

Stanislaus Regional Housing Authority

Alpine ■ Amador ■ Calaveras ■ Inyo ■ Mariposa ■ Mono ■ Stanislaus ■ Tuolumne Counties

DATE: November 8, 2018

TO: Board of Commissioners

FROM: Barbara S. Kauss, Executive Director

SUBJECT: Annual Audited Financial Statements Report for the Fiscal Year
Ended September 30, 2017

PREPARED BY: Linh Luong, Director of Finance

RECOMMENDATION

Staff recommends the Board of Commissioners adopt a motion accepting the Audited Financial Statements and related Reports for the fiscal year ended September 30, 2017.

SUMMARY

Pursuant to the Uniform Guidance as codified within 2 CFR 200 (Code of Federal Regulations, Part 200). An audit of the general-purpose financial statements for the Housing Authority of the County of Stanislaus (the "Authority") has been performed for the fiscal year ended September 30, 2017. The Audit was performed by Keller and Associates, LLP, Certified Public Accountants ("David J. Keller") as the Managing Partner.

The Basic Financial Statements have been prepared in accordance with General Accepted Accounting Principles (GAAP). The audit was conducted in accordance with generally accepted auditing standards (GAAS); the standards applicable to financial audits contained in Generally Accepted Government Auditing Standards (GAGAS), 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* (the "Uniform Guidance").

The statements were prepared under the Government Accounting Standards Board (GASB) 34 model which requires specific formats and titles be used in the presentation of the financial statements. The inclusion of a Management Discussion and Analysis (MD&A) is also required by GASB 34. The staff-prepared MD&A serves as an introduction to the entity wide financial statements. The MD&A also provides the reader with an analytical overview and relevant comparisons concerning the financial data presented in the audited financial statements. Significant change and pertinent details are explained and standard financial measurements are presented to assist the reader in evaluating the data and to demonstrate the financial position of the HACS.



The lead auditor, David J. Keller has issued an “Unmodified Opinion” that the financial statements are fairly presented in conformity with GAAP. An “unmodified opinion” is issued when the auditor has not encountered any weaknesses, as to the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as to the fairness of the presentation of the financial statements in conformity with GAAP. As required in the Uniform Guidance of 2 CFR 200, the financial statements also included the auditor’s report on the Agency’s compliance with relevant laws and regulations, and its internal controls.

Noteworthy changes from 2016 by category include:

Statements of Net Position

- Current Assets increased by approximately \$6.0 million. The increase in current assets was due primarily to a reimbursement in the form of a loan from the USDA for previously spent Authority unrestricted reserve funds, that were made as investments under the Farm Labor Housing Loans and Grants as well as surplus cash generated from operations. However, timing as to the payment of accruals has created a large end of year balance in both cash unrestricted and restricted, effectively increasing the year-end balances of cash unrestricted and restricted by approximately \$800,000.
- Total Deferred Outflow of Resources increased by \$1.8 million representing future outflows attributable to pension investment losses and projected versus actual experience factors as they are anticipated to effect the Authority’s pension plan in the future. The Deferred Outflow is being reported as a result of implementing GASB 68.
- Total Liabilities increased by approximately \$3.9 million from the prior fiscal year. The increase in total liabilities was primarily due to the funding of a USDA rehabilitation loan in the amount of \$3,000,000, as well as the recording of the annual change in net pension liability in the amount of \$1,531,000 in accordance with GASB 68 reporting requirements. The monthly debt principal payments of approximately \$347,000 paid during the year in accordance with related agreements resulted in a decrease to the total liabilities. A significant portion of the remainder of the decrease is the change in accounts payable.
- Total Deferred Inflow of Resources increased by \$283,937 representing future projected investment gains of zero, increased outflows of resources related to experience differences of \$134,741, increased outflows of resources related to pension contributions of \$146,273 and actuarial assumptions changes of \$2,923, all of which are forecasted to impact the Authority’s pension plan in future years. The Deferred Inflow is being reported as a result of implementing GASB 68.

- Net Position for Invested in Capital Assets, Net of Related Debt decreased by approximately \$2.4 million. The decrease was due to an increase in accumulated depreciation of approximately \$3.0 million netted with the completion of rehabilitation work on the Conventional Public Housing units of approximately \$1.4 million. In March of 2017, the required loan terms were fulfilled allowing for a \$3.0 million loan obligation, which was realized and recorded as an outstanding liability in the notes payable section of audited financial statements. An acquisition of 11 vacant lots, located in the City of San Andreas, 416 E. Coolidge Avenue, located in the City of Modesto a sole vacant lot, 3 NSP designated vacant lots, located in the City of Modesto representing land to be used for the development affordable housing and a duplex at 623 Leon Avenue, located within the City of Modesto for approximately \$1.2 million and the change in construction in progress during the year, as well as amortizing principal payments of roughly \$347 thousand and lastly fixed asset additions during the year ended September 30, 2017 of approximately \$85 thousand. Lastly, two CDBG grants were provided from the City of Modesto for Pine Meadows Apartments and Palm Valley Apartments, in the approximate amounts of \$337,000 and \$255,000, respectively.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operations, increased by approximately \$5.6 million from the prior fiscal year. The overall increase is attributable to the surplus (deficit) generated from operations as to the following programs: 1). Rural Development Farm Labor approximately \$4 million, which includes \$3 million of USDA loan proceeds reimbursing previously expended reserve funds, as well as approximately \$656,000 of awards from the State of California Department of Housing and Community Development under its Joe Serna Grant Awards Program 2). Conventional Low Rent approximately \$1.1 million 3). Housing Choice Voucher approximately \$230,000 4). Central Office Cost Center a deficit of approximately (\$702,000) 5). Local programs approximately \$910,000. Also, included in this increase was the overall impact to net position as a result of Net Position for Invested in Capital Assets, Net of Related Debt decreasing by approximately \$2.4 million, essentially being restricted in the current year due to operations and primarily depreciation.
- Restricted net position increased by approximately \$659 thousand from the prior fiscal year. The increase was due to excess Housing Assistance Payments advanced from HUD.

Statement of Revenues, Expenses and Changes in Net Position

- Total Revenue increase of approximately \$2.5 million was due to an increase in the grants and operating subsidies of approximately \$2.2 million, generated during the current period as well an increase in operating revenues of approximately \$300 thousand.
- Total Operating Expense increased by approximately \$165 thousand which was due to an increase in operational expenses offset by a decrease in Housing Assistance Payments.
- Net Position increased approximately \$3.9 million or 5.5% during the 2017 fiscal year. The Net Position for fiscal year 2016 increased by 2.2%.

The audit reports and findings contain:

- No findings.
- No instances of noncompliance that are reportable under Government Auditing Standards.
- No areas of material weakness or significant deficiencies involving internal control over financial reporting.

ATTACHMENT

The Authority's annual audit report for the fiscal year ended September 30, 2017.

**HOUSING AUTHORITY OF THE
COUNTY OF STANISLAUS**

**FINANCIAL STATEMENTS
SUPPLEMENTAL SCHEDULES AND
INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 2017

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**HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
MODESTO, CALIFORNIA
SEPTEMBER 30, 2017**

BOARD OF COMMISSIONERS

<u>Member</u>	<u>Position</u>	<u>Term Expires</u>
Carlos Estacio, III	Chair	December 31, 2018
A. Dirk Hoek	Vice Chair	December 31, 2018
Ken Cheeseman	Member	December 31, 2019
John Degele	Member	December 31, 2019
Dorothy Griggs	Member	December 31, 2018
Diane Haile	Member	December 31, 2021
Frank William Ploof	Member	December 31, 2018

ADMINISTRATION

Barbara S. Kauss	Executive Director
Jim Kruse	Deputy Director
Linh Luong	Director of Finance
Michele Gonzales	Director of Regional Housing Choice Voucher
Eric Arguello	Director of Information Technology

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Independent Auditors' Report

Board of Commissioners
Housing Authority of the County of Stanislaus
Modesto, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the County of Stanislaus (the "Housing Authority"), which comprise the statement of financial position as of the years ended September 30, 2017 and 2016 and the related statements of activities and changes in net position and cash flows for the years ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority, as of September 30, 2017 and 2016, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management's Discussion and Analysis on pages 4-11 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information, and accordingly, express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”), the financial data schedule required by the Department of Housing and Urban Development listed in the table of contents and the *Management’s Discussion and Analysis* are presented for the purposes of additional analysis and are not a required part of the 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 20, 2018 on our consideration of the Housing Authority’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority’s internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Kelly S. Associates LLP".

Reseda, California

April 20, 2018

Management's Discussion and Analysis

This discussion and analysis of the Housing Authority of the County of Stanislaus (Housing Authority) financial performance provides an overview of the Housing Authority's financial activity for the fiscal year ended September 30, 2017. Readers are encouraged to consider the information presented here in conjunction with the accompanying basic financial statements included in this report.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- Total spending for all Housing Authority programs was approximately \$46 million for the year. Approximately \$8.0 million of rental and investment income was generated to cover part of total expenses, and government grants and subsidies covered the balance. Approximately 66 and 68 percent of our fiscal years 2017 and 2016, respectively, spending was for housing assistance payments.
- The assets of the Housing Authority exceeded its liabilities at the close of fiscal years 2017 and 2016 by approximately \$74.4 and \$70.5 million, respectively. Of that amount, approximately \$29.7 and \$24.1 million, respectively, was considered unrestricted net position.
- The assets and deferred outflow of resources for the Housing Authority exceeded its liabilities and deferred inflow of resources at the close of the fiscal year 2017 by \$74,405,813 (net position).
- The Housing Authority's current assets increased by approximately \$6.0 million as a result of the fiscal year 2017 operations.
- The Housing Authority's total net position increased by approximately \$3.9 million as a result of fiscal year 2017 operations.
- Operating Revenue of the Housing Authority increased by approximately \$2.5 million from prior year results.

Management's Discussion and Analysis (continued)

Overview of the Financial Statements

The Housing Authority's financial statements consist of two parts – Management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include the Authority-wide financial statements and notes to the financial statements.

- The Authority-wide financial statements provide information about the Housing Authority's overall financial position and results of operations. These financial statements, which are presented on the accrual basis, consist of the Statement of Financial Position, the Statement of Activities and changes in Fund Net Position and the Statement of Cash Flows.
- The basic financial statements also includes a "Notes to Financial Statements" section that provides additional information that is essential to a full understanding of the data provided in the Authority-wide statements.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of these statements.

The *statement of net position* presents information on the Housing Authority's assets, deferred outflow of resources, liabilities and deferred inflow of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Housing Authority is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information showing how the Housing Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The *statement of cash flows* presents the change in the Housing Authority's cash and cash equivalents during the most recent fiscal year.

The *notes to basic financial statements* provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

Management's Discussion and Analysis (continued)

Financial Analysis

As we noted earlier, the Housing Authority uses funds to help it control and manage money for particular purposes. The following analysis focuses on the net position (Table 1) and the changes in net position (Table 2) of the Housing Authority as a whole. The largest portion of the Housing Authority's net position (58 percent) reflects its investment in capital assets (e.g., land, development costs, and construction in progress, structures, equipment and vehicles) net of related debt. The Housing Authority uses these capital assets to provide services to program participants; consequently these assets are not available for future spending.

Table 1
Statement of Position

	<u>2017</u>	<u>2016</u>
Current Assets	\$ 37,041,403	\$ 31,046,441
Non-Current Assets		
Capital Assets, Net of Depreciation	70,999,632	70,835,331
Other Assets	<u>3,042,629</u>	<u>2,948,629</u>
 Total Assets	 \$ <u>111,083,664</u>	 \$ <u>104,830,401</u>
 Deferred Outflow of Resources	 \$ <u>2,545,135</u>	 \$ <u>730,462</u>
Total Assets and Deferred Outflow of Resources	 \$ <u><u>113,628,799</u></u>	 \$ <u><u>105,560,863</u></u>
 Current Liabilities	 \$ 8,822,776	 \$ 8,857,906
Non-Current Liabilities	<u>29,754,653</u>	<u>25,791,630</u>
 Total Liabilities	 \$ <u>38,577,429</u>	 \$ <u>34,649,536</u>
 Deferred Inflow of Resources	 \$ <u>645,557</u>	 \$ <u>361,620</u>
Total Liabilities and Deferred Inflow of Resources	 \$ <u><u>39,222,983</u></u>	 \$ <u><u>35,011,156</u></u>
Net Position		
Invested in Capital Assets, Net of Related Debt	 \$ 43,107,518	 \$ 45,550,941
Restricted Net Position	1,571,644	912,466
Unrestricted Net Position	<u>29,726,651</u>	<u>24,086,300</u>
 Total Net Position	 \$ <u>74,405,813</u>	 \$ <u>70,549,707</u>

Management's Discussion and Analysis (continued)

The following is an explanation of the changes between fiscal years as shown in the table above:

- Current Assets increased by approximately \$6.0 million. The increase in current assets was due primarily to a reimbursement in the form of a loan from the USDA for previously spent Authority unrestricted reserve funds, that were made as investments under the Farm Labor Housing Loans and Grants as well as surplus cash generated from operations. However, timing as to the payment of accruals has created a large end of year balance in both cash unrestricted and restricted, effectively increasing the year-end balances of cash unrestricted and restricted by approximately \$800,000.
- Total Deferred Outflow of Resources increased by \$1.8 million representing future outflows attributable to pension investment losses and projected versus actual experience factors as they are anticipated to effect the Authority's pension plan in the future. The Deferred Outflow is being reported as a result of implementing GASB 68.
- Total Liabilities increased by approximately \$3.9 million from the prior fiscal year. The increase in total liabilities was primarily due to the funding of a USDA rehabilitation loan in the amount of \$3,000,000, as well as the recording of the annual change in net pension liability in the amount of \$1,531,000 in accordance with GASB 68 reporting requirements. The monthly debt principal payments of approximately \$347,000 paid during the year in accordance with related agreements resulted in a decrease to the total liabilities. A significant portion of the remainder of the decrease is the change in accounts payable.
- Total Deferred Inflow of Resources increased by \$283,937 representing future projected investment gains of zero, increased outflows of resources related to experience differences of \$134,741, increased outflows of resources related to pension contributions of \$146,273 and actuarial assumptions changes of \$2,923, all of which are forecasted to impact the Authority's pension plan in future years. The Deferred Inflow is being reported as a result of implementing GASB 68.
- Net Position for Invested in Capital Assets, Net of Related Debt decreased by approximately \$2.4 million. The decrease was due to an increase in accumulated depreciation of approximately \$3.0 million netted with the completion of rehabilitation work on the Conventional Public Housing units of approximately \$1.4 million. In March of 2017, the required loan terms were fulfilled allowing for a \$3.0 million loan obligation, which was be realized and recorded as an outstanding liability in the notes payable section of audited financial statements. An acquisition of 11 vacant lots, located in the City of San Andreas, 416 E. Coolidge Avenue, located in the City of Modesto a sole vacant lot, 3 NSP designated vacant lots, located in the City of Modesto representing land to be used for the development affordable housing and a duplex at 623 Leon Avenue, located within the City of Modesto for approximately \$1.2 million and the

Management's Discussion and Analysis (continued)

change in construction in progress during the year, as well as amortizing principal payments of roughly \$347 thousand and lastly fixed asset additions during the year ended September 30, 2017 of approximately \$85 thousand. Lastly, two CDBG grants were provided from the City of Modesto for Pine Meadows Apartments and Palm Valley Apartments, in the approximate amounts of \$337,000 and \$255,000, respectively.

- Unrestricted net position, the part of net position that can be used to finance day-to-day operations, increased by approximately \$5.6 million from the prior fiscal year. The overall increase is attributable to the surplus (deficit) generated from operations as to the following programs: 1). Rural Development Farm Labor approximately \$4 million, which includes \$3 million of USDA loan proceeds reimbursing previously expended reserve funds, as well as approximately \$656,000 of awards from the State of California Department of Housing and Community Development under its Joe Serna Grant Awards Program 2). Conventional Low Rent approximately \$1.1 million 3). Housing Choice Voucher approximately \$230,000 4). Central Office Cost Center a deficit of approximately (\$702,000) 5). Local programs approximately \$910,000. Also, included in this increase was the overall impact to net position as a result of Net Position for Invested in Capital Assets, Net of Related Debt decreasing by approximately \$2.4 million, essentially being restricted in the current year due to operations and primarily depreciation.
- Restricted net position increased by approximately \$659 thousand from the prior fiscal year. The increase was due to excess Housing Assistance Payments advanced from HUD.

Management's Discussion and Analysis (continued)

Table 2
Statement of Revenue, Expenses and Changes in Net Position

	<u>2017</u>	<u>2016</u>
Operating Revenue		
Rental Income	\$ 7,980,724	\$ 7,688,116
Grants and Subsidy	41,950,488	39,780,034
Investment Income	222,745	118,695
Other Revenue	<u>532,964</u>	<u>621,578</u>
Total Operating Revenue	50,686,921	48,208,423
Operating Expenses		
Administrative Services	5,427,406	5,298,208
Tenant Services	171,574	89,922
Utilities	1,633,262	1,482,934
Maintenance and Extraordinary Maint	4,166,911	3,767,720
Protective Services	12,314	14,377
Insurance	579,721	503,721
General	455,621	425,588
Housing Assistance Payments	30,941,254	31,644,226
Interest	439,685	435,335
Depreciation and Amort. Expense	<u>3,003,067</u>	<u>3,004,049</u>
Total Operating Expense	46,830,815	46,666,080
Increase (Decrease) in Net Position	\$ 3,856,106	\$ 1,542,343
Net Position at Beginning of Year	<u>70,549,707</u>	<u>69,007,364</u>
Total Net Position at End of Year	<u>\$ 74,405,813</u>	<u>\$ 70,549,707</u>

Management's Discussion and Analysis (continued)

The following is an explanation of the changes between fiscal years as shown in Table 2.

- Total Revenue increase of approximately \$2.5 million was due to an increase in the grants and operating subsidies of approximately \$2.2 million, generated during the current period as well an increase in operating revenues of approximately \$300 thousand.
- Total Operating Expense increased by approximately \$165 thousand which was due to an increase in operational expenses offset by a decrease in Housing Assistance Payments.
- Net Position increased approximately \$3.9 million or 5.5% during the 2017 fiscal year. The Net Position for fiscal year 2016 increased by 2.2%.

