SAN DIEGO HOUSING COMMISSION

# San Diego Housing Commission Comprehensive Annual Financial Report

## For the year ended June 30, 2011

San Diego Housing Commission
Finance Department
1122 Broadway, Suite 300
San Diego, CA 92101
www.sdhc.org

# SAN DIEGO HOUSING COMMISSION

A Component Unit of the
City of San Diego, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended
June 30, 2011

Prepared by:
FINANCE DEPARTMENT

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SAN DIEGO HOUSING COMMISSION

# Introductory Section

## "We're About People"

Established in 1979, the San Diego Housing Commission provides a variety of award-winning affordable housing programs and services that stimulate the local economy, revitalize neighborhoods, and help improve the lives of more than 125,000 San Diegans annually.

November 30, 2011

Council President Tony Young,
Members of the San Diego City Council,
Mayor Jerry Sanders,
The Board of Commissioners of the San Diego Housing Commission,
Citizens of the City of San Diego, California and other interested parties

California State law requires that all general purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. As a component unit of the City of San Diego, and pursuant to the above stated requirement, we hereby issue the comprehensive annual financial report ("CAFR") of the San Diego Housing Commission ("the Commission") for the fiscal year ended June 30, 2011.

This report consists of management's representations concerning the finances of the Commission. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Commission has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Commission's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Commission's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Commission's financial statements have been audited by The Reznick Group, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Commission for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Commission's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.



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The independent audit of the financial statements of the Commission was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Commission's separately issued Single Audit Report.

The CAFR includes the Department of Housing and Urban Development ("HUD")-required Financial Data Schedule ("FDS") created to standardize financial information reported by Public Housing Authorities ("PHAs"). The HUD Real Estate Assessment Center ("REAC") requires that PHA accounting information be reported in accordance with GAAP, using either governmental or enterprise fund accounting. REAC analyzes FDS to assess the financial condition, viability, and effectiveness of overall resource management of PHAs compared to industry peers. The FDS discloses federal, state, and locally funded activities reported to HUD. These activities are the basis of the Commission's enterprise fund program schedules, which are combined in the basic financial statements.

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commission for its CAFR for the fiscal year ended June 30, 2010. This was the third consecutive year that the Commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the GFOA has given an award for Outstanding Achievement in Popular Annual Financial Reporting to the Commission for its Popular Annual Financial Report for the fiscal year 2010.

Established in 1979, the Commission is an award-winning public agency dedicated to preserving and increasing affordable housing within the City of San Diego.

This year, the Housing Commission was honored with a national Award of Excellence from the National Association of Housing and Redevelopment Officials ("NAHRO") for its communications strategies to enhance community outreach.

In addition, the agency was also recognized with four NAHRO Awards of Merit: Creative public/private partnerships to create affordable housing; the new facility of the Achievement Academy of the San Diego Housing Commission and its self-sufficiency programs; the Neighborhood Stabilization Program that assisted first-time homebuyers with purchase of

foreclosed properties; and the Choice Communities Program of the Rental Assistance Department.
At the regional level the Pacific Southwest Regional Council of NAHRO recognized Housing Commissioner Khadija A. Basir, a former rental assistant client, with the "Hero of Assisted Housing" award. Nominated by the San Diego Housing Commission, San Diego City Council President Tony Young was honored with the "In Appreciation" award for his efforts to create affordable housing in the City of San Diego.

The Commission provides a variety of affordable housing programs and services that provide housing assistance to low, very-low and moderate income citizens, stimulate the local economy, revitalize neighborhoods, and help improve the lives of more than 125,000 San Diegans annually.

The Commission's Rental Assistance Department administers the federally supported Housing Choice Voucher Program which provides rent subsidies for over 14,000 San Diego households. The department is dedicated to breaking the cycle of poverty by helping housing-assisted families become economically self-sufficient while providing homes to families in need. With the agency's Moving to Work ("MTW") designation, the department has recently engaged in significant administrative streamlining projects and has created new programs and partnerships. Some of the innovative activities undertaken include the Choice Communities program which works toward the de-concentration of poverty in San Diego, a Sponsor-Based Voucher program for the homeless which includes partnerships with several non-profit service providing agencies, and the expansion of our Project-Based Voucher programs allowing the Commission to use project-based vouchers in our own units to increase housing choices for low-income families.

Providing participants a bridge to a better financial future, the Achievement Academy of the Commission is located at our downtown San Diego headquarters. The new 9,600 square foot Achievement Academy is a state-of-the-art learning and skills center available at no charge to families receiving federal Housing Choice Vouchers (Section 8) and those living in our public housing properties. With its expanded curriculum, the Academy builds upon programs the Commission has offered since 1992. The emphasis is on career planning, improving job skills and building savings and assets. Three programs comprise the Academy's core curriculum: Family Self-Sufficiency, Aspire, and The Money Project. Motivated clients have successfully pursued college degrees, started their own businesses, and purchased homes under a special first-time homebuyer program.

In addition, the Housing Innovations Department supports initiatives designed to prevent or reduce homelessness in the City of San Diego. Populations served include chronically homeless individuals, families, veterans, and seniors. In fiscal year 2011, the Housing Innovations Department used federal American Recovery and Reinvestment Act ("ARRA") funds (via the Homelessness Prevention and Rapid Re-housing Program) to provide temporary housing assistance to about 500 households. The Commission also utilized HUD's Shelter Plus Care Grants to provide permanent supportive housing for 236 households. With additional federal and local funds, the Housing Innovations Department supported 1,699 seasonal shelter beds for

individuals and families, a homeless drop-in center that served 4,200 individuals, 400 beds in transitional housing programs and 56 households in various special programs.

The Commission's Real Estate Department acquires, develops, owns and operates affordable housing units in the San Diego area. Properties (totaling 2,569 units) may be either Commission owned or developed in partnership with other entities.

In September 2007, the Commission received HUD approval to transition out of the Public Housing Program and to own and operate 134 properties (1,366 units) of rental housing that were formerly part of the Public Housing Program. As part of this conversion, HUD required the Commission to develop or construct an additional 350 locally owned affordable housing units. In October 2009, the Housing Authority of the City of San Diego unanimously approved the Commission's Finance Plan for the acquisition of the HUD required new affordable units. The Commission leveraged the equity in a portion of the 134 converted properties and generated $95.4 million in total loan proceeds and is, to date, in process of developing 741 units of affordable housing using these proceeds. As such, the Commission will significantly surpass the HUD requirement of 350 units by at least 391 units or 112%. As of June 30, 2011, approximately $8.9 million of uncommitted funds remain for future acquisitions.

To generate the $95.4 million of loan proceeds, a portion of the Commission's larger properties (33 properties) was leveraged with three loans from Fannie Mae under the conventional multifamily loan program and generated $37.1 million in total loan proceeds. These loans closed in December 2009. Another portion of the Housing Commission's portfolio (44 properties) was leveraged under the Federal Housing Administration's ("FHAs") 223(f) program and generated $58.3 million in total loan proceeds. Two of the FHA loans closed in August 2010 and one in September 2010. The loans were obtained by grouping the properties into six Commission wholly owned Limited Liability Companies ("LLCs"). The LLC loan groupings were primarily based on property location. All of the LLC loans are non-recourse obligations of the LLCs.

Utilizing the loan proceeds, during fiscal year 2011 and thereafter to date, the Commission committed to or acquired and closed on six projects:

1. September 2010, 37-affordable housing units, Courtyard Apartments, $7.7 million
2. October 2010, 172- affordable housing units, Mariners Village, $34.3 million

Projects 1 and 2 are owned outright by the Commission and will serve families earning less than 80 percent Area Median Income (AMI).

3. October 2010, 48- affordable housing units, Vista Grande Apartments, $3.8 million
4. March 2011, 91- affordable housing units, Mercado del Barrio, $7.0 million
5. May 2011, 84- affordable housing units, Mission Apartments, $6.0 million
6. July 2011, 20- affordable housing units, Terramar Apartments, $2.1 million

Projects 3 through 6 were acquired in partnerships with local affordable housing developers and will serve families earning less than 60 percent AMI.

In addition to the above, the loan proceeds further financed the acquisition of Hotel Churchill through Single Room Occupancy ("SRO") litigation in August 2011 for a settlement amount of $200,000. The Hotel Churchill is a historic 91-SRO-unit building constructed in 1915. The building is currently uninhabited and will undergo major rehabilitation prior to being placed back in service.

In July 2010 the Commission utilized the ARRA funds and additional Capital Fund Program funds to acquire a 40-unit affordable housing family development, Vista Verde Apartments. The acquisition consists of a 2.6-acre site for $1.2 million and a 40-unit development for $2 million. Total cost of the project including building improvements is estimated to total $5.2 million.

In addition to the above discussion, the Government Accounting Standards Board ("GASB") requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Commission's MD&A can be found immediately following the report of the independent auditors in the financial section of this report.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Financial Services Department. We would like to express appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to management and the governing boards for their support for maintaining the highest standards of professionalism in the management of the Commission's finances.

Respectfully submitted,

Richard C. Gentry
President and Chief Executive Officer

Nicole DeBerg
Vice President and Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

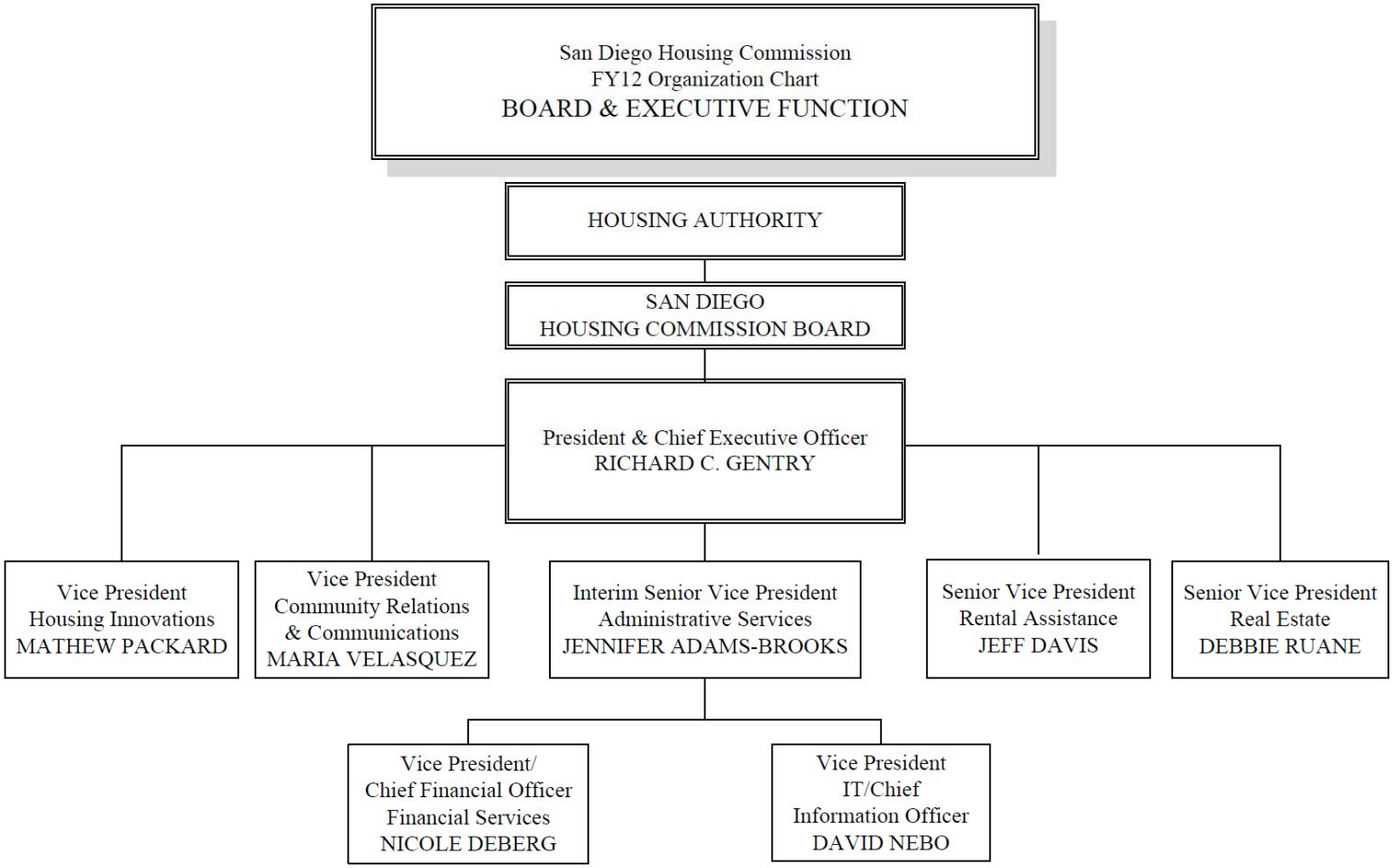
## San Diego Housing Commission
## California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director


San Diego Housing Commission
FY12 Organization Chart
BOARD & EXECUTIVE FUNCTION
HOUSING AUTHORITY
SAN DIEGO
HOUSING COMMISSION BOARD
President & Chief Executive Officer
RICHARD C. GENTRY
Vice President
Housing Innovations
MATHEW PACKARD
Vice President
Community Relations
& Communications
MARIA VELASQUEZ
Interim Senior Vice President
Administrative Services
JENNIFER ADAMS-BROOKS
Senior Vice President
Rental Assistance
JEFF DAVIS
Senior Vice President
Real Estate
DEBBIE RUANE
Vice President/
Chief Financial Officer
Financial Services
NICOLE DEBERG
Vice President
IT/Chief
Information Officer
DAVID NEBO

# SAN DIEGO HOUSING COMMISSION
# ROSTER OF OFFICIALS

The Commission was formed by the City of San Diego in accordance with the Housing Authority Law of the State of California. The City Council, acting in its capacity as the Housing Authority, exercises oversight responsibility over the operations of the Commission.

