



SAN DIEGO  
HOUSING  
COMMISSION

San Diego Housing Commission  
Fiscal Year 2015 Annual Financial Audit Report  
Presentation to the San Diego Housing Commission  
SDHC Board Meeting  
November 20, 2015

Tracey McDermott  
Interim Chief Financial Officer  
Financial Services Department





# SDHC Fiscal Year 2015 Annual Financial Audit Report Agenda

- Summary of Audit Results
- Financial Results
- Operational Highlights





# SDHC Fiscal Year 2015 Annual Financial Audit Report Summary of Audit Results

- Audit Period: July 1, 2014 - June 30, 2015
- Independent Auditors: CohnReznick LLP
- Audit Opinion: Unmodified
- No Passed Adjustments
- No Management Letter Comments





# SDHC Fiscal Year 2015

## Annual Financial Audit Report

### Summary of Audit Results (Cont.)

- Reports and Statements Issued:
  - Fiscal Year (FY) 2015 Comprehensive Annual Financial Report (CAFR)
  - Office of Management and Budget Circular A-133 Single Audit Reports
  - Report to the Audit Committee
  - FY 2015 Independent Auditors' Report on the Otay Villas Housing Development
  - FY 2015 Independent Auditors' Report on the Scattered Sites Housing Development
  - FY 2015 Northern SDHC FHA LLC Financial Statements
  - FY 2015 Southern SDHC FHA LLC Financial Statements
  - FY 2015 Central SDHC FHA LLC Financial Statements





# SDHC Fiscal Year 2015

## Annual Financial Audit Report

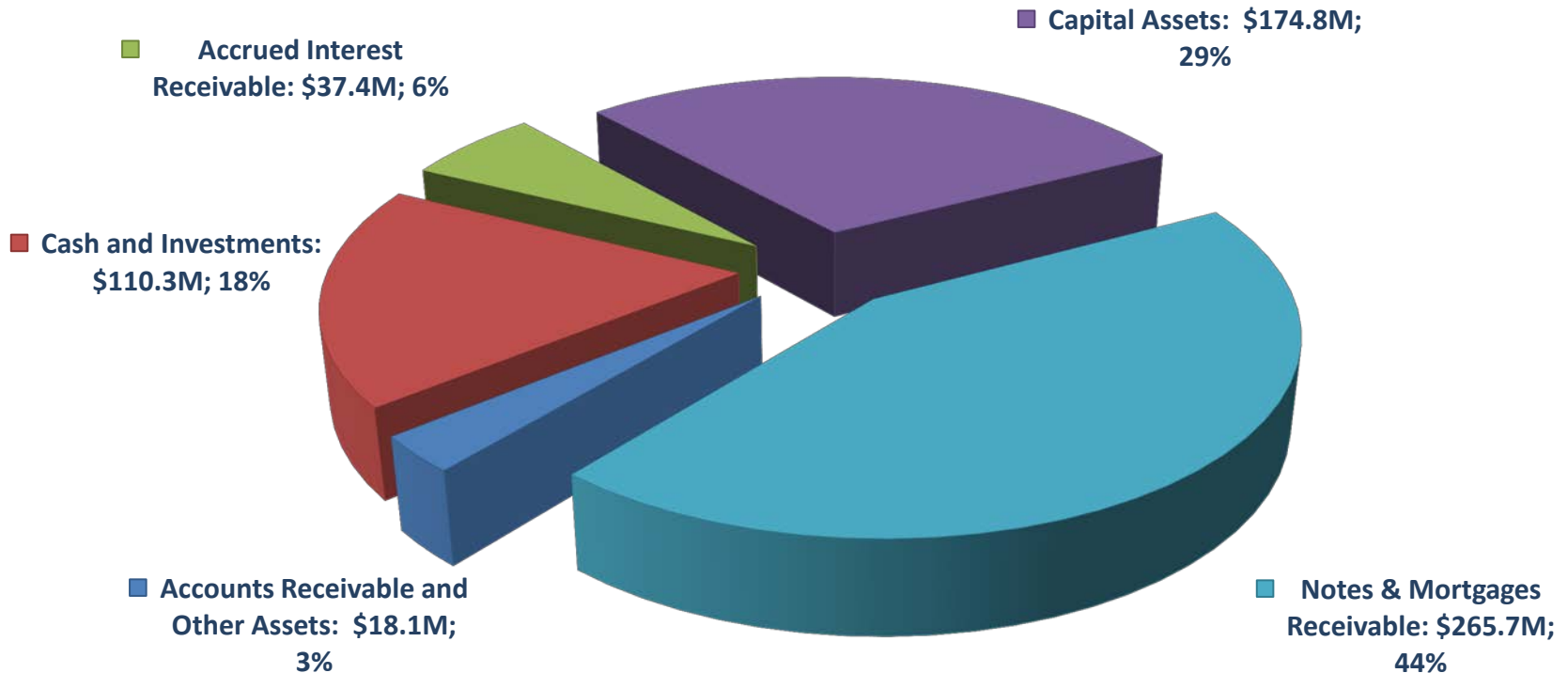
### Statement of Net Position – Changes from Prior Fiscal Year