Capital Assets

The Housing Authority's investment in non-current capital assets as of September 30, 2017 and 2016 amounts to \$70,999,632 and \$70,835,331 (net of accumulated depreciation), respectively. This investment in capital assets includes land, buildings, equipment and vehicles and construction in progress. The net change in the Housing Authority's investment in capital assets for the years ending September 30, 2017 was approximately \$164 thousand increase.

The Capital Assets events during the current fiscal year included the following: 1.) Capital Fund Grant receipts from HUD for the Rehabilitation of Conventional Housing; and 2.) the acquisition of 11 vacant lots, located in Foothill Court, San Andreas, 416 E. Coolidge Avenue, located in the City of Modesto a sole vacant lot, 3 NSP designated land sites within the City of Modesto located at 525 Benson Avenue, 1022 Atlantic Drive and 1312 Pearson Avenue, respectively, collectively representing land to be used for the future development affordable housing and a duplex at 623 Leon Avenue, located within the City of Modesto.

Debt

Liabilities include security deposits, employee benefits, loans and notes payable. More detail about liabilities is presented in the notes to basic financial statements.

Management's Discussion and Analysis (continued)

Economic Factors

The Housing Authority is primarily dependent upon the Department of Housing and Urban Development (HUD) for the funding of its major housing programs. The Housing Authority budgets are approved by the Board of Commissioners and budgets for HUD-funded programs are also submitted to HUD. Other economic factors are (a) Local inflationary, recessionary and employment trends which can affect resident incomes and therefore the amount of rental income and (b) Inflationary pressure on utility rates, supplies, and other costs.

Requests for Information

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Housing Authority's Finance Department at the Housing Authority of the County of Stanislaus, P.O. Box 581918, Modesto, CA 95358.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2017 AND 2016

ASSETS

CURRENT ASSETS	<u>2017</u>	<u>2016</u>
<u>Cash</u>		
Cash - unrestricted	\$ 8,118,759	\$ 7,917,486
Cash - restricted	846,858	276,932
Cash - restricted for payment of current liabilities	178,801	83,009
Cash - tenant security	537,825	540,154
Total cash	<u>9,682,243</u>	<u>8,817,581</u>
<u>Receivables</u>		
Accounts receivable - PHA projects	64,616	38,098
Accounts receivable - HUD other projects	14,805	292,351
Accounts receivable - other government	335,681	483,058
Accounts receivable - miscellaneous	664,335	619,235
Accounts receivable - tenant dwelling rents	97,628	115,041
Allowance for doubtful accounts - tenant dwelling rents	(36,355)	(45,593)
Allowance for doubtful accounts - other	(740)	(740)
Accrued interest receivable	62,443	28,498
Total receivables	<u>1,202,413</u>	<u>1,529,948</u>
<u>Other current assets</u>		
Investments - Unrestricted	24,425,951	18,547,681
Investments - Restricted	818,408	812,350
Prepaid Expenses and Other Assets	866,759	800,450
Inventories	45,629	46,422
Assets held for sale	-	492,009
Total other current assets	<u>26,156,747</u>	<u>20,698,912</u>
TOTAL CURRENT ASSETS	\$ <u>37,041,403</u>	\$ <u>31,046,441</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2017 AND 2016

ASSETS (CONTINUED)

NONCURRENT ASSETS	<u>2017</u>	<u>2016</u>
<u>Fixed assets</u>		
Land	\$ 10,165,454	\$ 9,003,584
Buildings	119,236,388	117,108,218
Furniture, equipment and machinery dwellings	69,620	69,620
Furniture, equipment and machinery administration	2,426,134	2,341,545
Accumulated depreciation	(62,352,946)	(59,393,905)
Construction in progress	1,454,982	1,706,269
Net fixed assets	<u>70,999,632</u>	<u>70,835,331</u>
<u>Other noncurrent assets</u>		
Notes, loans and mortgages receivable	<u>3,042,629</u>	<u>2,948,629</u>
Total other noncurrent assets	<u>3,042,629</u>	<u>2,948,629</u>
TOTAL NONCURRENT ASSETS	<u>74,042,261</u>	<u>73,783,960</u>
TOTAL ASSETS	<u>\$ 111,083,664</u>	<u>\$ 104,830,401</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Assumption change related to the pension	\$ 1,502,901	\$ -
Deferred outflows of resources related to pension investment losses	263,908	721,366
Deferred outflows of resources related to experience differences	9,405	9,096
Deferred outflow of resources related to pension contributions	<u>768,921</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,545,135</u>	<u>\$ 730,462</u>
TOTAL ASSET AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 113,628,799</u></u>	<u><u>\$ 105,560,863</u></u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2017 AND 2016

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

LIABILITIES	<u>2017</u>	<u>2016</u>
<u>Current liabilities</u>		
Accounts payable, < 90 days	\$ 1,275,837	\$ 775,329
Accrued wages payable	-	167,468
Accrued compensated absences - current portion	449,697	431,392
Accrued interest payable	1,098,979	1,022,479
Accounts payable - other government	2,882,715	3,259,539
Tenant security deposits payable	537,825	540,154
Deferred revenue	1,734,417	2,014,796
Current portion of long-term debt - capital projects/mortgage revenue bonds	442,692	345,896
Other current liabilities	400,614	300,853
Total current liabilities	<u>8,822,776</u>	<u>8,857,906</u>
<u>Noncurrent liabilities</u>		
Long-term debt, net of current portion - capital projects/mortgage revenue bonds	27,449,422	24,938,494
Noncurrent liabilities - other	87,871	171,089
Net pension liability	2,104,936	574,201
Accrued compensated absences - noncurrent	112,424	107,846
Total noncurrent liabilities	<u>29,754,653</u>	<u>25,791,630</u>
TOTAL LIABILITIES	<u>\$ 38,577,429</u>	<u>\$ 34,649,536</u>
 DEFERRED INFLOWS OF RESOURCES		
Investment gains related to the pension	\$ -	\$ 275,565
Deferred outflows of resources related to experience differences	134,741	-
Deferred outflow of resources related to pension contributions	421,838	-
Assumption change related to the pension	88,978	86,055
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 645,557</u>	<u>\$ 361,620</u>
 NET POSITION		
Invested in capital assets, net of related debt	\$ 43,107,518	\$ 45,550,941
Restricted net position	1,571,644	912,466
Unrestricted net position	<u>29,726,651</u>	<u>24,086,300</u>
TOTAL NET POSITION	<u>74,405,813</u>	<u>70,549,707</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 113,628,799</u>	<u>\$ 105,560,863</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Operating Revenues</u>		
Operating subsidy - HUD provided	\$ 36,988,892	\$ 37,298,583
Operating subsidy - non-HUD provided	2,887,869	1,772,881
Rental income, net of bad debts	7,762,524	7,483,487
Miscellaneous income	655,133	746,167
Total operating revenues	<u>48,294,418</u>	<u>47,301,118</u>
<u>Operating Expenses</u>		
Administrative services	5,427,406	5,298,208
Tenant services	171,574	89,922
Utilities	1,633,262	1,482,934
Maintenance and operations	4,166,911	3,767,720
Protective services	12,314	14,377
Insurance expenses	579,721	503,721
General expenses	359,590	345,548
Housing assistance payments	30,941,254	31,644,226
Depreciation	3,003,067	3,004,049
Total operating expenses	<u>46,295,099</u>	<u>46,150,705</u>
Net operating income (loss)	1,999,319	1,150,413
<u>Non-operating Revenues (Expenses)</u>		
Investment income	222,745	118,695
Interest expenses	(439,685)	(435,335)
Total net non-operating revenues (expenses)	<u>(216,940)</u>	<u>(316,640)</u>
Net (loss) income before contributions and transfers	<u>1,782,379</u>	<u>833,773</u>
<u>Contributions and transfers</u>		
Capital contributions - capital fund grants	1,367,393	518,380
Capital contributions - other non-HUD government grants	706,334	190,190
Net income from contributions and transfers	<u>2,073,727</u>	<u>708,570</u>
CHANGES IN NET POSITION	3,856,106	1,542,343
NET POSITION AT BEGINNING OF YEAR	70,549,707	69,007,364
NET POSITION AT END OF YEAR	<u><u>\$ 74,405,813</u></u>	<u><u>\$ 70,549,707</u></u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Cash flows from operating activities</u>		
Tenant revenues	\$ 8,090,059	\$ 7,464,992
Non-tenant revenues	42,828,366	40,644,896
Operating and maintenance expenses	(43,653,817)	(43,884,781)
Net cash provided by (used in) operating activities	<u>7,264,608</u>	<u>4,225,107</u>
<u>Cash flows from investing activities</u>		
Purchase of property and equipment	(3,374,629)	(584,782)
Construction in progress	251,287	(297,848)
Net activity of investments	(5,884,328)	(81,575)
Net cash used in investing activities	<u>(9,007,670)</u>	<u>(964,205)</u>
<u>Cash flows from capital and related financing activities</u>		
Payments to notes payable	2,607,724	(342,218)
Net cash used in capital and related financing activities	<u>2,607,724</u>	<u>(342,218)</u>
Net increase (decrease) in cash and cash equivalents	864,662	2,918,684
Cash and cash equivalents at the beginning of the period	<u>8,817,581</u>	<u>5,898,897</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>\$ 9,682,243</u></u>	<u><u>\$ 8,817,581</u></u>
<u>Cash flows from operating activities</u>		
Change in net position	\$ 3,856,106	\$ 1,542,343
Adjustment to reconcile net position to net cash provided by operating activities:		
Depreciation and amortization	2,959,041	2,962,550
Decrease (increase) in operating assets and deferred outflows of resources:		
Accounts receivables	327,535	(18,495)
Inventories	793	(2,071)
Prepaid expenses and deferred charges	(66,309)	(52,534)
Assets held for sale	492,009	140,190
Notes receivable	(94,000)	(259,240)
Deferred outflow of resources related to pension	(1,814,673)	(714,909)
Increase (decrease) in operating liabilities and deferred inflows of resources:		
Accounts payable and other accrued expenses	(208,237)	(89,570)
Deferred inflow of resources related to pension	283,937	140,709
Net pension liability	1,530,735	574,201
Tenant security deposits payables	(2,329)	1,933
Net cash provided by (used in) operating activities	<u><u>\$ 7,264,608</u></u>	<u><u>\$ 4,225,107</u></u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

1. **Organization and Summary of Significant Accounting Policies**

Organization and Purpose

The Housing Authority of the County of Stanislaus (the “Authority”) is a municipal corporation located in Modesto, California and was established under Section 3420 of the California Health and Safety Code as a local agency within the Ralph M. Brown Act of 1937. Public Housing Authorities were authorized by the Federal Housing Act of 1937. Under that authority, the Housing Authority of the County of Stanislaus was incorporated in 1949 to provide and promote safe and sanitary housing for low-income persons residing in Stanislaus County, California. The Authority is governed by a citizen’s commission appointed by the county Board of Supervisors.

The Authority’s financial statements include the accounts of all the Authority’s operations. The criteria for including organizations as component units within the Authority’s reporting entity, as set forth in Section 2100 of Government Accounting Standards Board (GASB) Codification of Government Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Authority holds the corporate powers of the organization
- The Authority appoints a voting majority of the organization’s board
- The Authority is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Authority
- There is a fiscal dependency by the organization on the Authority

Based on the foregoing criteria, no entities were identified as component units of the Authority.

Basis of Accounting

The Authority’s financial statements are presented on the full accrual basis in accordance with accounting principles general accepted in the United States of America. The Authority applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principles Board (APB) of the Committee on Accounting Procedure issues on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

1. **Organization and Summary of Significant Accounting Policies** (continued)

Programs Administered by the Authority

The Authority administers annual contribution contracts to provide low-income housing with primary financial support from the U.S. Department of Housing and Urban Development (“HUD”). Contracts administered by the Authority are as follows:

<u>Program Name</u>	<u>Number of Units</u>
Housing Choice Voucher (including VASH)	4,793
Conventional Housing	647
Farm Labor - USDA Rural Development	356
Migrant Programs	213
Shelter Plus Care Program	110
Conant Place	81
Valley Manor	48
Palm Valley	40
Pine Meadows	36
Meadow Glen	34
NSP	36
Randazzo	24
Village One	20
Miller Point	16
Paramont	12
Brighton Place	11
Downey Terrace	11
Porsche Strasse	3
Home Owner Program	1

Classification and Reporting of Funds

All activities of the Authority are accounted for within proprietary (enterprise) funds. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

1. **Organization and Summary of Significant Accounting Policies** (continued)

Classification and Reporting of Funds (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are rents collected from tenants and subsidies provided by federal agencies. The Authority also recognized as operating revenue and expenses the portion of interest on bonds and notes related to housing developments of the Authority and its partnerships. Operating expenses for proprietary funds include the cost of sales and services, administrated expenses, depreciation on capital assets and amortization of bond discounts. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statement of financial position. Net position (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt, restricted and unrestricted components. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and 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 CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Payments made after the measurement date are reported as deferred outflows of resources - deferred contribution pension in the accompanying statements of net position - see below. Investments are reported at fair value.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

1. **Organization and Summary of Significant Accounting Policies** (continued)

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period. The Housing Authority reports deferred contributions as to its pension plans as a deferred outflow of resources in its accompanying statements of financial position. Deferred contributions for the pension plan were made during the fiscal year but are after the measurement date of the actuarial report. These amounts will be recognized as expenses during the next measurement period, which will be reported in the September 30, 2017 financial statements.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (as revenue) until that period. The Housing Authority reports actuarially projected earnings as to its pension plan investments, and any changes in its pension plan assumptions, as deferred inflows of resources in its accompanying statements of financial position. Differences between projected and actual earnings on pension plan investments are deferred and amortized over five years. Changes in pension plan assumptions are deferred and amortized over the expected remaining service lives of employees.

Uses and Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reporting amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results may differ from such estimates.

Cash and Cash Equivalents and Investments

Cash consists of amounts deposited in checking accounts. For purposes of the statements of cash flows, the Authority considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

1. **Organization and Summary of Significant Accounting Policies** (continued)

Cash and Cash Equivalents and Investments (continued)

Investments are carried at cost, which approximates fair market value.

The Authority maintains a cash pool that is available for use by all funds.

Cash deposits are comprised of the following:

	2017	2016
Checking - Farmers and Merchants Bank	\$ 9,681,243	\$ 8,816,581
Cash on Hand	1,000	1,000
	<u>\$ 9,682,243</u>	<u>\$ 8,817,581</u>

Investments are comprised of the following:

Investment - Local Agency Investment Fund	\$ 25,244,359	\$ 19,360,031
	<u>\$ 25,244,359</u>	<u>\$ 19,360,031</u>

The Authority's deposits are categorized to give an indication of the level of risk assumed by the Authority at year-end. Category 1 includes insured deposits that are insured or collateralized with securities held by the Authority or its agent in the Authority's name. Category 2 includes uninsured deposits collateralized by securities held by the pledging financial institution's trust department or agent in the authority's name. Category 3 include uninsured and uncollateralized deposits including any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not the Authority's name. Uninsured and collateralized deposits are classified into these three categories depending on who holds the collateral security and how they are held.

At September 30, 2017 and 2016, the Authority's deposits with various financial institutions have a carrying amount and bank value of \$9,682,243 and \$8,817,581, respectively. Of the Authority's total bank balance, \$9,682,243 and \$8,817,581, respectively, was covered by Federal Depository Insurance and classified as Category 1.

The Authority's cash management practices are governed by HUD requirements and State of California statutes. These requirements authorize the Authority to invest in banker's acceptances, time certificates of deposit, repurchase agreements, certain commercial paper, obligations of the United States and its agencies and instrumentalities allowed for the California State Treasurer's Local Investment Pool.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

1. **Organization and Summary of Significant Accounting Policies** (continued)

Cash and Cash Equivalents and Investments

Regulations require that amounts on deposit with financial institutions be collateralized at a rate 100% of amounts in excess of deposit insurance coverage.

The Authority maintains cash balances in excess of the federally insured amount of \$250,000 at various financial institutions. These balances are fully collateralized, with securities pledged and held by the bank, as required by the U.S. Department of Housing and Urban Development.

Balances are presented on the Statements of Financial Position as follows:

	<u>2017</u>	<u>2016</u>
Cash	\$ 9,682,243	\$ 8,817,581
Investments – Unrestricted	24,425,951	18,547,681
Investments – Restricted	<u>818,408</u>	<u>812,350</u>
Total Cash	<u>\$ 34,926,602</u>	<u>\$ 28,177,612</u>

Income Tax Status

The Authority is exempt from federal income taxes by the Internal Revenue Service and from the California Franchise Taxes by the California Franchise Tax Board.

Land, Structures and Equipment

Land, structures and equipment are recorded at cost. Non-expendable assets are capitalized and depreciated from the respective place-in-service date. Depreciation is computed on the straight-line method based on the estimated useful lives of the individual assets: 15-40 years for buildings and improvements and 5-10 years for equipment. Maintenance and repairs are charged to expense when incurred.

Depreciation expense for the years ended September 30, 2017 and 2016 amounted to \$3,003,067 and \$3,004,049, respectively.

Effects of New Pronouncements

The Authority is currently evaluating its accounting practices to determine the potential impact on the financial statements of adopting GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which will have an effective date for the year ending September 30, 2018.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

1. **Organization and Summary of Significant Accounting Policies** (continued)

Subsequent Events

Management has evaluated subsequent events through April 20, 2018, the date on which the financial statements were available to be issued and there were no subsequent events requiring disclosure.

