



## INFORMATIONAL REPORT

**DATE ISSUED:** March 24, 2015

**REPORT NO:** HCR15-033

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of April 10, 2015

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

**COUNCIL DISTRICT:** Citywide

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

#### **SUMMARY**

The purpose of the San Diego Housing Commission's (Housing Commission) Financial Statements Report is to show year-to-date (YTD) variances of actual sources and uses of funds compared to Board-approved budget amounts (Attachment 1). The report also provides summary explanations for significant YTD variances and a Balance Sheet as of December 31, 2014 (Attachment 2) to outline Housing Commission Assets, Liabilities and Fund Balance.

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

##### **Federal Sources**

- The \$6.9 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 \$2.7 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 relates primarily to reduced expenses, which correlate to reduced funding. Ultimately, this savings will be available for use in other MTW programs in the future.
- The \$2.7 million under-budget variance in HOME Investment Partnerships Program funds is primarily due to the timing of multifamily loans, which do not occur evenly throughout the year, and is likely to reverse this fiscal year.
- The \$640,000 under-budget variance in Rehabilitation funds is due to grant funds that were budgeted, but for which the Housing Commission decided not apply.

##### **State Sources**

- The \$488,000 over-budget variance in State revenues is due primarily to CalHome funding received from the State in the current fiscal year that was not budgeted.

##### **Local Sources**

- The \$1.7 million under-budget variance in the Affordable Housing Fund is due to the timing of payments, which is somewhat at the discretion of the payee. As a result, these payments do not occur evenly throughout the year. In January 2015, the City of San Diego (City) remitted \$2.8 million in Affordable Housing Funds to the Housing Commission. With this payment, annual

revenues are projected to meet the budget amount, and this negative variance is anticipated to reverse.

- The \$1.6 million over-budget variance in Other Local Funds is due to an additional award from the City for emergency winter shelter programs, which was not in the original budget.

USES OF FUNDS:

Total actual December 2014 YTD funding uses were \$225.8 million, which was 2.9 percent, or \$6.4 million, higher than budgeted YTD funding uses. The following explanations account for variances over \$400,000 and 10 percent of YTD Budget:

- The \$1.5 million under-budget variance in personnel is due primarily to vacant positions. Many positions at the Housing Commission require specialized internal training, which makes filling them immediately difficult. As a result, some staff positions will remain vacant for a significant period of time before they are filled. In the current fiscal year, this has resulted in the authorization of overtime hours in these areas.
- The \$1.2 million under-budget variance in Housing Assistance Payments is related to reduced-per-voucher expenditures and is linked to the reduced revenue. These cost savings ultimately will be available for use in other MTW-eligible programs.
- The \$643,000 under-budget variance in Services, Supplies and Other is due to the timing of Information Technology Infrastructure projects and may reverse in the current fiscal year depending on the timing of major projects.
- The \$3.8 million 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 \$6.0 million under-budget variance in capital expenditures is primarily due to timing of expenditures related to conversion of state subsidized housing into federally funded public housing, which are projected to occur in the last quarter of this fiscal year.

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

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

Hard copies are available for review during business hours in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).