## HOUSING AUTHORITY

| | |
|---|---|
| Council Member – District 1 | Sherri Lightner |
| Council Member – District 2 | Kevin Faulconer |
| Council Member – District 3 | Todd Gloria |
| Council Member – District 4 | Tony Young |
| Council Member – District 5 | Carl DeMaio |
| Council Member – District 6 | Lorie Zapf |
| Council Member – District 7 | Marti Emerald |
| Council Member – District 8 | David Alvarez |

Members of the Board of Commissioners are appointed by the Mayor and confirmed by the City Council. Two commissioners must be residents of assisted housing, and one of the resident commissioners must be age 62 or older.

## BOARD OF COMMISSIONERS

| | |
|---|---|
| Chair | Gary Gramling |
| Commissioner | Khadija Basir |
| Commissioner | Sam Guillen |
| Commissioner | Ben Moraga |
| Commissioner | Allen Sims |
| Commissioner | Roberta Spoon |
| Commissioner | James T. Waring |

SAN DIEGO HOUSING COMMISSION

# Financial Section

## "We're About People"

The Achievement Academy of the San Diego Housing Commission, in partnership with Sherwin Williams and the U.S. Department of Housing and Urban Development, offers a free painter training course, part of the nation-wide "Home Work" program. The painter training course provides rental assistant participants with new skills and equipment.

Reznick Group
ACCOUNTING • TAX • BUSINESS ADVISORY

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Suite 900
Sacramento, CA 95814-4424
Tel: (916) 442-9100

# INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
of the San Diego Housing Commission

We have audited the accompanying basic financial statements of the San Diego Housing Commission (the Commission) as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of June 30, 2011, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards we have also issued our report dated November 30, 2011 on our consideration of the Commission's internal control over financial reporting and on 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 and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 17 through 27 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board. We have applied certain limited procedures that 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 we express no opinion on it.

Reznick Group
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Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information on pages 77 through 94, including the financial data schedule required by the U.S. Department of Housing and Urban Development, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The information included in the statistical section from pages 96 through 120 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Reznick Group, P.C.

Sacramento, California
November 30, 2011

# San Diego Housing Commission

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

This section of the Commission's component unit financial statements presents an analysis of the Commission's financial performance for the fiscal year ended June 30, 2011. As such it should be read in conjunction with the letter of transmittal preceding this section and the basic financial statements and related notes following this section.

## FINANCIAL HIGHLIGHTS

The following represents a brief discussion highlighting changes in net assets comparing fiscal year 2011 to the previous fiscal year 2010:

- The Commission's net assets increased 6% to $404.5 million at the end of fiscal year 2011 due to a $21.7 million surplus.

- Total liabilities increased 71% to $137.2 million primarily due to the issuance of new FHA debt in the amount of $58.3 million to develop additional affordable housing in the San Diego area.

- Operating revenues increased by $3.6 million from $27.8 million in fiscal year 2010 to $31.4 million in fiscal year 2011 mostly due to an increase of $3.1 million in dwelling rental income as a result of additional affordable units and higher occupancy levels.

- Operating expenses increased 3% from $186.6 million in fiscal year 2010 to $191.7 million in fiscal year 2011. This increase is primarily due to $3.1 million in asset management expenses, $1.5 million in administrative expenses and $1.1 million in housing assistance payments.

- Non-operating income and expenses, net, decreased $7.8 million from $193.9 million in fiscal year 2010 to $186.0 million in fiscal year 2011 primarily due to full utilization of economic stimulus grants from fiscal year 2010 revenues and increased loan interest expenses.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The Commission provides a variety of affordable housing and supportive services to individuals within the City of San Diego. The component unit financial statements include

the Independent Auditors' Report, Management's Discussion & Analysis ("MD&A"), basic financial statements, accompanying notes and required supplemental information.

## REQUIRED FINANCIAL STATEMENTS

The financial statements of the Commission report information using accounting methods similar to those used by private sector companies. These statements offer both short-term and long-term financial information about its activities.

The ***Statement of Net Assets*** include all of the Commission's assets and liabilities for the year ended June 30, 2011 and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Commission's creditors (liabilities). It also provides the basis for computing rates of return, evaluating the capital structure of the Commission and assessing the liquidity and financial flexibility of the Commission.

The ***Statement of Activities*** accounts for all of the Commission's revenue and expenses for the year ended June 30, 2011. The statement reflects the results of the Commission's operations over the year and can be used to determine the Commission's credit worthiness and its ability to successfully recover all its costs through grants, tenant charges and other income.

The ***Statement of Cash Flows*** provides information about the Commission's cash receipts and cash payments during the year ended June 30, 2011. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, capital and related financing noncapital financing and investment activities. The statement provides answers to questions of where cash came from, what cash was used for and what caused changes in cash for the reporting periods covered.

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

In addition to the basic financial statements and accompanying notes, the final section in this report also presents certain ***supplementary information.*** This supplementary information section contains the Combining Schedules of Net Assets; Combining Schedules of Revenues Expenses and change in Net assets and Cash Flows along with the annual Financial Data Submission Summary ("FDS") report electronically submitted to HUD.

## FINANCIAL ANALYSIS OF THE COMMISSION AS A WHOLE

The following analysis summarizes the Commission's net assets (Table 1) and changes in net assets (Table 2) during the fiscal years ended June 30, 2011 and 2010.

**TABLE 1**
Net Assets
(*in thousands of dollars*)

| | June 30, 2011 | June 30, 2010 | Change $ | Change % |
|---|---|---|---|---|
| ASSETS | | | | |
| Current and other assets | $ 106,548 | $ 73,496 | $ 33,052 | 45% |
| Non current assets | 283,153 | 282,102 | 1,051 | 0% |
| Capital assets net of depreciation | 152,013 | 107,257 | 44,756 | 42% |
| **Total assets** | **$ 541,714** | **$ 462,855** | **$ 78,859** | **17%** |
| LIABILITIES | | | | |
| Current liabilities | $ 34,548 | $ 11,509 | $ 23,039 | 200% |
| Notes Payable and non-current liabilities | 102,651 | 68,508 | 34,143 | 50% |
| Total liabilities | 137,199 | 80,017 | 57,182 | 71% |
| NET ASSETS | | | | |
| Invested in capital assets, net of debt | 43,092 | 39,788 | 3,304 | 8% |
| Restricted | 137,162 | 129,063 | 8,099 | 6% |
| Unrestricted | 224,261 | 213,987 | 10,274 | 5% |
| Total net assets | 404,515 | 382,838 | 21,677 | 6% |
| **Total liabilities and net assets** | **$ 541,714** | **$ 462,855** | **$ 78,859** | **17%** |

Net assets are a useful indicator of an entity's financial position and as of June 30, 2011, the total assets of the Commission exceeded total liabilities by $404.5 million. During the fiscal year, the Commission generated an operating surplus of $21.7 million.

Total assets increased by $78.9 million. Current and other assets increased by $33.1 million mainly due to the reclassification of $23.0 million of long-term Agency bonds maturing in fiscal year 2012 to short-term investments and $16 million of FHA fiscal year 2011 loan proceeds not being completely utilized by year end.

Non-current assets increased by $1.1 million mainly due to a $22.5 million increase in new loans and accrued interest receivable (primarily from partnership loans for the construction of affordable housing), in addition to a $1.6 million increase in capitalized loan fees, offset by the above mentioned reclassification of long-term Agency bonds.

Capital assets net of depreciation, increased $44.8 million mostly due to the acquisition of new affordable housing financed by the FHA and Fannie Mae loan proceeds.

Total liabilities increased $57.2 million (71%) mostly due to the addition of three new FHA loans totaling $58.3 million offset by loan principal payment on existing debt. Current liabilities increased by $23.0 million mostly due to the transfer of the US Bank loan for the Smart Corner office building to current liabilities to reflect a loan maturity date of October 31, 2011.

Net assets increased a total of $21.7 million due to the above mentioned operating surplus. Restricted net assets increased $8.1 million primarily due to additional $6.0 million in HOME and $1.5 million in new NSP notes receivable and related accrued interest. Payments received by the Commission, including interest, net of administrative expenses allowance are required to be recycled and used for future HOME program and NSP program purposes and therefore must continue to meet the restrictions criteria. 90% of the principal amount of loans made and accrued notes receivable interest is included in net restricted assets. Other activity in restricted net assets includes unspent Veterans Affairs Supportive Housing ("VASH") funds. Additional information can be found in Note 14 to the Basic Financial Statements.

Unrestricted net assets increased $10.3 million to $224.3 million as of June 30, 2011. Unrestricted net assets include funds that will be spent for future years' contractual, grant and other obligations, funds invested in notes receivable, public housing funds, capital funds needed for future property maintenance and improvements, available FHA and Fannie Mae loan proceeds, funds reserved for future MTW program initiatives and unrestricted funds available for operations and contingencies. The increase in unrestricted assets is mostly due to the issuance of additional notes receivables under various grant programs.

**TABLE 2**
Changes in Net Assets
(in thousands of dollars)

| | June 30, 2011 | June 30, 2010 | Change $ | Change % |
|---|---|---|---|---|
| Operating revenues | | | | |
| Dwelling rental income | $ 24,310 | $ 21,193 | $ 3,117 | 15% |
| Land lease and other rental income | 1,970 | 1,234 | 736 | 60% |
| Fee revenue | 2,868 | 1,813 | 1,055 | 58% |
| Shared equity income | 158 | 182 | (24) | -13% |
| Other revenue | 2,076 | 3,365 | (1,289) | -38% |
| Total Operating revenues | 31,382 | 27,787 | 3,595 | 13% |
| Operating expenses | 191,682 | 186,589 | 5,093 | 3% |
| Deficit before depreciation and other non-operating income and expenses | (160,300) | (158,802) | (1,498) | 1% |
| Depreciation | 4,048 | 2,596 | 1,452 | 56% |
| Deficit before other non-operating income and expense | (164,348) | (161,398) | (2,950) | 2% |
| Other non-operating income and expenses, net | 186,024 | 193,872 | (7,848) | -4% |
| Change in net assets | $ 21,676 | $ 32,474 | $ (10,798) | -33% |

This year's overall surplus of $21.7 million represents a $10.8 million decrease from fiscal year 2010 mainly due to $7.8 million in lower other non-operating income and expenses, net and $5.1 million in higher operating expenditures offset by an increase in operating revenues of $3.6 million.

Non-operating income and expenses, net, decreased $7.8 million from $193.9 million in fiscal year 2010 to $186.0 million in fiscal year 2011. This is primarily due to an $11 million decrease in grant revenue from the HOME program, a $6.1 million decrease from the NSP program and a $2.1 decrease from the ARRA program offset by a $12.5 million increase in HUD Section 8 grant revenue and a $2.7 million increase in other government grants. Furthermore, interest expense for new loan obligations increased $3.6 million. $163.3 million or 88% of the $186.0 million of total non-operating income and expenses, net, is made up of

federal funds received from HUD under the Section 8 MTW program. This program allows the Commission to be more innovative and flexible in creating self-sufficiency strategies for low-income families and in streamlining administrative processes. MTW allows the Commission to be exempt from certain Public Housing and Housing Choice Voucher regulations by permitting the Commission to combine operating, capital, and tenant-based assistance funds into a single agency-wide funding source and creating new and additional housing programs to meet our local needs.