2. **Land, Structures and Equipment**

Land, structures and equipment consist of the following at September 30, 2017 and 2016:

	September 30, 2016	Additions	Retirements	September 30, 2017
Land	\$ 9,003,584	\$ 1,161,870	\$ -	\$ 10,165,454
Buildings	117,108,218	2,128,170	-	119,236,388
Equipment – Dwelling	69,620	-	-	69,620
Equipment – Admin	2,341,545	129,682	(45,093)	2,426,134
Construction in Progress	1,706,269	1,496,659	(1,747,946)	1,454,982
Subtotal	<u>130,229,236</u>	<u>4,916,381</u>	<u>(1,793,039)</u>	<u>133,352,578</u>
Less:				
Accumulated Depreciation	(59,393,905)	(3,003,067)	44,026	(62,352,946)
Net	<u>\$ 70,835,331</u>	<u>\$ 1,913,314</u>	<u>\$ (1,749,013)</u>	<u>\$ 70,999,632</u>
	September 30, 2015	Additions	Retirements	September 30, 2016
Land	\$ 8,961,584	\$ 42,000	\$ -	\$ 9,003,584
Buildings	116,754,996	530,326	(177,104)	117,108,218
Equipment – Dwelling	69,620	-	-	69,620
Equipment – Admin	2,151,985	231,062	(41,502)	2,341,545
Construction in Progress	1,408,421	297,848	-	1,706,269
Subtotal	<u>129,346,606</u>	<u>1,101,236</u>	<u>(218,606)</u>	<u>130,229,236</u>
Less:				
Accumulated Depreciation	(56,431,355)	(3,004,052)	41,502	(59,393,905)
Net	<u>\$ 72,915,251</u>	<u>\$ 1,902,816</u>	<u>\$ (177,104)</u>	<u>\$ 70,835,331</u>

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

3. **Unearned Revenue**

Unearned revenues are made up of two components prepaid rent representing tenant rental payments received in advance of being due, which are deferred until earned; as well as unexpended conditional grant awards, which are reported as deferred revenue until they are spent for the purpose of the grant. The Authority had deferred revenues as reported on line item 342 in an aggregate amount of \$1,734,417 and \$2,014,796 as of September 30, 2017 and 2016, respectively. The breakdown of the current year aggregate by component and program is as follows:

Prepaid Rent:	
Public Housing (Low Rent)	\$ 17,370
Section 8 HAP Program Special Allocations (Valley Manor)	3,197
Farm Labor Housing Loans and Grants (Farm Labor)	17,419
Local Programs (State/Local)	32,274
State of California Office of Migrant Services (OMS) – (State/Local)	9,657
Total Prepaid Rent	\$ <u>79,917</u>
Unexpended Grant Funds by grantor are as follows:	
State of California Office of Migrant Services (OMS) – (State/Local)	\$ 201,079
State of California Office of Migrant Services (OMS) RD – (State/Local)	478,807
State of California Office of Migrant Services (OMS) RD Replacement Reserve – (State/Local)	611,337
State of California Office of Migrant Services (OMS) RD Rehabilitation Grant– (State/Local)	322,892
State of California Office of Migrant Services (OMS) Rehabilitation Grant – (State/Local)	40,385
Total Unexpended Grant Funds	\$ <u>1,654,500</u>

4. **Family Self-Sufficiency Liabilities**

The Family Self-Sufficiency (FSS) program provides supportive services that enable participating low and moderate income families to achieve economic independence and self-sufficiency. The Authority contracts with each participating Housing Choice Voucher family to set aside funds in an interest-bearing account as long as the client meets all of the goals set forth when they originally signed up for the FSS program. Upon successful completion of the FSS program goals, those funds are disbursed to the family. The Authority's liability to FSS participants at September 30, 2017 was \$266,673.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

5. **Compensated Absences**

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick leave. This leave will be used in future periods or paid to employees upon separation from the Authority. Accrued vacation and sick leave has been valued by the Authority and has been recorded as a current liability of \$449,697 and \$112,424 as a non-current liability as of September 30, 2017; and \$431,392 and \$107,847 as to current and non-current obligations as of September 30, 2016, respectively.

It is the Authority's policy to permit employees to accumulate earned but unused sick leave. The value of unused sick leave is payable to employees upon separation from the Authority as a percentage of accrued sick leave based on years of service as follows:

- Employees with up to 5 years is paid out at zero
- Employees from 5 years up to 10 years is paid out at 25%
- Employees from 10 years up to 20 years is paid out at 35%
- Employees with more than 20 years is paid out at 50%

6. **Noncurrent Liabilities (Compensated Absences Only)**

The Authority's Compensated Absences at September 30, 2017 consisted of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year	Noncurrent Portion
Accrued Compensated Absences	\$539,238	\$360,791	\$(337,908)	\$562,121	\$449,697	\$112,424
Total Accrued Compensated Absences Liabilities	\$539,238	\$360,791	\$(337,908)	\$562,121	\$449,697	\$112,424

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

7. **Long Term Debt**

The notes payable consist of the following at September 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
<u>Brighton Village</u>		
3% note payable to the City of Modesto. Principal and accrued interest deferred until July 31 st , 2028. The Project is used for collateral.	\$ 225,000	\$ 225,000
<u>Randazzo Place</u>		
Four (4) 3% notes payable to the City of Modesto. Principal and accrued interest deferred until March 31, 2050. The Project is used for collateral.	311,640	311,640
Two (2) 3% notes payable to the City of Modesto. Principal and accrued interest deferred until July 25, 2050. The Project is used for collateral.	76,208	76,208
Two (2) 3% notes payable to the City of Modesto. Principal and accrued interest deferred until January 21, 2051. The Project is used for collateral.	140,273	140,273
Two (2) 3% notes payable to the City of Modesto. Principal and accrued interest deferred until April 9, 2051. The Project is used for collateral.	171,855	171,855
Two (2) zero interest notes payable to the City of Modesto. Payments at \$672 commencing August 1, 2011 through July 1, 2021. The Project is used for collateral.	60,492	75,281
<u>Pine Meadows Apartments</u>		
3% note payable to the City of Modesto. Monthly payments of \$3,294 including interest commencing July 31, 2011 through June 1, 2031. The Project is used for collateral.	\$ 442,769	\$ 466,473

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

7. **Long Term Debt** (continued)

	<u>2017</u>	<u>2016</u>
<u>Conant Place</u>		
6.8% note payable to the California Housing Finance Agency. Monthly payments of \$6,674 including interest through January 31, 2025. The Project is used for collateral.	\$ 464,239	\$ 512,169
3% note payable to City of Modesto. Principal and accrued interest is deferred until July 2044. The Project is used for collateral.	600,000	600,000
<u>Village One</u>		
3% note payable to the City of Modesto. Loan proceeds received on a cost-reimbursement basis up to a maximum \$245,000. Principle and accrued interest deferred until December 1, 2052. The Project is used for collateral.	245,000	245,000
5.25% note payable to the City of Modesto. Principal and accrued interest is deferred until September, 2037. Then annual payments in 5 equal installments of principal and interest are on unpaid principal. The Project is used for collateral.	450,000	450,000
4.36% note payable to Farmers & Merchants Bank. Monthly payments of \$7,355 for the ten year initial period. Payments and interest rate to be reset at the close of the initial period and again ten years thereafter based on an index rate defined in the bond indenture. The Project is used for collateral.	1,203,839	1,238,049
Three (3) 3% notes payables to the City of Modesto. Principal and accrued interest deferred until 2038. The Project is used for collateral.	\$ 2,749,698	\$ 2,749,698

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

7. **Long Term Debt** (continued)

	2017	2016
<u>Miller Point Apartments</u>		
3% note payable to the City of Modesto. Principal and accrued interest deferred until December 1, 2052. The Project is used for collateral.	\$ 650,000	\$ 650,000
5.3% note payable to the Farmers & Merchants Bank. Monthly payments of \$3,126 for the ten year initial period. Payments and interest rate to be reset at the close of the initial period and again ten years thereafter based on an index rate defined in the bond indenture. The Project is used for collateral.	\$ 417,221	\$ 431,870

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

7. **Long Term Debt** (continued)

	2017	2016
<u>Valley Manor Apartments</u> (continued)		
The Series 2014A Bond was issued on December 31, 2014, the proceeds of which were used by the Authority to prepay in full the Series 2004A Bonds, as well as partially funding the costs of issuance and funding necessary capital improvements to the Project, as defined in the respective agreements. The pertinent information and terms of the Series 2014A Bond is as follows: the issuer is the Housing Authority of the County of Stanislaus, involving Farmers/Merchants Corp. acting as the trustee; they were underwritten involving a reset date provision as follows: 1). the initial period as defined, from December 31, 2014 to, but not including December 1, 2023, shall bear interest at a rate of three and seventy-five one-hundredths percent (3.75%) per annum, and be subject to required monthly debt service payments of \$7,395.05; 2). on December 1, 2023 and December 1, 2033 (the "Reset Dates") the interest rate borne by the Outstanding Balance of this Bond shall be adjusted to the then prevailing 10-Year Treasury Note yield (the "Index"), plus sixty (60) basis points, as determined by Farmers & Merchants Bank of Central California (the "Beneficiary"); provided further, that the interest rate determined on each of the respective Reset Dates shall never be less than 3.75% (the "Floor Rate"), and be subject to required monthly debt service payments due and payable subsequent to each Reset Date as adjusted, so as to re-amortize the then-current Outstanding Balance, thereof, at the interest rate to become effective on such Reset Date, with substantially level payments from the remaining period of the outstanding obligation; and lastly, they are secured by a Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents.	\$ 1,468,100	\$ 1,500,343

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

7. **Long Term Debt** (continued)

	<u>2017</u>	<u>2016</u>
<u>Valley Manor Apartments</u> (continued)		
3.0% note payable to the City of Newman, payments 50% of annual Net Cash Flows, term is 55 years. The Project is used for collateral.	\$ 975,000	\$ 975,000
<u>Paramont</u>		
5.63% note payable to Farmers & Merchants Bank. Original monthly payments of \$4,603 for the ten year initial period. In May 2011, a principal pay down of \$150,000, effectively reduced the monthly payments to an amount of \$3,679. Payments and interest rate to be reset at the close of the initial period and again ten years thereafter based on an index rate defined in the bond indenture. The Project is used for collateral.	509,569	524,467
1% note payable to the City of Modesto. Principal and accrued interest deferred until July 1, 2016. Interest is adjusted to 3% on July 1, 2036 until the fully paid. The Project is used for Collateral	750,000	750,000
<u>Farm Labor</u>		
1% notes payable to the United States Department of Agriculture. Monthly payments of \$26,432 including interest to service 12 notes maturing from July 1, 2014 through July 1, 2033. The Project is used for collateral.	4,757,113	1,929,542
Interest free note payable to the City of Patterson. Principal due January 28, 2028. The Project is used for collateral	170,000	170,000
Interest free note payable to the City of Patterson. Principal due November 19, 2028. The Project is used for collateral.	\$ 120,000	\$ 120,000

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

7. **Long Term Debt** (continued)

	<u>2017</u>	<u>2016</u>
<u>Palm Valley</u>		
3% note payable to the City of Modesto. Principal and accrued interest deferred for the "initial term" of 30 years. After initial period of 30 years the principal and all accrued interest shall be amortized over the "extended term" of 25 years. The Project is used for collateral.	\$ 1,000,000	\$ 1,000,000
4.67% note payable to Farmers & Merchants bank. Original monthly payments of \$11,659 for the ten year initial period. In May 2011, a principal pay down of \$560,000, effectively reduced the monthly payments to an amount of \$8,673. Payments and interest rate to be reset at the close of the initial period and again ten years thereafter based on an index rate defined in the bond indenture. The Project is used as collateral.	1,380,814	1,418,238
3% note payable to the City of Modesto. Principal and accrued interest deferred until June 24, 2038. The Project is used for collateral.	825,000	825,000
<u>Meadow Glen</u>		
Zero percent, interest free note payable to the City of Modesto under its Home Investment Partnership Program (HOME). Principal is due in full in February of 2067. The Project will be used for collateral.	\$ 713,162	\$ 713,162

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

7. **Long Term Debt** (continued)

	2017	2016
<u>Meadow Glen</u> (continued)		
Two separate zero percent interest free notes payable to the City of Modesto under its Neighborhood Stabilization Program 2 (NSP 2) differentiated as to 505-507 and 605 activities, respectively. As of September 30, 2017 and 2016 \$5,029,683 and \$5,029,683 was advanced, as to the 505-507 and 605 activities, respectively. The Project will be used for collateral. Principal is due in full in February of 2067, or can be forgiven partially, or in full, by the City of Modesto exercising its forgiveness of debt option terms subject to compliance as detailed below for the 55 year Affordable Covenant Period. The Projects, when completed, will consist of two (2) and thirty two (32) units in total. The Housing Authority has covenanted and agreed own, operate and maintain two (2) and thirty one (31) NSP 2 assisted units exclusively for rent to persons with special needs defined as persons age 18 through 28 who qualify as very low income and who are (1) emancipated foster care or (2) homeless.	\$ 5,029,683	\$ 5,029,683

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

7. **Long Term Debt** (continued)

	<u>2017</u>	<u>2016</u>
<u>Downey Terrace</u>		
Zero percent interest free note payable to the City of Modesto under its Neighborhood Stabilization Program 2 (NSP 2) for construction activities incurred as to an eleven (11) unit affordable housing rental property (the "Project"). The NSP 2 Loan allows for a maximum principal advance of \$2,000,000. However, the loan proceeds are further limited to \$125,000 as to each multi-family NSP 2 Assisted Unit and \$165,000 as to each single-family NSP 2 Assisted Unit, respectively. As of September 30, 2017 and 2016 \$1,954,179 and \$1,954,179 of NSP 2 Loan proceeds were advanced, as to the 412 and 416 construction activities, respectively. The Project will be used for collateral. Principal is due in full in September of 2068, or can be forgiven partially, or in full, by the City of Modesto exercising its forgiveness of debt option terms subject to compliance as detailed below for the 55 year Affordable Covenant Period. The Project, when completed, will consist of eleven (11) units in total. The Housing Authority has covenanted and agreed own, operate and maintain no less than eleven (11) NSP 2 assisted units exclusively for rent to senior persons who qualify as very low income or low income individuals.		
	\$ <u>1,985,439</u>	\$ <u>1,985,439</u>
Total	\$ <u><u>27,892,114</u></u>	\$ <u><u>25,284,390</u></u>

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

7. **Long Term Debt** (continued)

Estimated future principal maturities are as follows:

Fiscal Year Ended September 30	Amount
2018	\$ 442,173
2019	440,153
2020	453,562
2021	463,865
2022	466,657
Thereafter	<u>25,625,704</u>
	<u>\$ 27,892,114</u>

8. **Employees' Retirement System**

Summary of Significant Accounting Policies

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of California Public Employees' Retirement System ("CalPERS") have been determined on the same basis as they are reported by CalPERS. The financial statements were prepared using the accrual basis of accounting. Member and employee contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing CalPERS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the Housing Authority's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense. Please note CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions* requires that pension reported results must pertain to liability and asset information within certain defined timeframes. The pension plan actuarial report as provided by CalPERS utilizes the following timeframes:

- Valuation Date (VD) June 30, 2016
- Measurement Date (MD) June 30, 2017
- Measurement Period (MP) July 1, 2016 to June 30, 2017

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

8. **Employees' Retirement System** (continued)

Plan Description and Provisions

The Housing Authority of the County of Stanislaus contributes to the California Public Employee's Retirement System ("CalPERS"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities with the State of California.

CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Authority is part of a "cost sharing" pool with CalPERS. Benefit provisions and all other requirements are established by the State of California statute and District resolution. Copies of CalPERS' annual financial report may be obtained from their Executive Office at 400 "P" Street Sacramento, CA 95814. A separate report for the Authority's Plan within CalPERS is not available.

The following terms will apply to all full-time employees participating in the CalPERS retirement system prior to January 1, 2013, with the exception if they were a previous participant in the CalPERS retirement system (as these prior participating individuals will be grandfathered as to these terms as well). Employees are eligible for retirement at the age of 60 and are entitled to monthly benefit of 2 percent of final compensation for each year of service credit. Retirement compensation is reduced if the plan is coordinated with Social Security. Retirement may begin at age 50 with a reduced benefit rate or after age 60 to 63 with an increased rate. Retirement benefits fully vest after 5 years of credited service. Upon separation from the fund, members' accumulated contributions are refundable with interest credited through the date of separation.

Mandatory Modifications to the Employee's Retirement System

Effective as of January 1, 2013, the Authority was legislatively bound to the change in terms impacting its CalPERS retirement system. The passage of Assembly Bill (AB) 340 Pension Reform had a direct impact on employee and employer contribution rates to CalPERS. AB 340 created the Public Employees' Pension Reform Act (PEPRA) that implemented new benefit formulas and a final compensation period concept, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of a new member as per PEPRA. The Pension Reform Section of the CalPERS website contains additional information on pension reform, including information regarding when an employee will be considered a new member under PEPRA. The Benefit Formula was modified to be equal to miscellaneous 2% at age 62. The final compensation period remained the same at the average for the four final compensation years. The employer contribution rate was 6.555% and 6.237% effective through June 30, 2017 and 2016, respectively; this rate will eventually be revised to accommodate the lowering of the discount rate (assumed rate of return), continued phase-in of the effect of investment losses during the two-year period ending June 30, 2016, and various demographic changes.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

8. **Employees' Retirement System** (continued)

Funding Status and Progress

The Authority contributes 5.5% of total covered payroll to the retirement plan while the employees contribute 1.5% of their respective salaries. The Authority is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the CalPERS actuaries and actuarial consultant and adopted by the Board of Administration. The required employer contribution rate for the fiscal years ended June 30, 2017 and 2016 was 7.159% and 6.709%, respectively, of the employee's annual covered payroll. The contribution requirements of the plan members are established by State statute and the employer rate is established and may be amended by CalPERS. This difference in contribution requirements will ultimately lead to overfunding or underfunding of pension plan contributions, as they relate to the net pension liability being reported based on CalPERS actuarial assumptions. However, management believes over time the smoothing of this difference will be insignificant, and will be adjusted through the deferred outflows and inflows of resources being reported annually.

