



SAN DIEGO  
HOUSING  
COMMISSION

## INFORMATIONAL REPORT

**DATE ISSUED:** January 4, 2012  
**REPORT NO:** HCR12-012  
**SUBJECT:** Agency Financial Statements – October 2011 (Unaudited)

**NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION.**

### **PURPOSE:**

The purpose of the Agency Financial Statements Report is to show year-to-date revenue and expenditure variances between actual-year-to-date amounts earned or incurred, and Board-approved budget amounts (including previous Board-approved revisions) (Attachment 1). The report also provides summary explanations for significant year-to-date variances and a Balance Sheet as of October 31, 2011 (Attachment 3) to outline the Agency's Assets, Liabilities and Fund Balance.

Attachment 2 provides an outline of the Agency's annual budget, the percent of the annual budget used and a reconciliation of the GAAP budget used in the income statement analysis to the annual Board-approved Non-GAAP budget.

### **FINANCIAL SUMMARY – INCOME STATEMENT:**

**REVENUES:** Total actual October 2011 year-to-date revenues earned were \$68.2 million which was only a 6 percent or \$4.0 million variance from the year-to-date (33 percent pro-rated) Board-approved budget of \$72.2 million. The only material variance within total revenues was:

- Grant income of \$5.2 million is due to timing variance of spending available funds

**EXPENSES:** Total actual October 2011 year-to-date expenses (including commitments) were \$76.3 million which was \$17.6 million (19 percent) under the year-to-date (33 percent pro-rated) Board-approved budget of \$93.9 million.

The majority of the expense variance below budget is due to the following:

- \$5.9 million - prior year housing assistance payments to be spent.
- \$8.8 million - timing of spending available funds for loans and grants.

**FINANCIAL SUMMARY – BALANCE SHEET:**

Selected Balance Sheet Notes (Attachment 3):

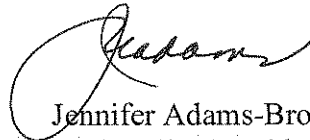
- Total Assets: \$541.3 million, Total Liabilities \$137.4 million, Net Assets \$403.9 million
- Notes Receivable \$225.7 million includes \$127.6 million funded by the HOME Program, \$47.2 million by Affordable Housing Funds.
- Investments of \$113.9 million invested in various instruments, including \$61.0 million in agency bonds, \$53.1 million in the state and county investment pools.
- Land, building and equipment \$151.0 million:
  - 1,372 SDHC units \$54 million
  - Mariners Village \$31 million
  - Smart Corner office building at \$26 million
  - Hotel Sandford \$7 million
  - Courtyard Condominiums \$7 million
  - Depreciation of \$15.9 million
- Notes Payable \$117.9 million includes the Limited Liability Companies' \$94.0 million from FNMA and FHA financed via Housing Commission property equity, \$15.0 million from GE Capital for the Smart Corner building and \$8.9 million from other institutions for various loans.

Respectfully submitted,



Nicole DeBerg  
Vice President Financial Services &  
Chief Financial Officer

Approved by,



Jennifer Adams-Brooks  
Senior Vice President  
Administrative Services

Attachment(s):

1. Agency Income Statement/ Year-to-Date GAAP Including Variance
2. Agency Income Statement/ Annual Budget Reconciliation
3. Balance Sheet
4. Graphs

