

**Housing Authority of**

**Fresno County**

Fresno, California

**Comprehensive Annual Financial Report**

Year ended

December 31, 2019



**HOUSING AUTHORITY OF FRESNO COUNTY**

**Comprehensive Annual Financial Report**

**For the year ended December 31, 2019**

Issued by  
Accounting & Finance Department

# HOUSING AUTHORITY OF FRESNO COUNTY

## Fresno, California Year Ended December 31, 2019 TABLE OF CONTENTS

	<u>Page</u>
<b>Introductory Section</b>	
Transmittal Letter	i
Organizational Chart	vi
Principal Officials	vii
<b>Financial Section</b>	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Financial Statements:	
Statement of Net Position	11
Statement of Revenue, Expenses and Changes in Net Position	14
Statement of Cash Flows	16
Notes to the Basic Financial Statements	19
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios	58
Schedule of Plan Contributions	59
Supplemental Information:	
Conventional Program SF-195: Schedule of Moderization Costs for Completed Projects	61
Financial Data Schedule	64
<b>Statistical Section</b>	
Net Position (Table 1)	74
Change in Net Position (Table 2)	75
Operating Revenues by Source (Table 3)	76
Non-operating Revenues by Source (Table 4)	77
Ratio of Debt to Capital Assets (Table 5)	78
Tenant Demographics – Population Statistics (Table 6)	79
Principal Employers (Table 7)	80
Regional Demographics – Population Statistics (Table 8)	81
Property Characteristics and Dwelling Unit Composition (Table 9)	82
Employee Demographics (Table 10)	83
<b>Single Audit Section</b>	
Independent Auditor's Reports	85
Schedule of Expenditures of Federal Awards	90
Notes to Schedule of Expenditures of Federal Awards	91
Schedule of Findings and Questioned Costs	92
Summary Schedule of Prior Audit Findings	95