- Total Assets of \$606.3 million, an increase of \$23.8 million or 4%
- Notes and Mortgages Receivable, net of allowance, totaled \$265.7 million (current and non-current), an increase of \$8.8 million, or 3%
- Total Assets exceeded Total Liabilities (Net Position) by \$483.7 million, an increase of \$26.8 million, or 6%



# SDHC Fiscal Year 2015 Annual Financial Audit Report

## SDHC Financial Results – Assets (in millions)

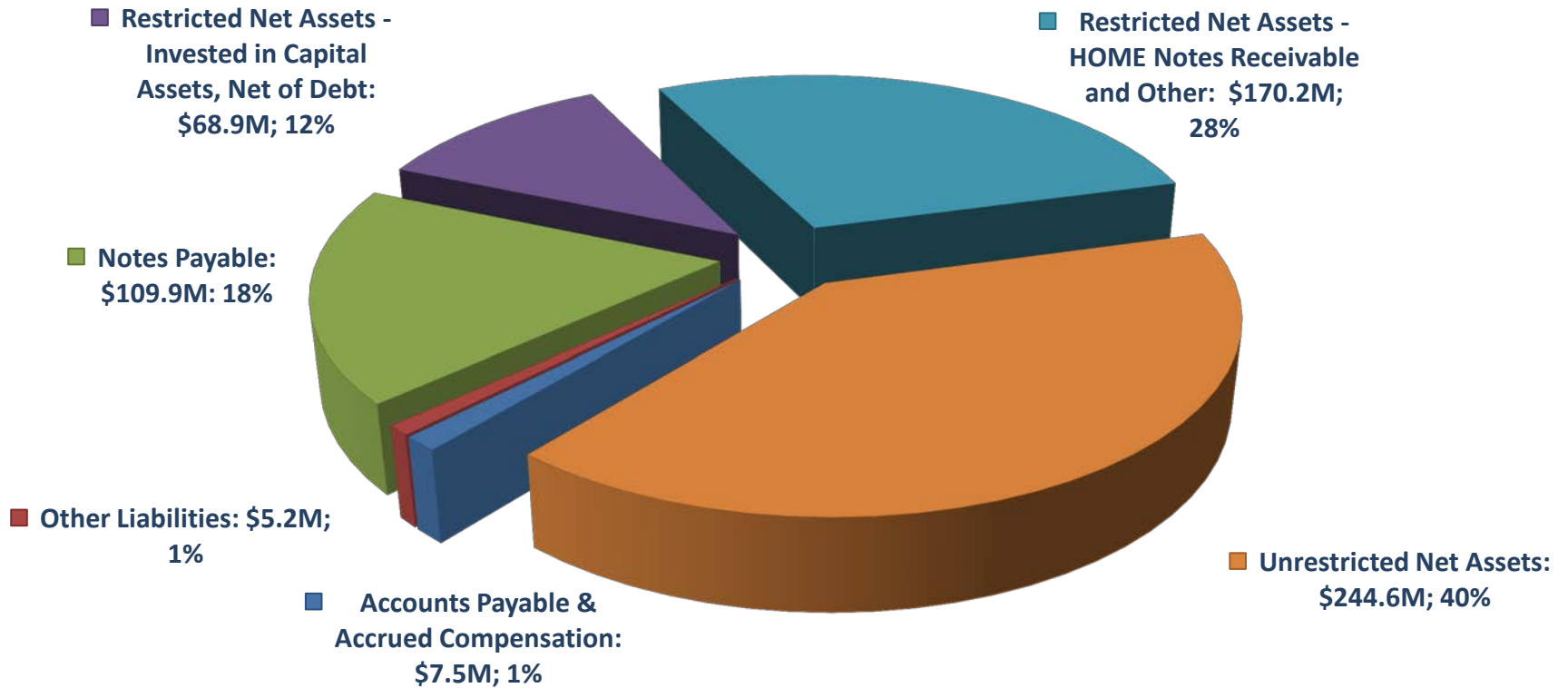