**San Diego Housing Commission**  
**Year-To-Date GAAP Income Statement**  
**For the Period Ending 10/31/2011**

	Actual Plus Commitments	Budget	Variance		Comments on Variances In Excess of 5% and \$50,000
			Over/(Under) Budget	Var %	
<b>Revenues</b>					
<b>Rental Income</b>					
Dwelling Rents	8,470,458	7,632,033	838,425	11%	Higher than expected occupancy and rents
Non-Dwelling Rents	2,000,101	1,559,578	440,523	28%	Lower than expected office rent
<b>Total Rental Income</b>	<b>10,470,560</b>	<b>9,191,611</b>	<b>1,278,949</b>	<b>14%</b>	
<b>Grants &amp; Program Income</b>					
Grant Income	56,082,588	61,317,870	(5,235,282)	-9%	Carry-over of funding to future periods
Program Income	206,596	398,608	(192,012)	-48%	Lower shared equity program income and loan payoffs
<b>Total Grants &amp; Program Income</b>	<b>56,289,184</b>	<b>61,716,478</b>	<b>(5,427,294)</b>	<b>-9%</b>	
<b>Other Income</b>					
Interest Income	755,250	359,454	395,797	110%	Higher than expected realized gain on Agency bonds
Fees	174,283	476,429	(302,146)	-63%	Lower bond fee income than budgeted
Other	508,716	427,464	81,252	19%	Other income, including laundry income, higher than budgeted
<b>Total Other Income</b>	<b>1,438,250</b>	<b>1,263,347</b>	<b>174,903</b>	<b>14%</b>	
<b>Total Revenues</b>	<b>68,197,994</b>	<b>72,171,437</b>	<b>(3,973,443)</b>	<b>-6%</b>	
<b>Expenses</b>					
<b>Personnel</b>					
Salaries	4,973,814	5,269,422	(295,608)	-6%	Vacant positions
Benefits	1,720,444	1,906,554	(186,110)	-10%	Vacant positions
Temporary Employees	165,158	110,686	54,473	49%	Higher than expected temporary services due to filling vacant positions
Direct Hire Contractors	163,209	342,984	(179,776)	-52%	Lower than expected direct hire contract fees
<b>Total Personnel</b>	<b>7,022,625</b>	<b>7,629,646</b>	<b>(607,021)</b>	<b>-8%</b>	
<b>Services &amp; Supplies</b>					
Professional Services	1,426,387	1,687,515	(261,128)	-15%	Timing variances
Legal Services	237,054	351,238	(114,184)	-33%	Timing variances
Training	71,747	87,871	(16,123)	-18%	
Travel	36,363	75,189	(38,826)	-52%	
Audit	52,000	52,000		0%	
Office & Bldg Rent	90,774	1,042,933	(952,160)	-91%	Lower than expected office rent
Sundry	532,778	791,013	(258,235)	-33%	Lower telephone, postage, office supplies, adv. & mileage exp.
Insurance	224,434	189,601	34,832	18%	
Management Fees	504,616	577,544	(72,928)	-13%	Lower than expected management fees

**San Diego Housing Commission**  
**Year-To-Date GAAP Income Statement**  
**For the Period Ending 10/31/2011**

	Actual Plus Commitments	Budget	Variance Over/(Under) Budget	Var %	Comments on Variances In Excess of 5% and \$50,000
Security Deposit Interest		5,000	(5,000)	-100%	
<b>Total Services &amp; Supplies</b>	<b>3,176,153</b>	<b>4,859,905</b>	<b>(1,683,752)</b>	<b>-35%</b>	
<b>Housing Programs</b>					
Resident Services	228,990	379,405	(150,415)	-40%	Resident contract expenses are less than budgeted
Utilities	810,643	912,657	(102,014)	-11%	Combination of timing variance and under spending
Maintenance Contracts	836,372	1,134,971	(298,599)	-26%	Combination of timing variance and under spending
Extraordinary Maint-Not Cap.	506,884	274,009	232,876	85%	Timing variance due to Vista Verde maintenance expense
Protective Services	146,686	190,491	(43,804)	-23%	
Property Taxes	78,857	29,600	49,258	166%	
Collections Losses	78,649	103,442	(24,793)	-24%	
Housing Assistance Payments	50,354,518	56,243,264	(5,888,746)	-10%	Budget includes prior year carry over not yet spent
Loan, Grants & Debt Services	12,188,676	20,989,907	(8,801,231)	-42%	Timing variance of spending available funds
Relocation Services	127,300	160,434	(33,135)	-21%	
Development	445,596	509,120	(63,524)	-12%	Lower than expected foreclosure expenses
<b>Total Housing Programs</b>	<b>65,803,171</b>	<b>80,927,299</b>	<b>(15,124,128)</b>	<b>-19%</b>	
<b>Non-Capitalized Equipment</b>					
Office Equipment	244,349	395,736	(151,387)	-38%	Combination of timing variance and under spending
Dwelling Equipment	82,085	130,523	(48,437)	-37%	Combination of timing variance and under spending
<b>Total Non-Capitalized Equipment</b>	<b>326,434</b>	<b>526,259</b>	<b>(199,824)</b>	<b>-38%</b>	
<b>Total Expenses</b>	<b>76,328,383</b>	<b>93,943,108</b>	<b>(17,614,725)</b>	<b>-19%</b>	
<b>NET INCOME</b>	<b>(8,130,390)</b>	<b>(21,771,671)</b>	<b>13,641,282</b>	<b>-63%</b>	
Carryover/Cont. App./Reserves	8,130,390	21,771,671	(13,641,282)		
<b>Surplus/(Shortfall)</b>	<b>-</b>	<b>-</b>	<b>-</b>		

