678,835	-	-	678,835
Kerman Acre Fresno County	900,000	-	-	900,000
Kerman Acre TCAC	2,202,168	-	-	2,202,168
Accrued Interest Payable	531,312	98,500	-	629,812
Total	\$ 4,415,500	\$ 98,500	\$ -	\$ 4,514,000

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. At December 31, 2019, 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. At December 31, 2019, 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 years ended December 31, 2019, property management fees of \$9,600 per year 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, 2019, ground lease expense was \$10 per year, and is included in general and administrative expenses on the Statement of Operations. As of December 31, 2019, there was no outstanding balance for the ground lease.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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 \$2,432, and is included in general partner fees on the Statement of Revenues & Expenses. As of December 31, 2019, the amount owed for Co-General Partner management fee were \$19,506, and it is included in Other Current Liabilities 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 \$24,322 and is included in General Partner fees on the Statement of Revenues & Expenses. As of December 31, 2019, the amount owed for Managing General Partner management fee were \$195,055, respectively. It is included in Other Current Liabilities 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, 2019, the amount owed was \$0.

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, 2019, the outstanding amount owed to HACF were \$3,891.

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, 2019, interest expense was \$15,416. At December 31, 2019, the outstanding principal balance was \$103,185 with accrued interest of \$117,782.

HOUSING AUTHORITY OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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. At December 31, 2019, the outstanding principal balance was \$678,835 with accrued interest of \$512,030.

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.

f) Subsequent Events

The spread of a novel strain of coronavirus (COVID-19) in the first quarter of 2020 has caused significant volatility in U.S. markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impacts of COVID-19 on the Agency’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on customers, employees, and vendors, all of which are uncertain and cannot be determined at this time.

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF FRESNO COUNTY
Schedule of Changes in Net Pension Liability and Related Ratios
for the Measurement Period (Miscellaneous Plan)
Year Ended December 31, 2019
(With comparative information for the last 10 years)*

Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
TOTAL PENSION LIABILITY						
Service Cost	\$867,361	\$809,691	\$741,472	\$636,086	\$636,707	\$632,927
Interest on Total Pension Liability	2,590,881	2,464,031	2,346,586	2,262,010	2,162,499	2,076,674
Changes of Benefit Terms	-	-	-	56,408	-	-
Changes of Assumptions	-	(275,096)	1,937,562	-	(520,576)	-
Difference between Expected and Actual Experience	1,168,882	612,793	15,653	23,177	(123,455)	-
Benefit Payments, Including Refunds of Employee Contributions	(1,806,536)	(1,752,319)	(1,652,796)	(1,654,238)	(1,500,820)	(1,476,137)
Net Change in Total Pension Liability	\$2,820,588	\$1,859,100	3,388,477	1,323,443	654,355	1,233,464
Total Pension Liability - Beginning	36,569,425	34,710,325	31,321,848	29,998,408	29,344,053	28,110,589
Total Pension Liability - Ending (a)	39,390,013	36,569,425	34,710,325	31,321,851	29,998,408	29,344,053
PLAN FIDUCIARY NET POSITION						
Net Plan to Plan Resource Movement	-	(67)	-	-	-	-
Contributions - Employer	772,030	626,718	519,574	414,971	343,617	316,377
Contributions - Employee	438,892	426,463	369,297	347,428	339,737	310,693
Investment Income	1,811,066	2,272,970	2,801,027	146,833	591,865	3,967,964
Benefit Payments, Including Refunds of Employee Contributions	(1,806,536)	(1,752,319)	(1,652,796)	(1,654,238)	(1,500,820)	(1,476,137)
Administrative Expense	(19,981)	(42,497)	(37,447)	(15,921)	(29,405)	-
Other Miscellaneous Expense	65	(80,703)	-	-	-	-
Net Change in Fiduciary Net Position	1,195,536	1,450,565	1,999,655	(760,927)	(255,006)	3,118,897
Plan Fiduciary Net Position - Beginning	28,813,112	27,362,547	25,362,892	26,123,819	26,378,825	23,259,928
Plan Fiduciary Net Position - Ending (b)	30,008,648	28,813,112	27,362,547	25,362,892	26,123,819	26,378,825
Plan Net Pension Liability - Ending (a)	\$9,381,365	\$7,756,313	\$7,347,778	\$5,958,959	\$3,874,589	\$2,965,228
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.18%	78.79%	78.83%	80.98%	87.08%	89.89%
Covered Payroll	\$ 6,190,906	\$ 5,763,554	\$5,261,716	\$5,051,877	\$ 4,912,678	\$ 4,749,075
Plan Net Pension Liability as a Percentage of Covered Payroll	151.53%	134.58%	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, 2018, 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: None in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflected an adjustment of the discount rate from 7.15 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 THE FRESNO COUNTY
Schedule of Plan Contributions
(Miscellaneous Plan)
Year Ended December 31, 2019
(With comparative information for the last 10 years)*

Schedule of Plan Contributions for the Fiscal Years Ended December 31

Employer Fiscal Year End	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 454,857	\$ 404,303	\$ 459,880	\$ 469,586	\$ 371,354	\$ 325,829
Contributions in Relation to the Actuarially Determined Contribution	(454,857)	(404,303)	(459,880)	(469,586)	(371,354)	(325,829)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 6,298,876	\$ 6,312,111	\$ 5,832,350	\$ 5,406,119	\$ 5,029,081	\$ 4,520,151
Contributions as a Percentage of Covered Payroll	7.22%	6.41%	7.88%	8.69%	7.38%	7.21%

Notes to Schedule of Plan Contributions:

The actuarial method and assumptions used to set the actuarially determined contributions for the Fiscal Year 2018-2019 were derived from the June 30, 2016 funding valuation report as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2016 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2016 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll	3%
Investment	7.375% Net of Pension
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	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.

Other information:

* The fiscal year ended December 31, 2014 was the first year of implementation. Information for the last 10 years is not available. For changes to previous year's information, refer to past GASB 68 reports.

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SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF FRESNO COUNTY
Schedule of Modernization Costs for Completed Projects
Year ended December 31, 2019

	<u>Grant Number</u>	<u>Funds Approved</u>	<u>Funds Expended</u>	<u>Excess</u>
1	CA01P028501-16	\$1,272,618.00	\$1,272,618.00	-
2	CA01P028501-17	\$1,198,849.00	\$1,198,849.00	-
3	CA01P028501-18	\$1,803,426.00	\$1,803,426.00	-

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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