**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](http://www.fresnohousing.org)

September 18, 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,

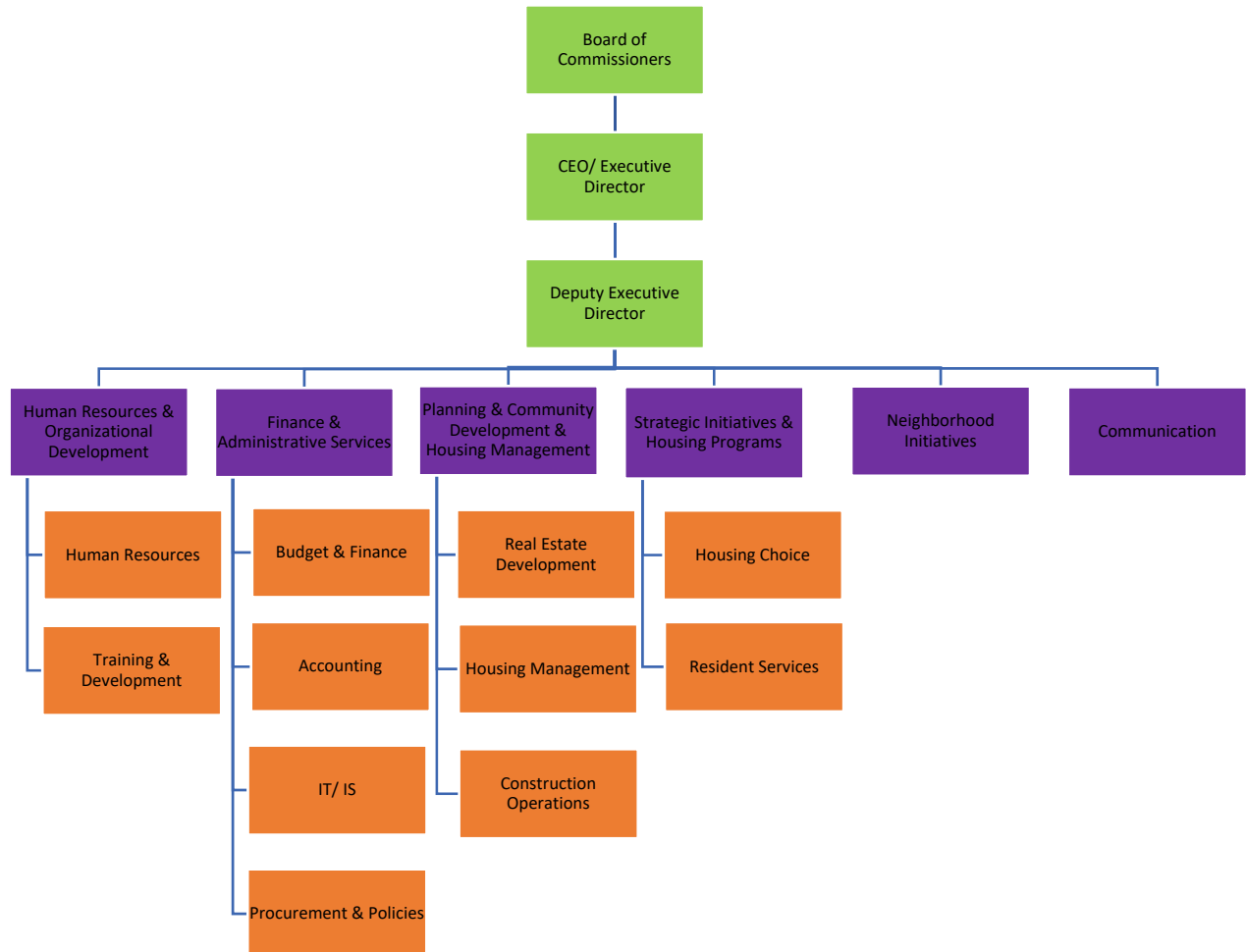


Preston Prince  
CEO/Executive Director



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

## **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 22 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 September 18, 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  
September 18, 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
<b>Assets</b>				
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>
<b>Liabilities</b>				
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	20,541,617	17,442,169	3,099,448	17.77%
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>
<b>Net Position</b>				
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	46,129,437	40,016,653	6,112,784	15.28%
Total Net Position	56,676,051	52,406,513	4,269,538	8.15%
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

**THIS PAGE INTENTIONALLY LEFT BLANK**

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**Fresno, California**

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

	<b>2019</b>		<b>2018</b>	
<b>ASSETS AND DEFERRED OUTFLOWS</b>	<b>Primary Government</b>	<b>Kerman Acre, L.P.</b>	<b>Primary Government</b>	<b>Kerman Acre, L.P.</b>
<b>Current Assets</b>				
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
<b>Total Current Assets</b>	<b>8,334,705</b>	<b>62,683</b>	<b>5,638,557</b>	<b>52,089</b>
<b>Restricted Assets</b>				
Restricted Cash	2,646,854	12,828	2,318,083	41,521
<b>Total Restricted Assets</b>	<b>2,646,854</b>	<b>12,828</b>	<b>2,318,083</b>	<b>41,521</b>
<b>Non-Current Assets</b>				
<b>Capital Assets</b>				
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
<b>Total Capital Assets, Net</b>	<b>13,281,831</b>	<b>2,283,795</b>	<b>13,619,132</b>	<b>2,397,948</b>
<b>Other Non-Current Assets</b>				
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	-
<b>Total Other Non-Current Assets</b>	<b>51,179,218</b>	<b>-</b>	<b>46,643,228</b>	<b>-</b>
<b>Total Assets</b>	<b>75,442,608</b>	<b>2,359,306</b>	<b>68,219,000</b>	<b>2,491,557</b>
<b>Deferred Outflow of Resources - Pension Related</b>	<b>2,047,772</b>	<b>-</b>	<b>1,908,038</b>	<b>-</b>
<b>Total Deferred Outflow of Resources</b>	<b>2,047,772</b>	<b>-</b>	<b>1,908,038</b>	<b>-</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 77,490,380</b>	<b>\$ 2,359,306</b>	<b>\$ 70,127,038</b>	<b>\$ 2,491,557</b>