Note: Revenue excludes carry-over while expenses include expenditures funded by carry-over to reflect GAAP

**San Diego Housing Commission  
Income Statement (Unaudited)  
As of the Period Ending 10/31/2011**

	Annual Budget	Monthly Revenues & Expenses	Monthly Commitments	Year-to-Date Budget	Year-to-Date Revenues, Expenses & Commitments	Commitments	Year-to-Date Balance Available
<b>Revenues</b>							
<b>Rental Income</b>							
Dwelling Rents	22,896,099	2,091,913	-	7,632,033	8,470,458	-	14,425,641
Non-Dwelling Rents	4,678,734	843,241	-	1,559,578	2,000,101	-	2,678,633
<b>Total Rental Income</b>	<b>27,574,833</b>	<b>2,935,154</b>	<b>-</b>	<b>9,191,611</b>	<b>10,470,560</b>	<b>-</b>	<b>17,104,273</b>
<b>Grants &amp; Program Income</b>							
Grant Income	183,953,610	13,754,558	-	61,317,870	56,082,588	-	127,871,022
Program Income	1,195,825	25,567	-	398,608	206,596	-	989,229
<b>Total Grants &amp; Program Income</b>	<b>185,149,435</b>	<b>13,780,125</b>	<b>-</b>	<b>61,716,478</b>	<b>56,289,184</b>	<b>-</b>	<b>128,860,251</b>
<b>Other Income</b>							
Vending Machines	-	25,400	-	-	93,595	-	(93,595)
Interest Income	1,078,361	349,676	-	359,454	755,250	-	323,111
Fees	1,429,288	28,816	-	476,429	174,283	-	1,255,005
Donations	351,043	-	-	117,014	20,000	-	331,043
Other	931,350	97,073	-	310,450	395,122	-	536,228
<b>Total Other Income</b>	<b>3,790,042</b>	<b>500,966</b>	<b>-</b>	<b>1,263,347</b>	<b>1,438,250</b>	<b>-</b>	<b>2,351,792</b>
<b>Revenues</b>	<b>216,514,310</b>	<b>17,216,245</b>	<b>-</b>	<b>72,171,437</b>	<b>68,197,994</b>	<b>-</b>	<b>148,316,316</b>
<b>Expenses</b>							
<b>Personnel</b>							
Salaries	15,808,266	1,308,223	-	5,269,422	4,973,814	-	10,834,452
Benefits	5,719,661	435,374	-	1,906,554	1,720,444	-	3,999,217
Temporary Agency Employees	332,057	57,527	9,002	110,686	165,158	27,005	148,895
Direct Hire Contractors	1,028,953	59,330	-	342,984	163,209	-	865,744
<b>Total Personnel</b>	<b>22,888,937</b>	<b>1,860,453</b>	<b>9,002</b>	<b>7,629,646</b>	<b>7,022,625</b>	<b>27,005</b>	<b>15,848,309</b>
<b>Services &amp; Supplies</b>							
Professional Services	5,062,545	132,545	854,896	1,687,515	1,426,387	2,564,689	1,926,365
Legal Services	1,053,715	81,941	-	351,238	237,054	-	816,661
Training	263,612	19,791	-	87,871	71,747	-	191,865
Travel	225,567	16,821	-	75,189	36,363	-	189,204
Audit	156,000	(150)	52,000	52,000	52,000	156,000	-
Office & Bldg Rent	3,128,800	655,027	-	1,042,933	90,774	2,263,493	774,534
Sundry	2,373,039	103,343	2,182	791,013	532,778	6,545	1,835,898
Insurance	568,804	96,427	-	189,601	224,434	-	344,370
Management Fees	1,732,633	121,586	-	577,544	504,616	-	1,228,017
Security Deposit Interest	15,000	-	-	5,000	-	-	15,000
<b>Total Services &amp; Supplies</b>	<b>14,579,715</b>	<b>1,227,330</b>	<b>909,078</b>	<b>4,859,905</b>	<b>3,176,153</b>	<b>4,990,727</b>	<b>7,321,913</b>
<b>Housing Programs</b>							
Resident Services-Recreation	220,784	13,562	16,771	73,595	45,652	50,313	141,590
Resident Services-Contracts	917,431	7,038	84,086	305,810	183,338	252,257	565,922