Total Assets = \$606.3M



# SDHC Fiscal Year 2015 Annual Financial Audit Report

## SDHC Financial Results – Liabilities and Net Position (in millions)

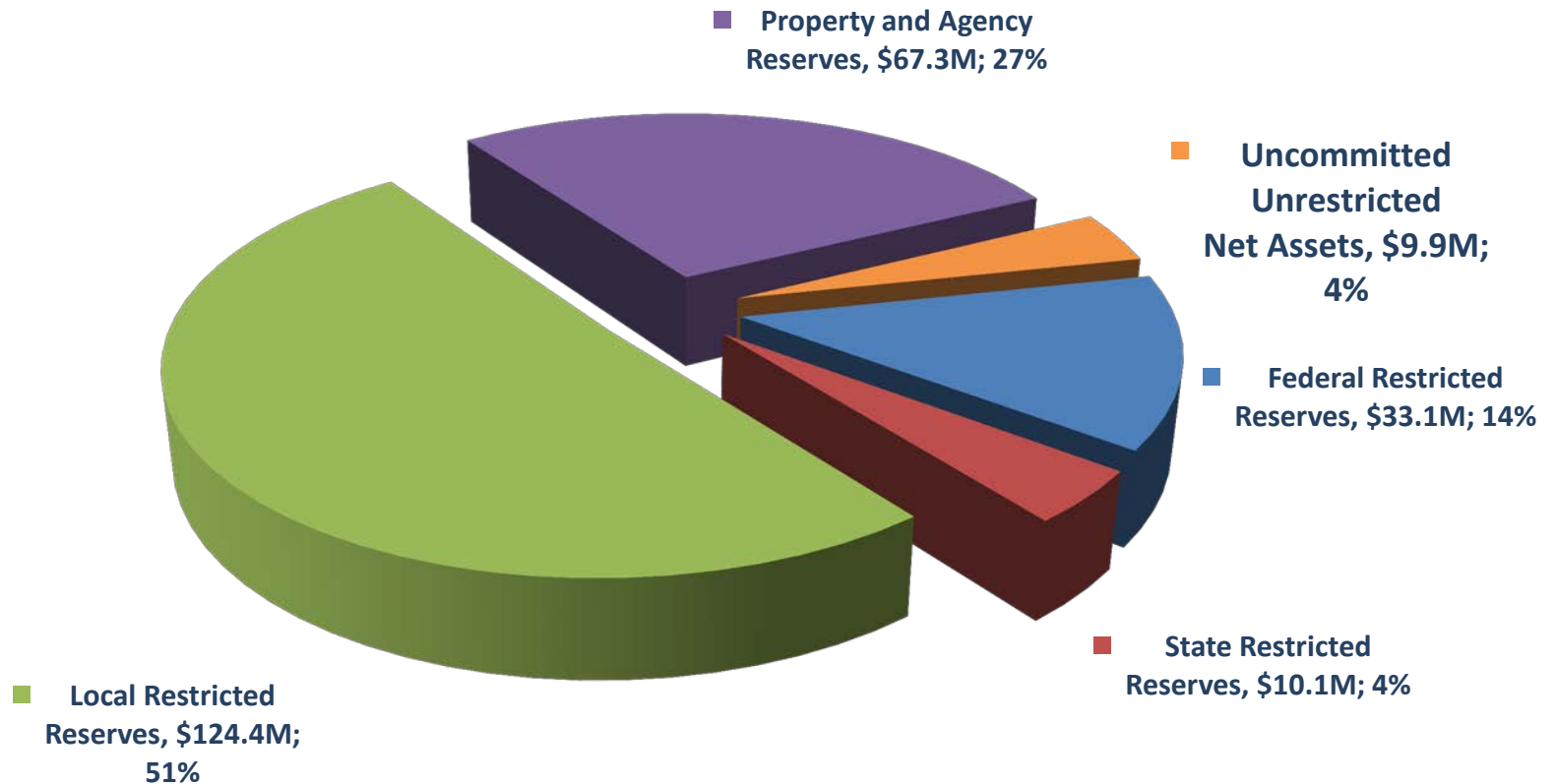


Liabilities \$122.6M + Net Position \$483.7M = \$606.3M



# SDHC Fiscal Year 2015 Annual Financial Audit Report

## Uncommitted Unrestricted Net Assets - \$9.9 Million







# SDHC Fiscal Year 2015

## Annual