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

	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	14.182 N/C S/R Section 8 Programs
111 Cash - Unrestricted	\$1,300,482			\$96,320		\$41,622		
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted				\$729,763		\$103,414		
114 Cash - Tenant Security Deposits	\$181,040			\$25,759				\$19,243
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	\$1,481,522	\$0	\$0	\$851,842	\$0	\$145,036	\$0	\$19,243
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects	\$7,450	\$27,871			\$18,569			
124 Accounts Receivable - Other Government								\$108,268
125 Accounts Receivable - Miscellaneous	\$28,563					\$123,431		
126 Accounts Receivable - Tenants	\$47,020			\$53				\$846
126.1 Allowance for Doubtful Accounts - Tenants	(\$4,455)	\$0		\$0	\$0	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0	\$0	(\$40,109)		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0							
128 Fraud Recovery						\$105,996		
128.1 Allowance for Doubtful Accounts - Fraud						\$0		
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$78,900	\$27,871	\$0	\$53	\$18,569	\$189,318	\$0	\$109,114
131 Investments - Unrestricted								
132 Investments - Restricted								\$64,779
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	\$2,154					\$7,419		
143 Inventories								
143.1 Allowance for Obsolete Inventories								
144 Inter Program Due From	\$35,869					\$371,389		
145 Assets Held for Sale	\$345,628							
150 Total Current Assets	\$1,943,751	\$27,871	\$0	\$851,895	\$18,569	\$713,162	\$0	\$193,136
161 Land	\$735,660			\$69,873				\$41,254
162 Buildings	\$47,805,481			\$4,184,117				\$2,221,564
163 Furniture, Equipment & Machinery - Dwellings								
164 Furniture, Equipment & Machinery - Administration	\$268,984			\$4,408		\$59,742		
165 Leasehold Improvements								
166 Accumulated Depreciation	(\$43,881,834)			(\$3,148,685)		(\$42,331)		(\$2,216,501)
167 Construction in Progress	\$71,193			\$0				
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,999,484	\$0	\$0	\$1,109,713	\$0	\$17,411	\$0	\$46,317
171 Notes, Loans and Mortgages Receivable - Non-Current	\$758,764							
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								
173 Grants Receivable - Non Current								
174 Other Assets								
176 Investments in Joint Ventures	\$0							
180 Total Non-Current Assets	\$5,758,248	\$0	\$0	\$1,109,713	\$0	\$17,411	\$0	\$46,317
200 Deferred Outflow of Resources	\$298,154					\$656,516		
290 Total Assets and Deferred Outflow of Resources	\$8,000,153	\$27,871	\$0	\$1,961,608	\$18,569	\$1,387,089	\$0	\$239,453

Housing Authority of Fresno County (CA028)

Fresno, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

	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	14.182 N/C S/R Section 8 Programs
311 Bank Overdraft	\$8,317							
312 Accounts Payable <= 90 Days	\$182,976			\$21,546		\$5,842		\$26,491
313 Accounts Payable >90 Days Past Due	\$1,215							
321 Accrued Wage/Payroll Taxes Payable	\$14,103	\$1,428		\$1,387	\$2,158	\$39,179		\$1,166
322 Accrued Compensated Absences - Current Portion	\$17,986	\$2,037		\$2,648	\$5,113	\$106,409		\$543
324 Accrued Contingency Liability								
325 Accrued Interest Payable								
331 Accounts Payable - HUD PHA Programs	\$0					\$230,124		
332 Account Payable - PHA Projects								
333 Accounts Payable - Other Government	\$214,587			\$19,339		\$5,526		\$16,369
341 Tenant Security Deposits	\$181,040			\$25,759				\$19,244
342 Unearned Revenue	\$28,694			\$8,948		\$3,083		\$4,349
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				\$36,207				\$151,889
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities								
346 Accrued Liabilities - Other	\$6,099	\$506		\$531	\$586	\$53,593		\$375
347 Inter Program - Due To	\$35,869	\$26,541			\$18,569	\$1,106,352		\$339,518
348 Loan Liability - Current								
310 Total Current Liabilities	\$690,886	\$30,512	\$0	\$116,365	\$26,426	\$1,550,108	\$0	\$559,944
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				\$533,820				\$0
352 Long-term Debt, Net of Current - Operating Borrowings						\$323,185		
353 Non-current Liabilities - Other						\$100,330		\$33,062
354 Accrued Compensated Absences - Non Current	\$10,472	\$904		\$1,543	\$2,485	\$40,820		\$740
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities	\$1,365,927					\$3,007,666		
350 Total Non-Current Liabilities	\$1,376,399	\$904	\$0	\$535,363	\$2,485	\$3,472,001	\$0	\$33,802
300 Total Liabilities	\$2,067,285	\$31,416	\$0	\$651,728	\$28,911	\$5,022,109	\$0	\$593,746
400 Deferred Inflow of Resources	\$39,704					\$87,431		
508.4 Net Investment in Capital Assets	\$4,999,480			\$539,687		\$17,411		(\$105,572)
511.4 Restricted Net Position	\$0	\$0	\$0	\$720,815	\$0	\$100,331	\$0	\$60,430
512.4 Unrestricted Net Position	\$893,684	(\$3,545)	\$0	\$49,378	(\$10,342)	(\$3,840,193)	\$0	(\$309,151)
513 Total Equity - Net Assets / Position	\$5,893,164	(\$3,545)	\$0	\$1,309,880	(\$10,342)	(\$3,722,451)	\$0	(\$354,293)
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$8,000,153	\$27,871	\$0	\$1,961,608	\$18,569	\$1,387,089	\$0	\$239,453

Housing Authority of Fresno County (CA028)

Fresno, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

	14.235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	6.1 Component Unit - Discretely Presented	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$0	\$3,493,959		\$57,841	\$4,990,224		\$4,990,224
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted		\$1,492,322			\$6,852	\$2,332,351		\$2,332,351
114 Cash - Tenant Security Deposits			\$30,535		\$5,976	\$262,553		\$262,553
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	\$0	\$1,492,322	\$3,524,494	\$0	\$70,669	\$7,585,128	\$0	\$7,585,128
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects						\$53,890		\$53,890
124 Accounts Receivable - Other Government		\$204,913				\$313,181		\$313,181
125 Accounts Receivable - Miscellaneous			\$367,178	\$932,646		\$1,451,818		\$1,451,818
126 Accounts Receivable - Tenants			\$369		\$1,374	\$49,984		\$49,662
126.1 Allowance for Doubtful Accounts - Tenants		\$0	\$0		\$0	(\$4,455)		(\$4,455)
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	\$0	\$0	(\$40,109)		(\$40,109)
127 Notes, Loans, & Mortgages Receivable - Current						\$0		\$0
128 Fraud Recovery						\$105,996		\$105,996
128.1 Allowance for Doubtful Accounts - Fraud						\$0		\$0
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$204,913	\$367,547	\$932,646	\$1,374	\$1,930,305	\$0	\$1,930,305
131 Investments - Unrestricted		\$77,661	\$1,105,560			\$1,183,221		\$1,183,221
132 Investments - Restricted						\$64,779		\$64,779
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets				\$280,917	\$3,467	\$293,957		\$293,957
143 Inventories								
143.1 Allowance for Obsolete Inventories								
144 Inter Program Due From			\$3,595,059			\$4,001,995	(\$4,002,317)	\$0
145 Assets Held for Sale						\$345,628		\$345,628
150 Total Current Assets	\$0	\$1,774,896	\$8,592,660	\$1,213,563	\$75,510	\$15,405,013	(\$4,002,317)	\$11,402,696
161 Land		\$110,118	\$573,411	\$137,322	\$119,217	\$1,786,855		\$1,786,855
162 Buildings		\$3,541,963	\$2,259,718	\$2,130,207	\$3,110,840	\$65,253,890		\$65,253,890
163 Furniture, Equipment & Machinery - Dwellings					\$327,259	\$327,259		\$327,259
164 Furniture, Equipment & Machinery - Administration		\$668,994	\$33,021	\$620,042	\$0	\$1,655,191		\$1,655,191
165 Leasehold Improvements								
166 Accumulated Depreciation		(\$2,949,334)	(\$2,140,921)	(\$2,000,243)	(\$1,273,521)	(\$57,653,370)		(\$57,653,370)
167 Construction in Progress		\$577,103	\$3,545,617	\$1,890		\$4,195,803		\$4,195,803
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$1,948,844	\$4,270,846	\$889,218	\$2,283,795	\$15,565,628	\$0	\$15,565,628
171 Notes, Loans and Mortgages Receivable - Non-Current			\$35,566,483			\$36,325,247		\$36,325,247
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								
173 Grants Receivable - Non Current								
174 Other Assets								
176 Investments in Joint Ventures			\$14,508,343			\$14,508,343		\$14,508,343
180 Total Non-Current Assets	\$0	\$1,948,844	\$54,345,672	\$889,218	\$2,283,795	\$66,399,218	\$0	\$66,399,218
200 Deferred Outflow of Resources		\$91,330	\$181,023	\$820,747		\$2,047,770		\$2,047,770
290 Total Assets and Deferred Outflow of Resources	\$0	\$3,815,070	\$63,119,355	\$2,923,528	\$2,359,305	\$83,852,001	(\$4,002,317)	\$79,849,684