Operating revenues increased by $3.6 million primarily due to a $3.1 million increase from additional dwelling rental income. In fiscal year 2011 the Commission had a full year of rental income from Hotel Sandford, fully leased Courtyard Apartments and acquired Mariners Village and Vista Verde and the occupancy rate overall increased to 93.6%

Operating expenditures increased by $5.1 million mainly as a result of an expansion of the Commission's property portfolio, increased housing assistance payments and the related expansion in internal infrastructure. This expansion increased asset management, rehabilitation, and development costs, interest expense and general operating expenditures such as salaries and benefits.

## CAPITAL ASSETS

The Commission's investment in capital assets, net of depreciation as of June 30, 2011 amounted to $152.0 million. This includes land, building, building improvements, vehicles, equipment and construction-in-progress. The majority of the current year capital asset acquisitions (Courtyard Apartments, Vista Grande, Mariner's Village, Mission Apartments, and Mercado del Barrio) were financed with Fannie Mae and FHA loan proceeds. The Commission used federal ARRA and Capital funds for the acquisition of Vista Verde.

The following summarizes the Commission's capital assets, net of accumulated depreciation, and changes therein, (Table 3) for the years ended June 30, 2011 and 2010.

**TABLE 3**
Net Capital Assets
(in thousands of dollars)

| | June 30, 2011 | June 30, 2010 | Change $ | Change % |
|---|---|---|---|---|
| Land and buildings | $ 150,644 | $ 101,912 | $ 48,732 | 48% |
| Construction-in-progress | 466 | 4,319 | (3,853) | -89% |
| Equipment | 903 | 1,026 | (123) | -12% |
| Total | $ 152,013 | $ 107,257 | $ 44,756 | 42% |

Additional information on the Commission's capital assets can be found in Note 7 to the Basic Financial Statements.

## CURRENT AND LONG-TERM DEBT

At June 30, 2011, notes payable totaled $125.3 million, $23.7 million of which were payable within one year and as such classified as current liabilities and $101.6 million were classified as non-current.

The majority of this balance, $94.3 million, is compromised of Fannie Mae and FHA loans, which are described in further detail in the LLC Debt section below. These loans are non-recourse obligations of the LLCs and not of the Commission.

$19.5 million of this balance is comprised of a loan from US Bank for the Smart Corner Building which houses the administrative offices of the Commission. This loan was due and payable on November 1, 2011. On October 31, 2011 the Commission paid down $4.6 million of this loan. On November 1, 2011 the Commission refinanced the remaining $15.0 million with GE Capital. The GE Capital loan has a term of 15 years and bears interest at the rate of 6.08%. Loan payments are financed by an administrative overhead allocation to the Commission's grant and other programs as well as lease income from commercial tenants.

$4.5 million of this balance is comprised of two loans from the State of California made to finance the acquisition of the Otay Villas and Scattered Sites properties. These loans are interest free and it is anticipated they will be paid off with local funds or extended.

$4.0 million of this balance is comprised of two loans from the Redevelopment Agency. One of these loans with a loan balance at June 30, 2011 of $3.3 million is forgivable in 2065 the additional $0.7 million loan is forgivable in 2022.

$3.0 million of this balance is comprised of a loan from JP Morgan Chase on the Maya Apartments, a 132 unit affordable housing complex. This loan was paid in full on July 1, 2011.

Debt additions and payments during the fiscal year and further detail related to these debt obligations can be found in Note 9 to the Basic Financial Statements.

### LLC Debt

In 2009 the Board of Commissioners and the Housing Authority approved the Finance Plan for Acquisition of New Affordable Housing Units. The Finance Plan was created to structure and monitor the usage of equity from a portion of the Commission's real estate portfolio for the purpose of acquiring additional affordable housing in the San Diego area. As outlined in the Letter of Transmittal, the Commission leveraged 33 properties in fiscal year 2010, with

three Fannie Mae loans generating $37.1 million. In fiscal year 2011 the Commission leveraged an additional 44 properties under the FHA's 223(f) program and received three additional loans for $58.3 million. This resulted in a total borrowing amount for the LLCs of $95.4 million.

The Commission was eligible for the Build American Bonds ("BABs") program that was offered by the Federal government. The BABs program provides a 35 percent interest rebate, for the life of the loan, of the interest paid on debt used by a municipality to construct, acquire, or rehabilitate facilities or other qualified capital expenditures. The Belden SDHC FNMA LLC, the Northern SDHC FHA LLC and the Southern SDHC FHA LLC loans have been approved as qualified direct subsidy BABs loans. The Commission has received $781,186 in fiscal year 2011 BABs subsidy payments.

The Commission has acquired (or committed) 741 new units of affordable housing for a total investment of $79,387,000 as listed below. These acquisitions include to-be-constructed properties as well as the acquisition and rehabilitation of existing properties.

| Acquisitions | | | |
|---|---|---|---|
| **Partnerships** | **# of Units** | **Investment** | **Closing Year** |
| Riverwalk Apartmnets | 49 | $ 4,475,000 | 04/2010 |
| Arbor Village Apartments | 111 | 7,900,000 | 04/2010 |
| Vista Grande Apartments | 48 | 3,812,000 | 10/2010 |
| Estrella de Mercado | 91 | 7,005,000 | 03/2011 |
| Mission Apartments | 84 | 6,000,000 | 05/2011 |
| Terramar Apartments | 20 | 2,150,000 | 07/2011 |
| **Sub-total** | **403** | **$ 31,342,000** | |
| **Publicly Owned** | | | |
| Hotel Sandford | 129 | $ 6,095,000 | 03/2010 |
| Mariner's Village Apartments | 172 | 34,331,000 | 10/2010 |
| Courtyard Apartments | 37 | 7,686,000 | 09/2010 |
| **Sub-total** | **338** | **$ 48,112,000** | |
| **Total** | **741** | **$ 79,454,000** | |

The amount available as of June 30, 2011 for future acquisition of affordable housing is calculated as follows:

| | |
|---|---|
| **Total loan amount** | **$ 95,383,400** |
| Less: financing fees | (2,119,832) |
| Less: completion/repair reserves | (2,909,573) |
| **Amount available for investment** | **90,353,995** |
| Less: amount committed/spent to date | (79,454,000) |
| Less: asset/development fees and legal fees | (2,033,140) |
| **Uncommitted amount available** | **$ 8,866,855** |

The net operating income generated by the LLC owned assets provides sufficient cash flow to cover debt service. Note 18 to the Basic Financial Statements outline the revenue and expense activity of the properties owned by the LLCs.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Commission's largest funding source is grant income from HUD initiatives. As such, one of the most important economic factors impacting the Commission is the fiscal year 2012 Transportation-HUD bill. The current bill provides for Housing Choice Voucher Housing Assistance Payments equal to or slightly higher than the fiscal year 2011 enacted funding levels.

Even though there is a reasonable possibility that the bill will provide for decreased levels of administrative funding for this program, the Commission believes that it has sufficient MTW reserves to cover any future potential administrative shortfalls. Additionally, the MTW status enables the Commission to more easily adapt fiscally to future funding constrictions.

MTW plans and reports are prepared and submitted to HUD on an annual basis. Each annual plan describes initiatives to be implemented over the next fiscal year and the related reports give an accounting of activities put into action over the previous fiscal year. The Commission's fiscal year 2012 MTW plan was approved by HUD on June 16, 2011 and can be viewed at http://www.sdhc.org/Rental-Assistance/Moving-Forward-MTW/.

Another factor affecting the Commission's future funding allocations is the local housing market. Reports have shown that vacancy rates are an indicator of the state of the housing market. "Vacant units represent the supply of homes that exceeds demand, and vacancies

depress prices and discourage new construction"[1]. The rental housing market has stayed steady as San Diego's vacancy rate ranks the third lowest in U.S. Metropolitan areas. On one hand, this minimizes vacancy rates in Commission owned and operated units; however, on the other hand, low vacancy rates may result in higher rental rates which could result in higher subsidy payments on behalf of the Commission's clients.

The local and national housing market saw mild gains in the past year; however, San Diego County home values fell 5.5 percent in August 2011 compared to August 2010 according to Standard and Poor's Case-Shiller House Prices Index.[2] This may provide additional opportunities for homebuyers qualifying for one of the Commission's homebuyer assistance programs.

Other factors affecting the County are job growth, home foreclosures and homelessness. Foreclosure and short sales will continue to be part of the market realities for San Diego in the near future. In contrast, local unemployment fell to 9.7% in September 2011 compared to 10.2% in August 2011. [3] Even though the unemployment rate seems to slowly recover, homelessness is a continuing concern for the Commission. Homelessness increased by 3.3% from 8,517 in the previous year to 8,802 tallied according to the "Point-In-Time Count" conducted on January 28, 2011[4]. The Commission is a key supporter of the "Campaign to End Homelessness" in San Diego, organized by the Downtown San Diego Partnership and the Center City Development Corporations and the Commission allocated 125 rental housing vouchers and will pledge an additional 75 housing vouchers for future years.

In order to address homelessness issues, HUD allocated funds to grantees that are eligible under the Emergency Shelter Grant program. The three year $5.7 million federal program targets families in danger of becoming homeless as a result of the economic downturn. The goal of the project is to prevent people from becoming homeless, divert those entering the shelter system to permanent housing options, and rapidly re-house those who are already homeless. The Commission is administering the program on behalf of the City of San Diego. To date, the Commission has assisted over 406 households in this program.

Despite slow economic recovery and potential future funding decreases, the San Diego Housing Commission will always be strongly committed to serving the needs of low to moderate income residents of San Diego. The need for affordable housing in the San Diego

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[1]Jed Kolko, Where Vacancies are High, http://wwwinsights.truliablog.com, October 6, 2011
[2]Eric Wolff, Case-Shiller: San Diego house values dip in August, http://wwwistockanalyst.com, October 25, 2011
[3]Dean Calbreath, California and San Diego jobless rates dip, http://wwwsignonsandiego, October 21, 2011
[4]Micheal Stetz, San Diego County's homeless numbers rise, http://wwwsignonsandiego.com, February 14, 2011

area remains very high in comparison to the rest of the nation. The number of people served and the level of service the Commission provides are constrained only by the amount of resources available for those services. The Commission's Board approved fiscal year 2012 budget of $285.1 million Operating Budget and $35.4 million Capital Budget reflects a steady commitment to continue to provide a high level of services for its clients.

The ultimate goal for the Commission is to continue to strive towards providing the highest quality services to clients and the community, delivered in a rational and fiscally prudent manner, well into the future.

Although the economic, funding and development challenges previously discussed have yet to be fully determined, the financial outlook for the Commission appears sound and we remain hopeful for a strong and affordable housing market for all of San Diego.

## CONTACTING COMMISSION'S FINANCIAL MANAGEMENT

This financial report was designed to provide a general overview of the Commission's financial position and is intended for distribution to a wide variety of interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Nicole DeBerg, Chief Financial Officer and Vice President of Financial Services, San Diego Housing Commission, 1122 Broadway, Suite 300, San Diego, California 92101.

SAN DIEGO HOUSING COMMISSION

# Basic Financial Statements

## "We're About People"

119 students at King Chavez Charter Primary School in Grant Hill were tested for elevated blood lead levels, as part of the San Diego Housing Commission's "Home Safe Home" program to protect low-income families in the City of San Diego from lead-based paint and other home health hazards.