Financial Audit Report

### SDHC Financial Results – Revenues

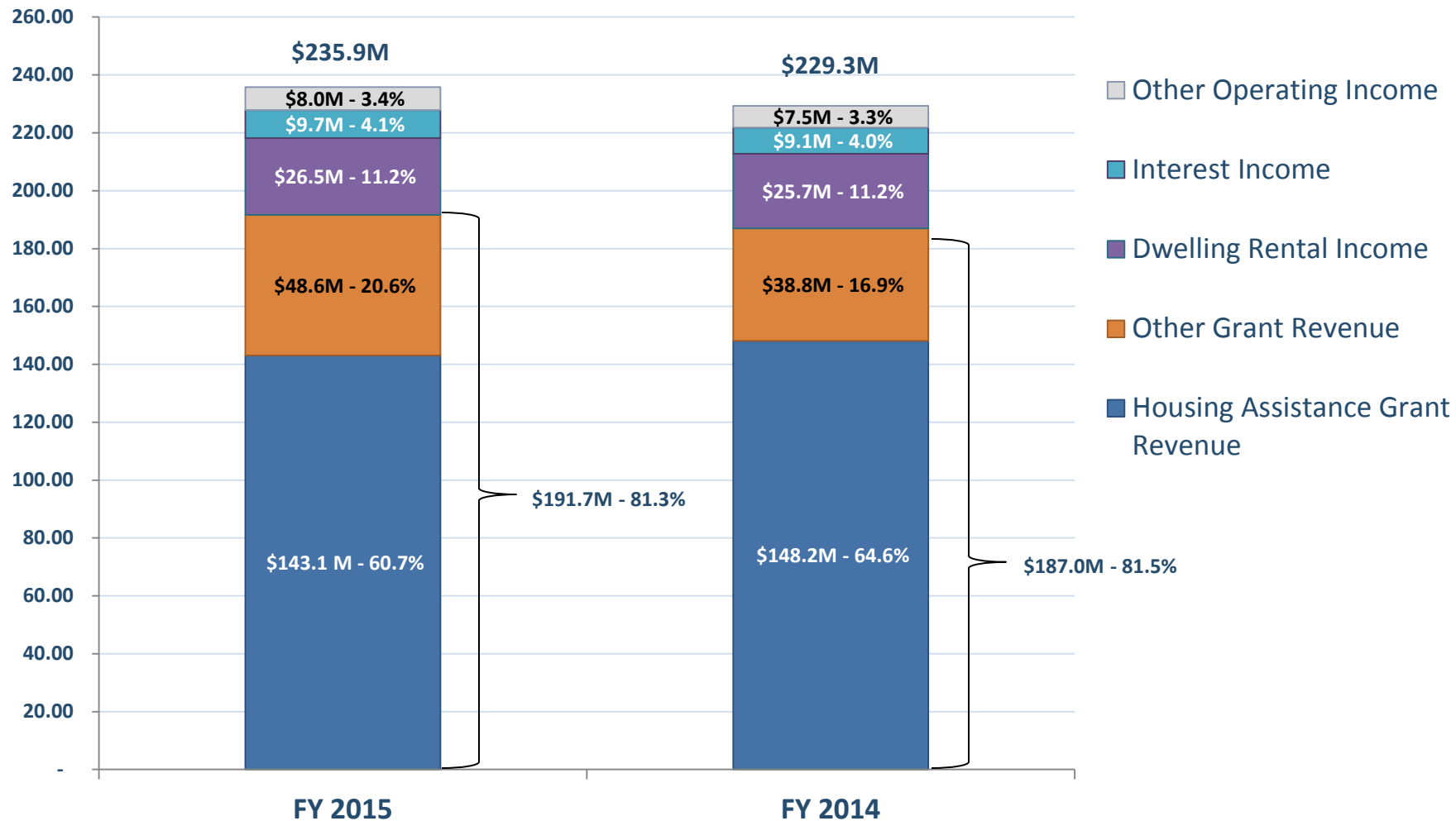
- Total Revenue of \$235.9 million, an increase of \$6.5 million, or 3%
- Grant Revenue of \$191.7 million, an increase of \$4.7 million, or 3%
- Dwelling Rental Income (Rents) of \$26.5 million, an increase of \$800,000, or 3%
- Interest income on investments and notes receivable was \$9.7 million, an increase of \$625,000, or 7%