Housing Authority of Fresno County (CA028)

Fresno, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

	14.235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	6.1 Component Unit - Discretely Presented	Subtotal	ELIM	Total
311 Bank Overdraft						\$8,317		\$8,317
312 Accounts Payable <= 90 Days		\$33,115	\$123,577	\$108,840	\$2,056	\$504,443		\$504,443
313 Accounts Payable >90 Days Past Due						\$1,215		\$1,215
321 Accrued Wage/Payroll Taxes Payable		\$6,647	\$12,686	\$77,089		\$155,843		\$155,843
322 Accrued Compensated Absences - Current Portion		\$12,279	\$4,018	\$90,643		\$241,676		\$241,676
324 Accrued Contingency Liability								
325 Accrued Interest Payable					\$629,812	\$629,812		\$629,812
331 Accounts Payable - HUD PHA Programs						\$230,124		\$230,124
332 Account Payable - PHA Projects								
333 Accounts Payable - Other Government		\$76,737	\$17,945	\$16,102	\$177	\$366,782		\$366,782
341 Tenant Security Deposits			\$30,635		\$5,976	\$262,554		\$262,554
342 Unearned Revenue		\$1,102,143	\$13,486		\$88	\$1,160,791		\$1,160,791
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			\$3,219,054		\$214,561	\$3,621,711		\$3,621,711
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities		\$3,887	\$24,804	\$307,240	\$8,784	\$344,715		\$344,715
346 Accrued Liabilities - Other		\$81,459	\$3,771	\$113,473		\$260,393		\$260,393
347 Inter Program - Due To	\$42,915	\$266,403		\$2,166,150		\$4,002,317	(\$4,002,317)	\$0
348 Loan Liability - Current								
310 Total Current Liabilities	\$42,915	\$1,582,670	\$3,449,876	\$2,879,537	\$861,454	\$11,790,693	(\$4,002,317)	\$7,788,376
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				\$66,000	\$3,884,188	\$4,484,008		\$4,484,008
352 Long-term Debt, Net of Current - Operating Borrowings			\$2,823,656			\$3,146,841		\$3,146,841
353 Non-current Liabilities - Other			\$258,923			\$392,315		\$392,315
354 Accrued Compensated Absences - Non Current		\$6,503	\$1,973	\$28,919		\$94,359		\$94,359
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities		\$418,409	\$829,313	\$3,760,051		\$9,381,366		\$9,381,366
350 Total Non-Current Liabilities	\$0	\$424,912	\$3,913,865	\$3,854,970	\$3,884,188	\$17,498,889	\$0	\$17,498,889
300 Total Liabilities	\$42,915	\$2,007,582	\$7,363,741	\$6,734,507	\$4,745,642	\$29,289,582	(\$4,002,317)	\$25,287,265
400 Deferred Inflow of Resources		\$12,163	\$24,108	\$109,303		\$272,709		\$272,709
508.4 Net Investment in Capital Assets		\$1,948,845	\$1,051,791	\$823,218	(\$1,814,955)	\$7,459,905		\$7,459,905
511.4 Restricted Net Position	\$0	\$390,179	\$0	\$0	\$6,764	\$1,278,519		\$1,278,519
512.4 Unrestricted Net Position	(\$42,915)	(\$543,699)	\$54,679,715	(\$4,743,500)	(\$578,146)	\$45,551,286		\$45,551,286
513 Total Equity - Net Assets / Position	(\$42,915)	\$1,795,325	\$55,731,506	(\$3,920,282)	(\$2,386,337)	\$54,289,710	\$0	\$54,289,710
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$3,815,070	\$63,119,355	\$2,923,528	\$2,359,305	\$83,852,001	(\$4,002,317)	\$79,849,684

Housing Authority of Fresno County (CA028)
Fresno, CA
Entity Wide Revenue and Expense Summary
Submission Type: Audited/Single Audit
Fiscal Year End: 12/31/2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAH)	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
70300 Net Tenant Rental Revenue	\$2,251,729			\$407,647				\$86,522	\$120,512
70400 Tenant Revenue - Other	\$25,078					\$1,756		\$769	\$1,173
70500 Total Tenant Revenue	\$2,276,807	\$0	\$0	\$407,647	\$0	\$1,756	\$0	\$87,291	\$121,685
70600 HUD PHA Operating Grants	\$2,974,707	\$66,413			\$78,814	\$43,982,087			
70610 Capital Grants	\$1,745,000								
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue									
70800 Other Government Grants				\$90,941		\$20		\$47,429	\$334,053
71100 Investment Income - Unrestricted	\$79,929								
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery						\$74,312			
71500 Other Revenue	\$3,465			\$5,405	\$70,235	\$111		\$1,367	
71600 Gain or Loss on Sale of Capital Assets	-\$199,438			-\$1,811,061					
72000 Investment Income - Restricted				\$2,010		\$583			\$1,510
70000 Total Revenue	\$6,880,470	\$66,413	\$0	-\$1,305,057	\$149,049	\$44,058,869	\$0	\$136,087	\$457,248
91100 Administrative Salaries	\$467,601	\$47,585		\$48,564	\$66,108	\$1,567,731		\$7,921	\$25,425
91200 Auditing Fees	\$18,879					\$32,500		\$7,500	\$17,225
91300 Management Fee	\$518,808			\$10,625		\$813,888			\$20,856
91310 Book-keeping Fee	\$52,141					\$508,680			
91400 Advertising and Marketing	\$4,378					\$5,695		\$9	
91500 Employee Benefit contributions - Administrative	\$455,741	\$21,532		\$35,646	\$27,336	\$1,279,566		\$6,269	\$13,822
91600 Office Expenses	\$63,505	\$2,294		\$6,211	\$743	\$269,675		\$5,779	\$6,020
91700 Legal Expense	\$5,057			\$376		\$356			
91800 Travel	\$59					\$10,912			
91810 Allocated Overhead									
91900 Other	\$245,705	\$19	\$95	\$24,479	\$11,434	\$290,162		\$48,329	\$6,050
91000 Total Operating - Administrative	\$1,831,874	\$71,430	\$95	\$125,901	\$105,621	\$4,779,165	\$0	\$75,807	\$89,398
92000 Asset Management Fee	\$57,720								
92100 Tenant Services - Salaries									
92200 Relocation Costs	\$64								
92300 Employee Benefit Contributions - Tenant Services									
92400 Tenant Services - Other									
92500 Total Tenant Services	\$64	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93100 Water	\$239,065			\$34,275				\$5,157	\$8,858
93200 Electricity	\$47,266			\$2,014				\$1,192	\$1,400
93300 Gas	\$6,370			\$349				\$421	\$520
93400 Fuel									
93500 Labor									
93600 Sewer	\$148,515			\$34,737				\$4,497	\$15,600
93700 Employee Benefit Contributions - Utilities	\$83,967								
93800 Other Utilities Expense	\$232,509			\$27,292				\$2,455	\$13,130
93000 Total Utilities	\$757,692	\$0	\$0	\$98,667	\$0	\$0	\$0	\$13,722	\$39,508
94100 Ordinary Maintenance and Operations - Labor	\$244,381			\$19,929				\$6,162	\$13,952
94200 Ordinary Maintenance and Operations - Materials and Other	\$239,649			\$38,202		\$3,939		\$8,543	\$34,364
94300 Ordinary Maintenance and Operations Contracts	\$969,694			\$39,938	\$1,058	\$23,746		\$59,140	\$134,161
94500 Employee Benefit Contributions - Ordinary Maintenance									
94000 Total Maintenance	\$1,453,724	\$0	\$0	\$98,069	\$1,058	\$27,685	\$0	\$73,845	\$182,477
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
96110 Property Insurance	\$98,896			\$11,420				\$4,279	\$24,747
96120 Liability Insurance	\$14,047			\$1,876					\$1,183
96130 Workmen's Compensation	\$28,248	\$355		\$2,836	\$513	\$22,872		\$792	\$1,137
96140 All Other Insurance	\$10,833	\$195		\$928	\$266	\$9,339		\$309	\$572
96100 Total Insurance Premiums	\$152,024	\$550	\$0	\$17,060	\$779	\$32,211	\$0	\$5,370	\$27,639

