



## INFORMATIONAL REPORT

**DATE ISSUED:** December 22, 2014

**REPORT NO:** HCR15-014

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of January 16, 2015

**SUBJECT:** Agency Financial Statements – First Quarter Fiscal Year 2015 (Unaudited)

**COUNCIL DISTRICT:** Citywide

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

#### **SUMMARY**

The San Diego Housing Commission's (Housing Commission) Financial Statements Report shows year-to-date variances of actual sources and uses of funds compared to Board-approved budget amounts (Attachment 1). The report also provides summary explanations for significant year-to-date variances and a Balance Sheet as of September 30, 2014, (Attachment 2) to outline Housing Commission Assets, Liabilities and Fund Balance.

#### **FINANCIAL SUMMARY – SOURCES AND USES OF FUNDS**

**SOURCES OF FUNDS:** Total actual September 2014 year-to-date funding sources earned were \$171.7 million, which was 7 percent or \$11.3 million higher than budgeted year-to-date funding sources. The budget is spread out evenly (straight-line) through the fiscal year; however, the source of funds as well as the use of funds do not necessarily come in evenly through the year. The following explanations account for variances of more than \$400,000 and 10 percent of year-to-date Budget:

#### **Federal**

- The \$3.4 million under-budget variance in federal Housing Choice Voucher (Section 8)/Moving to Work (MTW) funds is due to the timing of the conversion of state subsidized housing into federally funded public housing, approximately \$2.5 million; the major activity is expected in the third quarter and fourth quarter of Fiscal Year 2015 whereas the budget was spread evenly throughout the Fiscal Year. Additionally, the remaining variance of \$900,000 relates primarily to reduced expenses which correlates to reduced funding. Ultimately, this savings will be available for use in other MTW programs in the future.
- The \$623,000 under-budget variances in U.S. Department of Housing and Urban Development HOME Investment Partnerships Program (HOME) funds granted to the City of San Diego and administered by the Housing Commission, is primarily due to the timing of multifamily loans and is expected to reverse this fiscal year.
- The \$444,000 under-budget variance in federal Community Development Block Grant (CDBG) Program funds is due to the timing of contracts and is expected to reverse in this fiscal year.

**Local**

- The \$1.5 million under-budget variance in the City of San Diego’s (City) Affordable Housing Fund, administered by the Housing Commission, is due to the timing of collections. Developers have to pay their fees no later than the issuance of the first building permit for development. This provides a window of time between application and development. The Housing Commission estimates fees to be collected based on known projects. If projects are delayed, collection of fees will also be delayed.
- The \$1.6 million over-budget variance in Other Local Funds is due to an additional award for local homelessness shelters and services from the City, not considered in the original budget.

**USES OF FUNDS:** Total actual September 2014 year-to-date funding uses were \$171.7 million which was 7 percent or \$11.3 million higher than budgeted year-to-date funding uses. The following explanations account for variances of more than \$400,000 and 10 percent of year-to-date Budget:

- The \$1.7 million under-budget variance in grants expenditures is due primarily to the timing of construction on the former State Sites properties. The remainder is due to timing on seasonal grants and is expected to reverse in the current fiscal year.
- The \$786,000 under-budget variance in loans made is primarily due to the timing of multifamily loans. The Housing Commission has approved project loans for these amounts, but conditions for disbursement of funds have not yet been met. This variance is expected to reverse in the current fiscal year.
- The \$3.0 million under-budget variance in capital expenditures is primarily due to timing of expenditures related to conversion of State Sites properties into public housing.

**FINANCIAL SUMMARY – BALANCE SHEET**

Balance Sheet Highlights and Selected Notes (Attachment 2):

- Total Assets: \$582.1 million, Total Liabilities \$124.0 million, Fund Balance \$458.1 million.
- Total Notes Receivable: \$260.2 million, which primarily consists of \$132.9 million funded by the HOME Program and \$51.5 million by City Affordable Housing Funds, as well as other various receivables.
- Total Notes Payable: \$112.5 million, includes the Limited Liability Companies’ \$90.0 million Fannie Mae and Federal Housing Administration loans financed via Housing Commission property equity, and \$11.2 million from GE Capital for the Smart Corner building and other various payables.

Respectfully submitted,

*Leslie Levinson*

Leslie Levinson  
Vice President of Financial Services &  
Chief Financial Officer

Approved by,

*Jeff Davis*

Jeff Davis  
Executive Vice President & Chief Operating Officer  
San Diego Housing Commission

Attachment(s): 1) Year-to-Date Statement of Sources and Uses  
2) Agency Balance Sheet