# SDHC Fiscal Year 2015

## Annual Financial Audit Report

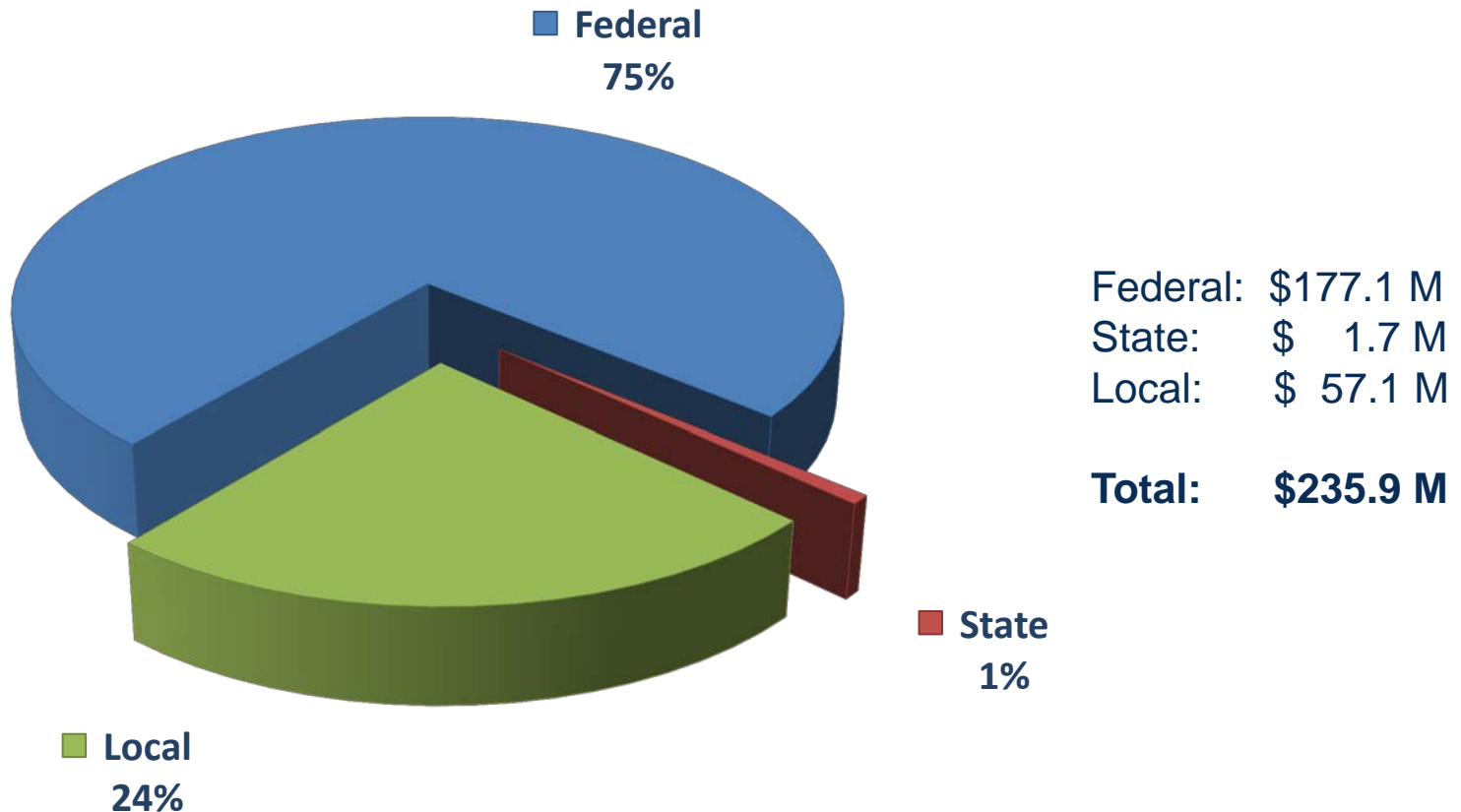
### SDHC Financial Results – Revenues (in millions)