Housing Authority of Fresno County (CA028)
Fresno, CA
Entity Wide Revenue and Expense Summary
Submission Type: Audited/Single Audit
Fiscal Year End: 12/31/2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.257 Homelessness Prevention and Rapid Re-Housing Program (RHH)	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
96200 Other General Expenses	\$1,953,879			\$9,080	\$8,014	\$33,450		\$253	\$504
96210 Compensated Absences	\$56,374	\$5,744		\$7,391		\$199,797		\$1,602	\$3,380
96300 Payments in Lieu of Taxes	\$174,726								
96400 Bad debt - Tenant Rents	\$33,729			\$7					-\$3,364
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	\$2,218,708	\$5,744	\$0	\$16,478	\$8,014	\$233,247	\$0	\$1,855	\$520
96710 Interest of Mortgage (or Bonds) Payable									
96720 Interest on Notes Payable (Short and Long Term)				\$5,816				\$98,500	\$14,707
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$5,816	\$0	\$0	\$0	\$98,500	\$14,707
96900 Total Operating Expenses	\$6,471,806	\$77,724	\$95	\$361,991	\$115,472	\$5,072,308	\$0	\$269,099	\$354,249
97000 Excess of Operating Revenue over Operating Expenses	\$408,664	-\$11,311	-\$95	-\$1,667,048	\$33,577	\$38,986,561	\$0	-\$133,012	\$102,999
97100 Extraordinary Maintenance									
97200 Casualty Losses - Non-capitalized									
97300 Housing Assistance Payments	\$490					\$39,567,761			\$3,184
97350 HAP Portability-In									
97400 Depreciation Expense	\$969,826			\$71,618		\$6,996		\$114,153	\$620
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$7,442,122	\$77,724	\$95	\$433,609	\$115,472	\$44,647,065	\$0	\$383,252	\$358,053
10010 Operating Transfer In									
10020 Operating transfer Out									
10030 Operating Transfers from/to Primary Government	-\$6,560								
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	\$310,412								
10092 Inter Project Excess Cash Transfer Out	-\$310,412								
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	-\$6,560	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$568,212	-\$11,311	-\$95	-\$1,738,666	\$33,577	-\$588,196	\$0	-\$247,165	\$99,195
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$36,207	\$0	\$0	\$0	-\$214,561	\$151,889
11030 Beginning Equity	\$6,526,704	\$7,766	-\$125,977	\$3,099,808	-\$43,919	-\$3,035,021	\$239	-\$2,139,810	-\$453,488
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$65,328		\$126,072	-\$51,262		-\$98,334	-\$239	\$638	
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity						-\$3,726,965			
11180 Housing Assistance Payments Equity						\$4,514			
11190 Unit Months Available	7,104			1,200		67,824	0	2,160	49
11210 Number of Unit Months Leased	6,961			1,153		67,824	0	2,134	49
11270 Excess Cash	\$540,637								
11610 Land Purchases	\$0								
11620 Building Purchases	\$0								
11630 Furniture & Equipment - Dwelling Purchases	\$0								
11640 Furniture & Equipment - Administrative Purchases	\$0								
11650 Leasehold Improvements Purchases	\$0								
11660 Infrastructure Purchases	\$0								
13510 CFFP Debt Service Payments	\$0								
13901 Replacement Housing Factor Funds	\$0								

Housing Authority of Fresno County (CA028)
Fresno, CA
Entity Wide Revenue and Expense Summary
Submission Type: Audited/Single Audit
Fiscal Year End: 12/31/2019