**SAN DIEGO HOUSING COMMISSION**  
**STATEMENT OF SOURCES AND USES**  
**FISCAL YEAR-TO-DATE AS OF SEPTEMBER 30, 2014**

	YTD Actual	YTD Budget	Over/(Under) Budget YTD	Annual Budget	YTD as % of Annual
<b>SOURCES OF FUNDS</b>					
<b>FEDERAL</b>					
Section 8/MTW	39,983,766	43,437,279	(3,453,512)	173,749,115	23.0%
HOME	2,405,536	3,029,096	(623,560)	12,116,385	19.9%
Housing Innovation Funds	1,193,645	1,109,319	84,326	4,437,277	26.9%
Rehabilitation Funds	391,386	699,501	(308,115)	2,798,003	14.0%
CDBG	36,416	480,558	(444,142)	1,922,232	1.9%
Other Federal Funds	(43,686)	30,913	(74,599)	123,651	-35.3%
<b>SUBTOTAL FEDERAL</b>	<b>43,967,064</b>	<b>48,786,666</b>	<b>(4,819,602)</b>	<b>195,146,663</b>	<b>22.5%</b>
<b>LOCAL</b>					
SDHC Real Estate	7,127,950	7,116,887	11,063	28,467,548	25.0%
Unrestricted Funds	399,708	748,554	(348,846)	2,994,218	13.3%
Affordable Housing Fund	429,909	1,964,699	(1,534,790)	7,858,795	5.5%
Other Local Funds	1,922,951	349,333	1,573,618	1,397,331	137.6%
<b>SUBTOTAL LOCAL</b>	<b>9,880,518</b>	<b>10,179,473</b>	<b>(298,955)</b>	<b>40,717,893</b>	<b>24.3%</b>
<b>STATE</b>	<b>123,383</b>	<b>652</b>	<b>122,732</b>	<b>2,606</b>	<b>4734.6%</b>
<b>SPENDABLE FUND BALANCE</b>	<b>117,774,858</b>	<b>101,471,025</b>	<b>16,303,832</b>	<b>101,471,025</b>	<b>116.1%</b>
<b>SOURCES OF FUNDS</b>	<b>171,745,823</b>	<b>160,437,816</b>	<b>11,308,007</b>	<b>337,338,187</b>	<b>50.9%</b>
<b>USES OF FUNDS</b>					
<b>PERSONNEL</b>					
Salaries and Wages	4,685,390	4,676,638	8,751	18,706,551	25.0%
Fringe Benefits - Pension	527,920	618,351	(90,431)	2,473,404	21.3%
Fringe Benefits - Flex Credit	621,874	664,857	(42,983)	2,659,425	23.4%
Fringe Benefits - Other	322,755	403,352	(80,597)	1,613,396	20.0%
<b>SUBTOTAL PERSONNEL</b>	<b>6,157,939</b>	<b>6,363,199</b>	<b>(205,260)</b>	<b>25,452,777</b>	<b>24.2%</b>
<b>NON-PERSONNEL</b>					
Housing Assistance Payments	36,034,802	36,868,025	(833,223)	147,472,101	24.4%
Grants	1,010,824	2,804,501	(1,793,676)	11,218,003	9.0%
Property Expenses	3,230,376	3,526,571	(296,195)	14,106,278	22.9%
Professional Services	823,488	1,131,223	(307,734)	4,524,885	18.2%
Services, Supplies & Other	1,322,577	1,407,189	(84,612)	5,628,737	23.5%
Loans Made	4,065,615	4,851,912	(786,297)	19,407,648	20.9%
Debt Principal Payments	471,221	760,755	(289,534)	3,043,019	15.5%
Capital Expenditures	134,182	3,156,271	(3,022,089)	12,625,084	1.1%
<b>SUBTOTAL NON-PERSONNEL</b>	<b>47,093,086</b>	<b>54,506,446</b>	<b>(7,413,360)</b>	<b>218,025,756</b>	<b>21.6%</b>
<b>SPENDABLE FUND BALANCE</b>	<b>118,494,798</b>	<b>99,568,182</b>	<b>18,926,616</b>	<b>93,859,654</b>	<b>126.2%</b>
<b>TOTAL USES OF FUNDS</b>	<b>171,745,823</b>	<b>160,437,827</b>	<b>11,307,996</b>	<b>337,338,187</b>	<b>50.9%</b>
<b>GAAP Net Income/(Loss)</b>	<b>1,859,422</b>	<b>6,868,023</b>	<b>(5,008,601)</b>	<b>27,472,092</b>	<b>6.8%</b>

**SAN DIEGO HOUSING COMMISSION  
BALANCE SHEET  
AS OF SEPTEMBER 30, 2014**

Attachment 2

**ASSETS**

Cash	\$ 18,255,506
Restricted Cash	4,406,991
Accounts Receivable	4,454,050
Notes Receivable	260,225,143
Accrued Interest on Notes Receivable	32,209,787
Investments	97,838,925
Deposits Payable	471,705
Land, Buildings & Equipment	162,055,630
Prepaid Items & Other Assets	2,165,174
<b>TOTAL ASSETS</b>	<b><u>\$ 582,082,910</u></b>

**LIABILITIES & FUND BALANCE**

**LIABILITIES**

Accounts Payable	\$ 2,258,995
Notes Payable	112,522,301
Accrued Liabilities	5,127,613
Deferred Revenues	4,086,758
<b>TOTAL LIABILITIES</b>	<b><u>123,995,667</u></b>
<b>FUND BALANCE</b>	<b>458,087,243</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$ 582,082,910</u></b>