Annual Pension Cost

The Authority's annual pension cost for the fund was equal to the Authority's required and actual contributions, which were determined as part of the June 30, 2016, actuarial valuation using the entry age normal actuarial cost method. Significant actuarial assumptions used to compute the CalPERS pension benefit obligation include an actuarial interest rate of 7.15% per annum and projected salary increases that vary by length of service. The total increase in any future year includes an assumed 2.75% inflation rate and no across the board or merit increases. The actuarial value of the Authority's assets was determined using a technique that addresses the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains or losses. The plan's unfunded actuarial accrued liability (UAAL) (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

8. **Employees' Retirement System** (continued)

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 the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Change in Assumptions:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.65% (net of administrative expense in 2016) to 7.15% as of the June 30, 2017 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

For the measurement period ending June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. Both the June 30, 2016 total pension liability and the June 30, 2017 total pension liability were based on the following actuarial methods and assumptions:

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

8. **Employees' Retirement System** (continued)

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

¹ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 CalPERS Experience Study and Review of Actuarial Assumptions report. The actuarially determined net pension liabilities have been reported by the Authority in their financial statements as of September 30, 2017, in the amount \$2,104,936.

Since the Authority's Plan had less than 100 active members in at least one valuation since June 30, 2003, it is required to participate in a risk pool.

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

Expected Rate of Return

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

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

8. **Employees' Retirement System** (continued)

Expected Rate of Return (continued)

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

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 ⁽¹⁾	Real Return Years 11+ ⁽²⁾
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0	0.80	2.27
Inflation Assets	6.0	0.60	1.39
Private Equity	12.0	6.60	6.63
Real Estate	11.0	2.80	5.21
Infrastructure and Forestland	3.0	3.90	5.36
Liquidity	2.0	(0.40)	(0.90)

⁽¹⁾ An expected inflation of 2.5% used for this period

⁽²⁾ An expected inflation of 3.0% used for this period

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

8. **Employees' Retirement System** (continued)

Discount Rate

The discount rate used to measure the total pension liability was decreased from 7.65 percent in the prior measurement date to 7.15 percent being used currently. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.30 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However, employers may determine the impact at the plan level for their own financial reporting purposes.

Initial plan unfunded liabilities are amortized over a closed period equal to the average amortization period at the plan's date of entry into CalPERS Risk Pool. Subsequent plan amendments are amortized as a level of percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the risk pool are amortized over a rolling 30 year period. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

The Schedule of Funding Progress below shows the recent history of the Risk Pool's actuarial value of assets, accrued liability, their relationship, and the relationship of the unfunded liability (UL) to payroll.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

8. **Employees' Retirement System** (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2017, the Authority recorded a liability of \$2,104,936 for our proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2017 and determined by an actuarial valuation as of that date. The Authority's proportionate share of the total net pension liability was based on the ratio of our actual contributions of \$797,669 paid to CalPERS for the year ended September 30, 2017 relative to the actual contribution of \$456,855,300 from all participating employers. At September 30, 2017, the Authority's proportionate share was 0.0017460%.

For the year ended September 30, 2017, the Authority recognized an actual pension expense in the amount of \$400,261.

At September 30, 2017, we reported deferred outflows of resources and deferred inflows of resources from the following sources related to CalPERS pension benefits:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Balance of Deferred Outflows and Inflows Due to:		
Differences between expected and actual Experience	\$ 9,405	\$ (134,741)
Changes of assumptions	1,502,901	(88,978)
Differences between related pension contributions	768,921	(421,838)
Net difference between projected and actual earnings on pension plan investments	<u>263,908</u>	<u>(-)</u>
Total	\$ <u>2,545,135</u>	\$ <u>(645,557)</u>

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

8. **Employees' Retirement System** (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Deferred outflows of resources reported as deferred contribution pension resulting from contributions subsequent to the measurement date in the amount of \$768,921 have been reported as such, as a result nothing will be recognized as a reduction to the net pension liability in the year ended September 30, 2017. Other amounts reported as collective deferred (inflows)/outflows of resources to be recognized as a reduction to pension expense are as follows by year ending:

Year Ending September 30:	
2018	\$ 282,992
2019	681,225
2020	408,977
2021	(156,687)
2022	-
Thereafter	<u>\$ -</u>

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios

	<u>6/30/2017¹</u>
Plan's Proportion of the Net Pension Liability (Asset)	0.17460%
Plan's Proportionate Share of the Net Pension Liability (Asset)	\$23,504,925
Plan's Covered-Employee Payroll ²	\$3,915,456
Plan's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	91.11%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	0.21497%
Plan's Proportionate Share of Aggregate Employer Contributions ^{3,4}	\$280,309

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

8. **Employees' Retirement System** (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

- ³ The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.
- ⁴ This data is not required to be displayed by GASB 68 for employers participating in cost-sharing plans, but it is being shown here because it is used in the calculation of the Plan's pension expense.

Discount Rate Sensitivity

The following presents the net pension liability/(asset) 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/(asset) 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	\$10,729,299	\$6,882,815	\$3,697,088

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
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9. **Postemployment Benefits Other Than Pension Benefits**

Plan Description

The Stanislaus County Housing Authority provides postretirement healthcare benefits to eligible employees who retire directly from the Authority. The Authority pays single premium coverage (capped at the Blue Shield premium for employees hired after January 3, 2003) for eligible retirees.

Funding Policy

An actuarial report was prepared during the previous year to estimate the annual required contribution (ARC) for the funding and accrual of postemployment benefits under GASB 43 and 45.

The specific calculation of the ARC and annual OPEB expense for an employer depends on how the employer elects to fund these benefits. Contributing an amount greater than or equal to the ARC each year is referred to as “prefunding”. Prefunding generally allows the employer to have the liability calculated using a higher discount rate, which in turn lowers the liability. In addition, following a prefunded policy does not build up a net OPEB obligation because the contribution equals or exceeds the annual OPEB cost each year.

Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost (AOC) equals the ARC, except when the Authority has a net OPEB asset (NOA) at the beginning of the year. In that case, the AOC will equal the ARC adjusted for expected interest on the NOA and reduced by an amortization of the NOA. For the year ending September 30, 2017, the total contribution made was zero.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

9. **Postemployment Benefits Other Than Pension Benefits** (continued)

Actuarial Methods and Assumptions

The actuarial cost method used for this valuation is the Entry Age Normal (EAN) cost method. Under the EAN cost method, the Normal Cost for each participant is determined as a level percent of payroll throughout the participant's working lifetime. (The EAN cost method is required by CalPERS for agencies funding with the CERBT.)

The Plan is assumed to be ongoing for cost purposes. This does not imply that an obligation to continue the Plan exists.

Actuarial assumptions are as follows:

Discount rate	7.61%, representing the long-term rate of return on the trust.
Aggregate payroll increases	3.25% per year
Healthcare Cost increases	Ultimate rate 7.5% to 4.5% in 2019

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

10. **Commitments and Contingencies**

In connection with various Federal and State grant programs, the Authority is obligated to administer the programs in accordance with regulatory restrictions, and is subject to audit by grantor agencies. In cases of noncompliance, the agencies involved may require the Authority to refund program monies. The amount of expenditures which may be disallowed, if any, by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

The Authority is contingently liable in connection with claims and contracts arising in the normal course of its activities. The Authority management is of the opinion that the outcome of such matters will not have a material effect on the basic financial statements.

The possibility exists that HUD contributions may decrease in the future. In the event that such contributions were significantly decreased, the Authority would need to seek other funding sources to maintain operations at current level.

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA
SEPTEMBER 30, 2017

ASSETS

Line Item #		Low Rent	Section 8 Asst. Pay Programs Spec. Alloc.	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Farm Labor Housing Loans and Grants	State and Local	Continuum of Care Program
CURRENT ASSETS								
Cash								
111	Cash - unrestricted	\$ 291,591	\$ 16,902	\$ -	\$ 1,355,866	\$ 899,706	\$ 4,373,086	\$ -
113	Cash - restricted	6,124	5,751	-	834,983	-	-	-
114	Cash - tenant security	312,999	11,335	-	-	35,865	177,626	-
115	Cash - restricted for current liabilities	994	-	-	177,807	-	-	-
100	Total cash	611,708	33,988	-	2,368,656	935,571	4,550,712	-
Receivables								
121	Accounts receivable - PHA projects	-	-	-	-	-	52,280	-
122	Accounts receivable - HUD other projects	-	-	5,932	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-	335,681	-
125	Accounts receivable - miscellaneous	-	-	-	9,364	11,481	643,490	-
126	Accounts receivable - tenant dwelling rents	39,713	5,671	-	7,911	7,823	36,510	-
126.1	Allowance for doubtful accounts - tenant dwelling rents	(17,918)	(3,402)	-	-	(4,376)	(10,659)	-
126.2	Allowance for doubtful accounts - other	-	-	-	(740)	-	-	-
129	Accrued interest receivable	28,480	649	-	1,665	14,953	14,372	-
120	Total receivables	50,275	2,918	5,932	18,200	29,881	1,071,674	-
Other current assets								
131	Investments - Unrestricted	10,488,238	449,665	-	980,038	5,520,452	6,008,545	-
132	Investments - Restricted	818,408	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	5,680	-	-	21,609	-	837,127	-
143	Inventories	45,629	-	-	-	-	-	-
144	Inter-program - due from	-	-	-	-	-	496,704	-
	Total other current assets	11,357,955	449,665	-	1,001,647	5,520,452	7,342,376	-
150	TOTAL CURRENT ASSETS	\$ 12,019,938	\$ 486,571	\$ 5,932	\$ 3,388,503	\$ 6,485,904	\$ 12,964,762	\$ -

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA (CONTINUED)
SEPTEMBER 30, 2017

ASSETS

Line Item #		Disaster Housing Assistance Grant	COCC	Shelter Plus Care	PIH Family Self Sufficiency Program	Combined Total	Eliminations	Consolidated Total
CURRENT ASSETS								
Cash								
111	Cash - unrestricted	\$ 11,887	\$ 1,169,721	\$ -	\$ -	\$ 8,118,759	\$ -	\$ 8,118,759
113	Cash - restricted	-	-	-	-	846,858	-	846,858
114	Cash - tenant security	-	-	-	-	537,825	-	537,825
115	Cash - restricted for current liabilities	-	-	-	-	178,801	-	178,801
100	Total cash	11,887	1,169,721	-	-	9,682,243	-	9,682,243
Receivables								
121	Accounts receivable - PHA projects	-	12,336	-	-	64,616	-	64,616
122	Accounts receivable - HUD other projects	-	-	-	8,873	14,805	-	14,805
124	Accounts receivable - other government	-	-	-	-	335,681	-	335,681
125	Accounts receivable - miscellaneous	-	-	-	-	664,335	-	664,335
126	Accounts receivable - tenant dwelling rents	-	-	-	-	97,628	-	97,628
126.1	Allowance for doubtful accounts - tenant dwelling rents	-	-	-	-	(36,355)	-	(36,355)
126.2	Allowance for doubtful accounts - other	-	-	-	-	(740)	-	(740)
129	Accrued interest receivable	-	2,324	-	-	62,443	-	62,443
120	Total receivables	-	14,660	-	8,873	1,202,413	-	1,202,413
Other current assets								
131	Investments - Unrestricted	-	979,013	-	-	24,425,951	-	24,425,951
132	Investments - Restricted	-	-	-	-	818,408	-	818,408
142	Prepaid Expenses and Other Assets	-	2,343	-	-	866,759	-	866,759
143	Inventories	-	-	-	-	45,629	-	45,629
144	Inter-program - due from	-	-	-	-	496,704	(496,704)	-
	Total other current assets	-	981,356	-	-	26,653,451	(496,704)	26,156,747
150	TOTAL CURRENT ASSETS	\$ 11,887	\$ 2,165,737	\$ -	\$ 8,873	\$ 37,538,107	\$ (496,704)	\$ 37,041,403

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA (CONTINUED)
SEPTEMBER 30, 2017

ASSETS

Line Item #		Low Rent	Section 8 Asst. Pay Programs Spec. Alloc.	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Farm Labor Housing Loans and Grants	State and Local	Continuum of Care Program
NONCURRENT ASSETS								
<u>Fixed assets</u>								
161	Land	\$ 3,007,397	\$ 410,882	\$ -	\$ -	\$ 540,892	\$ 6,206,283	\$ -
162	Buildings	51,905,584	3,096,456	-	-	30,411,156	33,823,192	-
163	Furniture, equipment and machinery dwellings	24,352	-	-	-	32,268	13,000	-
164	Furniture, equipment and machinery administration	1,609,086	-	-	245,649	44,680	140,060	-
166	Accumulated depreciation	(38,305,100)	(905,115)	-	(222,322)	(13,602,783)	(9,045,791)	-
167	Construction in progress	0	-	-	-	-	1,454,982	-
160	Net fixed assets	18,241,319	2,602,223	-	23,327	17,426,213	32,591,726	-
<u>Other noncurrent assets</u>								
171	Notes, loans and mortgages receivable	-	-	-	-	-	3,042,629	-
	Total other noncurrent assets	-	-	-	-	-	3,042,629	-
180	TOTAL NONCURRENT ASSETS	18,241,319	2,602,223	-	23,327	17,426,213	35,634,355	-
190	TOTAL ASSETS	30,261,257	3,088,794	5,932	3,411,830	23,912,117	48,599,117	-
200	Deferred outflow of resources	488,162	-	-	821,376	368,281	390,673	-
290	TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 30,749,419	\$ 3,088,794	\$ 5,932	\$ 4,233,206	\$ 24,280,398	\$ 48,989,790	\$ -

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA (CONTINUED)
SEPTEMBER 30, 2017

ASSETS

Line Item #		Disaster Housing Assistance Grant	COCC	Shelter Plus Care	PIH Family Self Sufficiency Program	Combined Total	Eliminations	Consolidated Total
NONCURRENT ASSETS								
<u>Fixed assets</u>								
161	Land	\$ -	\$ -	\$ -	\$ -	\$ 10,165,454	\$ -	\$ 10,165,454
162	Buildings	-	-	-	-	119,236,388	-	119,236,388
163	Furniture, equipment and machinery dwellings	-	-	-	-	69,620	-	69,620
164	Furniture, equipment and machinery administration	-	386,659	-	-	2,426,134	-	2,426,134
166	Accumulated depreciation	-	(271,835)	-	-	(62,352,946)	-	(62,352,946)
167	Construction in progress	-	-	-	-	1,454,982	-	1,454,982
160	Net fixed assets	-	114,824	-	-	70,999,632	-	70,999,632
<u>Other noncurrent assets</u>								
171	Notes, loans and mortgages receivable	-	-	-	-	3,042,629	-	3,042,629
	Total other noncurrent assets	-	-	-	-	3,042,629	-	3,042,629
180	TOTAL NONCURRENT ASSETS	-	114,824	-	-	74,042,261	-	74,042,261
190	TOTAL ASSETS	11,887	2,280,561	-	8,873	111,580,368	(496,704)	111,083,664
200	Deferred outflow of resources	-	476,643	-	-	2,545,135	-	2,545,135
290	TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 11,887	\$ 2,757,204	\$ -	\$ 8,873	\$ 114,125,503	\$ (496,704)	\$ 113,628,799

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA
SEPTEMBER 30, 2016**

ASSETS

Line Item #		Low Rent	Section 8 Asst. Pay Programs Spec. Alloc.	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Farm Labor Housing Loans and Grants	State and Local	Continuum of Care Program
CURRENT ASSETS								
Cash								
111	Cash - unrestricted	\$ 1,325,941	\$ 122,743	\$ -	\$ 1,014,962	\$ 923,918	\$ 3,671,206	\$ -
113	Cash - restricted	6,420	5,727	-	264,785	-	-	-
114	Cash - tenant security	316,859	12,107	-	-	36,260	174,928	-
115	Cash - restricted for current liabilities	-	-	-	83,009	-	-	-
100	Total cash	1,649,220	140,577	-	1,362,756	960,178	3,846,134	-
Receivables								
121	Accounts receivable - PHA projects	-	-	-	-	-	38,098	-
122	Accounts receivable - HUD other projects	14,212	-	-	-	-	-	271,746
124	Accounts receivable - other government	-	-	-	-	29,189	453,869	-
125	Accounts receivable - miscellaneous	-	-	-	1,794	10,097	607,344	-
126	Accounts receivable - tenant dwelling rents	62,116	12,383	-	7,911	9,186	23,445	-
126.1	Allowance for doubtful accounts - tenant dwelling rents	(28,166)	(7,440)	-	-	(5,412)	(4,575)	-
126.2	Allowance for doubtful accounts - other	-	-	-	(740)	-	-	-
129	Accrued interest receivable	13,569	331	-	875	2,277	7,994	-
120	Total receivables	61,731	5,274	-	9,840	45,337	1,126,175	271,746
Other current assets								
131	Investments - Unrestricted	8,295,898	218,040	-	575,745	1,498,706	5,865,397	-
132	Investments - Restricted	812,350	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	5,685	205	-	17,657	1,521	773,467	-
143	Inventories	46,422	-	-	-	-	-	-
144	Inter-program - due from	-	-	-	-	-	755,256	-
145	Assets held for sale	-	-	-	-	-	492,009	-
	Total other current assets	9,160,355	218,245	-	593,402	1,500,227	7,886,129	-
150	TOTAL CURRENT ASSETS	\$ 10,871,306	\$ 364,096	\$ -	\$ 1,965,998	\$ 2,505,742	\$ 12,858,438	\$ 271,746

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA (CONTINUED)
SEPTEMBER 30, 2016