	14.235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	6.1 Component Unit - Discretely Presented	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$496,541	\$371,028		\$86,522	\$3,733,979		\$3,733,979
70400 Tenant Revenue - Other		\$2,029	\$917		\$769	\$31,722		\$31,722
70500 Total Tenant Revenue	\$0	\$498,570	\$371,945	\$0	\$87,291	\$3,765,701	\$0	\$3,765,701
70600 HUD PHA Operating Grants	\$72,932					\$47,174,953		\$47,174,953
70610 Capital Grants		\$775,488				\$2,520,488		\$2,520,488
70710 Management Fee				\$1,456,287		\$1,456,287	-\$1,456,287	\$0
70720 Asset Management Fee				\$57,720		\$57,720	-\$57,720	\$0
70730 Book Keeping Fee				\$560,820		\$560,820	-\$560,820	\$0
70740 Front Line Service Fee								
70750 Other Fees				\$835,410		\$835,410		\$835,410
70700 Total Fee Revenue				\$2,910,237		\$2,910,237	-\$2,074,827	\$835,410
70800 Other Government Grants		\$621,673	\$36,757		\$47,429	\$1,130,873		\$1,130,873
71100 Investment Income - Unrestricted		\$0	\$1,012,081	\$21,192		\$1,113,202		\$1,113,202
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery						\$74,312		\$74,312
71500 Other Revenue	\$657	\$524,202	\$2,766,323	\$1,507,121	\$1,367	\$4,876,087	-\$1,185,284	\$3,693,603
71600 Gain or Loss on Sale of Capital Assets			\$5,095,108			\$3,084,609		\$3,084,609
72000 Investment Income - Restricted		\$1,484	\$27			\$5,614		\$5,614
70000 Total Revenue	\$73,589	\$2,421,417	\$9,282,241	\$4,438,550	\$136,087	\$66,658,876	-\$3,260,111	\$63,398,765
91100 Administrative Salaries	\$3,655	\$171,280	\$438,408	\$1,874,383	\$7,921	\$4,718,661		\$4,718,661
91200 Auditing Fees				\$14,625	\$7,500	\$90,729		\$90,729
91300 Management Fee		\$40,704	\$51,456			\$1,456,337	-\$1,456,287	\$50
91310 Book-keeping Fee						\$560,821	-\$560,820	\$1
91400 Advertising and Marketing		\$1,973	\$737	\$18,117	\$9	\$30,909		\$30,909
91500 Employee Benefit contributions - Administrative	\$1,472	\$208,426	\$151,047	\$1,415,413	\$6,269	\$3,616,270		\$3,616,270
91600 Office Expenses	\$66,016	\$183,023	\$44,219	\$492,886	\$5,779	\$1,140,371	-\$328,996	\$811,375
91700 Legal Expense			\$14,104	\$69,366		\$89,259		\$89,259
91800 Travel	\$3,692	\$2,635	\$8,665	\$67,164		\$93,127		\$93,127
91810 Allocated Overhead								
91900 Other	\$259	\$71,509	\$450,337	\$628,453	\$48,329	\$1,776,831	-\$856,288	\$920,543
91000 Total Operating - Administrative	\$75,094	\$679,550	\$1,158,973	\$4,580,407	\$75,807	\$13,573,315	-\$3,202,391	\$10,370,924
92000 Asset Management Fee						\$57,720	-\$57,720	\$0
92100 Tenant Services - Salaries								
92200 Relocation Costs						\$64		\$64
92300 Employee Benefit Contributions - Tenant Services								
92400 Tenant Services - Other								
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$64	\$0	\$64
93100 Water		\$24,231	\$47,178	\$1,725	\$5,157	\$360,489		\$360,489
93200 Electricity		\$113,970	\$5,615	\$59,517	\$1,192	\$230,974		\$230,974
93300 Gas		\$24,947	\$98	\$2,147	\$421	\$34,852		\$34,852
93400 Fuel								
93500 Labor								
93600 Sewer		\$89,296	\$24,239	\$689	\$4,497	\$317,573		\$317,573
93700 Employee Benefit Contributions - Utilities						\$83,967		\$83,967
93800 Other Utilities Expense		\$51,036	\$26,642	\$4,344	\$2,455	\$357,408		\$357,408
93000 Total Utilities	\$0	\$303,480	\$103,772	\$68,422	\$13,722	\$1,385,263	\$0	\$1,385,263
94100 Ordinary Maintenance and Operations - Labor		\$95,158	\$23,791	\$94,790	\$6,162	\$498,163		\$498,163
94200 Ordinary Maintenance and Operations - Materials and Other		\$76,900	\$31,227	\$20,115	\$8,543	\$452,939		\$452,939
94300 Ordinary Maintenance and Operations Contracts	\$51	\$103,028	\$63,095	\$441,310	\$59,140	\$1,835,221		\$1,835,221
94500 Employee Benefit Contributions - Ordinary Maintenance								
94000 Total Maintenance	\$51	\$275,086	\$118,113	\$556,215	\$73,845	\$2,786,323	\$0	\$2,786,323
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs								
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance		\$23,525	\$10,987	\$8,764	\$4,279	\$182,618		\$182,618
96120 Liability Insurance		\$4,593	\$1,531	\$907		\$24,137		\$24,137
96130 Workmen's Compensation	-\$13	\$11,821	\$7,560	\$37,967	\$792	\$114,078		\$114,078
96140 All Other Insurance		\$3,224	\$2,698	\$19,546	\$309	\$47,912		\$47,912
96100 Total Insurance Premiums	-\$13	\$43,163	\$22,776	\$67,186	\$5,370	\$368,745	\$0	\$368,745

Housing Authority of Fresno County (CA028)
Fresno, CA
Entity Wide Revenue and Expense Summary
Submission Type: Audited/Single Audit
Fiscal Year End: 12/31/2019

	14.235 Supportive Housing Program	2 State/Local	1 Business Activities	COCC	6.1 Component Unit - Discretely Presented	Subtotal	ELIM	Total
96200 Other General Expenses	\$425	\$269,549	\$753,263	\$180,488	\$253	\$3,208,905		\$3,208,905
96210 Compensated Absences		\$28,771	\$52,227	\$214,530	\$1,602	\$569,816		\$569,816
96300 Payments in Lieu of Taxes						\$174,726		\$174,726
96400 Bad debt - Tenant Rents		\$133				\$30,505		\$30,505
96500 Bad debt - Mortgages								
96600 Bad debt - Other			\$1,523	\$8,267		\$9,790		\$9,790
96800 Severance Expense				\$2,812		\$2,812		\$2,812
96000 Total Other General Expenses	\$425	\$298,453	\$807,013	\$406,097	\$1,855	\$3,996,554	\$0	\$3,996,554
96710 Interest of Mortgage (or Bonds) Payable								
96720 Interest on Notes Payable (Short and Long Term)					\$98,500	\$119,023		\$119,023
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$98,500	\$119,023	\$0	\$119,023
96900 Total Operating Expenses	\$75,557	\$1,599,732	\$2,210,647	\$5,678,327	\$269,099	\$22,287,007	-\$3,260,111	\$19,026,896
97000 Excess of Operating Revenue over Operating Expenses	-\$1,968	\$821,685	\$7,071,594	-\$1,239,777	-\$133,012	\$44,371,869	\$0	\$44,371,869
97100 Extraordinary Maintenance			\$123,195	\$5,842		\$129,037		\$129,037
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments		\$86,656				\$39,658,091		\$39,658,091
97350 HAP Portability-In								
97400 Depreciation Expense		\$193,960	\$897	\$184,382	\$114,153	\$1,542,452		\$1,542,452
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$75,557	\$1,880,348	\$2,334,739	\$5,868,551	\$383,252	\$63,616,587	-\$3,260,111	\$60,356,476
10010 Operating Transfer In								
10020 Operating transfer Out								
10030 Operating Transfers from/to Primary Government			\$900,460			\$893,900		\$893,900
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						\$310,412		\$310,412
10092 Inter Project Excess Cash Transfer Out						-\$310,412		-\$310,412
10093 Transfers between Program and Project - In								
10094 Transfers between Project and Program - Out								
10100 Total Other financing Sources (Uses)	\$0	\$0	\$900,460	\$0	\$0	\$893,900	\$0	\$893,900
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$1,968	\$541,069	\$7,847,962	-\$1,430,001	-\$247,165	\$3,936,189	\$0	\$3,936,189
11020 Required Annual Debt Principal Payments	\$0	\$0	\$3,219,054	\$0	-\$214,561	\$3,192,589		\$3,192,589
11030 Beginning Equity	-\$40,947	\$1,227,380	\$47,747,658	-\$2,502,789	-\$2,139,810	\$50,266,704		\$50,266,704
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$28,876	\$135,886	\$12,508	\$638	\$86,817		\$86,817
11050 Changes in Compensated Absence Balance								
11060 Changes in Contingent Liability Balance								
11070 Changes in Unrecognized Pension Transition Liability								
11080 Changes in Special Term/Severance Benefits Liability								
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity						-\$3,726,965		-\$3,726,965
11180 Housing Assistance Payments Equity						\$4,514		\$4,514
11190 Unit Months Available	0	2,328	4,336	0	2,160	85,001		85,001
11210 Number of Unit Months Leased	0	1,402	4,268	0	2,134	83,791		83,791
11270 Excess Cash						\$540,637		\$540,637
11610 Land Purchases				\$0		\$0		\$0
11620 Building Purchases				\$0		\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases				\$0		\$0		\$0
11640 Furniture & Equipment - Administrative Purchases				\$0		\$0		\$0
11650 Leasehold Improvements Purchases				\$0		\$0		\$0
11660 Infrastructure Purchases				\$0		\$0		\$0
13510 CFFP Debt Service Payments				\$0		\$0		\$0
13901 Replacement Housing Factor Funds				\$0		\$0		\$0

Housing Authority of

Fresno County

Statistical Section:

Financial Trends

Revenue Capacity

Debt Capacity

Demographic and Economic Information

Operating Information



HOUSING AUTHORITY OF FRESNO COUNTY

Statistical Section

This section provides additional information regarding the Authority in the following following categories:

Financial Trends	show how the Authority's financial position has changed over time	Table 1-2
Revenue Capacity	the tables in this section show the Authority's ability to generate revenue	Table 3-4
Debt Capacity	show the Authority's debt burden over time and provide information on the ability to issue debt	Table 5
Demographics and Economic Statistics	the tables in this section portray the socioeconomic environment and provide information to allow companies over time and comparison to other governments	Table 6-8
Operating Information	the purpose of these tables is to show the Authority's operations and provide information to assess the government's economic condition	Table 9-10

Table 1**HOUSING AUTHORITY OF FRESNO COUNTY****Financial Trends****Net Position by Component
Last Ten Fiscal Years* (Unaudited)**

Year	Net Investment in capital assets	Restricted	Unrestricted	Total
2011	\$ 18,091,172	\$ 9,854,691	\$ 13,431,271	\$ 41,377,134
2012	20,048,589	4,615,044	8,997,257	33,660,890
2013	14,834,288	2,526,572	26,656,754	44,017,614
2014	12,654,292	2,177,745	28,121,466	42,953,503
2015	10,321,249	2,889,384	25,521,478	38,732,111
2016	10,206,099	2,779,750	28,441,783	41,427,632
2017	9,822,921	2,377,669	36,178,001	48,378,591
2018	10,394,276	1,995,584	40,016,653	52,406,513
2019	9,274,860	1,271,754	46,129,438	56,676,052

Source: Previous year's audits and current year financial statements

* Information for 2010 is not available as the audited financial statements for Housing Authority of the City and County of Fresno was consolidated.

Table 2

HOUSING AUTHORITY OF FRESNO COUNTY

Financial Trends

Change in Net Position
Last Ten Fiscal Years* (Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>OPERATING REVENUES:</u>									
Rental revenue	\$ 4,430,036	\$ 4,183,367	\$ 4,172,897	\$ 3,575,138	\$ 3,608,289	\$ 3,686,642	\$ 3,470,504	\$ 3,694,908	\$ 3,650,358
Fee revenue		80,733	82,202	386,357	298,248	482,856	748,301	580,458	634,849
HUD grants	45,256,288	35,685,906	42,730,660	41,652,371	43,330,623	41,610,416	41,877,230	41,484,470	47,174,954
Other governmental grants	1,636,364	1,161,353	997,777	1,001,526	1,830,572	1,267,822	2,929,546	2,024,399	1,559,562
Developer Fee Revenue								3,685,245	1,634,322
Other revenue	978,131	1,135,766	1,600,703	1,408,761	731,021	691,674	1,472,260	1,031,054	895,760
Total operating revenue	52,300,819	42,247,125	49,584,239	48,024,153	49,798,753	47,739,410	50,497,841	52,500,534	55,549,805
<u>OPERATING EXPENSES:</u>									
Administrative expense	7,436,586	8,305,560	7,622,189	7,762,995	8,894,131	8,353,627	9,100,447	10,662,276	10,034,827
Tenant services expense	12,650	28,313	20,493	18,658	587,452	12,713	8,381	758,574	576,561
Utilities	1,207,714	1,270,512	1,337,943	1,334,953	1,066,865	1,076,236	1,453,782	1,323,772	1,363,723
Maintenance and operations	3,186,973	2,847,348	3,252,759	2,513,618	2,635,242	2,434,489	2,527,771	2,701,837	2,518,525
Protective services	30,845	46,596	24,661	56,674	33,433	34,255	31,523	56,658	48,074
Insurance	278,938	563,131	569,319	354,286	428,823	502,349	474,865	526,118	363,375
General expenses	1,417,079	1,490,564	1,085,381	1,057,281	708,109	1,464,218	1,728,640	1,246,895	1,425,137
Housing assistance payments	33,403,300	33,766,230	34,526,205	34,467,829	35,680,126	32,966,932	33,853,191	34,502,667	39,571,456
Depreciation	2,544,886	2,450,530	2,088,632	1,780,833	2,243,938	1,967,693	1,424,089	1,629,694	1,428,300
Total operating expenses	49,518,971	50,768,784	50,527,582	49,347,127	52,278,119	48,812,512	50,602,689	53,408,491	57,329,978
Operating income (loss)	2,781,848	(8,521,659)	(943,343)	(1,322,974)	(2,479,366)	(1,073,102)	(104,848)	(907,957)	(1,780,173)
<u>NONOPERATING REVENUES (EXPENSES):</u>									
Interest revenue, unrestricted	16,569	162,897	72,678	21,651	1,868	9,520	2,718	4,975	26,752
Interest revenue, restricted	17,736	11,049	1,650	4,473	3,153	6,096	2,563	4,100	5,614
Interest revenue on notes receivable	-	87,513	-	131,780	328,511	762,851	834,661	1,076,263	1,086,450
Interest expense	(268,992)	(295,296)	(113,885)	(130,594)	(81,538)	(87,211)	(65,617)	(32,464)	(20,523)
Fraud recovery	34,394	21,650	11,746	2,517	15,819	11,173	26,946	26,639	63,039
Share of joint venture net income	80,051	141,391	260,750	54,432	400,264	470,216	283,126	1,854,502	175,980
Loss from equity interest in component unit	-	-	(148,399)	(107,283)	(112,072)	(27,405)	(166,456)	(116,529)	(123,195)
Loss from Insurance Proceeds	-	-	-	-	-	-	-	(14,397)	(4,500)
Write off in Interest Receivable	-	-	-	-	-	-	-	(428,946)	-
Developer fees	-	108,721	1,181,951	261,677	987,060	1,399,766	2,220,176	-	-
Transfer from/(to) related party	-	-	-	-	(186,864)	(50,815)	600	59,504	(849,799)
Gain (loss) on sale/disposition of capital assets	(2,139)	(87,439)	8,677,458	20,210	133,868	1,139,654	3,960,971	2,129,490	3,084,549
Total nonoperating revenues (expenses)	(122,381)	150,486	9,943,949	258,863	1,490,069	3,633,845	7,099,688	4,563,137	3,444,367
Net income (loss) before contributions and transfers	2,659,467	(8,371,173)	9,000,606	(1,064,111)	(989,297)	2,560,743	6,994,840	3,655,180	1,664,194
Capital contributions	1,736,212	1,641,291	1,098,798	-	159,853	-	67,608	215,605	2,520,488
Increase (decrease) in net position	4,395,679	(6,729,882)	10,099,404	(1,064,111)	(829,444)	2,560,743	7,062,448	3,870,785	4,184,682
Net position, beginning of year	36,981,454	40,390,771	33,660,890	44,017,614	42,953,503	38,729,538	41,427,632	48,378,591	52,406,513
Prior period adjustment	-	-	257,321	-	(3,391,954)	137,350	(111,489)	157,137	84,856
Adjusted net position, beginning of year	36,981,454	40,390,771	33,918,211	44,017,614	39,561,549	38,866,888	41,316,143	48,535,728	52,491,369
Net assets at end of year	\$41,377,133	\$33,660,889	\$44,017,615	\$42,953,503	\$ 38,732,105	\$41,427,631	\$48,378,591	\$ 52,406,513	\$56,676,051

Source: Previous year's audits and current year financial statements

* Information for 2010 is not available as the audited financial statements for Housing Authority of the City and County of Fresno was consolidated.