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.
<b>Current Liabilities</b>				
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
<b>Total Current Liabilities</b>	<b>6,926,920</b>	<b>231,642</b>	<b>5,105,903</b>	<b>215,867</b>
<b>Non-Current Liabilities</b>				
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	-
<b>Total Non-Current Liabilities</b>	<b>13,614,697</b>	<b>4,514,000</b>	<b>12,336,266</b>	<b>4,415,500</b>
<b>Total Liabilities</b>	<b>20,541,617</b>	<b>4,745,642</b>	<b>17,442,169</b>	<b>4,631,367</b>
<b>Deferred Inflows of Resources - Pension Related</b>	272,712	-	278,356	-
<b>Total Deferred Inflows of Resources</b>	<b>272,712</b>	<b>-</b>	<b>278,356</b>	<b>-</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>20,814,329</b>	<b>4,745,642</b>	<b>17,720,525</b>	<b>4,631,367</b>
<b>Net Position</b>				
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)
<b>Total Net Position</b>	<b>56,676,051</b>	<b>(2,386,336)</b>	<b>52,406,513</b>	<b>(2,139,810)</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 77,490,380</b>	<b>\$ 2,359,306</b>	<b>\$ 70,127,038</b>	<b>\$ 2,491,557</b>

See accompanying notes to the basic financial statement

**THIS PAGE INTENTIONALLY LEFT BLANK**

**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)**

	<b>2019</b>		<b>2018</b>	
	<b>Primary Government</b>	<b>Kerman Acre, L.P.</b>	<b>Primary Government</b>	<b>Kerman Acre, L.P.</b>
<b>Operating Revenues</b>				
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
<b>Total Operating Revenues</b>	<b>55,549,805</b>	<b>136,087</b>	<b>52,500,534</b>	<b>145,867</b>
<b>Operating Expenses</b>				
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
<b>Total Operating Expenses</b>	<b>57,329,978</b>	<b>284,752</b>	<b>53,408,491</b>	<b>264,768</b>
<b>Operating Income (Loss)</b>	<b>(1,780,173)</b>	<b>(148,665)</b>	<b>(907,957)</b>	<b>(118,901)</b>
<b>Non-Operating Revenues (Expenses)</b>				
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	-
<b>Total Non-Operating Revenues</b>	<b>3,444,367</b>	<b>(98,500)</b>	<b>4,563,137</b>	<b>(100,835)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>1,664,194</b>	<b>(247,165)</b>	<b>3,655,180</b>	<b>(219,736)</b>
<b>Capital Contributions</b>	<b>2,520,488</b>	<b>-</b>	<b>215,605</b>	<b>-</b>
<b>Increase (Decrease) in Net Position</b>	<b>4,184,682</b>	<b>(247,165)</b>	<b>3,870,785</b>	<b>(219,736)</b>
<b>Net Position, Beginning of Year</b>	<b>52,406,513</b>	<b>(2,139,809)</b>	<b>48,378,591</b>	<b>(1,916,322)</b>
Prior Period Adjustment	84,856	638	157,137	(3,751)
<b>Adjusted Net Position, Beginning of Year</b>	<b>52,491,369</b>	<b>(2,139,171)</b>	<b>48,535,728</b>	<b>(1,920,073)</b>
<b>Net Position, End of Year</b>	<b>\$ 56,676,051</b>	<b>\$ (2,386,336)</b>	<b>\$ 52,406,513</b>	<b>\$ (2,139,809)</b>