San Diego Housing Commission

STATEMENT OF NET ASSETS

June 30, 2011

ASSETS

| | |
|---|---|
| Current assets | |
| Cash and cash equivalents | $ 4,467,120 |
| Restricted cash and cash equivalents | 4,424,929 |
| Short-term investments | 90,231,949 |
| Accounts receivable - tenants, net | 238,993 |
| Accounts receivable - funding sources | 4,271,623 |
| Accounts receivable - other | 1,665,972 |
| Notes and mortgages receivable, current portion | 595,854 |
| Accrued interest receivable - investments | 84,261 |
| Prepaid items and other assets | 566,950 |
| Total current assets | 106,547,651 |
| Noncurrent assets | |
| Long-term investments | 34,771,909 |
| Accrued interest receivable - notes and mortgages receivable | 24,649,402 |
| Notes and mortgages receivable, net of allowance for loan losses | 221,675,042 |
| Other assets, net of amortization | 2,057,103 |
| Capital assets not being depreciated | 60,906,750 |
| Capital assets, net of accumulated depreciation | 91,106,148 |
| Total noncurrent assets | 435,166,354 |
| Total assets | $ 541,714,005 |

(continued)

San Diego Housing Commission

STATEMENT OF NET ASSETS - CONTINUED

June 30, 2011

LIABILITIES

| | | |
|---|---|---|
| Current liabilities | | |
| Accounts payable | | $ 2,034,339 |
| Accounts payable - funding sources | | 747,909 |
| Accrued payroll and benefits | | 741,648 |
| Accrued compensated absences | | 1,529,346 |
| Accrued interest payable | | 574,187 |
| Notes payable, current portion | | 23,696,969 |
| Fair market value of interest rate swap | | 417,304 |
| Deposits payable | | 1,321,112 |
| Deferred revenue | | 3,458,719 |
| Other current liabilities | | 443,654 |
| Total current liabilities | | 34,965,187 |
| Noncurrent liabilities | | |
| Notes payable, net of current portion | | 101,624,971 |
| Other liabilities | | 609,204 |
| Total noncurrent liabilities | | 102,234,175 |
| Total liabilities | | 137,199,362 |

NET ASSETS

| | | |
|---|---|---|
| Invested in capital assets, net of related debt | | 43,092,084 |
| Restricted | | |
| Reserve for HOME notes receivable | $ 127,385,057 | |
| Reserve for NSP notes receivable | 6,716,560 | |
| Reserve for VASH, DVP and FUP housing assistance payments | 3,060,044 | |
| Total restricted | | 137,161,661 |
| Unrestricted | | 224,260,898 |
| Total net assets | | 404,514,643 |
| Total liabilities and net assets | | $ 541,714,005 |

See notes to financial statements

San Diego Housing Commission

STATEMENT OF ACTIVITIES

Year ended June 30, 2011

| | | |
|---|---|---|
| OPERATING REVENUES | | |
| Dwelling rental income | $ | 24,309,910 |
| Land lease and other rental income | | 1,970,080 |
| Fee revenue | | 2,867,606 |
| Shared equity income | | 158,270 |
| Other revenue | | 2,076,205 |
| Total operating revenues | | 31,382,071 |
| OPERATING EXPENSES | | |
| Administrative expenses | | 24,686,591 |
| Tenant services | | 2,450,010 |
| Asset management | | 10,130,088 |
| General expenses | | 3,840,050 |
| Grant expense | | 4,698,932 |
| Housing assistance | | 145,876,110 |
| Depreciation | | 4,047,879 |
| Total operating expenses | | 195,729,660 |
| Operating loss | | (164,347,589) |
| NONOPERATING REVENUES (EXPENSES) | | |
| Grant revenue | | 184,749,521 |
| Interest income on investments and notes receivable | | 6,974,862 |
| Gain on fair market value of interest rate swap | | 859,125 |
| Interest expense | | (6,558,569) |
| Loss on sale of capital assets | | (683) |
| Total nonoperating revenues (expenses) | | 186,024,256 |
| Change in net assets | | 21,676,667 |
| NET ASSETS | | |
| Beginning of year | | 382,837,976 |
| End of year | $ | 404,514,643 |

See notes to financial statements

San Diego Housing Commission

STATEMENT OF CASH FLOWS

Year ended June 30, 2011

| | |
|---|---|
| Cash flows from operating activities | |
| Cash received from tenants and operations | $ 31,168,457 |
| Cash payments to suppliers for operations | (160,668,837) |
| Cash payments for general and administrative expenses | (28,449,240) |
| Net cash used for operating activities | (157,949,620) |
| Cash flows from capital and related financing activities | |
| Principal paid on notes payable | (1,386,557) |
| Acquisition and construction of capital assets | (48,804,405) |
| Proceeds from new debt financings | 59,239,727 |
| Financing fees paid | (2,206,882) |
| Interest expense paid | (6,349,702) |
| Net cash provided by capital and related financing activities | 492,181 |
| Cash flows from noncapital financing activities | |
| Cash received from grants | 188,669,876 |
| Net cash provided by noncapital financing activities | 188,669,876 |
| Cash flows from investing activities | |
| Interest on investments and notes receivable | 2,559,638 |
| Collections of notes receivable | 2,675,859 |
| Cash loaned on notes receivable | (22,771,504) |
| Deposits released from escrows | 3,222,371 |
| Purchases of investments | (166,572,137) |
| Proceeds from sale of investments | 154,760,437 |
| Net cash used for investing activities | (26,125,336) |
| Net increase in cash and cash equivalents | 5,087,101 |
| Cash and cash equivalents | |
| Beginning of year | 3,804,948 |
| End of year | $ 8,892,049 |
| Financial statement presentation | |
| Cash and cash equivalents | $ 4,467,120 |
| Restricted cash and cash equivalents | 4,424,929 |
| Total cash and cash equivalents | $ 8,892,049 |
| Supplemental disclosure of noncash investing and noncapital financing activities | |
| Accrued interest on notes receivable converted to principal | $ 1,077,211 |
| Decrease in fair market value of interest rate swap | $ 859,125 |

(continued)

San Diego Housing Commission

STATEMENT OF CASH FLOWS - CONTINUED

Year ended June 30, 2011

| | |
|---|---|
| Reconciliation of operating loss to net cash used in operating activities | |
| Operating loss | $ (164,347,589) |
| Adjustments to reconcile operating loss | |
| to net cash used for operating activities: | |
| Depreciation | 4,047,879 |
| Amortization | 149,779 |
| Provision for loan losses | 2,180,039 |
| Changes in operating assets and liabilities: | |
| (Increase) decrease in tenant receivables | (106,468) |
| (Increase) decrease in other receivables | 26,109 |
| (Increase) decrease in inventories | 147,740 |
| (Increase) decrease in prepaid items and other assets | (72,378) |
| Increase (decrease) in accounts payable | (586,466) |
| Increase (decrease) in accrued payroll and benefits | 277,688 |
| Increase (decrease) in deposits payable | 385,535 |
| Increase (decrease) in deferred revenues | (133,255) |
| Increase (decrease) in other liabilities | 81,767 |
| Net cash used for operating activities | $ (157,949,620) |

See notes to financial statements

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

## NOTE 1 - ORGANIZATION

The San Diego Housing Commission ("the Commission"), a governmental agency, was formed by the City of San Diego ("the City"), under ordinance No. 2515 on December 5, 1978, in accordance with the Housing Authority Law of the State of California. The Commission primarily serves low income families by providing rental assistance payments, rental housing, loans and grants to individuals and not-for-profit organizations and other services.

The Commission is an integral part (component unit) of the reporting entity of the City. The accounts of the Commission have been included within the scope of the basic financial statements of the City. The Commission is governed by the San Diego Housing Authority, which is composed of the eight members of the San Diego City Council. The Housing Authority has final authority over the Commission's budget and major policy changes.

The Commission has seven blended component units which are Belden SDHC FNMA LLC Northern SDHC FNMA LLC, Central SDHC FNMA LLC, Northern SDHC FHA LLC, Southern SDHC FHA LLC, Central SDHC FHA LLC and Mercado SDHC LLC together collectively referred to as the "LLCs". With the exception of Mercado SDHC LLC, the titles of 77 properties were transferred from the Commission to the LLCs.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basic Financial Statements

The basic financial statements (i.e. the Statement of Net Assets, the Statement of Activities and the Statement of Cash Flows) report information on all of the enterprise activities of the Commission and its wholly owned LLCs. These basic financial statements are presented in accordance with the Governmental Accounting Standards Board ("GASB") standards.

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Activities presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of

accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The Commission distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services. Operating expenses include the cost of sales and services, general and administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In accordance with GASB standards, the Commission has elected to apply all Financial Accounting Standards Board ("FASB") pronouncements issued prior to November 30, 1989, which are not inconsistent with GASB pronouncements. Subsequent to this date, the Commission accounts for its proprietary funds as required by GASB.

Cash and Cash Equivalents

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits and bonds with original maturities of three months or less from the date of acquisition that are not specifically restricted as to use.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represents deposits that are used as collateral for loans made by a bank, used for replacement reserve and impound accounts, insurance reserve, security deposit and residual receipt accounts.

Investments

All investments are stated at fair value, except for money market investments which have a remaining maturity of less than one year when purchased, which are stated at amortized cost. Money market investments are short-term highly-liquid debt securities, such as bankers' acceptances, commercial paper, repurchase agreements, negotiable certificates of deposit and U.S. Treasury obligations. Fair value is the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Interfund Receivables and Payables

The Commission operates a revolving fund which provides for the pooling of cash to provide a convenient method for the payment of items chargeable to multiple sources and to maximize investment opportunities. The majority of receipts of cash are deposited to the revolving fund with an appropriate payable to the subsidiary general ledger which has provided the cash. The majority of disbursements are made from the revolving fund with an appropriate receivable from the subsidiary general ledger whose costs are being paid.

As all programs of the Commission are ongoing in nature with continuous receipts and expenditures, the daily status of individual funds undergoes constant change. Interfund receivables and payables are eliminated as expeditiously as possible.

Interprogram due from/to have been eliminated as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables.

Notes and Interest Receivable

Funds loaned by the Commission are recorded as notes receivable. Interest on notes receivable is accrued annually. A contra-asset account, allowance for loan and interest losses, represents the current estimates of the amount of loans and interest that will become uncollectible.

Capital Assets

Capital assets are stated at cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Net interest costs are capitalized on projects during the construction period. The capitalization threshold for all capital assets is $5,000.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Depreciation is charged to operations using the straight-line method based on the estimated useful life of the related asset. The estimated useful life of the assets is as follows:

| | Years |
|---|---|
| Buildings | 40 |
| Building improvements | 15 |
| Office equipment | 5 |
| Dwelling equipment | 5 |
| Vehicles | 7 |
| Computers/software | 3 |

Property acquired with HUD funds is considered to be owned by the Commission while used in the program for which it was purchased. However, HUD may have a reversionary interest in the property and ownership of any proceeds from disposition thereof.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

Intangible Assets

Intangible assets consist of loan costs and are recorded at cost at the date of acquisition. Amortization is charged to the Statement of Activities over the term of the related debt using the effective yield method from the date they are available for use.

Impairment of Capital Assets

The Commission reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of June 30, 2011, there has been no impairment of the capital assets.

Accrued Compensated Absences

It is the Commission's policy to permit employees hired prior to July 1, 1994 to accumulate up to 650 hours of annual leave. Employees hired after July 1, 1994 are permitted to accumulate a maximum of 350 hours. All employees whose service is terminated shall be

entitled to receive the equivalent amount of pay for the balance in their annual leave account at the time of termination.

In accordance with GASB standards, vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if the leave is attributable to past service and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. The change in liability for compensated absences increased $87,477 from June 30, 2010 to June, 30 2011.

Permanent employees are entitled to receive compensation at their current base salary for all unused annual leave upon termination or retirement.

In providing direction for conversion to the GAAP basis of accounting, HUD's Accounting Brief No. 6 discusses the conflicting direction given in HUD grant handbooks, which are not considered GAAP, and the cost principles of GAAP. In its final analysis, HUD opines that "Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under federal awards, including but not necessarily limited to wages, salaries, and fringe benefits." Since federal awards extend for a limited time period, and accrued benefits may not be paid out during the term of the award, the above analysis can be reasonably interpreted to mean that costs may be drawn down at the close of the award period to fund unpaid compensated absences.

As a matter of convenience, to allow the Commission to close inactive funds and to lessen the administrative burden, the Commission tracks all compensated absence liabilities in the business activities fund.

Notes Payable and Interest Payable

Notes payable consists of notes from banks, the City, State and Federal agencies. Interest on these notes is accrued at year end.

Deferred Revenue

Deferred revenue includes rents received in advance from tenants, unearned interest income, and grant funds received from other governmental agencies, which are conditioned upon incurring certain qualifying costs or meeting other conditions. The rents from tenants will be

recognized as revenue when earned and the grant funds will be recognized as revenue when the qualifying costs are incurred and the possibility of not meeting the conditions are remote.