Table 3

HOUSING AUTHORITY OF FRESNO COUNTY
Revenue Capacity

Operating Revenues by Source
Last Ten Fiscal Years* (Unaudited)

Year	Tenant rentals		Housing assistance payment subsidies		Other Governmental grants		Fee revenue		Other revenue		Developer Fee Revenue		Total	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	Total
2011	\$4,430,036	8	\$45,256,288	87	\$1,636,364	3	\$ -	-	\$ 978,131	2	-	-	\$52,300,819	100
2012	4,183,367	10	35,685,906	84	1,161,353	3	80,733	0	1,135,766	3	-	-	42,247,125	100
2013	4,172,897	8	42,730,660	86	997,777	2	82,202	0	1,600,703	3	-	-	49,584,239	100
2014	3,575,138	7	41,652,371	87	1,001,526	2	386,357	1	1,408,761	3	-	-	48,024,153	100
2015	3,608,289	7	43,330,623	87	1,830,572	4	298,248	1	731,021	1	-	-	49,798,753	100
2016	3,686,642	8	41,610,416	87	1,267,822	3	482,856	1	691,674	1	-	-	47,739,410	100
2017	3,470,504	7	41,877,230	83	2,929,546	6	748,301	1	1,472,260	3	-	-	50,497,841	100
2018	3,694,908	7	41,484,470	79	2,024,399	4	580,458	1	1,031,054	2	3,685,245	7	52,500,534	100
2019	3,650,358	7	47,174,954	85	1,559,562	3	634,849	1	895,760	2	1,634,322	3	55,549,805	100

Source: Previous year's audits and current year financial statements

* Information for 2010 is not available as the audited financial statements for Housing Authority of the City and County of Fresno was consolidated.

Table 4

HOUSING AUTHORITY OF FRESNO COUNTY

Revenue Capacity

Non-Operating Revenues by Source
Last Ten Fiscal Years* (Unaudited)

Year	Interest Income		Fraud recovery		Share of joint venture net income		Developer Fees		Transfer from (to) other related entities		Gain (Loss) on Assets		Total	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	Total
2011	\$ 34,305	23	\$ 34,394	23	\$ 80,051	55	\$ -	-	\$ -	-	\$ (2,139)	(1)	\$ 146,611	100
2012	261,459	59	21,650	5	141,391	32	108,721	24	-	-	(87,439)	(20)	445,782	100
2013	74,328	1	11,746	0	260,750	3	1,181,951	12	-	-	8,677,458	85	10,206,233	100
2014	157,904	32	2,517	1	54,432	11	261,677	53	-	-	20,210	4	496,740	100
2015	333,532	20	15,819	1	400,264	24	987,060	59	(186,864)	(11.1)	133,868	8	1,683,679	100
2016	778,467	21	11,173	0	470,216	13	1,399,766	37	(50,815)	(1.4)	1,139,654	30	3,748,461	100
2017	839,942	11	26,946	0	283,126	4	2,220,176	30	600	0.0	3,960,971	54	7,331,761	100
2018	1,085,338	21	26,639	1	1,854,502	36	-	-	59,504	1.2	2,129,490	41	5,155,473	100
2019	1,118,816	31	63,039	2	175,980	5	-	-	(849,799)	(23.7)	3,084,549	86	3,592,585	100

Source: Previous year's audits and current year financial statements

* Information for 2010 is not available as the audited financial statements for Housing Authority of the City and County of Fresno was consolidated.

Table 5**HOUSING AUTHORITY OF FRESNO COUNTY****Debt Capacity****Ratio of Debt to Capital Assets
Last Ten Fiscal Years* (Unaudited)**

Year	Long - Term Debt			Capital Assets, Net	Ratio of Total
	Current portion	Noncurrent Portion	Total		Debt to Capital Assets
2011	\$ 6,864,766	\$ 274,090	\$ 7,138,856	\$ 23,240,197	30.72%
2012	6,001,662	319,343	6,321,005	23,388,584	27.03%
2013	2,353,609	1,155,332	3,508,941	17,412,223	20.15%
2014	2,230,621	758,795	2,989,416	15,507,902	19.28%
2015	3,701,859	1,744,113	5,445,972	14,319,240	38.03%
2016	3,443,890	1,630,121	5,074,011	14,824,455	34.23%
2017	4,085,046	1,871,050	5,956,096	15,779,016	37.75%
2018	3,876,006	2,495,691	6,371,697	13,619,132	46.78%
2019	3,746,661	3,407,150	7,153,811	13,281,831	53.86%

Source: Previous year's audits and current year financial statements

* Information for 2010 is not available as the audited financial statements for Housing Authority of the City and County of Fresno was consolidated.

Table 6

HOUSING AUTHORITY OF FRESNO COUNTY

Demographics and Economic Statistics

Tenant Demographics – Population Statistics Last Ten Fiscal Years* (Unaudited)

Housing Choice Voucher						
Year	Adults	Elderly	Minors	Females	Males	Total
2010	4,841	320	3,815	5,264	3,712	8,976
2011	5,332	428	4,358	6,001	4,117	10,118
2012	7,156	580	5,908	8,045	5,599	13,644
2013	7,497	661	6,071	8,374	5,855	14,229
2014	7,398	693	6,097	8,328	5,860	14,188
2015	8,915	907	7,455	10,205	7,072	17,277
2016	7,202	846	6,251	8,418	5,881	14,299
2017	5,846	824	4,468	6,647	4,491	11,138
2018	7,864	1,127	6,165	9,085	6,071	15,156
2019	6,688	1,107	5,475	7,903	5,367	13,270

Public Housing						
Year	Adults	Elderly	Minors	Females	Males	Total
2010	818	110	628	902	654	1,556
2011	961	131	711	1,037	766	1,803
2012	1,060	145	817	1,143	879	2,022
2013	1,070	153	877	1,185	915	2,100
2014	852	134	705	967	724	1,691
2015	1,105	196	866	1,220	947	2,167
2016	896	166	714	1,014	762	1,776
2017	893	159	627	993	686	1,679
2018	895	161	651	1,014	693	1,707
2019	930	162	669	1,053	708	1,761

Affordable Housing						
Year	Adults	Elderly	Minors	Females	Males	Total
2016	88	5	154	163	84	247
2017	76	8	139	152	71	223
2018	93	5	143	159	82	241
2019	124	11	184	206	113	319

Source: IT Department from Housing Authority of Fresno County

Note: The demographic data for affordable housing prior to 2016 is not available.

Demographic data managed by 3rd party management is not included.