# SDHC Fiscal Year 2015

## Annual Financial Audit Report

### SDHC Financial Results – Revenues by Funding Type





# SDHC Fiscal Year 2015

## Annual Financial Audit Report

### SDHC Financial Results - Expenses

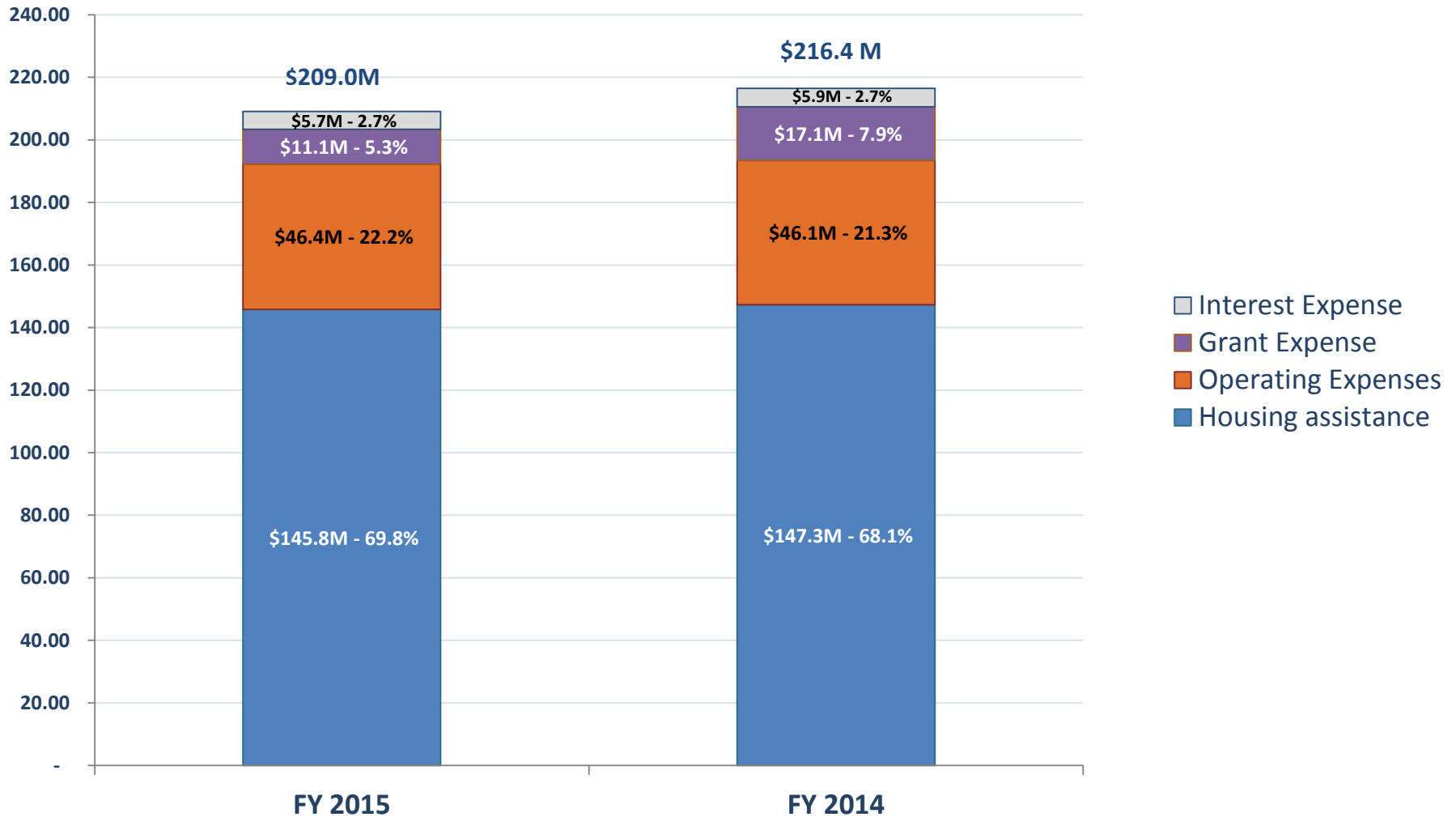
- Total Expenses of \$209 million, a decrease of \$7.3 million, or 3%
- Grant Expense of \$11.1 million, a decrease of \$6.0 million, or 54%
- Housing Assistance Payments (HAP) of \$145.8 million, a decrease of \$200,000, or 1%
- Operating Expense of \$46.4 million, an increase of \$300,000, or 1%
- Interest Expense of \$5.7 million, a decrease of \$200,000, or 3%