ASSETS

Line Item #		Disaster Housing Assistance Grant	COCC	Shelter Plus Care	PIH Family Self Sufficiency Program	Combined Total	Eliminations	Consolidated Total
CURRENT ASSETS								
Cash								
111	Cash - unrestricted	\$ 11,887	\$ 846,829	\$ -	\$ -	\$ 7,917,486	\$ -	\$ 7,917,486
113	Cash - restricted	-	-	-	-	276,932	-	276,932
114	Cash - tenant security	-	-	-	-	540,154	-	540,154
115	Cash - restricted for current liabilities	-	-	-	-	83,009	-	83,009
100	Total cash	11,887	846,829	-	-	8,817,581	-	8,817,581
Receivables								
121	Accounts receivable - PHA projects	-	-	-	-	38,098	-	38,098
122	Accounts receivable - HUD other projects	-	-	-	6,393	292,351	-	292,351
124	Accounts receivable - other government	-	-	-	-	483,058	-	483,058
125	Accounts receivable - miscellaneous	-	-	-	-	619,235	-	619,235
126	Accounts receivable - tenant dwelling rents	-	-	-	-	115,041	-	115,041
126.1	Allowance for doubtful accounts - tenant dwelling rents	-	-	-	-	(45,593)	-	(45,593)
126.2	Allowance for doubtful accounts - other	-	-	-	-	(740)	-	(740)
129	Accrued interest receivable	-	3,452	-	-	28,498	-	28,498
120	Total receivables	-	3,452	-	6,393	1,529,948	-	1,529,948
Other current assets								
131	Investments - Unrestricted	-	2,093,895	-	-	18,547,681	-	18,547,681
132	Investments - Restricted	-	-	-	-	812,350	-	812,350
142	Prepaid Expenses and Other Assets	-	1,915	-	-	800,450	-	800,450
143	Inventories	-	-	-	-	46,422	-	46,422
144	Inter-program - due from	-	-	-	-	755,256	(755,256)	-
145	Assets held for sale	-	-	-	-	492,009	-	492,009
	Total other current assets	-	2,095,810	-	-	21,454,168	(755,256)	20,698,912
150	TOTAL CURRENT ASSETS	\$ 11,887	\$ 2,946,091	\$ -	\$ 6,393	\$ 31,801,697	\$ (755,256)	\$ 31,046,441

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA (CONTINUED)
SEPTEMBER 30, 2016

ASSETS

Line Item #		Low Rent	Section 8 Asst. Pay Programs Spec. Alloc.	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Farm Labor Housing Loans and Grants	State and Local	Continuum of Care Program
NONCURRENT ASSETS								
<u>Fixed assets</u>								
161	Land	\$ 3,007,397	\$ 410,882	\$ -	\$ -	\$ 540,892	\$ 5,044,413	\$ -
162	Buildings	50,213,314	3,096,456	-	-	30,411,156	33,387,292	-
163	Furniture, equipment and machinery dwellings	24,352	-	-	-	32,268	13,000	-
164	Furniture, equipment and machinery administration	1,554,787	-	-	239,736	40,044	133,759	-
166	Accumulated depreciation	(36,951,382)	(811,190)	-	(231,818)	(12,933,350)	(8,208,854)	-
167	Construction in progress	364,262	-	-	-	-	1,342,007	-
160	Net fixed assets	18,212,730	2,696,148	-	7,918	18,091,010	31,711,617	-
<u>Other noncurrent assets</u>								
171	Notes, loans and mortgages receivable	-	-	-	-	-	2,948,629	-
	Total other noncurrent assets	-	-	-	-	-	2,948,629	-
180	TOTAL NONCURRENT ASSETS	18,212,730	2,696,148	-	7,918	18,091,010	34,660,246	-
190	TOTAL ASSETS	29,084,036	3,060,244	-	1,973,916	20,596,752	47,518,684	271,746
200	Deferred outflow of resources	140,089	-	-	247,187	105,673	95,368	-
290	TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 29,224,125	\$ 3,060,244	\$ -	\$ 2,221,103	\$ 20,702,425	\$ 47,614,052	\$ 271,746

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA (CONTINUED)
SEPTEMBER 30, 2016

ASSETS

Line Item #		Disaster Housing Assistance Grant	COCC	Shelter Plus Care	PIH Family Self Sufficiency Program	Combined Total	Eliminations	Consolidated Total
NONCURRENT ASSETS								
<u>Fixed assets</u>								
161	Land	\$ -	\$ -	\$ -	\$ -	\$ 9,003,584	\$ -	\$ 9,003,584
162	Buildings	-	-	-	-	117,108,218	-	117,108,218
163	Furniture, equipment and machinery dwellings	-	-	-	-	69,620	-	69,620
164	Furniture, equipment and machinery administration	-	373,219	-	-	2,341,545	-	2,341,545
166	Accumulated depreciation	-	(257,311)	-	-	(59,393,905)	-	(59,393,905)
167	Construction in progress	-	-	-	-	1,706,269	-	1,706,269
160	Net fixed assets	-	115,908	-	-	70,835,331	-	70,835,331
<u>Other noncurrent assets</u>								
171	Notes, loans and mortgages receivable	-	-	-	-	2,948,629	-	2,948,629
	Total other noncurrent assets	-	-	-	-	2,948,629	-	2,948,629
180	TOTAL NONCURRENT ASSETS	-	115,908	-	-	73,783,960	-	73,783,960
190	TOTAL ASSETS	11,887	3,061,999	-	6,393	105,585,657	(755,256)	104,830,401
200	Deferred outflow of resources	-	142,145	-	-	730,462	-	730,462
290	TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 11,887	\$ 3,204,144	\$ -	\$ 6,393	\$ 106,316,119	\$ (755,256)	\$ 105,560,863

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA
SEPTEMBER 30, 2017**

LIABILITIES AND NET POSITION (DEFICIT)

Line Item #		Low Rent	Section 8 Asst. Pay Programs Spec. Alloc.	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Farm Labor Housing Loans and Grants	State and Local	Continuum of Care Program
LIABILITIES								
Current liabilities								
312	Accounts payable, < 90 days	\$ 160,035	\$ 11,000	\$ -	\$ 649,867	\$ 49,378	\$ 398,255	\$ -
322	Accrued compensated absences - current portion	92,939	-	-	83,227	65,190	84,376	-
325	Accrued interest payable	-	343,687	-	-	-	755,292	-
333	Accounts payable - other government	-	-	-	7,552	-	2,875,163	-
341	Tenant security deposits payable	312,999	11,335	-	-	35,865	177,626	-
342	Deferred revenue	17,370	3,197	-	-	17,419	1,696,431	-
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	34,404	-	-	204,270	204,018	-
345	Other current liabilities	222,807	-	-	177,807	-	-	-
347	Inter-program - due to	-	481,899	5,932	-	-	-	-
310	Total current liabilities	<u>806,150</u>	<u>885,522</u>	<u>5,932</u>	<u>918,453</u>	<u>372,122</u>	<u>6,191,161</u>	<u>-</u>
Noncurrent liabilities								
351	Long-term debt, net of current portion - capital projects/mortgage revenue bonds	-	2,408,696	-	-	4,842,843	20,197,883	-
353	Noncurrent liabilities - other	6,124	-	-	81,747	-	-	-
354	Accrued compensated absences - noncurrent	23,235	-	-	20,806	16,298	21,094	-
357	Net pension liability	403,747	-	-	678,516	304,612	323,816	-
350	Total noncurrent liabilities	<u>433,106</u>	<u>2,408,696</u>	<u>-</u>	<u>781,069</u>	<u>5,163,753</u>	<u>20,542,793</u>	<u>-</u>
300	TOTAL LIABILITIES	<u>1,239,256</u>	<u>3,294,218</u>	<u>5,932</u>	<u>1,699,522</u>	<u>5,535,875</u>	<u>26,733,954</u>	<u>-</u>
400	Deferred inflow of resources	<u>123,535</u>	<u>-</u>	<u>-</u>	<u>214,654</u>	<u>92,932</u>	<u>97,784</u>	<u>-</u>
NET POSITION								
508.1	Invested in capital assets, net of related debt	<u>18,241,319</u>	<u>159,123</u>	<u>-</u>	<u>23,327</u>	<u>12,379,100</u>	<u>12,189,825</u>	<u>-</u>
511.1	Restricted net position	<u>818,408</u>	<u>-</u>	<u>-</u>	<u>753,236</u>	<u>-</u>	<u>-</u>	<u>-</u>
512.1	Unrestricted net position	<u>10,326,901</u>	<u>(364,547)</u>	<u>-</u>	<u>1,542,467</u>	<u>6,272,491</u>	<u>9,968,227</u>	<u>-</u>
513	TOTAL NET POSITION	<u>29,386,628</u>	<u>(205,424)</u>	<u>-</u>	<u>2,319,030</u>	<u>18,651,591</u>	<u>22,158,052</u>	<u>-</u>
600	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 30,749,419</u>	<u>\$ 3,088,794</u>	<u>\$ 5,932</u>	<u>\$ 4,233,206</u>	<u>\$ 24,280,398</u>	<u>\$ 48,989,790</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA (CONTINUED)
SEPTEMBER 30, 2017

LIABILITIES AND NET POSITION (DEFICIT)

Line Item #		Disaster Housing Assistance Grant	COCC	Shelter Plus Care	PIH Family Self Sufficiency Program	Combined Total	Eliminations	Consolidated Total
LIABILITIES								
Current liabilities								
312	Accounts payable, < 90 days	\$ -	\$ 7,302	\$ -	\$ -	\$ 1,275,837	\$ -	\$ 1,275,837
322	Accrued compensated absences - current portion	-	123,965	-	-	449,697	-	449,697
325	Accrued interest payable	-	-	-	-	1,098,979	-	1,098,979
333	Accounts payable - other government	-	-	-	-	2,882,715	-	2,882,715
341	Tenant security deposits payable	-	-	-	-	537,825	-	537,825
342	Deferred revenue	-	-	-	-	1,734,417	-	1,734,417
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	-	-	-	442,692	-	442,692
345	Other current liabilities	-	-	-	-	400,614	-	400,614
347	Inter-program - due to	-	-	-	8,873	496,704	(496,704)	-
310	Total current liabilities	-	131,267	-	8,873	9,319,480	(496,704)	8,822,776
Noncurrent liabilities								
351	Long-term debt, net of current portion - capital projects/mortgage revenue bonds	-	-	-	-	27,449,422	-	27,449,422
353	Noncurrent liabilities - other	-	-	-	-	87,871	-	87,871
354	Accrued compensated absences - noncurrent	-	30,991	-	-	112,424	-	112,424
357	Net pension liability	-	394,245	-	-	2,104,936	-	2,104,936
350	Total noncurrent liabilities	-	425,236	-	-	29,754,653	-	29,754,653
300	TOTAL LIABILITIES	-	556,503	-	8,873	39,074,133	(496,704)	38,577,429
400	Deferred inflow of resources	-	116,652	-	-	645,557	-	645,557
NET POSITION								
508.1	Invested in capital assets, net of related debt	-	114,824	-	-	43,107,518	-	43,107,518
511.1	Restricted net position	-	-	-	-	1,571,644	-	1,571,644
512.1	Unrestricted net position	11,887	1,969,225	-	-	29,726,651	-	29,726,651
513	TOTAL NET POSITION	11,887	2,084,049	-	-	74,405,813	-	74,405,813
600	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 11,887	\$ 2,757,204	\$ -	\$ 8,873	\$ 114,125,503	\$ (496,704)	\$ 113,628,799

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA
SEPTEMBER 30, 2016**

LIABILITIES AND NET POSITION (DEFICIT)

Line Item #		Low Rent	Section 8 Asst. Pay Programs Spec. Alloc.	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Farm Labor Housing Loans and Grants	State and Local	Continuum of Care Program
LIABILITIES								
<u>Current liabilities</u>								
312	Accounts payable, < 90 days	\$ 140,626	\$ 8,456	\$ -	\$ 120,743	\$ 62,203	\$ 354,539	\$ 1,867
321	Accrued wages payable	-	-	-	-	-	167,468	-
322	Accrued compensated absences - current portion	81,443	-	-	84,315	61,818	78,452	-
325	Accrued interest payable	-	314,437	-	-	-	708,042	-
333	Accounts payable - other government	-	-	-	7,552	-	3,251,987	-
341	Tenant security deposits payable	316,859	12,107	-	-	36,260	174,928	-
342	Deferred revenue	19,787	3,964	-	-	27,815	1,963,230	-
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	24,971	-	-	127,088	193,837	-
345	Other current liabilities	217,844	-	-	83,009	-	-	-
347	Inter-program - due to	-	481,899	-	-	-	-	269,879
310	Total current liabilities	<u>776,559</u>	<u>845,834</u>	<u>-</u>	<u>295,619</u>	<u>315,184</u>	<u>6,892,483</u>	<u>271,746</u>
<u>Noncurrent liabilities</u>								
351	Long-term debt, net of current portion - capital projects/mortgage revenue bonds	-	2,450,372	-	-	2,092,454	20,395,668	-
353	Noncurrent liabilities - other	6,420	-	-	164,669	-	-	-
354	Accrued compensated absences - noncurrent	20,360	-	-	21,078	15,454	19,613	-
357	Net pension liability	110,137	-	-	194,168	83,095	74,717	-
350	Total noncurrent liabilities	<u>136,917</u>	<u>2,450,372</u>	<u>-</u>	<u>379,915</u>	<u>2,191,003</u>	<u>20,489,998</u>	<u>-</u>
300	TOTAL LIABILITIES	<u>913,476</u>	<u>3,296,206</u>	<u>-</u>	<u>675,534</u>	<u>2,506,187</u>	<u>27,382,481</u>	<u>271,746</u>
400	Deferred inflow of resources	<u>69,073</u>	<u>-</u>	<u>-</u>	<u>124,812</u>	<u>51,842</u>	<u>51,578</u>	<u>-</u>
NET POSITION								
508.1	Invested in capital assets, net of related debt	<u>18,212,730</u>	<u>220,805</u>	<u>-</u>	<u>7,918</u>	<u>15,871,468</u>	<u>11,122,112</u>	<u>-</u>
511.1	Restricted net position	812,350	-	-	100,116	-	-	-
512.1	Unrestricted net position	<u>9,216,496</u>	<u>(456,767)</u>	<u>-</u>	<u>1,312,723</u>	<u>2,272,928</u>	<u>9,057,881</u>	<u>-</u>
513	TOTAL NET POSITION	<u>28,241,576</u>	<u>(235,962)</u>	<u>-</u>	<u>1,420,757</u>	<u>18,144,396</u>	<u>20,179,993</u>	<u>-</u>
600	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 29,224,125</u>	<u>\$ 3,060,244</u>	<u>\$ -</u>	<u>\$ 2,221,103</u>	<u>\$ 20,702,425</u>	<u>\$ 47,614,052</u>	<u>\$ 271,746</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA (CONTINUED)
SEPTEMBER 30, 2016

LIABILITIES AND NET POSITION (DEFICIT)

Line Item #		Disaster Housing Assistance Grant	COCC	Shelter Plus Care	PIH Family Self Sufficiency Program	Combined Total	Eliminations	Consolidated Total
LIABILITIES								
<u>Current liabilities</u>								
312	Accounts payable, < 90 days	\$ -	\$ 83,980	\$ -	\$ 2,915	\$ 775,329	\$ -	\$ 775,329
321	Accrued wages payable	-	-	-	-	167,468	-	167,468
322	Accrued compensated absences - current portion	-	125,364	-	-	431,392	-	431,392
325	Accrued interest payable	-	-	-	-	1,022,479	-	1,022,479
333	Accounts payable - other government	-	-	-	-	3,259,539	-	3,259,539
341	Tenant security deposits payable	-	-	-	-	540,154	-	540,154
342	Deferred revenue	-	-	-	-	2,014,796	-	2,014,796
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	-	-	-	345,896	-	345,896
345	Other current liabilities	-	-	-	-	300,853	-	300,853
347	Inter-program - due to	-	-	-	3,478	755,256	(755,256)	-
310	Total current liabilities	-	209,344	-	6,393	9,613,162	(755,256)	8,857,906
<u>Noncurrent liabilities</u>								
351	Long-term debt, net of current portion - capital projects/mortgage revenue bonds	-	-	-	-	24,938,494	-	24,938,494
353	Noncurrent liabilities - other	-	-	-	-	171,089	-	171,089
354	Accrued compensated absences - noncurrent	-	31,341	-	-	107,846	-	107,846
357	Net pension liability	-	112,084	-	-	574,201	-	574,201
350	Total noncurrent liabilities	-	143,425	-	-	25,791,630	-	25,791,630
300	TOTAL LIABILITIES	-	352,769	-	6,393	35,404,792	(755,256)	34,649,536
400	Deferred inflow of resources	-	64,315	-	-	361,620	-	361,620
NET POSITION								
508.1	Invested in capital assets, net of related debt	-	115,908	-	-	45,550,941	-	45,550,941
511.1	Restricted net position	-	-	-	-	912,466	-	912,466
512.1	Unrestricted net position	11,887	2,671,152	-	-	24,086,300	-	24,086,300
513	TOTAL NET POSITION	11,887	2,787,060	-	-	70,549,707	-	70,549,707
600	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 11,887	\$ 3,204,144	\$ -	\$ 6,393	\$ 106,316,119	\$ (755,256)	\$ 105,560,863

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA
SEPTEMBER 30, 2017

Line Item #		Low Rent	Section 8 Asst. Pay Programs Spec. Alloc.	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Farm Labor Housing Loans and Grants	State and Local	Continuum of Care Program
REVENUES								
<u>Revenues</u>								
70300	Net tenant rental revenue	\$ 3,310,815	\$ 372,601	\$ -	\$ -	\$ 1,921,371	\$ 2,253,768	\$ -
70400	Tenant revenue - other	67,745	3,309	-	-	19,087	32,028	-
70500	Total tenant revenue	3,378,560	375,910	-	-	1,940,458	2,285,796	-
70600	HUD PHA operating grants	1,773,366	231,436	63,005	33,935,725	-	-	871,867
70610	Capital grants	1,367,393	-	-	-	-	-	-
70710	Management fee	-	-	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-	-	-
70730	Bookkeeping fee	-	-	-	-	-	-	-
70740	Front line service fee	-	-	-	-	-	-	-
70800	Other government grants	-	50,000	-	-	1,044,097	2,500,106	-
71100	Investment income - unrestricted	85,533	1,968	-	11,556	39,903	62,521	-
71400	Fraud recovery	-	-	-	33,569	-	-	-
71500	Other revenue	134,159	1,510	-	84,836	93,979	184,153	-
72000	Investment income - restricted	7,037	23	-	-	-	-	-
70000	Total revenues	6,746,048	660,847	63,005	34,065,686	3,118,437	5,032,576	871,867
EXPENSES								
<u>Operating expenses</u>								
Administrative:								
91100	Administrative salaries	457,868	14,025	-	1,236,737	329,497	352,077	31,816
91200	Auditing fees	2,464	102	-	2,561	1,082	5,342	-
91300	Management fees	626,038	33,360	-	630,664	-	-	-
91310	Bookkeeping fees	57,780	-	-	390,323	-	-	-
91400	Advertising and marketing	1,910	15	-	2,994	509	967	-
91500	Employee benefit contributions - administrative	210,075	1,302	-	496,004	152,662	124,117	10,689
91600	Office expenses	58,479	3,730	-	204,357	48,816	65,061	-
91700	Legal expenses	17,919	2,861	-	6,920	12,345	20,650	-
91800	Travel	2,921	-	-	2,399	4,897	5,683	-
91900	Other administrative expenses	129,596	9,387	-	-	-	2,313	49,169
92000	Asset management fee	77,640	-	-	-	-	-	-
Tenant services:								
92100	Tenant services - salaries	-	-	47,536	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	13,639	-	-	-	-
Utilities:								
93100	Water	320,218	8,207	-	-	177,672	174,168	-
93200	Electricity	58,090	7,728	-	-	45,471	150,380	-
93300	Gas	11,084	996	-	-	1,322	40,553	-
93600	Sewer	\$ 270,288	\$ 19,342	\$ -	\$ -	\$ 150,462	\$ 194,464	\$ -