Net Assets

In the Statement of Net Assets, net assets are classified in the following categories:

*Invested in Capital Assets, Net of Related Debt* - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

*Restricted Net Assets* - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted Net Assets* - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Derivatives

The Commission uses derivatives to manage risks related to interest rate movements. Derivative instruments not meeting the criteria of hedge accounting are recorded at fair value on the Statement of Net Assets with any change in fair value reflected in the Statement of Activities in the period of change.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

## NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments at June 30, 2011 consisted of the following:

| | | |
|---|---|---|
| Deposits | $ | 4,453,173 |
| Petty cash | | 13,946 |
| Cash held in investment account | | 1 |
| Local Agency Investment Fund | | 34,792,029 |
| San Diego County Investment Pool | | 22,220,130 |
| Certificates of deposits | | 87,356 |
| Agency bonds | | 58,867,883 |
| Corporate bonds | | 9,036,460 |
| Total cash and investments | | 129,470,978 |
| Restricted cash and cash equivalents | | 4,424,929 |
| Total | $ | 133,895,907 |

### Deposits

The carrying amounts of the Commission's cash deposits were $4,453,174 at June 30, 2011. Bank balances are fully insured and/or collateralized with securities held by the pledging financial institutions in the Commission's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the Commission's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Commission's name.

The fair value of pledged securities must equal at least 110% of the Commission's cash deposits. California law also allows institutions to secure Commission deposits by pledging first trust deed mortgage notes having a value of 150% of the Commission's total cash deposits. The Commission may waive collateral requirements for cash deposits that are fully insured by the Federal Deposit Insurance Corporation ("FDIC"). The Commission, however, has not waived the collateralization requirements.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Investment Policy

In accordance with State statutes and HUD regulations, the Commission has authorized the Chief Financial Officer or designee to invest in obligations of the U.S. Treasury, U.S. Government agencies or other investments as outlined in Commission Investment Policy. An Investment Committee, consisting of two Commission Board members, monitors the management of funds and compliance with the Commission Investment Policy.

The Commission utilizes the services of a financial advisor from a highly respected investment firm to aid in making sound investment decisions. Working with the investment committee and staff, the advisor provides guidance on creating a diversified portfolio and a secure investment mix. The advisor's ongoing role is to provide staff with sound investment opportunities that will maximize liquidity and yield without sacrificing principal value and safety of the investment securities.

The investment in the State's Local Agency Investment Fund ("LAIF") and San Diego County Investment Pool ("SDCIP") represents the Commission's equity in pooled investments. Other investments such as CDs, bonds, repurchasing agreements and checking accounts, are safe kept by a commercial bank which has invested Commission funds in U.S. Treasury obligations.

Local Agency Investment Fund Investments

The Commission participates in the State's LAIF that is regulated by California Government Code. LAIF is part of the State of California Pooled Money Investment Account ("P.M.I.A."). The balance of the investment portfolio of P.M.I.A. at June 30, 2011 was $66,353 million of which 5.01% was invested in Structured Notes and Asset-Backed Securities. P.M.I.A. is not registered with the Securities and Exchange Commission ("SEC") but is required to invest in accordance with California State Code. The average maturity of P.M.I.A. investments was 237 days as of June 30, 2011. The Commission's investments with LAIF at June 30, 2011 include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

*Structured Notes* are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

*Asset-Backed Securities*, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2011, the Commission had $34,792,029 invested in LAIF and at which time, the LAIF fair value factor of 1.001576470 was used to calculate the fair value of the investments in LAIF. More information on LAIF investment pool can be found at http://www.treasurer.ca.gov/pmia-laif/.

San Diego County Investment Pool Investments

The Commission participates in the SDCIP. SDCIP is a Standard & Poor's AAA rated fund managed by the San Diego County Treasurer - Tax Collector. The market value of the investment portfolio of SDCIP at June 30, 2011 was $5,856 million and had weighted average yield to maturity of 0.84%, a weighted average days to maturity of 425 days and an effective duration of 0.670 years.

In addition to voluntary participants such as the Housing Commission, the pool is largely made up of mandatory participants such as the County of San Diego 38.05%, schools 36.63%, community colleges 11.21% and non County funds of 6.04%. Voluntary depositors make up only 8.07% of the invested funds as of June 30, 2011.

As of June 30, 2011, the Commission had $22,220,130 invested in SDCIP. More information on SDCIP can be found at http://www.sdtreastax.com/investment-results.html.

Certificates of Deposits

As of June 30, 2011, the Commission had non-negotiable certificates of deposits amounting to $87,356 all of which are 100% collateralized or FDIC insured.

Agency Bonds

The Commission's investments under U.S. Government Agency bonds are made up of Government-Sponsored Enterprises (GSE), such as Fannie Mae (FNMA) and Freddie Mac (FDMC), Senior Debt and Mortgage-Backed Security (MBS) bonds traded on an active

secondary market. At June 30, 2011, the Commission had $58,867,883 invested in U.S. Government Agency bonds.

*GSE Senior Debt* bond or other form of debt has a greater seniority in the issuer's capital structure than subordinated debt and takes priority over other debt securities sold by the issuer. These securities currently hold a Standard & Poor's AAA rating, the highest rating given to bonds, and are perceived to have virtually no risk of default. In the event the issuer becomes insolvent, this debt must be repaid over other non-secured debt holders first. At June 30, 2011, the Commission had $1,000,440 invested in GSE Senior Debt.

MBS Bonds are a security or debt obligation that represents a claim on the monthly cash flows from mortgage loans. They represent investments in securities that are backed by pools of high quality consumer or commercial mortgages guaranteed by a government agency or GSE. While Standard & Poor's and Moody's does not specifically rate MBS, they carry an implied AAA rating based on the high quality collateral that backs the bonds and the AAA rating of the GSE (Fannie/Freddie) that issues/guarantees them. At June 30, 2011, the Commission had $57,867,443 invested in Agency MBS.

Corporate Bonds

Corporate bonds represent an investment in FDIC-guaranteed floating rate corporate debt securities (floaters) explicitly backed by the U.S. Government. Unlike fixed rate instruments, the coupon rate on these floating-rate securities resets every 3 months based on the 90-day London Inter-Bank Offer Rate ("LIBOR") index plus a margin or basis points. At June 30, 2011, the Commission had $9,036,460 invested in FDIC insured corporate floating rate bonds.

## NOTE 4 - INVESTMENT RISK FACTORS

There are many factors that can affect the value of investments. Some, such as credit risk, custodial risk, concentration of credit risk and market risk, may affect both equity and fixed income securities. Equity and debt securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed income securities are particularly sensitive to credit risk and changes in interest rates. It is the investment policy of the Commission to invest substantially all of its funds in fixed income securities which limits the Commission's exposure to most types of risk.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Credit Risk

Fixed income securities are subject to credit risk, which is the risk that an issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. Certain fixed income securities, including obligations of the U.S. Government or those explicitly guaranteed by the U.S. Government are not considered to have credit risk. The Commission minimizes credit risk by limiting investments to those listed in the Investment Policy. In addition, the Commission pre-qualifies the financial institutions, broker/dealers, intermediaries and advisors with which the Commission will do business in accordance with the Investment Policy and the Commission diversifies the portion of the investment portfolio not invested in US Treasury Bills, Notes, Bonds and collateralized certificates of deposit to minimize potential losses from any one type of security or issuer.

Custodial Risk

Custodial risk is the risk that, in the event of the failure of the custodian, the investments may not be returned. Bonds are purchased through a Merrill Lynch account in the Commission's name. All securities are held in safekeeping by Merrill Lynch and are covered by Securities Investor Protection Corporation ("SIPC") and a separate Lloyd's of London policy for a combined aggregate limit of $600 million.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

The exposure of the Commission's debt securities to credit risk and custodial risk as of June 30, 2011 is as follows:

| | Total fair value | Standard & Poor's Credit Rating as of June 30, 2011 AAA | Not subject to rating |
|---|---|---|---|
| Cash and cash equivalents | | | |
| Cash and cash equivalents | $ 4,467,120 | $ - | $ 4,467,120 |
| Restricted cash and cash equivalents | 4,424,929 | - | 4,424,929 |
| Total cash and cash equivalents | $ 8,892,049 | $ - | $ 8,892,049 |
| Short-term investments | | | |
| Local agency investment fund | $ 34,792,029 | $ - | $ 34,792,029 |
| County Investment Pool | 22,220,130 | 22,220,130 | - |
| Bank CDs | 87,356 | - | 87,356 |
| U.S. Government Agency securities | 24,095,974 | - | 24,095,974 |
| Corporate Bonds | 9,036,460 | 9,036,460 | - |
| Total short-term investments | $ 90,231,949 | $ 31,256,590 | $ 58,975,359 |
| Long-term investment securities: | | | |
| U.S. Government Agency securities | $ 34,771,909 | $ 1,000,440 | $ 33,771,469 |
| Corporate Bonds | - | - | - |
| Total long-term investments | $ 34,771,909 | $ 1,000,440 | $ 33,771,469 |

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the Commission to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Investments issued or guaranteed by the U.S Government and investments in external investment pools such as the California LAIF are not considered subject to concentration of credit risk.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

The U.S. Government Agency securities include Fannie Mae issued by the Federal National Mortgage Association ("FNMA"), Freddie Mac issued by the Federal Home Loan Mortgage Corporation ("FHLMC") and Federal Home Loan Bank ("FHLB"). The AAA rated U.S. Government Agency securities are senior debt FHLB debentures totaling $1,000,440. The portion of U.S. Government Agency securities not subject to rating are, FNMA, FHLB and FHLMC Mortgage Backed Securities (MBS) totaling $57,867,443. While Standard & Poor's and Moody's does not specifically rate MBS, they carry an implied AAA rating based on the collateral that backs the bond and the AAA rating of the Agency that issues/guarantees them. Therefore, MBS are not considered subject to concentration of credit risk.

The Commission may choose to maintain 100% of its investment portfolio in US Treasury Bills, Notes, Bonds and collateralized certificates of deposit. Certificates of deposits are, according to the Commission's Investment Policy, to be collateralized at least 100% of the amount that is not federally insured. Securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution, but pledged to the Commission. The security cannot be released, substituted or sold without the approval of the Commission. As of June 30, 2011, the Commission has $87,356 in certificates of deposit which were either covered by FDIC insurance or collateralized in excess of 100% with securities held by pledging financial institutions.

Market Risk

Market risk is the risk that the value of an investment will change due to changes in the financial market. Changes in market conditions can increase Interest Rate Risk, Liquidity Risk and Reinvestment Risk.

*Interest Rate Risk* is the risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes.

*Liquidity Risk* is the risk of being unable to liquidate an investment prior to maturity. Related to liquidity risk is the concept of marketability, or the ability to sell an instrument on short notice without incurring a meaningful loss in price.

*Reinvestment Risk* is the risk that the proceeds from a fixed-income security cannot be reinvested at the same rate of return currently generated by that holding. This risk is common with securities that are callable.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

In accordance with its Investment Policy, the Commission manages market risk by matching portfolio maturities to projected liabilities and monitoring the weighted average maturity of its portfolio. This is done by maintaining a portion of the portfolio in readily available funds and investing in securities with limited call features and an active secondary market. These measures ensure that appropriate liquidity is maintained in order to meet ongoing operations, maximize return and limit exposure to changing market conditions. The Commission's exposure to market risk as of June 30, 2011 is as follows:

| | | Debt investment maturities as of June 30, 2011 | | |
|---|---|---|---|---|
| | Total fair value | Less than 3 months | 4 - 12 months | 1 - 3 years |
| Cash and cash equivalents | | | | |
| Deposits | $ 4,453,173 | $ 4,453,173 | $ - | $ - |
| Investment other | 1 | 1 | - | - |
| Petty cash | 13,946 | 13,946 | - | - |
| Total cash and cash equivalents | $ 4,467,120 | $ 4,467,120 | $ - | $ - |
| Restricted cash and cash equivalents | $ 4,424,929 | $ 4,424,929 | $ - | $ - |
| Short-term investments | | | | |
| Local agency investment fund | $ 34,792,029 | $ 34,792,029 | $ - | $ - |
| San Deigo County Investment Pool | 22,220,130 | 22,220,130 | - | - |
| Certificates of deposits | 87,356 | 87,356 | - | - |
| U.S. Government Agency | 24,095,974 | 457,596 | 23,638,378 | - |
| Corporate Bonds | 9,036,460 | - | 9,036,460 | - |
| Total short-term investments | $ 90,231,949 | $ 57,557,111 | $ 32,674,838 | $ - |
| Long-term investments: | | | | |
| U.S. Government Agency | $ 34,771,909 | $ - | $ - | $ 34,771,909 |
| Corporate Bonds | - | - | - | - |
| Total long-term investments | $ 34,771,909 | $ - | $ - | $ 34,771,909 |

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

## NOTE 5 - ACCOUNTS RECEIVABLE - FUNDING SOURCES

At June 30, 2011, due from funding sources consisted of the following:

| Source | Program | Amount |
|---|---|---|
| Federal | HOME | $ 1,227,931 |
| Federal | HPRP | 1,053,958 |
| Federal | CAP | 549,635 |
| Federal | Lead Hazard | 277,562 |
| Federal | NSP | 252,463 |
| Federal | Section 8 Mod Rehab | 171,755 |
| Federal | HCV | 87,649 |
| Federal | Shelter Plus Care | 70,187 |
| Federal | Other Federal | 50,258 |
| State | Various | 458,932 |
| Business activities | Various | 71,293 |
| Total | | $ 4,271,623 |

All amounts are expected to result in payment in the next fiscal year.