Table 7

HOUSING AUTHORITY OF FRESNO COUNTY

Demographics and Economic Statistics

Principal Employers Current Year and Nine Years Ago* (Unaudited)

Employer	2019			2010		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Fresno Unified School District	14,238	1	3.41%	8,400	2	2.32%
Community Medical Centers	8,500	2	2.03%	6,200	3	1.72%
County of Fresno	8,341	3	1.99%	8,654	1	2.39%
Clovis Unified School District	8,313	4	1.99%	5,000	4	1.38%
California State University, Fresno	5,766	5	1.38%	-	-	0.00%
State Center Community College	5,192	6	1.24%	-	-	0.00%
City of Fresno	4,556	7	1.09%	2,600	5	0.72%
Children's Hospital of Central CA	4,140	8	0.99%	-	-	0.00%
Saint Agnes Medical	2,696	9	0.64%	-	-	0.00%
Kaiser Permanente Medical	2,300	10	0.55%	2,000	8	0.55%
California DMV	-	-	-	2,533	6	0.70%
United States Postal Services	-	-	-	2,421	7	0.67%
California Department of Correction	-	-	-	2,000	9	0.55%
Hall Management Services	-	-	-	2,000	10	0.55%
Total	64,042		15.32%	41,808		11.57%
Fresno County Employment	418,100			361,400		

Source: Employer Information - Fresno County Comprehensive Annual Financial Report
County of Fresno Employment Information - Employment Development Department (EDD) - Labor Market Information State, California

Table 8**HOUSING AUTHORITY OF FRESNO COUNTY**

Demographics and Economic Statistics

Regional Demographics – Population Statistics
Last Ten Fiscal Years* (Unaudited)

Year	Population	Personal Income*	Per Capita Personal Income	Unemployment Rate
2010	933,238	31,641	33,948	17.4%
2011	943,968	32,616	34,717	16.4%
2012	952,866	33,176	35,095	14.7%
2013	960,412	33,644	35,340	12.7%
2014	969,682	36,265	37,725	11.1%
2015	979,827	39,009	40,198	10.0%
2016	988,682	39,467	40,357	9.6%
2017	999,423	40,063	40,610	8.3%
2018	1,010,837	41,401	41,635	7.8%
2019	1,021,960	Not Available	Not Available	6.9%

Source:

Population: California State Department of Finance, Demographic Research Unit

Personal Income: Bureau of Economic Analysis (BEA)

Per Capita Personal Income: Bureau of Economic Analysis (BEA)

Unemployment Rate: California Employment Development Department (EDD),
Labor Market Information Division

* Amount in thousands

Table 9

HOUSING AUTHORITY OF FRESNO COUNTY

Operating Information

Property Characteristics and Dwelling Unit Composition December 31, 2019 (Unaudited)

Public housing			
Name of development	Address	Number of units	Year built or acquired
Sunset I	629 E. Springfield St.	20	1952
Cazares Terrace	36468 "O" St.	24	1953
Helsem Terrace	14595 W. "B" St.	40	1953
Mendoza Terrace	1625 Allardt Dr.	40	1952
Taylor Terrace	8410 Fifth St.	28	1953
Marcelli Terrace	4887 N. Barcus	24	1953
Mendoza Terrace II	1613 Mendoza Dr.	50	1962
Cazares Terrace II	36333 Mouren St.	20	1963
Del Rey Apartments	5662 Oaklane Ave.	30	1966
Firebaugh Elderly	1662 Thomas Conboy Ave.	30	1968
Laton Apartments	6701 Latonia Ave.	20	1968
San Joaquin Apartments	22297 W. Idaho St.	20	1968
Biola Apartments	4955 Seventh Street	12	1969
Huron Apartments	36737 Los Angeles St.	20	1969
Pinedale Apartments	160 W. Minarets	42	1969
Cardella Courts	419 "P" St.	32	1982
Pinedale Apartments	160 W. Minarets	16	1983
Wedgewood Commons	2415 Fifth Street	64	1986
DeSoto Gardens	640 E. California Avenue	40	1990
Total units - Public Housing		572	
Affordable Housing			
Name of development	Address	Number of units	Year built or acquired
Parkside Apartments	36200 N. Giffen Ave.	50	1979
Farm Labor Housing			
Name of development	Address	Number of units	Year built or acquired
Mendota Farm Labor	191 Tuft	60	1971
Orchard Apartments	Rehab Construction	40	1987
Total units - Farm Labor Housing		100	
Total Units		722	

Table 10**HOUSING AUTHORITY OF FRESNO COUNTY****Operating Information****Employee Demographics
December 31, 2019 (Unaudited)**

Calendar year	Black	Asian/ Pacific Islander	White	Hispanic	Others	Total
2010	32	21	72	102	5	232
2011	30	21	71	103	4	229
2012	31	20	66	99	3	219
2013	31	17	67	90	4	209
2014	25	19	72	89	7	212
2015	21	17	69	97	6	210
2016	21	19	68	93	5	206
2017	24	19	65	102	6	216
2018	23	23	61	111	9	227
2019	15	24	56	108	12	215

Source: Human Resource Department

Note: The County and City Housing Authorities operate and report separately while sharing the same management team and staff represented above.

SINGLE AUDIT REPORTS AND RELATED SCHEDULES

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

Independent Auditor's Report

Board of Commissioners
Housing Authority of Fresno County
Fresno, California

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, 2019, 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 ____, 2020. 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 2019-001, 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*.

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.

Irvine, California
September _____, 2020

**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**

Independent Auditor's Report

Board of Commissioners
Housing Authority of Fresno County
Fresno, California

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, 2019. 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, 2019.

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, 2019 and have issued our report thereon dated September ____, 2020, which contained an unmodified opinion on the financial statements. 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.

Irvine, California
September ____, 2020

**HOUSING AUTHORITY OF FRESNO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019**

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		\$ 127,698
Farm labor housing Loans and Grants (Loans)	10.405		570,119
Farm labor housing Loans and Grants (Capital Grant)	10.427		775,488
Subtotal - Department of Agriculture			<u>1,473,305</u>
Department of Housing and Urban Development:			
Direct Assistance:			
Supporting Housing Program	14.235		72,932
Public and Indian Housing	14.850	Contract # SF-170	2,360,885
Public Housing Family Self-Sufficiency Under Resident Opportunity and Supportive Services	14.870	CA006RFS015A007	78,814
Section 8 Housing Voucher Program	14.871	Contract # SF-472	43,982,087
Section 8 Family Self-Sufficiency	14.896		66,413
Public Housing Capital Funds Program	14.872	Contract # SF-170	2,352,322
Subtotal - HUD Direct Assistance			<u>48,913,454</u>
Passed through the State of California Housing Finance Agency:			
Section 8 New Construction and Sub Rehab	14.182	CHFA # 76-54-N	132,648
Subtotal - U.S. Department of Housing and Urban Development			<u>49,046,102</u>
Total expenditures of federal awards			<u>\$ 50,519,407</u>

See accompanying notes to the schedule of expenditures of federal awards.

HOUSING AUTHORITY OF FRESNO COUNTY

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2019

(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 Agency 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, 2019, the Agency disbursed no federal funds to subrecipients.

(d) 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 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, 2019, the outstanding balance for all the notes is \$570,119.

HOUSING AUTHORITY OF FRESNO COUNTY

Schedule of Findings and Questioned Costs

Year ended December 31, 2019

(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, 2019-001 |
| 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

14.871

Name of Federal Program or Cluster

U.S. Dept. of Housing and Urban
Development – Section 8 Housing Choice
Vouchers

14.872

U.S. Dept. of Housing and Urban
Development – Public Housing Capital
Fund

HOUSING AUTHORITY OF FRESNO COUNTY

Schedule of Findings and Questioned Costs

(Continued)

(A) Summary of Auditor's Results, (continued)

Federal Awards, (continued)

- | | |
|--|-------------|
| 5. Dollar threshold used to distinguish
between Type A and Type B programs: | \$1,515,582 |
| 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.

2019-001: 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 audit adjustment related to unearned revenue.

Recommendation:

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

Management's Response Regarding Corrective Action Taken or Planned:

HOUSING AUTHORITY OF FRESNO COUNTY

Schedule of Findings and Questioned Costs

(Continued)

(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.

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HOUSING AUTHORITY OF FRESNO COUNTY

Summary Schedule of Prior Audit Findings

Year ended December 31, 2019

There were no findings noted in the Single Audit Report for the year ended December 31, 2018.

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