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA (CONTINUED)
SEPTEMBER 30, 2017

Line Item #		Disaster Housing Assistance Grant	COCC	Shelter Plus Care	Supportive Housing Program	PIH Family Self Sufficiency Program	Combined Total	Eliminations	Consolidated Total
REVENUES									
Revenues									
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	7,858,555	\$ -	\$ 7,858,555
70400	Tenant revenue - other	-	-	-	-	-	122,169	-	122,169
70500	Total tenant revenue	-	-	-	-	-	7,980,724	-	7,980,724
70600	HUD PHA operating grants	-	-	-	-	113,493	36,988,892	-	36,988,892
70610	Capital grants	-	-	-	-	-	1,367,393	-	1,367,393
70710	Management fee	-	1,290,062	-	-	-	1,290,062	(1,290,062)	-
70720	Asset management fee	-	77,640	-	-	-	77,640	(77,640)	-
70730	Bookkeeping fee	-	448,103	-	-	-	448,103	(448,103)	-
70740	Front line service fee	-	225,435	-	-	-	225,435	(225,435)	-
70800	Other government grants	-	-	-	-	-	3,594,203	-	3,594,203
71100	Investment income - unrestricted	-	14,204	-	-	-	215,685	-	215,685
71400	Fraud recovery	-	-	-	-	-	33,569	-	33,569
71500	Other revenue	-	758	-	-	-	499,395	-	499,395
72000	Investment income - restricted	-	-	-	-	-	7,060	-	7,060
70000	Total revenues	-	2,056,202	-	-	113,493	52,728,161	(2,041,240)	50,686,921
EXPENSES									
Operating expenses									
Administrative:									
91100	Administrative salaries	-	923,771	-	-	-	3,345,791	-	3,345,791
91200	Auditing fees	-	217	-	-	-	11,768	-	11,768
91300	Management fees	-	-	-	-	-	1,290,062	(1,290,062)	-
91310	Bookkeeping fees	-	-	-	-	-	448,103	(448,103)	-
91400	Advertising and marketing	-	431	-	-	-	6,826	-	6,826
91500	Employee benefit contributions - administrative	-	302,166	-	-	-	1,297,015	-	1,297,015
91600	Office expenses	-	55,866	-	-	-	436,309	-	436,309
91700	Legal expenses	-	23,594	-	-	-	84,289	-	84,289
91800	Travel	-	33,794	-	-	-	49,694	-	49,694
91900	Other administrative expenses	-	5,249	-	-	-	195,714	-	195,714
92000	Asset management fee	-	-	-	-	-	77,640	(77,640)	-
Tenant services:									
92100	Tenant services - salaries	-	-	-	-	85,322	132,858	-	132,858
92300	Employee benefit contributions - tenant services	-	-	-	-	25,077	38,716	-	38,716
Utilities:									
93100	Water	-	262	-	-	-	680,527	-	680,527
93200	Electricity	-	2,027	-	-	-	263,696	-	263,696
93300	Gas	-	370	-	-	-	54,325	-	54,325
93600	Sewer	\$ -	\$ 158	\$ -	\$ -	\$ -	634,714	\$ -	634,714

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA (CONTINUED)
SEPTEMBER 30, 2017

Line Item #		Low Rent	Section 8 Asst. Pay Programs Spec. Alloc.	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Farm Labor Housing Loans and Grants	State and Local	Continuum of Care Program
EXPENSES (CONTINUED)								
<u>Operating expenses (continued)</u>								
	Ordinary maintenance and operations:							
94100	Ordinary maintenance and operations - labor	\$ 329,338	\$ 32,293	\$ -	\$ -	\$ 317,410	\$ 297,194	\$ -
94200	Ordinary maintenance and operations - materials and other	311,685	23,701	-	4,856	161,602	118,795	-
94300	Ordinary maintenance and operations - contract costs	700,555	53,788	-	177,307	258,339	879,216	-
94500	Employee benefit contributions - ordinary maintenance and operations	114,609	-	-	-	100,413	132,230	-
95200	Protective services - other contract costs	7,746	-	-	-	-	4,568	-
	General expenses:							
96110	Property insurance	72,690	4,381	-	-	40,730	60,467	-
96120	Liability insurance	26,415	1,172	-	13,542	11,329	28,116	-
96130	Workers compensation insurance	67,751	661	1,830	39,198	67,015	56,137	1,349
96200	Other general expenses	2,279	-	-	23,611	78	38,930	-
96210	Compensated absences	14,370	-	-	-	12,743	21,160	-
96300	Payment in lieu of taxes	222,085	-	-	-	-	-	-
96400	Bad debts - tenants rent	59,244	2,149	-	-	10,619	24,019	-
96700	Interest expense	-	85,748	-	-	36,795	317,142	-
96900	Total operating expenses	<u>4,231,137</u>	<u>304,948</u>	<u>63,005</u>	<u>3,231,473</u>	<u>1,941,808</u>	<u>3,113,749</u>	<u>93,023</u>
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	<u>2,514,911</u>	<u>355,899</u>	<u>-</u>	<u>30,834,213</u>	<u>1,176,629</u>	<u>1,918,827</u>	<u>778,844</u>
	Other expenses:							
97100	Extraordinary maintenance	-	-	-	-	-	-	-
97300	Housing assistance payments	-	231,436	-	29,930,974	-	-	778,844
97350	HAP portability-in	-	-	-	-	-	-	-
97400	Depreciation expense	<u>1,369,859</u>	<u>93,925</u>	<u>-</u>	<u>4,966</u>	<u>669,434</u>	<u>836,937</u>	<u>-</u>
90000	Total expenses	<u>5,600,996</u>	<u>630,309</u>	<u>63,005</u>	<u>33,167,413</u>	<u>2,611,242</u>	<u>3,950,686</u>	<u>871,867</u>
10010	Operating transfer in	70,468	-	-	-	-	896,169	-
10020	Operating transfer out	<u>(70,468)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
10000	EXCESS (DEFICIENCY) OF OPERATING REVENUE OVER (UNDER) EXPENSES	<u>\$ 1,145,052</u>	<u>\$ 30,538</u>	<u>\$ -</u>	<u>\$ 898,273</u>	<u>\$ 507,195</u>	<u>\$ 1,978,059</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA (CONTINUED)
SEPTEMBER 30, 2017

Line Item #		Disaster Housing Assistance Grant	COCC	Shelter Plus Care	Supportive Housing Program	PIH Family Self Sufficiency Program	Combined Total	Eliminations	Consolidated Total
EXPENSES (CONTINUED)									
Operating expenses (continued)									
	Ordinary maintenance and operations:								
94100	Ordinary maintenance and operations - labor	\$ -	\$ 270,309	\$ -	\$ -	\$ -	1,246,544	\$ -	1,246,544
94200	Ordinary maintenance and operations - materials and other	-	19,656	-	-	-	640,295	-	640,295
94300	Ordinary maintenance and operations - contract costs	-	17,761	-	-	-	2,086,966	(225,435)	1,861,531
94500	Employee benefit contributions - ordinary maintenance and operations	-	71,289	-	-	-	418,541	-	418,541
95200	Protective services - other contract costs	-	-	-	-	-	12,314	-	12,314
	General expenses:								
96110	Property insurance	-	-	-	-	-	178,268	-	178,268
96120	Liability insurance	-	11,118	-	-	-	91,692	-	91,692
96130	Workers compensation insurance	-	72,726	-	-	3,094	309,761	-	309,761
96200	Other general expenses	-	1,274	-	-	-	66,172	-	66,172
96210	Compensated absences	-	23,060	-	-	-	71,333	-	71,333
96300	Payment in lieu of taxes	-	-	-	-	-	222,085	-	222,085
96400	Bad debts - tenants rent	-	-	-	-	-	96,031	-	96,031
96700	Interest expense	-	-	-	-	-	439,685	-	439,685
96900	Total operating expenses	-	1,835,098	-	-	113,493	14,927,734	(2,041,240)	12,886,494
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	-	221,104	-	-	-	37,800,427	-	37,800,427
	Other expenses:								
97100	Extraordinary maintenance	-	-	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-	30,941,254	-	30,941,254
97350	HAP portability-in	-	-	-	-	-	-	-	-
97400	Depreciation expense	-	27,946	-	-	-	3,003,067	-	3,003,067
90000	Total expenses	-	1,863,044	-	-	113,493	48,872,055	(2,041,240)	46,830,815
10010	Operating transfer in	-	-	-	-	-	966,637	-	966,637
10020	Operating transfer out	-	(896,169)	-	-	-	(966,637)	-	(966,637)
10000	EXCESS (DEFICIENCY) OF OPERATING REVENUE OVER (UNDER) EXPENSES	\$ -	\$ (703,011)	\$ -	\$ -	\$ -	3,856,106	\$ -	3,856,106

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA
SEPTEMBER 30, 2016

Line Item #		Low Rent	Section 8 Asst. Pay Programs Spec. Alloc.	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Farm Labor Housing Loans and Grants	State and Local	Continuum of Care Program
REVENUES								
<u>Revenues</u>								
70300	Net tenant rental revenue	\$ 3,137,823	\$ 372,973	\$ -	\$ -	\$ 1,864,429	\$ 2,188,302	\$ -
70400	Tenant revenue - other	71,417	11,791	-	-	12,605	28,776	-
70500	Total tenant revenue	3,209,240	384,764	-	-	1,877,034	2,217,078	-
70600	HUD PHA operating grants	1,732,061	236,922	6,887	34,475,347	-	-	740,379
70610	Capital grants	518,380	-	-	-	-	-	-
70710	Management fee	-	-	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-	-	-
70730	Bookkeeping fee	-	-	-	-	-	-	-
70740	Front line service fee	-	-	-	-	-	-	-
70800	Other government grants	-	50,000	-	-	503,461	1,409,610	-
71100	Investment income - unrestricted	46,637	1,092	-	7,267	10,271	37,267	-
71400	Fraud recovery	-	-	-	36,094	-	-	-
71500	Other revenue	121,135	1,380	-	49,431	98,746	294,581	-
72000	Investment income - restricted	4,024	24	-	-	-	-	-
70000	Total revenues	5,631,477	674,182	6,887	34,568,139	2,489,512	3,958,536	740,379
EXPENSES								
<u>Operating expenses</u>								
Administrative:								
91100	Administrative salaries	440,589	15,519	4,518	1,209,950	327,400	358,560	78,381
91200	Auditing fees	3,037	126	-	3,157	1,333	5,387	-
91300	Management fees	620,764	32,280	-	661,982	-	-	-
91310	Bookkeeping fees	57,727	-	-	410,903	-	-	-
91400	Advertising and marketing	988	6	-	597	310	756	-
91500	Employee benefit contributions - administrative	196,154	1,380	2,226	522,394	148,928	125,809	14,817
91600	Office expenses	90,808	4,959	-	233,927	47,182	66,778	-
91700	Legal expenses	19,710	5,633	-	9,509	5,047	17,752	-
91800	Travel	2,366	-	-	3,785	4,719	6,038	-
91900	Other administrative expenses	44,490	9,579	-	-	-	4,688	23,464
92000	Asset management fee	77,640	-	-	-	-	-	-
Tenant services:								
92100	Tenant services - salaries	-	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-
Utilities:								
93100	Water	270,417	6,093	-	-	165,730	133,221	-
93200	Electricity	54,487	8,417	-	-	44,155	142,769	-
93300	Gas	7,069	1,062	-	-	1,061	33,542	-
93600	Sewer	\$ 259,003	\$ 19,342	\$ -	\$ -	\$ 146,147	\$ 187,598	\$ -

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA (CONTINUED)
SEPTEMBER 30, 2016

Line Item #		Disaster Housing Assistance Grant	COCC	Shelter Plus Care	Supportive Housing Program	PIH Family Self Sufficiency Program	Combined Total	Eliminations	Consolidated Total
REVENUES									
Revenues									
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	7,563,527	\$ -	\$ 7,563,527
70400	Tenant revenue - other	-	-	-	-	-	124,589	-	124,589
70500	Total tenant revenue	-	-	-	-	-	7,688,116	-	7,688,116
70600	HUD PHA operating grants	-	-	15,106	-	91,881	37,298,583	-	37,298,583
70610	Capital grants	-	-	-	-	-	518,380	-	518,380
70710	Management fee	-	1,315,026	-	-	-	1,315,026	(1,315,026)	-
70720	Asset management fee	-	77,640	-	-	-	77,640	(77,640)	-
70730	Bookkeeping fee	-	468,630	-	-	-	468,630	(468,630)	-
70740	Front line service fee	-	172,247	-	-	-	172,247	(172,247)	-
70800	Other government grants	-	-	-	-	-	1,963,071	-	1,963,071
71100	Investment income - unrestricted	-	12,113	-	-	-	114,647	-	114,647
71400	Fraud recovery	-	-	-	-	-	36,094	-	36,094
71500	Other revenue	-	20,211	-	-	-	585,484	-	585,484
72000	Investment income - restricted	-	-	-	-	-	4,048	-	4,048
70000	Total revenues	-	2,065,867	15,106	-	91,881	50,241,966	(2,033,543)	48,208,423
EXPENSES									
Operating expenses									
Administrative:									
91100	Administrative salaries	-	834,341	2,535	-	-	3,271,793	-	3,271,793
91200	Auditing fees	-	267	-	-	-	13,307	-	13,307
91300	Management fees	-	-	-	-	-	1,315,026	(1,315,026)	-
91310	Bookkeeping fees	-	-	-	-	-	468,630	(468,630)	-
91400	Advertising and marketing	-	116	-	-	-	2,773	-	2,773
91500	Employee benefit contributions - administrative	-	257,977	-	-	-	1,269,685	-	1,269,685
91600	Office expenses	-	64,910	-	-	-	508,564	-	508,564
91700	Legal expenses	-	33,500	-	-	-	91,151	-	91,151
91800	Travel	-	37,387	-	-	-	54,295	-	54,295
91900	Other administrative expenses	-	4,419	-	-	-	86,640	-	86,640
92000	Asset management fee	-	-	-	-	-	77,640	(77,640)	-
Tenant services:									
92100	Tenant services - salaries	-	-	-	-	67,361	67,361	-	67,361
92300	Employee benefit contributions - tenant services	-	-	-	-	22,561	22,561	-	22,561
Utilities:									
93100	Water	-	316	-	-	-	575,777	-	575,777
93200	Electricity	-	2,110	-	-	-	251,938	-	251,938
93300	Gas	-	243	-	-	-	42,977	-	42,977
93600	Sewer	\$ -	\$ 152	\$ -	\$ -	\$ -	612,242	\$ -	612,242

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA (CONTINUED)
SEPTEMBER 30, 2016

Line Item #		Low Rent	Section 8 Asst. Pay Programs Spec. Alloc.	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Farm Labor Housing Loans and Grants	State and Local	Continuum of Care Program
EXPENSES (CONTINUED)								
<u>Operating expenses (continued)</u>								
	Ordinary maintenance and operations:							
94100	Ordinary maintenance and operations - labor	\$ 294,733	\$ 21,414	\$ -	\$ -	\$ 271,424	\$ 272,492	\$ -
94200	Ordinary maintenance and operations - materials and other	315,005	45,638	-	9,472	105,418	111,320	-
94300	Ordinary maintenance and operations - contract costs	699,642	32,490	-	169,005	237,111	633,890	-
94500	Employee benefit contributions - ordinary maintenance and operations	111,599	-	-	-	101,219	153,639	-
95200	Protective services - other contract costs	7,621	-	-	237	-	6,519	-
95300	Protective services - other	-	-	-	-	-	-	-
	General expenses:							
96110	Property insurance	63,963	3,855	-	-	31,051	54,736	-
96120	Liability insurance	20,408	960	-	14,378	13,334	23,819	-
96130	Workers compensation insurance	63,379	715	143	38,099	55,524	46,394	1,770
96140	All other insurance	-	-	-	-	-	-	-
96200	Other general expenses	487	-	-	17,995	-	38,741	-
96210	Compensated absences	28,933	-	-	-	131	16,014	-
96300	Payment in lieu of taxes	217,880	-	-	-	-	-	-
96400	Bad debts - tenants rent	39,645	12,200	-	-	11,171	17,024	-
96700	Interest expense	-	87,104	-	-	20,557	327,674	-
96730	Amortization expense	-	-	-	-	-	-	-
96900	Total operating expenses	<u>4,008,544</u>	<u>308,772</u>	<u>6,887</u>	<u>3,305,390</u>	<u>1,738,952</u>	<u>2,785,160</u>	<u>118,432</u>
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	<u>1,622,933</u>	<u>365,410</u>	<u>-</u>	<u>31,262,749</u>	<u>750,560</u>	<u>1,173,376</u>	<u>621,947</u>
	Other expenses:							
97100	Extraordinary maintenance	-	-	-	-	-	-	-
97300	Housing assistance payments	-	236,922	-	30,772,786	-	-	621,947
97350	HAP portability-in	-	-	-	-	-	-	-
97400	Depreciation expense	<u>1,350,570</u>	<u>93,925</u>	<u>-</u>	<u>25,164</u>	<u>669,272</u>	<u>834,658</u>	<u>-</u>
90000	Total expenses	<u>5,359,114</u>	<u>639,619</u>	<u>6,887</u>	<u>34,103,340</u>	<u>2,408,224</u>	<u>3,619,818</u>	<u>740,379</u>
10010	Operating transfer in	70,468	-	-	-	-	259,241	-
10020	Operating transfer out	<u>(70,468)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
10000	EXCESS (DEFICIENCY) OF OPERATING REVENUE OVER (UNDER) EXPENSES	<u>\$ 272,363</u>	<u>\$ 34,563</u>	<u>\$ -</u>	<u>\$ 464,799</u>	<u>\$ 81,288</u>	<u>\$ 597,959</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA (CONTINUED)
SEPTEMBER 30, 2016