See accompanying notes to the basic financial statement

**THIS PAGE INTENTIONALLY LEFT BLANK**

**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>
<b>Cash Flows from Operating Activities:</b>		
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>
<b>Cash Flows From Capital Financing Activities:</b>		
Grants received to acquire/construct capital assets	2,520,488	215,604
Acquisition of capital assets	(3,116,333)	(403,376)
Proceeds from sale of capital assets	5,095,108	-
Proceeds from issuance of notes payable	3,122,064	2,623,260
Principal paid on notes payable	(2,339,950)	(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>
<b>Cash Flows From Investing Activities:</b>		
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>
<b>Reconciliation of Change in Net Position to Net</b>		
<b>Cash Provided By (Used For) Operating Activities:</b>		
Operating income (loss)	\$ (1,780,173)	\$ (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	(862,740)	(352,910)
(Increase) decrease in notes receivable	(3,748,707)	-
(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>
<b>Reconciliation of Cash Per Statement of Net Position to Cash Per Statement of Cash Flows:</b>		
Cash and investments	\$ 6,116,152	\$ 4,029,909
Restricted cash	<u>2,646,854</u>	<u>2,318,083</u>
Cash at end of year	<u>\$ 8,763,006</u>	<u>\$ 6,347,992</u>
<b>Significant noncash transactions:</b>		
Note received for the sale of property	\$ -	\$ 3,345,000
Net capital assets sold for a note	\$ -	\$ 1,247,686
Donation of a capital asset	\$ 548,230	\$ -

See accompanying notes to the basic financial statements.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**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
<b>Total Cash</b>	<b>\$ 8,763,006</b>	<b>\$ 70,669</b>

**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.

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

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.

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

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:				Kerman Acre, LP		
	Cash Restriction	In Liabilities	In Restricted Net Assets	Cash Restriction	In Liabilities	In Restricted Net Assets
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
	<b>\$ 2,646,854</b>	<b>\$ 1,375,100</b>	<b>\$ 1,271,754</b>	<b>\$ 12,828</b>	<b>\$ 6,064</b>	<b>\$ 6,764</b>

**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.

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

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>

(Remainder of page intentionally left)

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

**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
<b>TOTAL</b>	<b>\$ 29,093,093</b>	<b>\$ 3,748,707</b>	<b>\$ -</b>	<b>\$ 32,841,800</b>	<b>\$ 3,483,447</b>

**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

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

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

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

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.

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

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.

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

**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
<b>Total Assets Held for Sale</b>	<b><u>\$ 345,628</u></b>

**8) Changes in Capital Assets**

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

	<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	\$ 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>
<b>TOTAL</b>	<b><u>\$ 13,619,132</u></b>	<b><u>\$ 4,761,196</u></b>	<b><u>\$ (5,098,497)</u></b>	<b><u>\$ 13,281,831</u></b>

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

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

**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
<b>Total Investment in Joint Venture</b>	<b><u>\$ 15,725,374</u></b>

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.

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

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>
<b>Notes payable - non-related parties:</b>					
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	<u>3,255,693</u>	<u>-</u>	<u>(165,777)</u>	<u>3,089,916</u>	<u>188,096</u>
<b>Notes payable - related parties:</b>					
P&CD (Various pre-dev) to HRFC	2,271,163	3,122,064	(2,174,173)	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	<u>3,116,004</u>	<u>3,122,064</u>	<u>(2,174,173)</u>	<u>4,063,895</u>	<u>3,219,054</u>
<b>Other Liabilities:</b>					
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	-
	<u>8,358,568</u>	<u>2,372,192</u>	<u>(619,683)</u>	<u>10,111,077</u>	<u>243,041</u>
<b>Total</b>	<u><b>\$ 14,730,265</b></u>	<u><b>\$ 5,494,256</b></u>	<u><b>\$ (2,959,633)</b></u>	<u><b>\$ 17,264,888</b></u>	<u><b>\$ 3,650,191</b></u>

\*Restated to include the prior period adjustments on interest.