## NOTE 6 - NOTES, MORTGAGES AND INTEREST RECEIVABLE

Loans made by the Commission are of three types:

1. Notes requiring periodic payments of principal and interest with interest rates ranging from 0% to 10% and lengths of maturity ranging from 3 years to 55 years;

2. Deferred payment notes with interest rates ranging from 0% to 10% and lengths of maturity ranging from 3 to 55 years; and

3. Subsidy loans to reduce the effective interest rate to recipients on loans made by a commercial bank.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Notes, mortgages and interest receivable at June 30, 2011 consist of the following:

| Borrower | Project address | Interest rate | Maturity date | Principal amount |
|---|---|---|---|---|
| Carmel Valley Housing | 13875 Carmel Valley Road | 3.00% | 01/01/57 | $ 892,111 |
| Island Palms Apt. L.P. | 1225 Market St | 3.00% | 12/01/56 | 4,400,000 |
| Mesa Family Villas | 2061-73 Avenida del Mexico | 5.60% | 05/01/57 | 2,092,481 |
| Villa Harvey Mandel L.P. | 72 17th St | 5.60% | 02/01/57 | 2,944,633 |
| Market Square Manor L.P. | 525 14th St | 5.60% | 03/01/57 | 2,480,754 |
| Nestor Family Housing | 1150 Tesoro Grove Way | 5.60% | 02/01/57 | 3,401,021 |
| Metro Villa Housing Partners | Metro Villas 3900 Block of 39th St | 4.85% | 02/01/58 | 1,449,040 |
| Renaissance Senior Housing | El Cajon Blvd & 30th St | 4.65% | 04/12/59 | 2,744,430 |
| Affirmed Family Housing | 2170 Coronado Ave | 5.20% | 06/30/35 | 2,396,154 |
| Hacienda Townhomes, LTD | 350 17th St | 4.50% | 07/01/48 | 1,569,916 |
| Mission Terrace Associates, LP | 10210 San Diego Mission | 3.00% | 09/01/49 | 2,055,000 |
| Metropolitan Area Advisory Com | 2001-97 Newton, 2008-2094 Main St | 6.00% | 12/01/47 | 1,425,000 |
| Urban Council Development Inc | 5202 Orange Avenue | 3.00% | 07/01/52 | 741,880 |
| Canyon Rim LP | 10931 Gerana St | 3.00% | 06/20/55 | 1,530,534 |
| Stratton LT | 5765 Mount Alifan Drive | 3.00% | 06/20/55 | 1,529,040 |
| City Heights Community Dev | 4048-64 1 / 2 48th St | 3.00% | 12/01/55 | 778,500 |
| Vista Terrace Hills | 1606 Del Sur Blvd | 3.00% | 12/31/56 | 1,102,321 |
| Coronado Terrace Preservation L.P. | 1183 25th St | 3.00% | 03/01/57 | 1,298,345 |
| SD Fox Hollow LP | 4366 Home Ave | 3.00% | 04/01/32 | 2,200,000 |
| Bolt Housing Partners, LP | 4010-50 Park Haven Ct | 3.00% | 04/01/56 | 1,418,838 |
| Logan Square Housing Partners | 4742 Solola Avenue | 3.00% | 03/01/48 | 1,000,000 |
| Harbor View Associates LP | 404-24 N 47th St | 3.00% | 04/01/34 | 900,000 |
| Urban Housing Dev Corp | 2651-63 J St | 3.00% | 02/01/57 | 867,279 |
| Mayberry Townhomes, CA LP | 4328-90 Mayberry St | 3.00% | 03/01/29 | 670,000 |
| Casa Colina LP | 5207 52nd St | 3.00% | 02/01/59 | 1,600,000 |
| Chicano Federation | 4033 33rd St | 3.00% | 12/01/52 | 596,441 |
| City Heights Community Dev | 3816-32 43rd St | 3.00% | 05/01/53 | 808,976 |
| Mountain View Prop. LP | 4066 Messina Drive | 6.00% | 04/01/33 | 2,065,897 |
| Chicano Federation | 5222 Trojan Avenue | 3.00% | 07/01/53 | 1,144,817 |
| Hope CCDC | 4910-20 Ocean View Blvd | 3.00% | 12/22/48 | 647,056 |
| Logan Development LP | 4720-67 Logan Avenue | 6.00% | 11/30/50 | 1,400,000 |
| So Bay Community Svcs | 135 Averil Road | 3.00% | 12/01/52 | 630,700 |
| Chicano Federation | 5052 Wightman St | 3.00% | 07/01/54 | 1,536,750 |
| Chicano Federation | 4420 Delta Street | 3.00% | 11/01/55 | 1,485,943 |
| Winona Gardens Housing Assoc | 3810 Winona Avenue | 3.00% | 07/01/55 | 2,100,000 |
| Palm Terrace Interfaith Housing | 2885 Palm Avenue | 3.00% | 04/30/53 | 2,079,740 |

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

| Borrower | Project address | Interest rate | Maturity date | Principal amount |
|---|---|---|---|---|
| New Palace Associates | 1814 5th Avenue | 8.44% | 03/01/21 | 1,198,132 |
| Housing Development Partners | 1337-1345 Fifth Avenue | 3.00% | 05/15/57 | 520,591 |
| Bayview CDC | 1440-1516 So. 40th St | 3.00% | 02/01/56 | 696,000 |
| TACHS | 1851-1865 Titus St | 3.00% | 12/01/12 | 572,781 |
| Beyer Blvd Apts LP | 920 Beyer Blvd | 3.00% | 11/01/59 | 4,200,000 |
| Delta Village Housing | 4316-4368 Delta St | 3.00% | 05/01/36 | 6,100,000 |
| SD LGBT Community Center | 1640 Broadway | 3.00% | 11/01/60 | 934,000 |
| Affirmed Family Housing | 2125-55 Coronado Avenue | 4.79% | 06/30/35 | 723,390 |
| St Stephens Housing | 5641 Imperial Avenue | 4.79% | 05/01/36 | 1,165,706 |
| Vietnam Veterans of San Diego | 4141 Pacific Highway | 3.00% | 05/15/70 | 675,000 |
| Lillian Place LP | 1401 & 1437 J Street | 3.00% | 12/31/60 | 731,000 |
| Santa Luz Family Apts | 16775 Saintsbury Glen | 3.00% | 04/01/60 | 500,000 |
| YWCA Transitional Housing | Becky's House | 0.00% | 03/01/61 | 1,786,000 |
| Townspeople | 4242-60 51st Street | 3.00% | 05/01/61 | 1,570,000 |
| Arbor Terrace | 3693-3741 Florida Street | 4.86% | 07/01/62 | 7,728,929 |
| Del Sol Apts LP | 3606-90 Del Sol Blvd. | 3.00% | 05/01/62 | 4,126,000 |
| Alabama Manor | 3822-36 Alabama Street | 0.00% | 12/31/63 | 3,800,000 |
| Veterans Village 07-056 | 4141 Pacific Highway | 3.00% | 06/01/72 | 5,583,670 |
| Tachs-The Cove 06-060 | 5288 El Cajon Blvd | 3.00% | 05/01/62 | 982,000 |
| Catholic Charities 07-075 | 798 Ninth Ave | 0.00% | 10/31/58 | 852,500 |
| Steadfast Villa Nueva 07-113 | 3604 Beyer Blvd | 3.00% | 05/01/62 | 9,200,000 |
| El Cajon Boulevard LP | 3137 El Cajon Blvd | 3.00% | 12/31/63 | 600,000 |
| Community Housing Works | 3783-3825 Florida Street | 3.00% | 02/01/67 | 4,900,000 |
| Golden Age Garden Housing | 740 S 36th St | 3.00% | 12/31/67 | 3,661,000 |
| Dawson Senior Apt LP | 4310 Dawson Avenue | 2.00% | 12/01/63 | 6,144,981 |
| Pathfinders of San Diego Inc | 2621-2625 University | 3.00% | 07/15/65 | 2,050,000 |
| Wakeland Village Green Apts LP | 4140-55 Bonillo Drive | 3.00% | 04/01/65 | 2,165,067 |
| Riverwalk Apts LP | 1194 Hollister St | 3.00% | 03/01/65 | 2,265,145 |
| 15th & Commercial LP | 1501 Imperial Avenue | 3.00% | 0101/66 | 3,150,000 |
| LINC Arbor Village Apts | 4914-98 Logan Avenue | 3.00% | 05/01/67 | 5,460,000 |
| Georgia St LP | 4105 Georgia St | 3.00% | 07/01/66 | 4,782,570 |
| AMCAL Mission Fund LP | 1815-75 Hancock St | 3.00% | 01/01/68 | 1,871,977 |
| Mercado CIC LP | Barrio Logan Lot 2,6 & 7 | 5.00% | 05/01/68 | 6,300,000 |
| 34th St Project LLC | 4637 34th Street | 4.00% | 03/01/11 | 3,891,710 |
| Wakeland Vista Grande Apt | 5421 Sta Margarita St | 3.00% | 05/01/67 | 2,957,000 |
| City Heights Community Dev | 4535-45 43rd St | 3.00% | 03/31/65 | 582,686 |

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

| Borrower | Project address | Interest rate | Maturity date | Principal amount |
|---|---|---|---|---|
| Development loans with rehab / acquisition (Under $500,000) | | | | 2,096,366 |
| Rehab loans (Under $500,000) | | | | 6,813,358 |
| Home ownership loans | | | | 39,710,540 |
| Housing rehabilitation loans | | | | 17,679,160 |
| Allowance for Loan Losses | | | | (6,439,960) |
| Total notes receivable at June 30, 2011 | | | | 222,270,896 |
| Deferred cumulative interest receivable at June 30, 2011 | | | | 24,649,402 |
| Total notes and interest receivable at June 30, 2011 | | | | $ 246,920,298 |

Notes and mortgages receivable due in less than one year amounted to $595,854 at June 30, 2011.

The changes in allowance for loan and interest losses consisted of the following:

| Balance, July 1, 2010 | Losses/ write-offs | Additions | Balance, June 30, 2011 |
|---|---|---|---|
| $ 5,675,828 | $ (1,570,091) | $ 2,334,223 | $ 6,439,960 |

The Commission has executed a line-of-credit agreement with Wells Fargo Bank. This agreement provides for the Commission to deposit funds which earn interest as collateral to sustain the leveraging of bank funds used for rehabilitating housing units. The agreement further provides that in the event of default by the borrower on a previous loan made by the bank, the bank may, at its option, withdraw funds from the collateral to the extent of the outstanding principal and interest on a loan in default. During the fiscal year ended June 30, 2011, Wells Fargo released no collateral.

The amount of cash on deposit at Wells Fargo Bank at June 30, 2011 was $78,872 and is reflected within restricted cash and cash equivalents on the Statement of Net Assets.