# SDHC Fiscal Year 2015

## Annual Financial Audit Report

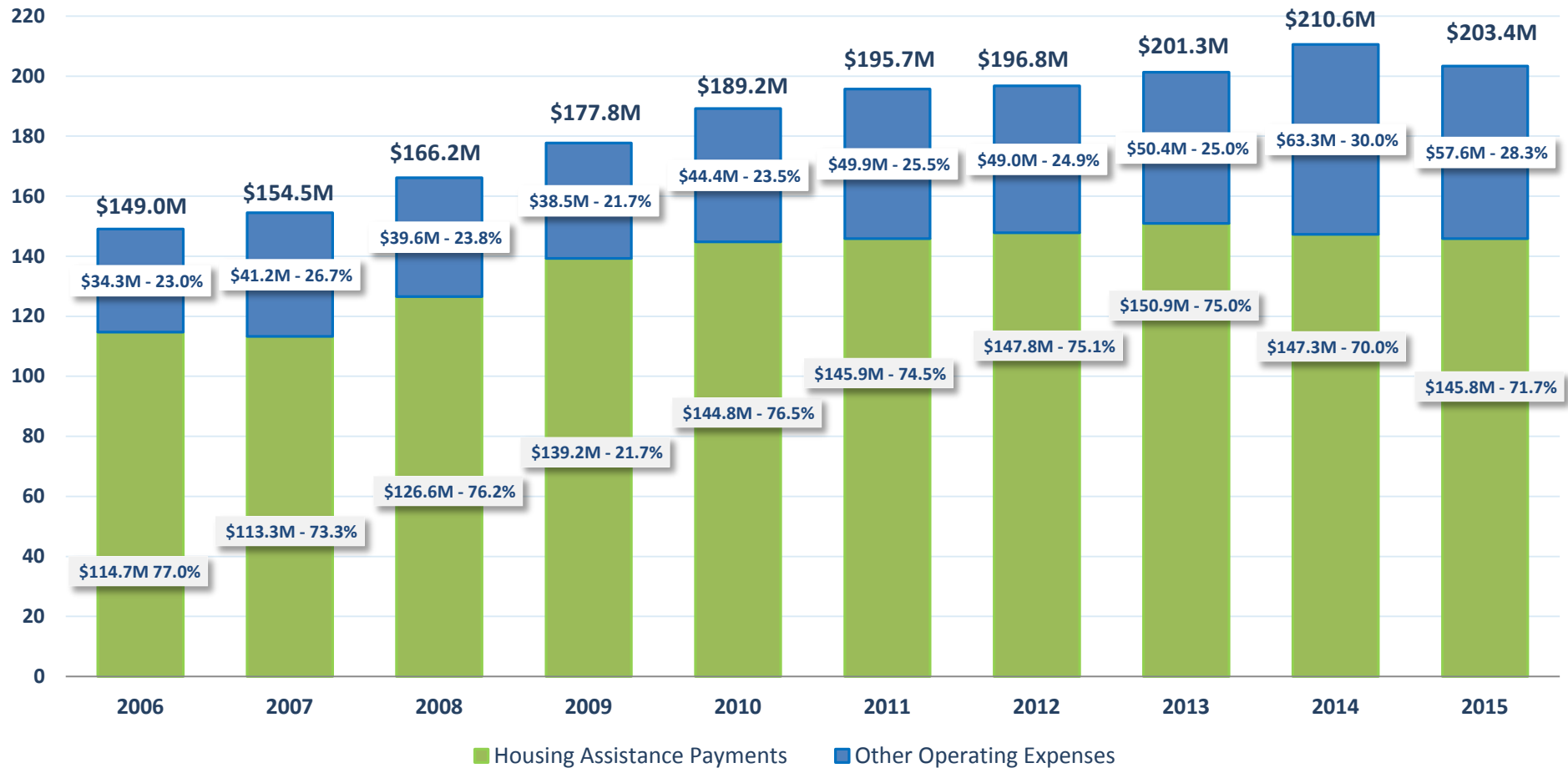
### SDHC Financial Results – Expenses (in millions)



# SDHC Fiscal Year 2015 Annual Financial Audit Report

## SDHC Financial Results Trend – Total Operating Expenses (in millions)

(Excludes Interest Expense)



# SDHC Fiscal Year 2015 Annual Financial Audit Report SDHC Operational Highlights

## Rental Assistance Division

### *Federal Section 8 Housing Choice Vouchers (HCV):*

- Assisted more than 950 new families with a lease-up initiative
- Launched SDHC Landlord Portal on November 3, 2014, providing landlords with online access to review inspection results, ledger balance, pending payments or holds, caseworker assignment, unit information, landlord contact information, and online forms
- Converted most HCV rental units to inspections every two years
- Completed record number of Federal Housing Quality Standards inspections (20,599) and rent increase requests (4,500)
- Converted majority of landlords to electronic monthly payments via direct deposit



# SDHC Fiscal Year 2015 Annual Financial Audit Report SDHC Operational Highlights (Cont.)

## Rental Assistance Division (Cont.)

### **SDHC Achievement Academy:**

- 1,573 participants received services, resulting in 149 new job placements
- 207 participants increased earnings
- Created 5 new industry-specific training programs



***SDHC Achievement Academy  
Caregiver Training  
October 15, 2014***





# SDHC Fiscal Year 2015

## Annual Financial Audit Report

### SDHC Operational Highlights (Cont.)

## Real Estate Division

- Hotel Churchill – Working with SDHC’s nonprofit affiliate, Housing Development Partners (HDP), SDHC began rehabilitation of historical hotel to create 72 units of permanent supportive housing for homeless Veterans, youth aging out of foster care, and adults exiting the corrections system
- San Diego Square – Working with HDP, SDHC began the 156-unit, \$38 million rehabilitation project for low-income seniors