**SAN DIEGO HOUSING COMMISSION**  
**STATEMENT OF SOURCES AND USES**  
**FISCAL YEAR-TO-DATE AS OF DECEMBER 31, 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	80,006,642	86,874,557	(6,867,916)	173,749,115	46.0%
HOME	3,315,204	6,058,192	(2,742,988)	12,116,385	27.4%
Housing Innovation Funds	2,224,447	2,218,639	5,808	4,437,277	50.1%
Rehabilitation Funds	758,673	1,399,002	(640,329)	2,798,003	27.1%
CDBG	708,411	961,116	(252,705)	1,922,232	36.9%
Other Federal Funds	59,279	61,826	(2,546)	123,651	47.9%
<b>SUBTOTAL FEDERAL</b>	<b>87,072,656</b>	<b>97,573,332</b>	<b>(10,500,676)</b>	<b>195,146,663</b>	<b>44.6%</b>
<b>LOCAL</b>					
SDHC Real Estate	14,502,135	14,233,774	268,360	28,467,548	50.9%
Unrestricted Funds	1,676,262	1,497,109	179,153	2,994,218	56.0%
Affordable Housing Fund	2,230,134	3,929,398	(1,699,263)	7,858,795	28.4%
Other Local Funds	2,261,846	698,666	1,563,180	1,397,331	161.9%
<b>SUBTOTAL LOCAL</b>	<b>20,670,377</b>	<b>20,358,947</b>	<b>311,431</b>	<b>40,717,893</b>	<b>50.8%</b>
<b>STATE</b>	<b>489,933</b>	<b>1,303</b>	<b>488,630</b>	<b>2,606</b>	<b>18800.2%</b>
<b>BEGINNING FUND BALANCE</b>	<b>117,567,025</b>	<b>101,471,025</b>	<b>16,096,000</b>	<b>101,471,025</b>	<b>115.9%</b>
<b>SOURCES OF FUNDS</b>	<b>225,799,991</b>	<b>219,404,607</b>	<b>6,395,385</b>	<b>337,338,187</b>	<b>66.9%</b>
<b>USES OF FUNDS</b>					
<b>PERSONNEL</b>					
Salaries and Wages	8,406,286	9,353,277	(946,991)	18,706,551	44.9%
Fringe Benefits - Pension	967,650	1,236,703	(269,052)	2,473,404	39.1%
Fringe Benefits - Flex Credit	1,234,628	1,329,713	(95,085)	2,659,425	46.4%
Fringe Benefits - Other	574,784	806,705	(231,920)	1,613,396	35.6%
<b>SUBTOTAL PERSONNEL</b>	<b>11,183,349</b>	<b>12,726,397</b>	<b>(1,543,048)</b>	<b>25,452,777</b>	<b>43.9%</b>
<b>NON-PERSONNEL</b>					
Housing Assistance Payments	72,561,634	73,736,051	(1,174,417)	147,472,101	49.2%
Grants	5,242,725	5,609,001	(366,277)	11,218,003	46.7%
Property Expenses	6,856,159	7,053,141	(196,982)	14,106,278	48.6%
Professional Services	2,013,204	2,262,445	(249,242)	4,524,885	44.5%
Services, Supplies & Other	2,170,995	2,814,378	(643,383)	5,628,737	38.6%
Loans Made	5,849,782	9,703,824	(3,854,041)	19,407,648	30.1%
Debt Principal Payments	2,023,352	1,521,510	501,842	3,043,019	66.5%
Capital Expenditures	276,043	6,312,542	(6,036,499)	12,625,084	2.2%
<b>SUBTOTAL NON-PERSONNEL</b>	<b>96,993,894</b>	<b>109,012,893</b>	<b>(12,018,999)</b>	<b>218,025,756</b>	<b>44.5%</b>
<b>ENDING FUND BALANCE</b>	<b>117,622,749</b>	<b>97,665,317</b>	<b>19,957,432</b>	<b>93,859,654</b>	<b>125.3%</b>
<b>TOTAL USES OF FUNDS</b>	<b>225,799,991</b>	<b>219,404,607</b>	<b>6,395,385</b>	<b>337,338,187</b>	<b>66.9%</b>
<b>GAAP Net Income/(Loss)</b>	<b>7,857,860</b>	<b>13,736,046</b>	<b>(5,878,186)</b>	<b>27,472,092</b>	<b>28.6%</b>

**SAN DIEGO HOUSING COMMISSION  
BALANCE SHEET  
AS OF DECEMBER 31, 2014**

**ASSETS**

Cash	\$ 17,297,998
Restricted Cash	4,508,274
Accounts Receivable	5,846,274
Notes Receivable	261,461,378
Accrued Interest on Notes Receivable	36,431,431
Investments	96,958,978
Deposits Payable	399,736
Land, Buildings & Equipment	161,012,200
Prepaid Items & Other Assets	2,608,785

<b>TOTAL ASSETS</b>	<b><u>\$ 586,525,054</u></b>
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**LIABILITIES & FUND BALANCE**

**LIABILITIES**

Accounts Payable	\$ 1,908,725
Notes Payable	110,928,489
Accrued Liabilities	4,752,297
Deferred Revenues	4,147,171

<b>TOTAL LIABILITIES</b>	<b><u>121,736,682</u></b>
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<b>FUND BALANCE</b>	<b>464,788,372</b>
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<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$ 586,525,054</u></b>
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