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

The schedule of debt payments to maturity are as follows:

Year Ending December 31	Notes		
	Principal	Interest	Total
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.

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

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.

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

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
	<b>\$</b>	<b>404,848</b>

**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
	<b>\$</b>	<b>325,406</b>

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

**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.

<b>Contract Package</b>			
	Active Miscellaneous	Active Miscellaneous - PEPRA	Receiving Miscellaneous
<b>Benefit Provision</b>			
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	
<b>Pre-Retirement Death Benefits</b>			
Optional Settlement 2W	No	No	
1959 Survivor Benefit Level	No	No	
Special	No	No	
Alternate (firefighters)	No	No	
<b>Post-Retirement Death Benefits</b>			
Lump Sum	\$500	\$500	\$500
Survivor Allowance (PRSA)	No	No	No
COLA	2%	2%	2%

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

**Employees Covered:**

Summary of Valuation Data (Counts)

	<u>June 30, 2018</u>
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  
YEAR ENDED DECEMBER 31, 2019**

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 <sup>1</sup>	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

<sup>1</sup> 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

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

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 <sup>1</sup>	Current Target Allocation	Real Return Year 1-10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
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.

(Remainder of page intentionally left blank)

**HOUSING AUTHORITY OF FRESNO COUNTY**  
**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:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability
<b>Balance at: 06/30/2018</b>	<b>\$ 36,569,425</b>	<b>\$ 28,813,112</b>	<b>\$ 7,756,313</b>
<b>Changes recognized for the measurement period:</b>			
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)
<b>Net Changes during 2018 - 2019</b>	<b>2,820,588</b>	<b>1,195,536</b>	<b>1,625,052</b>
<b>Balance at: 06/30/2019</b>	<b>\$ 39,390,013</b>	<b>\$ 30,008,648</b>	<b>\$ 9,381,365</b>

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.

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

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.

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

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.

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
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)
<b>Total</b>	<b>\$ 2,047,772</b>	<b>\$ (272,712)</b>

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:

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

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

## 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.

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

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).

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

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.

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

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

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

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.

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

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
<b>Net position at Beginning of Year, as Restated</b>	<b><u><u>\$ 52,491,391.49</u></u></b>

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

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>
<b>Net Position at Beginning of Year, as Restated</b>	<b><u>\$ (2,139,171)</u></b>

**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>
	<b><u>\$ 1,271,754</u></b>

**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:

	<b>Balance 12/31/2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2019</b>
Capital assets not depreciated:				
Land	\$ 119,217	\$ -	\$ -	\$ 119,217
Total capital assets not depreciated	<u>119,217</u>	<u>-</u>	<u>-</u>	<u>119,217</u>
Capital assets being depreciated:				
Dwelling structures	3,110,840	-	-	3,110,840
Dwelling equipment	327,259	-	-	327,259
Total capital assets being depreciated	<u>3,438,099</u>	<u>-</u>	<u>-</u>	<u>3,438,099</u>
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	<u>(1,159,368)</u>	<u>(114,153)</u>	<u>-</u>	<u>(1,273,521)</u>
Total capital assets, net of depreciation	<u>2,278,731</u>	<u>(114,153)</u>	<u>-</u>	<u>2,164,578</u>
<b>Total</b>	<b><u>\$ 2,397,948</u></b>	<b><u>\$ (114,153)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,283,795</u></b>

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:

	<b>Balance 12/31/2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2019</b>
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
<b>Total</b>	<b>\$ 4,415,500</b>	<b>\$ 98,500</b>	<b>\$ -</b>	<b>\$ 4,514,000</b>

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
<b>TOTAL PENSION LIABILITY</b>						
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
<b>PLAN FIDUCIARY NET POSITION</b>						
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.