The Commission makes affordable housing loans to individuals in which the borrower is not required to repay the loan during the compliance period as long as the compliance covenants are met. The compliance periods differ by program between 10 to 55 years. The Commission

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

monitors the compliance. There is no cash disbursements associated with these loans and the loans do not bear interest. The notes are originated through noncash transactions having a net effect of zero to the Statement of Net Assets and the Commission does not record them in the Statement of Net Assets. Any payment received during the compliance period is recorded as revenue in the fiscal year of receipt. Notes represented by affordable housing loans outstanding as of June 30, 2011, total $61,193,807.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

## NOTE 7 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2011 is as follows:

| | Balance, July 1, 2010 | Additions | Transfers / Retirements | Balance, June 30, 2011 |
|---|---|---|---|---|
| Capital assets, not being depreciated | | | | |
| Land | $ 39,022,937 | $ 21,633,877 | $ (215,864) | $ 60,440,950 |
| Construction in progress | 4,319,426 | 125,719 | (3,979,345) | 465,800 |
| Total capital assets, not being depreciated | 43,342,363 | 21,759,596 | (4,195,209) | 60,906,750 |
| Capital assets, being depreciated | | | | |
| Buildings | 60,954,269 | 24,739,615 | (971,535) | 84,722,349 |
| Building improvements | 12,227,363 | 2,018,400 | 3,473,712 | 17,719,475 |
| Office furniture and equipment | 2,930,854 | 286,795 | (4,425) | 3,213,224 |
| Total capital assets, being depreciated | 76,112,486 | 27,044,810 | 2,497,752 | 105,655,048 |
| Less accumulated depreciation for: | | | | |
| Buildings | (8,059,821) | (2,375,746) | 971,535 | (9,464,032) |
| Building improvements | (2,233,130) | (1,113,142) | 571,275 | (2,774,997) |
| Office furniture and equipment | (1,904,844) | (558,991) | 153,964 | (2,309,871) |
| Total accumulated depreciaton | (12,197,795) | (4,047,879) | 1,696,774 | (14,548,900) |
| Total capital assets, being depreciated, net | 63,914,691 | 22,996,931 | 4,194,526 | 91,106,148 |
| Total capital assets, net | $ 107,257,054 | $ 44,756,527 | $ (683) | $ 152,012,898 |

In fiscal year 2011 the Commission created three additional LLCs which are Northern SDHC FHA LLC, Southern SDHC FHA LLC, and Central SDHC FHA LLC. These LLCs were created to obtain financing on the former public housing units and are wholly owned by the Commission. The titles of 44 properties were transferred from the Commission to the newly created LLCs. The leveraging of the properties resulted in loan proceeds totaling $54 million; two of the FHA loans closed in August of 2010 and the third in September 2010.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

The FHA loans are the LLCs not the Commission's. Each one of these loans are nonrecourse obligations of the LLCs.

The Commission utilized the FNMA and FHA loan proceeds for the following acquisitions:

In September 2010 the Commission acquired Courtyard Apartments. The 37-unit complex is located at 4395 El Cajon Blvd. The acquisition of the land and building was $7.2 million.

In October 2010, the Commission acquired Vista Grande. Vista Grande is located at 5391 and 5411-25 Santa Margarita Street. The Commission partnered with Wakeland Housing & Development Corporation to rehabilitate Vista Grande, a 49 unit (48 affordable housing units) project. As part of the project, the Commission acquired the 3.1 acre parcel of land for $850,000 and issued a loan of $2.9 million to the developing entity for the rehabilitation of the building. In addition, the Commission will lease the land to Wakeland Housing & Development Corporation for annual ground lease payments.

In October 2010 the Commission acquired Mariner's Village, a 172-units apartment complex located on a 9.46-acre site at the southeast corner of Potomac Street and Paradise Valley Road. The acquisition cost of the land and building is $31.5 million.

In May 2011, the Commission executed the loan agreement on the Mission Apartments. The Mission Apartments will be located at 1815-1874 Hancock Street. The Commission partnered with AMCAL Mission Fund L.P to develop, an 85 unit (84 affordable housing units) project. As part of the project, the Commission acquired the 1.56 acre parcel of land for $3.4 million and issued a loan for $2.6 million to the developing entity for the development of the building. In addition, the Commission will lease the land to the development entity for annual ground lease payments. Construction on the Mission Apartments began on July 2011 and has an estimated completion date of August 2012.

In June 2011 the Commission executed the loan agreement on the Terramar Apartments. The Terramar Apartments will be located 13481-13483 Silver Ivy Lane. The Commission partnered with Chelsea Investment Corporation to develop the 21-unit (20 affordable housing units) project. As part of the project, the Commission acquired the 1.17 acre parcel of land for $100 and issued a loan for $2.1 million to the developing entity for the acquisition and development of the land and a preliminary bond request of $4.6 million for the development of the Terramar Apartment's project. In addition, the Commission will lease the land to

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Chelsea Investment Corporation for annual ground lease payments. Construction is estimated to be completed in March 2012.

On January 31, 2011 the Commission established its' seventh wholly-owned LLC, Mercado SDHC LLC. Mercado SDHC LLC was created to take title to the land and for the execution of the ground agreement to the developer due to the environmental remediation needed on the site. Once soil remediation and construction is completed, Mercado SDHC LLC may transfer the land and ground lease to the Commission. Mercado del Barrio is located in the Barrio Logan Community. The 6.8 acres borders Cesar Chavez Parkway, the Coronado Bridge overpass, Chicano Park, National Avenue and Main Street. Mercado SDHC LLC partnered with Chelsea Investment Group Corporation to develop the 91-units (91 affordable housing units) project. As part of the project, the Commission acquired land for $100 and executed a loan for $7 million to Chelsea Development Corporation for the development of the project. In addition, the Commission will lease the land to Chelsea Development Corporation for annual ground lease payments. Construction is currently underway and the estimate completion date is September 2012.

The Commission may purchase the improvements from the developer after year 15 (at the end of the tax credit compliance period), via an option agreement on the Vista Grande, Mission Apartments, Terramar Apartments and Mercado del Barrio projects mentioned above. The Commission has the option to purchase the improvements at the greater of (i) the fair market value of the project or (ii) the sum of the limited partner project related tax liability, plus the principal and accrued interest on the Commission loan, plus principal and accrued interest of the permanent loan.

On July 16, 2010 the Commission utilized the federal ARRA funds and additional public housing program funds to acquire a 40-unit affordable housing family development, Vista Verde apartments. The acquisition consists of 2.6-acre site for $1.2 million and 40-unit building for $2 million.

The Commission utilized $2.7 million in commercial tenant improvements for the 1st and 2nd floor of the Smart Corner.

Construction in progress consists of several development and modernization projects in various stages of completion.

Depreciation expense for the year ended June 30, 2011 was $4,047,879.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

## NOTE 8 - PREPAID ITEMS AND OTHER ASSETS

As of June 30, 2011, the prepaid items and other assets include; prepaid insurance of $7,049, prepaid mortgage insurance premium of $155,907, property management deposits of $57,278, deposit of $25,000 for future refinancing equity loans, escrow deposit for mortgage insurance premiums of $246,616, deposit of $100 for the Terramar land purchase and a deposit to escrow for the Smart Corner loan refinancing of $75,000, and net intangible assets of $2,057,103.

### Intangible assets

The LLCs obtained financing from Fannie Mae in fiscal year 2010 in the amount of $37.1 million, the financing cost associated with these loans were $495,384. In fiscal year 2011, the LLCs obtained financing from FHA in the amount of $58.3 million. The financing costs associated with these loans were $1,624,449. The loan fees are amortized over the 30 and 35 years respectively using the effective yield method. Estimated annual amortization expense for each of the next five years is:

| | | |
|---|---|---|
| June 30, 2012 | $ | 99,243 |
| 2013 | | 97,837 |
| 2014 | | 96,368 |
| 2015 | | 94,832 |
| 2016 | | 93,225 |

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

## NOTE 9 - NOTES PAYABLE

A summary of notes payable at June 30, 2011 is as follows:

| Type of obligations | Interest rates | Maturity date | Balance, 6/30/2010 | Additions | Payments | Balance, 6/30/2011 |
|---|---|---|---|---|---|---|
| Debts of the Commsion | | | | | | |
| JPMorgan Chase, dated June 1995 | Variable | 2011 | $ 3,115,761 | $ - | $ (166,842) | $ 2,948,919 |
| State of California (RHCP) | 0.00% | 2015 | 3,149,077 | - | - | 3,149,077 |
| State of California (RHCP) | 0.00% | 2013 | 1,404,934 | - | - | 1,404,934 |
| US Bank, dated November 2006 | Variable | 2011 | 19,008,950 | 757,323 | (258,056) | 19,508,217 |
| Redevelopment Agency, dated March 1992 | 0% forgivable | 2022 | 695,628 | - | - | 695,628 |
| Redevelopment Agency, dated March 18, 2010 | 1% forgivable | 2065 | 3,099,034 | 239,004 | - | 3,338,038 |
| Debts of the LLCs | | | | | | |
| Greystone Servicing Corp, Inc. Fannie Mae (Belden) | 7.32% | 2040 | 12,272,029 | - | (121,261) | 12,150,768 |
| Greystone Servicing Corp, Inc. Fannie Mae (Northern) | 7.32% | 2040 | 10,767,908 | - | (106,398) | 10,661,510 |
| Greystone Servicing Corp, Inc. Fannie Mae (Central) | 7.32% | 2040 | 13,955,449 | - | (137,895) | 13,817,554 |
| PNC Bank, NA FHA (Southern) | 3.76% | 2046 | - | 25,017,100 | (262,565) | 24,754,535 |
| PNC Bank, NA FHA (Northern) | 3.76% | 2046 | - | 17,500,200 | (183,672) | 17,316,528 |
| PNC Bank, NA FHA (Central) | 3.65% | 2046 | - | 15,726,100 | (149,868) | 15,576,232 |
| Total | | | $ 67,468,770 | $ 59,239,727 | $ (1,386,557) | $ 125,321,940 |

At June 30, 2011, the current portion of notes payable is $23,696,969 and the noncurrent portion of notes payable is $101,624,971.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

The interest rate for the JP Morgan Chase obligation as of June 30, 2011 was 3.0%. The variable rate in accordance with the loan agreement is equal to .65 times the sum of the Variable Index Rate plus 3%. The Variable Index Rate is defined as the most recently available monthly weighted average cost of funds for 11th District Savings Institutions published by the Federal Home Loan Bank of San Francisco.

The interest rate for the US Bank obligation as of June 30, 2011 was 2.441%. The variable interest rate in accordance with the loan agreement is 2.6% plus LIBOR.

The Commission entered into an Interest Rate Swap Agreement with US Bank (the Swap Provider) to reduce the impact of changes in interest rates. Under the terms of the Swap Agreement, the Commission has agreed to pay interest to the Swap Provider at a fixed rate of 5.29% plus 2.6% exclusive of any fees, add-ons or other trustee or bank charges, while the Swap Provider has agreed to make the Commission's required monthly mortgage payment. The notional amount of the Swap Agreement is $19,765,531. The Swap Agreement expires at maturity of the mortgage in 2011.

Pursuant to GASB No. 53, derivative instruments not meeting the criteria for hedge accounting are recorded at fair value on the Statement of Net Assets with any change in fair value reflected in the Statement of Activities in the period of change. The Commission recorded a liability for the fair value of the interest rate swap as of June 30, 2011 in the amount of $417,304. During the year ended June 30, 2011, a gain in fair value of $859,125 has been realized and is included in the Statement of Activities.

The US Bank loan represents the loan for the Smart Corner Building which houses the administrative offices of the Commission which is due October 31, 2011.

The Commission entered into a loan agreement with the Redevelopment Agency of the City of San Diego ("Redevelopment Agency") as of March 18, 2010, for the acquisition and rehabilitation of the Sandford Hotel. The loan from the Redevelopment Agency is a forgivable loan, with a term of 55 years and 1% simple interest. The total approved loan amount is $6,095,000 with $3,338,039 disbursed as of June 30, 2011.

On December 30, 2009, Belden SDHC FNMA LLC, Central SDHC FNMA LLC and Northern SDHC FNMA LLC entered into debt agreements with Greystone Servicing Corp. Inc. in the amount of $37.1 million. The debt agreement is to obtain financing towards acquiring over 350 affordable housing units in the City of San Diego. The FNMA loans

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

were the LLCs not the Commission. Each one of these loans are nonrecourse obligations of the LLCs. Under the terms of the loan agreements, the LLCs agree to pay a fixed interest rate of 7.32% on the life of the loan through the maturity date January 1, 2040.

On August 31, 2010, Northern SDHC FHA LLC, and Southern SDHC FHA LLC entered into debt agreements with PNC Bank, N. A. On September 20, 2010, Central SDHC FHA LLC entered into debt agreement with PNC Bank, N. A. for the combined total amount of $58.3 million. The debt agreements are to obtain financing towards acquiring additional affordable housing units in the City of San Diego. The FHA loans were the LLCs not the Commission. Each one of these loans are nonrecourse obligations of the LLCs. Under the terms of the loan agreements, the LLCs agree to pay a fixed interest rate not to exceed 4.0% on the life of the loan through the maturity dates of September 1, 2045 and October 1, 2045 respectively.