*Tour of Hotel Churchill Rehabilitation  
October 19, 2015  
(Left to Right) U.S. Representative Scott Peters,  
Speaker of the California State Assembly Toni Atkins,  
SDHC President & CEO Richard C. Gentry,  
City Councilmember Todd Gloria, and  
U.S. Department of Housing and Urban Development  
Secretary Julian Castro*



# SDHC Fiscal Year 2015

## Annual Financial Audit Report

### SDHC Operational Highlights (Cont.)

#### **Real Estate Division (Cont.)**

- Village North Senior Garden Apartments - Successfully completed the \$15 million purchase of a 120-unit senior housing apartment complex, with 20 percent of units set aside for homeless seniors
- Tax Credit Asset Management's (TCAM) Asset Management Policies & Procedures Guidelines adopted, capturing best practices from both Private & Public Sector, with focus on:
  - financial analysis
  - operations
  - physical site inspections
  - reserve balances
  - capital replacement plans



# SDHC Fiscal Year 2015

## Annual Financial Audit Report

### SDHC Operational Highlights (Cont.)

## Homeless Housing Innovations Department

- City of San Diego's Year-Round Interim Housing at a Permanent Facility opened, replacing Emergency Winter Tents that the City had provided for nearly 30 years
- Provided the technology and technical support to integrate homeless service providers on the same data system
- Served 1,145 people at The 9th Project Homeless Connect – Downtown San Diego
- Launched Homeless Triage Bed Program with City of San Diego Police Department Homeless Outreach Team
- Expanded the Serial Inebriate Program



*City's Year-Round Interim Housing Program  
Beds for Homeless Adult Women  
June 16, 2015*





# SDHC Fiscal Year 2015 Annual Financial Audit Report

## FY 2015 Actual Expenditures on Homelessness Activities (in millions)

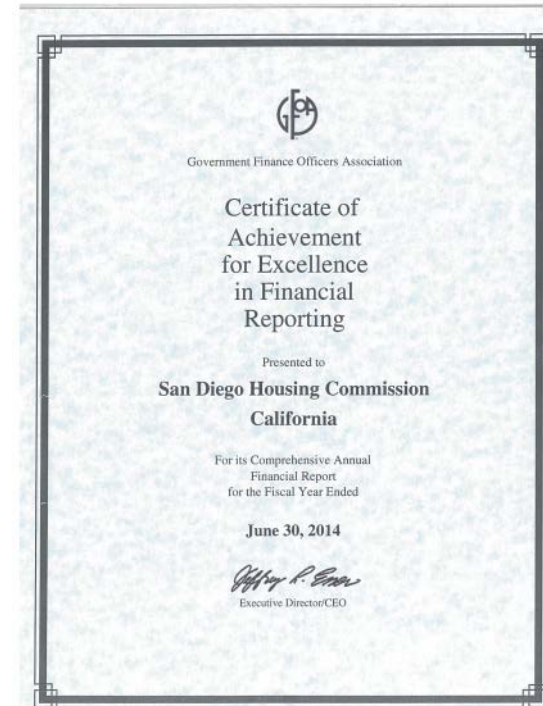
Funding Sources	Amount
City General Funds	\$2.2M
SDHC	\$1.1M
Other	\$15.8M
<b>TOTAL FY 2015 Homeless Sources</b>	<b>\$19.1M</b>

Program	Expense
City of San Diego's Shelters: Veterans Emergency Winter Shelter, Single Adult Emergency Winter Shelter, Connections Housing, Cortez Hill Family Center, Homeless Triage Beds & County of San Diego Cold Weather Shelter Voucher Programs	\$3.2M
Supportive Services: City's Neil Good Day Center, City's Homeless Transitional Storage Center, Homeless Management Information System, Transitional Housing, Rapid Re-housing, ElderHelp, Housing First, Serial Inebriate Programs, SDHC Administration & Related Overhead	\$4.5M
Federal Continuum of Care Permanent Supportive Housing	\$2.7M
Federal Housing Voucher Support	\$8.7M
<b>TOTAL FY 2015 Expenditures by SDHC</b>	<b>\$19.1M</b>



## Financial Services

- Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for Comprehensive Annual Financial Report (CAFR) 2008 – 2014
- Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from GFOA for 2010 - 2014



***Certificate of Achievement for  
Excellence in Financial Reporting***



# SDHC Fiscal Year 2015 Annual Financial Audit Report

# Questions?