**San Diego Housing Commission  
Income Statement (Unaudited)  
As of the Period Ending 10/31/2011**

	Annual Budget	Monthly Revenues & Expenses	Monthly Commitments	Year-to-Date Budget	Year-to-Date Revenues, Expenses & Commitments	Commitments	Year-to-Date Balance Available
Utilities	2,737,970	281,510	-	912,657	810,643	-	1,927,327
Maintenance Materials	483,477	11,537	-	161,159	89,741	-	393,736
Maintenance Contracts	2,921,436	2,921,436	13,292	973,812	746,631	39,875	2,149,222
Extraordinary Maint-Not Cap.	822,026	138,100	57,656	274,009	506,884	172,968	199,830
Protective Services	571,472	18,832	13,547	190,491	146,686	40,640	397,693
Property Taxes	88,799	13,932	-	29,600	78,857	-	9,942
Collections Losses	310,325	87,570	-	103,442	78,649	-	231,676
Housing Assistance Payments	168,729,792	12,287,101	1,139,776	56,243,264	50,354,518	3,419,327	116,095,722
Loans, Grant & Debt Services	62,969,721	1,619,060	8,720,516	20,989,907	12,188,676	26,161,549	33,340,013
Relocation Services	481,303	11,041	86,362	160,434	127,300	259,087	181,279
Development & Modern-Not Cap.	1,527,360	652	-	509,120	445,596	-	1,081,764
<b>Total Housing Programs</b>	<b>242,781,896</b>	<b>14,726,295</b>	<b>10,132,005</b>	<b>80,927,299</b>	<b>65,803,171</b>	<b>30,396,015</b>	<b>156,714,716</b>
<b>Non-Capitalized Equipment</b>							
Office Equipment	1,187,208	17,147	79,349	395,736	244,349	238,047	784,161
Dwelling Equipment	391,569	4,019	59,280	130,523	82,085	177,840	190,923
<b>Total Non-Capitalized Equipment</b>	<b>1,578,776</b>	<b>21,165</b>	<b>138,629</b>	<b>526,259</b>	<b>326,434</b>	<b>415,887</b>	<b>975,084</b>
<b>Total Expenses</b>	<b>281,829,324</b>	<b>17,835,244</b>	<b>11,188,713</b>	<b>93,943,108</b>	<b>76,328,383</b>	<b>35,829,633</b>	<b>180,860,021</b>
<b>GAAP Net Income/(Loss)</b>		<b>(618,999)</b>	<b>(11,188,713)</b>	<b>(21,771,671)</b>	<b>(8,130,390)</b>	<b>(35,829,633)</b>	

**Reconciliation of Financial Statement Budget to the Non-GAAP Annual Budget:**

Funding Sources Per Annual Budget:	Funding Uses Per Annual Budget:
<b>GAAP Revenues (CY Revenues)</b>	<b>GAAP Expenses (CY Expenses)</b>
Rental Income	Personnel
Grants and Program Income	Services & Supplies
Other Income	Housing Programs
	Non-Capitalized Equipment
<b>Budget Items Not Included in GAAP Financial Statement:</b>	<b>Budget Items Not Included in GAAP Financial Statement:</b>
Prior Year Carryover	Allocation to Reserves
<b>Total Sources of Funds Per Budget</b>	<b>Total Uses of Funds Per Annual Budget</b>
104,021,200	38,706,186
<b>320,535,510</b>	<b>320,535,510</b>

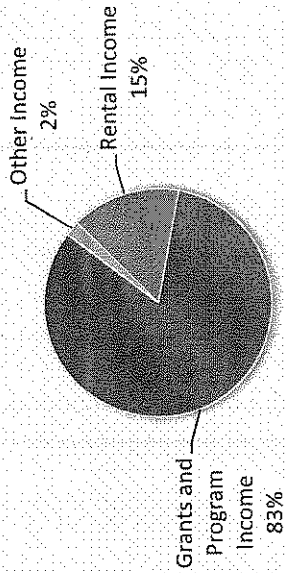
**San Diego Housing Commission**  
**Balance Sheet (Unaudited)**  
**As of 10/31/11**