Line Item #		Disaster Housing Assistance Grant	COCC	Shelter Plus Care	Supportive Housing Program	PIH Family Self Sufficiency Program	Combined Total	Eliminations	Consolidated Total
EXPENSES (CONTINUED)									
Operating expenses (continued)									
	Ordinary maintenance and operations:								
94100	Ordinary maintenance and operations - labor	\$ -	\$ 209,331	\$ -	\$ -	\$ -	1,069,394	\$ -	1,069,394
94200	Ordinary maintenance and operations - materials and other	-	31,068	-	-	-	617,921	-	617,921
94300	Ordinary maintenance and operations - contract costs	-	59,351	-	-	-	1,831,489	(172,247)	1,659,242
94500	Employee benefit contributions - ordinary maintenance and operations	-	54,706	-	-	-	421,163	-	421,163
95200	Protective services - other contract costs	-	-	-	-	-	14,377	-	14,377
95300	Protective services - other	-	-	-	-	-	-	-	-
	General expenses:								
96110	Property insurance	-	-	-	-	-	153,605	-	153,605
96120	Liability insurance	-	9,283	-	-	-	82,182	-	82,182
96130	Workers compensation insurance	-	59,951	-	-	1,959	267,934	-	267,934
96140	All other insurance	-	-	-	-	-	-	-	-
96200	Other general expenses	-	7,379	-	-	-	64,602	-	64,602
96210	Compensated absences	-	17,988	-	-	-	63,066	-	63,066
96300	Payment in lieu of taxes	-	-	-	-	-	217,880	-	217,880
96400	Bad debts - tenants rent	-	-	-	-	-	80,040	-	80,040
96700	Interest expense	-	-	-	-	-	435,335	-	435,335
96730	Amortization expense	-	-	-	-	-	-	-	-
96900	Total operating expenses	-	1,684,795	2,535	-	91,881	14,051,348	(2,033,543)	12,017,805
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	-	381,072	12,571	-	-	36,190,618	-	36,190,618
	Other expenses:								
97100	Extraordinary maintenance	-	-	-	-	-	-	-	-
97300	Housing assistance payments	-	-	12,571	-	-	31,644,226	-	31,644,226
97350	HAP portability-in	-	-	-	-	-	-	-	-
97400	Depreciation expense	-	30,460	-	-	-	3,004,049	-	3,004,049
90000	Total expenses	-	1,715,255	15,106	-	91,881	48,699,623	(2,033,543)	46,666,080
10010	Operating transfer in	-	-	-	-	-	329,709	-	329,709
10020	Operating transfer out	-	(259,241)	-	-	-	(329,709)	-	(329,709)
10000	EXCESS (DEFICIENCY) OF OPERATING REVENUE OVER (UNDER) EXPENSES	\$ -	\$ 91,371	\$ -	\$ -	\$ -	1,542,343	\$ -	1,542,343

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA
SEPTEMBER 30, 2017

Line Item #			Section 8 Asst. Pay Programs Spec. Alloc.	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Farm Labor Housing Loans and Grants	State and Local	Continuum of Care Program	
	MEMO ACCOUNT INFORMATION		Low Rent						
11020	Debt principal payment enterprise funds	\$	-	\$	32,243	\$	-	\$	-
11030	Beginning equity		28,241,576		(235,962)		-		1,420,757
11040	Prior period adjustments, equity transfers and correction of errors		-		-		-		-
11170	Administrative fee equity		-		-		1,565,794		-
11180	Housing assistance payments equity	\$	-	\$	-	\$	753,236	\$	-
11190	Unit months available		7,764		576		-		57,660
11210	Number of unit months leased		7,704		570		-		52,536
11270	Excess cash	\$	9,994,055	\$	-	\$	-	\$	-
11620	Building purchases	\$	1,328,007	\$	-	\$	-	\$	-
11640	Furniture & equipment administrative purchases	\$	39,336	\$	-	\$	-	\$	-

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA (CONTINUED)
SEPTEMBER 30, 2017

Line Item #	MEMO ACCOUNT INFORMATION	Disaster Housing Assistance Grant	COCC	Shelter Plus Care	Supportive Housing Program	PIH Family Self Sufficiency Program	Total
11020	Debt principal payment enterprise funds	\$ -	\$ -	\$ -	\$ -	\$ -	392,274
11030	Beginning equity	11,887	2,787,060	-	-	-	70,549,707
11040	Prior period adjustments, equity transfers and correction of errors	-	-	-	-	-	-
11170	Administrative fee equity	-	-	-	-	-	1,565,794
11180	Housing assistance payments equity	\$ -	\$ -	\$ -	\$ -	\$ -	753,236
11190	Unit months available	-	-	-	-	-	75,423
11210	Number of unit months leased	-	-	-	-	-	70,124
11270	Excess cash	\$ -	\$ -	\$ -	\$ -	\$ -	9,994,055
11620	Building purchases	\$ -	\$ -	\$ -	\$ -	\$ -	1,328,007
11640	Furniture & equipment administrative purchases	\$ -	\$ -	\$ -	\$ -	\$ -	39,336

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA
SEPTEMBER 30, 2016

Line Item #			Section 8 Asst. Pay Programs Spec. Alloc.	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Farm Labor Housing Loans and Grants	State and Local	Continuum of Care Program	
	MEMO ACCOUNT INFORMATION		Low Rent						
11020	Debt principal payment enterprise funds	\$	-	\$	30,887	\$	-	\$	-
11030	Beginning equity		27,969,213		(270,525)		-		955,958
11040	Prior period adjustments, equity transfers and correction of errors		-		-		-		-
11170	Administrative fee equity		-		-		1,320,641		-
11180	Housing assistance payments equity	\$	-	\$	-	\$	100,116	\$	-
11190	Unit months available		7,764		576		-		57,024
11210	Number of unit months leased		7,697		548		-		55,149
11270	Excess cash	\$	8,899,048	\$	-	\$	-	\$	-
11620	Building purchases	\$	518,380	\$	-	\$	-	\$	-

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
FINANCIAL DATA (CONTINUED)
SEPTEMBER 30, 2016

Line Item #	MEMO ACCOUNT INFORMATION	Disaster Housing Assistance Grant	COCC	Shelter Plus Care	Supportive Housing Program	PIH Family Self Sufficiency Program	Total
11020	Debt principal payment enterprise funds	\$ -	\$ -	\$ -	\$ -	\$ -	342,221
11030	Beginning equity	11,887	2,695,689	-	-	-	69,007,364
11040	Prior period adjustments, equity transfers and correction of errors	-	-	-	-	-	-
11170	Administrative fee equity	-	-	-	-	-	1,320,641
11180	Housing assistance payments equity	\$ -	\$ -	\$ -	\$ -	\$ -	100,116
11190	Unit months available	-	-	36	-	-	74,735
11210	Number of unit months leased	-	-	28	-	-	72,418
11270	Excess cash	\$ -	\$ -	\$ -	\$ -	\$ -	8,899,048
11620	Building purchases	\$ -	\$ -	\$ -	\$ -	\$ -	518,380

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Project <u>CA39-P026-501-13</u>
<u>The actual costs are as follows:</u>	
Funds approved	\$ 1,013,222.00
Funds expended	(1,013,222.00)
Excess of funds approved	\$ <u><u>-</u></u>
 Funds advanced	 \$ 1,013,222.00
Funds expended	
Operations	(187,000.00)
Administration	(101,322.00)
Fees and costs	(40,000.00)
Dwelling structures	(684,900.00)
Excess of funds advanced	\$ <u><u>-</u></u>

The distribution of costs as shown on the Final Statement of Capital Fund Program Costs accompanying the Actual Capital Fund Program Cost Certification submitted to HUD for approval is in agreement with the PHA's records

All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.

**HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF FINANCIAL POSITION
VALLEY MANOR APARTMENTS
SEPTEMBER 30, 2017 AND 2016**

ASSETS

CURRENT ASSETS	<u>2017</u>	<u>2016</u>
<u>Cash</u>		
Cash - unrestricted	\$ 16,902	\$ 48,143
Cash - residual receipts	5,751	5,727
Cash - tenant security	11,335	12,107
Total cash	<u>33,988</u>	<u>65,977</u>
<u>Receivables</u>		
Accounts receivable - tenant dwelling rents	5,671	12,382
Allowance for doubtful accounts - tenant dwelling rents	(3,402)	(7,440)
Accrued interest receivable	649	331
Total receivables	<u>2,918</u>	<u>5,273</u>
<u>Other current assets</u>		
Investments - unrestricted	449,665	328,040
Prepaid expenses and other assets	-	205
Total other current assets	<u>449,665</u>	<u>328,245</u>
TOTAL CURRENT ASSETS	<u>486,571</u>	<u>399,495</u>
NONCURRENT ASSETS		
<u>Fixed assets</u>		
Land	410,882	410,882
Buildings	2,554,467	2,554,467
Building improvements	541,989	541,989
Accumulated depreciation	(905,115)	(811,190)
Net fixed assets	<u>2,602,223</u>	<u>2,696,148</u>
TOTAL NONCURRENT ASSETS	<u>2,602,223</u>	<u>2,696,148</u>
TOTAL ASSETS	<u>\$ 3,088,794</u>	<u>\$ 3,095,643</u>

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF FINANCIAL POSITION
VALLEY MANOR APARTMENTS
SEPTEMBER 30, 2017 AND 2016**

LIABILITIES AND NET POSITION (DEFICIT)

LIABILITIES	<u>2017</u>	<u>2016</u>
<u>Current liabilities</u>		
Accounts payable, < 90 days	\$ 11,000	\$ 8,456
Accrued interest payable	343,687	314,438
Tenant security deposits payable	11,335	12,107
Deferred revenue	3,197	3,964
Other current liabilities	34,404	35,400
Accrued liabilities - other		
Total current liabilities	<u>403,623</u>	<u>374,365</u>
<u>Noncurrent liabilities</u>		
Long-term debt, net of current portion - capital projects/mortgage revenue bonds	<u>2,890,595</u>	<u>2,957,242</u>
Total noncurrent liabilities	<u>2,890,595</u>	<u>2,957,242</u>
TOTAL LIABILITIES	<u>3,294,218</u>	<u>3,331,607</u>
NET POSITION (DEFICIT)		
Unrestricted net position (deficit)	<u>(205,424)</u>	<u>(235,964)</u>
TOTAL NET POSITION (DEFICIT)	<u>(205,424)</u>	<u>(235,964)</u>
TOTAL LIABILITIES AND NET POSITION (DEFICIT)	<u>\$ 3,088,794</u>	<u>\$ 3,095,643</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF ACTIVITIES
VALLEY MANOR APARTMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>REVENUES</u>		
Operating subsidy	\$ 281,436	\$ 286,922
Rental income, net of bad debts	373,760	360,773
Investment income	1,991	1,115
Miscellaneous income	1,510	13,171
Total revenues	<u>658,697</u>	<u>661,981</u>
<u>EXPENSES</u>		
Administrative		
Administrative rent free unit	9,387	9,579
Office expenses	38,867	42,117
Rental space	318	236
Telephone	884	651
Total administrative	<u>49,456</u>	<u>52,583</u>
Payroll and related costs		
Salaries	46,318	36,933
Payroll taxes	1,303	1,380
Total payroll and related costs	<u>47,621</u>	<u>38,313</u>
Utilities		
Electricity and gas	8,723	9,479
Water and sewer	27,549	25,435
Garbage	10,458	10,813
Total utilities	<u>46,730</u>	<u>45,727</u>
Operating and maintenance		
Contract costs	39,076	27,062
Supplies and maintenance	23,699	34,824
Carpet	4,256	5,428
Total operating and maintenance	<u>67,031</u>	<u>67,314</u>
Housing assistance payments	231,436	236,922
Insurance	6,214	5,530
Other expenses		
Interest	85,748	87,104
Depreciation	93,925	93,925
Total other expenses	<u>179,673</u>	<u>181,029</u>
Total expenses	<u>628,161</u>	<u>627,418</u>
REVENUES (DEFICIT EXPENSES)	<u>\$ 30,536</u>	<u>\$ 34,563</u>

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF FINANCIAL POSITION
GRANGER APARTMENTS
SEPTEMBER 30, 2017 AND 2016**

ASSETS

CURRENT ASSETS	<u>2017</u>	<u>2016</u>
<u>Cash</u>		
Cash - unrestricted	\$ 269,082	\$ 166,205
Cash - tenant security	16,612	13,951
Total cash	<u>285,694</u>	<u>180,156</u>
<u>Receivables</u>		
Accounts receivable - tenant dwelling rents	3,292	1,506
Allowance for doubtful accounts - tenant dwelling rents	(204)	(527)
Accrued interest receivable	1,517	845
Total receivables	<u>4,605</u>	<u>1,824</u>
<u>Other current assets</u>		
Investments - unrestricted	560,079	555,935
Prepaid expenses and other assets	-	158
Total other current assets	<u>560,079</u>	<u>556,093</u>
 TOTAL CURRENT ASSETS	 <u>850,378</u>	 <u>738,073</u>
 NONCURRENT ASSETS		
<u>Fixed assets</u>		
Land	320,000	320,000
Buildings	1,898,423	1,623,770
Accumulated depreciation	(675,638)	(625,170)
Net fixed assets	<u>1,542,785</u>	<u>1,318,600</u>
 TOTAL NONCURRENT ASSETS	 <u>1,542,785</u>	 <u>1,318,600</u>
 TOTAL ASSETS	 <u>\$ 2,393,163</u>	 <u>\$ 2,056,673</u>

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF FINANCIAL POSITION
GRANGER APARTMENTS
SEPTEMBER 30, 2017 AND 2016**

LIABILITIES AND NET POSITION

LIABILITIES	<u>2017</u>	<u>2016</u>
<u>Current liabilities</u>		
Accounts payable, < 90 days	\$ 6,002	\$ 3,818
Tenant security deposits payable	16,612	13,951
Deferred revenue	3,681	2,010
Total current liabilities	<u>26,295</u>	<u>19,779</u>
<u>Noncurrent liabilities</u>		
Long-term debt, net of current portion - capital projects/mortgage revenue bonds	<u>442,769</u>	<u>466,473</u>
Total noncurrent liabilities	<u>442,769</u>	<u>466,473</u>
TOTAL LIABILITIES	<u>469,064</u>	<u>486,252</u>
NET POSITION		
Unrestricted net position	<u>1,924,099</u>	<u>1,570,421</u>
TOTAL NET POSITION	<u>1,924,099</u>	<u>1,570,421</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,393,163</u>	<u>\$ 2,056,673</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF ACTIVITIES
GRANGER APARTMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>REVENUES</u>		
Other government grants	\$ 336,921	\$ -
Rental income, net of bad debts	263,201	242,979
Investment income	5,783	3,382
Miscellaneous income	22	6,125
Total revenues	<u>605,927</u>	<u>252,486</u>
<u>EXPENSES</u>		
Administrative		
Office expenses	39,644	37,804
Other government grants	238	176
Telephone	669	594
Total administrative	<u>40,551</u>	<u>38,574</u>
Payroll and related costs		
Salaries	19,817	10,609
Payroll taxes	1,164	861
Employee benefits	3,453	3,601
Total payroll and related costs	<u>24,434</u>	<u>15,071</u>
Utilities		
Electricity and gas	2,418	2,913
Water and sewer	19,139	15,089
Garbage	8,651	8,085
Total utilities	<u>30,208</u>	<u>26,087</u>
Operating and maintenance		
Contract costs	82,598	32,366
Supplies and maintenance	6,729	6,506
Carpet	4,185	3,185
Total operating and maintenance	<u>93,512</u>	<u>42,057</u>
Insurance	4,191	3,646
Other expenses		
Interest	12,533	15,639
Depreciation	50,468	40,594
Total other expenses	<u>63,001</u>	<u>56,233</u>
Total expenses	<u>255,897</u>	<u>181,668</u>
REVENUES	<u>\$ 350,030</u>	<u>\$ 70,818</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF FINANCIAL POSITION
MILLER POINTE APARTMENTS
SEPTEMBER 30, 2017 AND 2016

ASSETS

CURRENT ASSETS	<u>2017</u>	<u>2016</u>
<u>Cash</u>		
Cash - unrestricted	\$ 70,025	\$ 43,316
Cash - tenant security	9,340	9,701
Total cash	<u>79,365</u>	<u>53,017</u>
<u>Receivables</u>		
Accounts receivable - tenant dwelling rents	1,976	2,304
Allowance for doubtful accounts - tenant dwelling rents	(573)	(438)
Accrued interest receivable	575	320
Total receivables	<u>1,978</u>	<u>2,186</u>
<u>Other current assets</u>		
Investments - unrestricted	212,254	210,683
Prepaid expenses and other assets	-	73
Total other current assets	<u>212,254</u>	<u>210,756</u>
 TOTAL CURRENT ASSETS	 <u>293,597</u>	 <u>265,959</u>
 NONCURRENT ASSETS		
<u>Fixed assets</u>		
Land	252,000	252,000
Buildings	2,219,856	2,219,856
Accumulated depreciation	(721,453)	(665,957)
Net fixed assets	<u>1,750,403</u>	<u>1,805,899</u>
 TOTAL NONCURRENT ASSETS	 <u>1,750,403</u>	 <u>1,805,899</u>
 TOTAL ASSETS	 <u>\$ 2,044,000</u>	 <u>\$ 2,071,858</u>

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF FINANCIAL POSITION
MILLER POINTE APARTMENTS
SEPTEMBER 30, 2017 AND 2016**