## 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	\$ 1,272,618	-
2 CA01P028501-17	\$ 1,198,849	\$ 1,198,849	-
3 CA01P028501-18	\$ 1,803,426	\$ 1,803,426	-

**THIS PAGE INTENTIONALLY LEFT BLANK**

## 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			\$30,535		\$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		\$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			\$5,406	\$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 (RHF)	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
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>-\$568,212</b>	<b>-\$11,311</b>	<b>-\$95</b>	<b>-\$1,738,666</b>	<b>\$33,577</b>	<b>-\$588,196</b>	<b>\$0</b>	<b>-\$247,165</b>	<b>\$99,195</b>
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	\$670,550	\$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
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>-\$1,968</b>	<b>\$541,069</b>	<b>\$7,847,962</b>	<b>-\$1,430,001</b>	<b>-\$247,165</b>	<b>\$3,936,189</b>	<b>\$0</b>	<b>\$3,936,189</b>
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:

<b>Financial Trends</b>	show how the Authority's financial position has changed over time	Table 1-2
<b>Revenue Capacity</b>	the tables in this section show the Authority's ability to generate revenue	Table 3-4
<b>Debt Capacity</b>	show the Authority's debt burden over time and provide information on the ability to issue debt	Table 5
<b>Demographics and Economic Statistics</b>	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
<b>Operating Information</b>	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)**

<b>Year</b>	<b>Net Investment in capital assets</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>Total</b>
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
<b><u>OPERATING REVENUES:</u></b>									
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
<b><u>OPERATING EXPENSES:</u></b>									
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)
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>									
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	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	of total		of total		of total		of total		of total		of total		of 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)

<b>Housing Choice Voucher</b>						
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

<b>Public Housing</b>						
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

<b>Affordable Housing</b>						
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	<u>64,042</u>		<u>15.32%</u>	<u>41,808</u>		<u>11.57%</u>
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)

<b>Year</b>	<b>Population</b>	<b>Personal Income*</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
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)

<b>Public housing</b>			
<b>Name of development</b>	<b>Address</b>	<b>Number of units</b>	<b>Year built or acquired</b>
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		<u>572</u>	
<b>Affordable Housing</b>			
<b>Name of development</b>	<b>Address</b>	<b>Number of units</b>	<b>Year built or acquired</b>
Parkside Apartments	36200 N. Giffen Ave.	50	1979
<b>Farm Labor Housing</b>			
<b>Name of development</b>	<b>Address</b>	<b>Number of units</b>	<b>Year built or acquired</b>
Mendota Farm Labor	191 Tuft	60	1971
Orchard Apartments	Rehab Construction	40	1987
Total units - Farm Labor Housing		<u>100</u>	
Total Units		<u>722</u>	

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

<b>Calendar year</b>	<b>Black</b>	<b>Asian/ Pacific Islander</b>	<b>White</b>	<b>Hispanic</b>	<b>Others</b>	<b>Total</b>
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 18, 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.

### **Agency's Response to Finding**

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

### **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 18, 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 18, 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 18, 2020

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

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal Domestic Assistance Number</b>	<b>Program Identification Number</b>	<b>Program Expenditures</b>
<b>Department of Agriculture:</b>			
<b>Direct Assistance:</b>			
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><b>1,473,305</b></u>
<b>Department of Housing and Urban Development:</b>			
<b>Direct Assistance:</b>			
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><b>48,913,454</b></u>
<b>Passed through the State of California Housing Finance Agency:</b>			
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><b>49,046,102</b></u>
<b>Total expenditures of federal awards</b>			<u><b>\$ 50,519,407</b></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

14.872

#### **Name of Federal Program or Cluster**

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

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:**

During the audit process, the auditor identified \$1 million out of \$1.8 million grant received from USDA to be reclassified as unearned revenue since no services were performed and no goods were delivered as of December 31, 2019. Because this adjustment identified by the auditors was above the materiality threshold, it is classified as a significant deficiency. The entry was corrected on the 2019 financial statements. In the future, the Agency will review year end closing procedures and will make efforts to ensure that all material adjustments are posted prior to the start of the audit.

# **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.

**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.