	<u>Balance</u>	<u>Comments</u>
<b><u>Assets</u></b>		
Cash	\$ 5,212,245	
Restricted Cash	16,427,856	Including \$10.5mm of employee retirement funds
Accounts Receivable	2,967,557	
Notes Receivable	225,664,070	Includes \$127.6mm in HOME program and \$47.2mm in Affordable Housing funds
Accrued Interest - Notes & Investments	23,383,366	
Advances	150,403	
Investments	113,901,009	\$60.8mm in bonds, \$53.1mm in Pooled Investments
Deposits	(7,915)	
Land, Building & Equipment	151,008,375	
Prepays and Other Assets	2,610,188	
<b>Total Assets</b>	<b><u>\$ 541,317,154</u></b>	
<b><u>Liabilities</u></b>		
Accounts payable	\$ 2,339,844	
Notes Payable	117,876,003	\$94.0mm FNMA/FHA, \$15.0mm Smart Corner
Accrued Liabilities	13,698,156	Including \$10.5mm of employee retirement funds
Deferred Revenues	3,454,231	
<b>Liabilities</b>	<b><u>137,368,234</u></b>	
<b><u>Fund Balance</u></b>		
Accumulated Net Assets	383,020,829	
Current Net Assets	20,928,091	
<b>Fund Balance</b>	<b><u>403,948,919</u></b>	
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 541,317,154</u></b>	

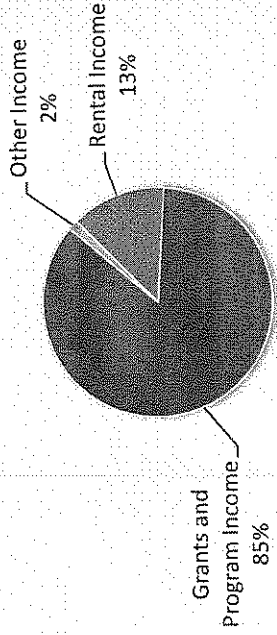
San Diego Housing Commission  
Income Statement Year to Year Comparison

Revenues	10/31/11	10/31/10	Inc/Dec
Rental Income	10,470,560	8,833,919	19%
Grants and Program Income	56,289,184	56,786,761	-1%
Other Income	1,438,250	922,817	56%
<b>Total Income</b>	<b>68,197,994</b>	<b>66,543,497</b>	<b>2%</b>

Revenues 10/31/11

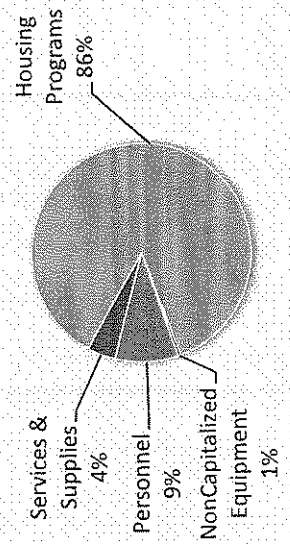


Revenues 10/31/10

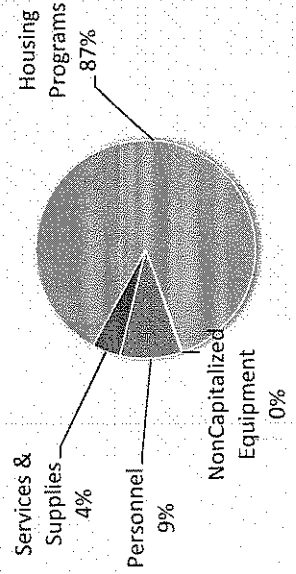


Expenses	10/31/11	10/31/10	Inc/Dec
Personnel	7,022,625	6,318,466	11%
Services & Supplies	3,176,153	2,930,638	8%
Housing Programs	65,803,171	60,690,248	8%
NonCapitalized Equipment	326,434	180,273	81%
<b>Total Expenses</b>	<b>76,328,383</b>	<b>70,119,625</b>	<b>9%</b>