LIABILITIES AND NET POSITION

LIABILITIES	<u>2017</u>	<u>2016</u>
<u>Current liabilities</u>		
Accounts payable, < 90 days	\$ 1,692	\$ -
Accrued interest payable	266,500	247,000
Tenant security deposits payable	9,340	9,701
Deferred revenue	1,673	1,533
Total current liabilities	<u>279,205</u>	<u>258,234</u>
<u>Noncurrent liabilities</u>		
Long-term debt, net of current portion - capital projects/mortgage revenue bonds	<u>1,927,440</u>	<u>1,942,090</u>
Total noncurrent liabilities	1,927,440	1,942,090
TOTAL LIABILITIES	<u>2,206,645</u>	<u>2,200,324</u>
NET POSITION		
Unrestricted net position	<u>(162,645)</u>	<u>(128,466)</u>
TOTAL NET POSITION	(162,645)	(128,466)
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,044,000</u>	<u>\$ 2,071,858</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF ACTIVITIES
MILLER POINTE APARTMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>REVENUES</u>		
Rental income, net of bad debts	\$ 138,131	\$ 125,897
Investment income	2,133	1,220
Miscellaneous income	86	1,040
Total revenues	<u>140,350</u>	<u>128,157</u>
<u>EXPENSES</u>		
Administrative		
Office expenses	14,124	14,164
Rental space	105	78
Telephone	745	776
Total administrative	<u>14,974</u>	<u>15,018</u>
Payroll and related costs		
Salaries	15,346	14,120
Payroll taxes	1,173	1,353
Employee benefits	1,413	1,422
Total payroll and related costs	<u>17,932</u>	<u>16,895</u>
Utilities		
Electricity and gas	3,044	2,976
Water and sewer	10,361	8,230
Garbage	4,444	3,672
Total utilities	<u>17,849</u>	<u>14,878</u>
Operating and maintenance		
Contract costs	18,994	13,447
Supplies and maintenance	2,511	1,474
Carpet	1,092	1,922
Total operating and maintenance	<u>22,597</u>	<u>16,843</u>
Insurance	3,355	3,064
Other expenses		
Interest	42,357	43,185
Depreciation	55,496	55,496
Total other expenses	<u>97,853</u>	<u>98,681</u>
Total expenses	<u>174,560</u>	<u>165,379</u>
DEFICIT EXPENSES OVER REVENUES	<u>\$ (34,210)</u>	<u>\$ (37,222)</u>

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF FINANCIAL POSITION
PARAMONT APARTMENTS
SEPTEMBER 30, 2017 AND 2016**

ASSETS

CURRENT ASSETS	<u>2017</u>	<u>2016</u>
<u>Cash</u>		
Cash - unrestricted	\$ 73,690	\$ 57,014
Cash - tenant security	8,273	6,835
Total cash	<u>81,963</u>	<u>63,849</u>
<u>Receivables</u>		
Accounts receivable - tenant dwelling rents	140	-
Total receivables	<u>140</u>	<u>-</u>
<u>Other current assets</u>		
Prepaid Expenses and Other Assets	-	51
Total other current assets	<u>-</u>	<u>51</u>
TOTAL CURRENT ASSETS	<u>82,103</u>	<u>63,900</u>
NONCURRENT ASSETS		
<u>Fixed assets</u>		
Land	375,000	375,000
Buildings	1,226,179	1,226,179
Accumulated depreciation	(347,417)	(316,763)
Net fixed assets	<u>1,253,762</u>	<u>1,284,416</u>
TOTAL NONCURRENT ASSETS	<u>1,253,762</u>	<u>1,284,416</u>
TOTAL ASSETS	<u>\$ 1,335,865</u>	<u>\$ 1,348,316</u>

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF FINANCIAL POSITION
PARAMONT APARTMENTS
SEPTEMBER 30, 2017 AND 2016**

LIABILITIES AND NET POSITION (DEFICIT)

LIABILITIES	<u>2017</u>	<u>2016</u>
<u>Current liabilities</u>		
Accounts payable, < 90 days	\$ 1,211	\$ 1,237
Tenant security deposits payable	8,273	6,835
Deferred revenue	884	34
Other current liabilities	53,063	53,063
Total current liabilities	<u>63,431</u>	<u>61,169</u>
<u>Noncurrent liabilities</u>		
Long-term debt, net of current portion - capital projects/mortgage revenue bonds	<u>1,311,408</u>	<u>1,326,306</u>
Total noncurrent liabilities	1,311,408	1,326,306
TOTAL LIABILITIES	<u>1,374,839</u>	<u>1,387,475</u>
NET POSITION (DEFICIT)		
Unrestricted net position (deficit)	<u>(38,974)</u>	<u>(39,159)</u>
TOTAL NET POSTION (DEFICIT)	(38,974)	(39,159)
TOTAL LIABILITIES AND NET ASSETS POSTION	<u><u>\$ 1,335,865</u></u>	<u><u>\$ 1,348,316</u></u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF ACTIVITIES
PARAMONT APARTMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>REVENUES</u>		
Rental income, net of bad debts	\$ 99,150	\$ 87,890
Investment income	307	241
Miscellaneous income	-	1,030
Total revenues	<u>99,457</u>	<u>89,161</u>
<u>EXPENSES</u>		
Administrative		
Office expenses	<u>10,470</u>	<u>9,384</u>
Total administrative	10,470	9,384
Utilities		
Electricity and gas	1,639	1,908
Water and sewer	8,547	6,602
Garbage	<u>3,864</u>	<u>3,546</u>
Total utilities	14,050	12,056
Operating and maintenance		
Contract costs	5,353	6,551
Supplies and maintenance	<u>325</u>	<u>1,078</u>
Total operating and maintenance	5,678	7,629
Insurance	1,758	1,530
Other expenses		
Interest	34,307	32,007
Special assessments	2,355	2,233
Depreciation	<u>30,654</u>	<u>30,655</u>
Total other expenses	67,316	64,895
Total expenses	<u>99,272</u>	<u>95,494</u>
REVENUES (DEFICIT EXPENSES)	<u>\$ 185</u>	<u>\$ (6,333)</u>

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF FINANCIAL POSITION
PALM VALLEY
SEPTEMBER 30, 2017 AND 2016**

ASSETS

CURRENT ASSETS	<u>2017</u>	<u>2016</u>
<u>Cash</u>		
Cash - unrestricted	\$ 219,939	\$ 16,734
Cash - tenant security	18,388	18,779
Total cash	<u>238,327</u>	<u>35,513</u>
<u>Receivables</u>		
Accounts receivable - tenant dwelling rents	6,487	4,892
Allowance for doubtful accounts - tenant dwelling rents	(1,892)	(1,174)
Total receivables	<u>4,595</u>	<u>3,718</u>
<u>Other current assets</u>		
Investments - Unrestricted	69	68
Prepaid Expenses and Other Assets	-	171
Total other current assets	<u>69</u>	<u>239</u>
 TOTAL CURRENT ASSETS	 <u>242,991</u>	 <u>39,470</u>
 NONCURRENT ASSETS		
<u>Fixed assets</u>		
Land	554,924	554,924
Buildings	3,499,607	3,499,607
Accumulated depreciation	(834,988)	(742,600)
Construction in progress	38,077	-
Net fixed assets	<u>3,257,620</u>	<u>3,311,931</u>
 TOTAL NONCURRENT ASSETS	 <u>3,257,620</u>	 <u>3,311,931</u>
 TOTAL ASSETS	 <u>\$ 3,500,611</u>	 <u>\$ 3,351,401</u>

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF FINANCIAL POSITION
PALM VALLEY
SEPTEMBER 30, 2017 AND 2016**

LIABILITIES AND NET POSITION

LIABILITIES	<u>2017</u>	<u>2016</u>
<u>Current liabilities</u>		
Accounts payable, < 90 days	\$ 9,424	\$ 7,058
Tenant security deposits payable	18,388	18,779
Deferred revenue	909	2,921
Other current liabilities	112,277	112,277
Total current liabilities	<u>140,998</u>	<u>141,035</u>
<u>Noncurrent liabilities</u>		
Long-term debt, net of current portion - capital projects/mortgage revenue bonds	<u>3,205,814</u>	<u>3,243,238</u>
Total noncurrent liabilities	3,205,814	3,243,238
TOTAL LIABILITIES	<u>3,346,812</u>	<u>3,384,273</u>
NET POSITION		
Unrestricted net position	<u>153,799</u>	<u>(32,872)</u>
TOTAL NET POSITION	153,799	(32,872)
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 3,500,611</u></u>	<u><u>\$ 3,351,401</u></u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF ACTIVITIES
PALM VALLEY
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>REVENUES</u>		
Other government grants	\$ 255,345	\$ -
Rental income, net of bad debts	217,395	223,517
Investment income	571	94
Miscellaneous income	166	5,165
Total revenues	<u>473,477</u>	<u>228,776</u>
<u>EXPENSES</u>		
Administrative		
Office expenses	21,185	23,625
Telephone	2,006	1,215
Total administrative	<u>23,191</u>	<u>24,840</u>
Payroll and related costs		
Salaries	11,397	14,211
Total payroll and related costs	<u>11,397</u>	<u>14,211</u>
Utilities		
Electricity and gas	7,278	6,832
Water and sewer	30,083	20,572
Garbage	5,954	5,413
Total utilities	<u>43,315</u>	<u>32,817</u>
Operating and maintenance		
Contract costs	37,262	32,713
Supplies and maintenance	6,633	4,459
Carpet	2,132	2,959
Total operating and maintenance	<u>46,027</u>	<u>40,131</u>
Insurance	3,841	3,327
Other expenses		
Interest	66,647	68,564
Depreciation	92,388	92,388
Total other expenses	<u>159,035</u>	<u>160,952</u>
Total expenses	<u>286,806</u>	<u>276,278</u>
DEFICIT EXPENSES OVER REVENUES	<u>\$ 186,671</u>	<u>\$ (47,502)</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF FINANCIAL POSITION
VILLAGE ONE
SEPTEMBER 30, 2017 AND 2016

ASSETS

CURRENT ASSETS	<u>2017</u>	<u>2016</u>
<u>Cash</u>		
Cash - unrestricted	\$ 77,868	\$ 45,812
Cash - tenant security	15,328	15,271
Total cash	<u>93,196</u>	<u>61,083</u>
<u>Receivables</u>		
Accounts receivable - tenant dwelling rents	2,547	1,292
Accrued interest receivable	97	54
Allowance for doubtful accounts - tenant dwelling rents	(207)	(207)
Total receivables	<u>2,437</u>	<u>1,139</u>
<u>Other current assets</u>		
Investments - unrestricted	35,820	35,554
Prepaid expenses and other assets	-	86
Total other current assets	<u>35,820</u>	<u>35,640</u>
 TOTAL CURRENT ASSETS	 <u>131,453</u>	 <u>97,862</u>
 NONCURRENT ASSETS		
<u>Fixed assets</u>		
Land	495,000	495,000
Buildings	6,281,420	6,281,420
Accumulated depreciation	(1,462,944)	(1,305,908)
Net fixed assets	<u>5,313,476</u>	<u>5,470,512</u>
 TOTAL NONCURRENT ASSETS	 <u>5,313,476</u>	 <u>5,470,512</u>
 TOTAL ASSETS	 <u>\$ 5,444,929</u>	 <u>\$ 5,568,374</u>

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF FINANCIAL POSITION
VILLAGE ONE
SEPTEMBER 30, 2017 AND 2016**

LIABILITIES AND NET POSITION (DEFICIT)

LIABILITIES	<u>2017</u>	<u>2016</u>
<u>Current liabilities</u>		
Accounts payable, < 90 days	\$ 3,069	\$ 2,806
Accrued interest payable	4,226	4,225
Tenant security deposits payable	15,328	15,271
Deferred revenue	2,041	2,783
Total current liabilities	<u>24,664</u>	<u>25,085</u>
<u>Noncurrent liabilities</u>		
Long-term debt, net of current portion - capital projects/mortgage revenue bonds	<u>6,515,259</u>	<u>6,549,469</u>
Total noncurrent liabilities	6,515,259	6,549,469
TOTAL LIABILITIES	<u>6,539,923</u>	<u>6,574,554</u>
NET POSITION		
Unrestricted net position (deficit)	<u>(1,094,994)</u>	<u>(1,006,180)</u>
TOTAL NET POSITION	(1,094,994)	(1,006,180)
TOTAL LIABILITIES AND NET POSITION (DEFICIT)	<u>\$ 5,444,929</u>	<u>\$ 5,568,374</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
STATEMENTS OF ACTIVITIES
VILLAGE ONE
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>REVENUES</u>		
Rental income, net of bad debts	\$ 193,883	\$ 179,384
Investment income	660	364
Miscellaneous income	-	743
Total revenues	<u>194,543</u>	<u>180,491</u>
<u>EXPENSES</u>		
Administrative		
Office expenses	13,302	13,723
Telephone	156	647
Total administrative	<u>13,458</u>	<u>14,370</u>
Utilities		
Electricity and gas	2,449	1,874
Water and sewer	22,877	19,026
Garbage	4,038	3,606
Total utilities	<u>29,364</u>	<u>24,506</u>
Operating and maintenance		
Contract costs	19,132	11,227
Supplies and maintenance	3,622	1,084
Total operating and maintenance	<u>22,754</u>	<u>12,311</u>
Insurance	4,726	4,249
Other expenses		
Interest	54,055	55,680
Special assessments	1,964	1,861
Depreciation	157,036	157,036
Total other expenses	<u>213,055</u>	<u>214,577</u>
Total expenses	<u>283,357</u>	<u>270,013</u>
DEFICIT EXPENSES OVER REVENUES	<u>\$ (88,814)</u>	<u>\$ (89,522)</u>

The accompanying notes are an integral part of the financial statements.



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

To the Board of Commissioners
Housing Authority of the County of Stanislaus
Modesto, 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 accompanying statements of financial position of the Housing Authority of the County of Stanislaus (the “Housing Authority”) as of September 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 20, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority’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 Housing Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority’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 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.

**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 (CONTINUED)**

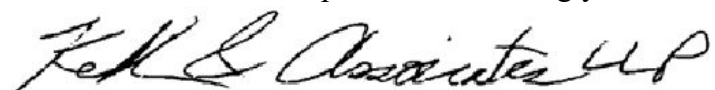
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of 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 Housing Authority'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 Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Reseda, California

April 20, 2018



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Commissioners
Housing Authority of the County of Stanislaus
Modesto, California

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the County of Stanislaus' (the "Housing Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017. The Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority'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*.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE (CONTINUED)**

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 Housing Authority'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 on the Housing Authority's compliance.

Internal Control Over Compliance

Management of the Housing Authority 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, we considered the Housing Authority'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 Housing Authority'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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that a 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 less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE (CONTINUED)**

Our consideration of the 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.

A handwritten signature in black ink, appearing to read "F&L Associates LLP". The signature is written in a cursive, flowing style.

Reseda, California

April 20, 2018

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures 2017
<u>U.S. Department of Housing and Urban Development</u>		
Direct Programs:		
Section 8 Assistance Payments Special Allocation Program	14.195	\$ 231,436
Continuum of Care Program	14.267	871,867
Low Rent Public Housing	14.850	1,505,653
Resident Opportunity and Supportive Services	14.870	63,005
Housing Choice Vouchers Program	14.871	33,935,725
Public Housing Capital Fund Program	14.872	1,635,106
PIH Family Self-Sufficiency Program	14.896	113,493
Total HUD		\$ <u>38,356,285</u>
Pass-through programs form:		
<u>Community Development Block Grant</u>		
Pass through:		
City of Modesto	14.228	\$ 592,266
Total Community Development Block Grant		\$ <u>592,266</u>
<u>Neighborhood Stabilization Program</u>		
Pass through:		
County of Stanislaus	14.264	\$ 407,504
Total Neighborhood Stabilization Program		\$ <u>407,504</u>
<u>U.S. Department of Agriculture</u>		
Direct Programs:		
Farm Labor Housing Loans and Grants	10.405	\$ 866,378
Total Agriculture		\$ <u>866,378</u>
<u>Non-Federal Grants</u>		
Direct Grants:		
State of California Department of Housing (HCD) and Community Development under its Joe Serna Grant Program	HCD Grant No.	
	07-FWHC-3643	\$ 150,000
	08-FWHC-5263	184,905
	08-FWHC-4884	91,099
	08-FWHC-5262	109,512
	08-FWHC-4883	120,818
Total HCD Grants		\$ <u>656,334</u>

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 1 – GENERAL

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Housing Authority of the County of Stanislaus (the Authority). The Authority's reporting entity is defined in Note 1 of the Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

NOTE 2 – BASIS OF ACCOUNTING

Amounts reported on the Schedule represent expenditures incurred for the Authority's federal programs, except for the pass-through program from the State of California Department of Housing and Community Development under its Joe Serna Grant Program, and are reported on the accrual basis of accounting and include capitalized expenditures. Such expenditures are recognized following the cost principles contained in 2 CFR 200, Subpart E (Cost Principles), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority did not elect to use the 10% de minimus cost rate as covered in §200.414 Indirect (F&A) costs.

NOTE 3 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the Schedule agree to or can be reconciled with the amounts reported in the related federal financial reports.

NOTE 4 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The Schedule agrees to or can be reconciled with the amounts reported in the Authority's basic financial statements.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

There were no prior year findings to report the status of.

HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Housing Authority of the County of Stanislaus.
2. No instances of significant deficiencies were disclosed during the audit of the financial statements reported in the *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*.
3. No instances of noncompliance material to the financial statements of the Housing Authority of the County of Stanislaus were disclosed during the audit.
4. No instances of significant deficiencies in internal control over major federal award programs were disclosed during the audit reported in the *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*.
5. The auditor's report on compliance for the major federal awards programs for the Housing Authority of the County of Stanislaus expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with the Uniform Guidance are reported in this Schedule.
7. The programs tested as major programs included:

<u>CDFA Number</u>	<u>Name of Federal Program</u>
14.267	Continuum of Care Program
14.850	Low Rent Public Housing
14.871	Housing Choice Vouchers
14.872	Public Housing Capital Fund Program
10.405	Farm Labor Housing Loans and Grants

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Housing Authority of the County of Stanislaus was determined to be a low-risk auditee.

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs to be reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs to be reported.