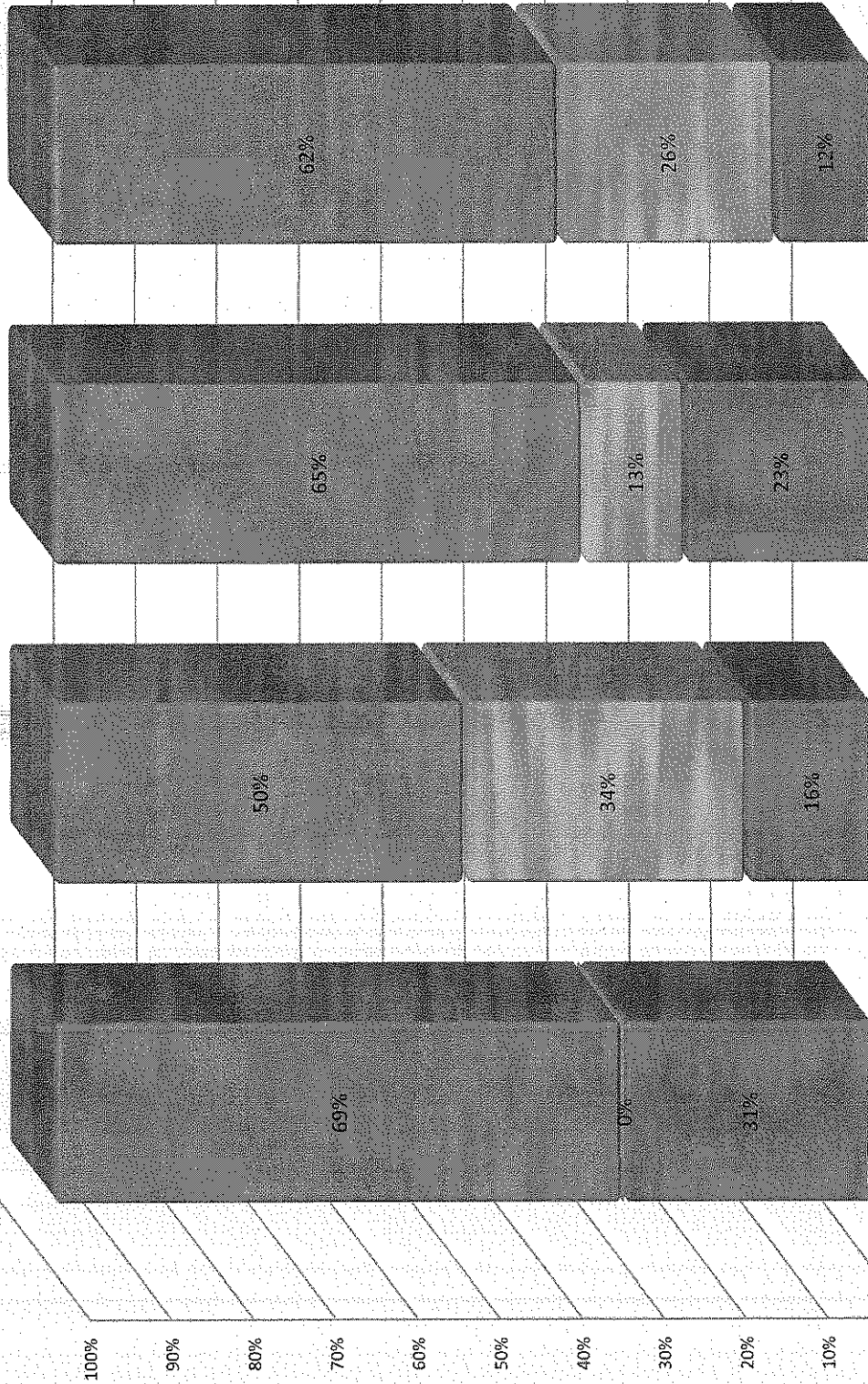
Expenses 10/31/11



Expenses 10/31/10



YTD Expense, Commitments & Total Annual Budget as of 10/31/11



	Personnel	Services & Supplies	Housing Programs	Non-Capitalized Equipment
Uncommitted Budget	15,848,309	7,321,913	156,714,716	975,084
Commitments	27,005	4,990,727	30,396,015	415,887
Actual	7,013,623	2,267,075	55,671,166	187,805