The American Recovery and Reinvestment Act of 2009 created the new Build America Bond ("BABs") program. State and local governments receive directly from the U.S. Treasury subsidy payments for a portion of their borrowing costs on Build America Bonds equal to 35 percent of the total coupon interest paid. The Subsidy stream is paid for the full term of the bonds. The Belden SDHC FNMA LLC, the Northern SDHC FHA LLC and the Southern SDHC FHA LLC loans have been approved as qualified direct subsidy BAB's loans. The Commission has received $781,186 in fiscal year 2011 subsidy payments.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

The annual requirements to amortize notes payable are as follows:

| | Notes payable | | |
|---|---|---|---|
| | Principal | Interest | Total |
| Year ending June 30, 2012 | $ 23,696,969 | $ 5,317,447 | $ 29,014,416 |
| 2013 | 1,301,729 | 4,742,421 | 6,044,150 |
| 2014 | 2,772,028 | 4,677,055 | 7,449,083 |
| 2015 | 4,585,227 | 4,607,999 | 9,193,226 |
| 2016 | 1,509,127 | 4,535,022 | 6,044,149 |
| 2017 - 2021 | 8,795,822 | 21,424,924 | 30,220,746 |
| 2022 - 2026 | 12,068,205 | 18,848,169 | 30,916,374 |
| 2027 - 2031 | 14,818,688 | 15,402,058 | 30,220,746 |
| 2032 - 2036 | 19,462,667 | 10,758,079 | 30,220,746 |
| 2037 - 2041 | 21,211,182 | 4,672,421 | 25,883,603 |
| 2042 - 2046 | 11,762,257 | 980,316 | 12,742,573 |
| 2065 | 3,338,039 | 3,317,756 | 6,655,795 |
| Total | $ 125,321,940 | $ 99,283,667 | $ 224,605,607 |

NOTE 10 - LEASE COMMITMENTS

The Commission accounts for all lease arrangements as operating leases. Under this method, rentals are recorded as either expenditures or income as they become due.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

The Commission receives income from various long term land leases that it maintains upon which housing is located. Lease terms include annual payments ranging from $1 to $505,291 for terms of one to 55 years and additional payments based upon surplus cash generated by certain housing projects. For fiscal year 2011, the amount of Land Lease Income is $832,472 and is comprised of the following leases:

| | | |
|---|---|---|
| Mariner's Cove | $ | 505,291 |
| 5252 El Cajon | | 252,974 |
| Villa Merced | | 33,548 |
| 252 16th Street | | 18,942 |
| Casa Colina | | 18,077 |
| Golden Villa | | 3,640 |
| | $ | 832,472 |

The Commission also receives income from commercial leases at the Smart Corner building for the first and second floor rental space. In fiscal year 2010 Housing Opportunities Collaborative entered into a 5-year lease for the first floor at the Smart Corner building. As well Family Justice Center entered into a 10-year lease agreement for the Smart Corner second floor retail space. The space was occupied in October 2010.

In addition, as part of the Sandford Hotel acquisition, the Commission acquired 7,663 square feet of first floor retail. The first floor is leased to BB's Delicatessen and Associated Barber College of San Diego. As of June 15, 2011, P5 Academy, a martial arts academy, entered into a five-year lease agreement. The space was occupied in September 2011.

Lease terms include annual payments ranging from $13,337 to $572,163. The lease terms are up to 10 years with options of five year renewals as defined in the lease agreements.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

For fiscal year 2011, commercial lease income was $539,954 from the following leases:

| | |
|---|---|
| Commercial Leases Smart Corner | |
| 7-Eleven, Inc. | $ 87,810 |
| K&A Pacific, Inc. | 55,889 |
| Family Justice Center | 339,905 |
| Housing Opportunities Collaboratives | 13,500 |
| Commercial Leases Sandford Hotel | |
| BB Delicatessen | 12,648 |
| Associated Barber College | 30,202 |
| Total Commercial Leases | $ 539,954 |

Aggregate future collections of minimum lease payments are as follows:

| | |
|---|---|
| Year ending June 30, 2012 | $ 1,001,495 |
| 2013 | 1,035,766 |
| 2014 | 1,054,620 |
| 2015 | 1,044,472 |
| 2016 | 1,048,098 |
| 2017 - 2021 | 4,859,529 |
| 2022 - 2026 | 2,346,175 |
| 2027 - 2031 | 2,477,163 |
| 2032 - 2036 | 1,496,483 |
| 2037 - 2041 | 801,758 |
| 2042 - 2046 | 576,030 |
| 2047 - 2051 | 602,069 |
| | $ 18,343,659 |

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

The Commission holds one lease payable at June 30, 2011. The following is a schedule of future minimum rental payments required under operating leases entered into by the Commission that have initial or remaining non-cancelable lease terms less than six months since the original lease expires on 12/31/2011:

| | |
|---|---|
| Year ending June 30, 2012 | $ 43,320 |

Total rental expense was approximately $86,638 for the year ended June 30, 2011.

NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN

The Commission provides pension benefits for all its full-time employees through a defined contribution plan. The Plan is a qualified pension plan under Section 401 of the Internal Revenue Service ("IRS") Code and is therefore exempt from all Federal income and California franchise taxes. The plan is an alternative to Social Security under the Omnibus Budget Reconciliation Act of 1991. The Plan includes both a pension provision and a voluntary tax sheltered annuity provision under §401(a) (1) and §401(a) (4) of the IRS code.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate on the first day of their employment. The Commission's contributions for each employee (and interest allocated to the employee's account) are fully vested after four years of continuous service. The Commission's contributions for, and interest forfeited by, employees who leave employment before four years of service are used to reduce the Commission's current-period contribution requirement.

The Commission's covered payroll in fiscal year 2011 was $14,351,192. The Commission made the required 14% contribution, amounting to $2,009,167 and plan members contributed $85,303 for the fiscal year ended June 30, 2011. As of June 30, 2011 the accrued salary and benefits was $741,648 which consist of the last nine working days from June 20, 2011 to June 30, 2011. The accrued balance was paid on July 8, 2011, the first payroll in fiscal year 2012.

NOTE 12 - DEFERRED COMPENSATION PLAN

The Commission offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, *State and Local Government Deferred*

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

*Compensation Plans*. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, disability or an unforeseeable emergency.

The Commission contributes 1% of earnings for qualified employees. An additional employer match of up to a maximum of 1.5% is available with minimum 1.5% employee contribution.

The Commission funds the deferred compensation through investments in various mutual funds administered by an insurance company. Since the plan is managed and assets are held in trust by a third party administrator, the assets are not included in the Commission's basic financial statements. The assets held by the plan administrator had a market value of $10,169,131 at June 30, 2011.

## NOTE 13 - RISK MANAGEMENT

### Worker's Compensation

The Commission is a member of the California Housing Worker's Compensation Authority ("CHWCA"), which provides worker's compensation insurance, coverage includes employer liability coverage to its members, in the amount of $500,000 each occurrence. CHWCA has purchased excess insurance coverage from $500,000 to statutory, for all of its members.

CHWCA is a joint powers authority consisting of 33 public housing authorities, housing commissions, and redevelopment agencies organized under a joint powers agreement to fund a self-insurance program for worker's compensation. Each member has equal representation on the Board of Directors. The Board elects a seven-member Executive Committee for a two-year term which has the responsibility for overseeing all operations of CHWCA. The Board of Directors has total responsibility for all actions of CHWCA.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Annual premiums are approved by the Board of Directors and are adjusted each year based on the following criteria:

- Rates per $100 of payroll for CHWCA's four class codes as determined annually by CHWCA's independent actuary, which are used to calculate the pure loss premium;
- The application of an experience modification factor to each member's pure loss premium; and
- Each member's allocated share of administrative costs, claims servicing, and excess insurance.

If CHWCA is dissolved, the remaining assets, after all premiums and assessments have been paid and final disposition of all claims has been determined, will be distributed to members proportionate to each member's cash contributions made during the life of CHWCA. Until dissolution, however, no member has identifiable equity.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

General Liability, Property, Auto and Physical Damage

The Commission retained the services of various brokers and direct insurers to provide coverage for general liability, property, auto and physical damage. Insurers are as follows:

| Type of coverage | Broker | Carrier |
|---|---|---|
| Commercial Liability | N/A | Housing Authority Risk Retention Group |
| Public Officials Errors & Omissions | HAIG | Charits |
| Smart Corner Liability Ins. | Alliant Ins. Svcs. | Travelers |
| Smart Corner Excess Liability Ins. | Alliant Ins. Svcs. | Travelers |
| Employment Practices Insurance | HAIG | Charits |
| Primary Property | Alliant Ins. Svcs | CSAC CIA & Lexington |
| Excess Property | Alliant Ins. Svcs | CSAC Excess Insurance Authority |
| Auto Liability | N/A | Housing Authority Risk Retention Group |
| Computer Equipment | Alliant Ins. Svcs | CSAC |
| Crime & Honesty Bond | Alliant Ins. Svcs | CSAC |
| Commercial Fidelity Crime Bond | Alliant Ins. Svcs | CSAC |
| Terrorist & Sabotage | Alliant Ins. Svcs | CSAC |
| Fiduciary Liability | Alliant Ins. Svcs | RLI |
| Flood Insurance | Barney & Barney | The Hartford |
| Lead Liability Insurance | N/A | Housing Authority Risk Retention Group |
| FHMA Crime Bond | Barney & Barney | The Hartford |
| FHA Crime Bond | Barney & Barney | The Hartford |

Deductibles under the policies listed above vary, with none exceeding $25,000. Claims and deductibles payable were $0 at June 30, 2011. The amount of claims has not exceeded the insurance coverage purchased; accordingly, no liability is reported for these claims. Settlements have not exceeded coverage for each of the past four fiscal years.

NOTE 14 - RESTRICTED NET ASSETS

Restricted net assets include $127,385,057 representing 90% of the balance of HOME loans and $6,716,560 Neighborhood Stabilization Program (“NSP”) loans and accrued interest receivable net of the related allowance for loan losses.

The HOME loans are made to qualified applicants using grant proceeds received by the Commission under the HOME provisions of the 1990 National Affordable Housing Act. These HOME loans are nonrecourse and are collateralized by a subordinated mortgage on the underlying property of the borrower. Any repayments received by the Commission on these

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

loans (including principal and interest) are treated as program income and must be used for future HOME program purposes, with the exclusion of 10% that the Commission can retain to cover its administrative costs. As such, the net assets associated with the HOME loans are treated as restricted net assets because of the perpetual purpose restriction to continue to recycle these resources into eligible uses under the HOME program.

The NSP funds are a result of President Obama's economic stimulus plan under Housing Economic Recovery Act of 2008. These loans are made to provide emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become source of abandonment and blight within their communities. These NSP loans are nonrecourse and are collateralized by a subordinated mortgage on the underlying property of the borrower. Any repayments received by the Commission on these loans (including principal and interest) are treated as program income and must be used for future NSP program purposes, with the exclusion of 10% that the Commission can retain to cover its administrative costs. As such, the net assets associated with the NSP loans are treated as restricted net assets because of the perpetual purpose restriction to continue to recycle these resources into eligible uses under the NSP program.

The remaining balance of restricted net assets amounting to $3,060,044 consisting of $2,412,970 representing restricted funds of the HUD Veteran Affairs Supportive Housing ("VASH") operating reserve, $621,676 of the Family Unification Program reserves, and $25,398 of the Disaster Voucher Program (DVP) reserves, restricted in accordance with HUD instructions. These restricted balances are administered in accordance with regular HCV program requirements.

## NOTE 15 - ECONOMIC DEPENDENCY

The Commission receives the majority of its funding from HUD. HUD is subject to the federal budget allocation process each year. For the fiscal year ended June 30, 2011, the Commission's budget included $232,208,013 of estimated HUD funding. A reduction in funding from HUD could significantly change the services provided by the Commission.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

## NOTE 16 - COMMITMENTS AND CONTINGENCIES

### Grants

The Commission has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Commission management believes such disallowances, if any, would not have a material effect on the Commission's financial statements.

### Loan Commitments

The Commission has committed funds for loans and grants to various individuals and entities as of June 30, 2011. The amount of loans and grants the Commission has committed to fund, but has not funded as of June 30, 2011, is $32,377,598.

### Lawsuits and Claims

The Commission is subject to lawsuits and claims, which arise out of the normal course of its activities. In the opinion of management, based upon the opinions of legal counsel, the disposition of any and all such actions, of which it is aware, will not have a material effect on the financial position of the Commission.

## NOTE 17 - RELATED PARTY TRANSACTIONS

The Commission formed a not-for-profit organization, Housing Development Partners of San Diego ("HDP"), formerly the San Diego Housing Development Corporation, in 1991 for the purpose of providing additional housing services to the citizens of San Diego County. The Commission and HDP share certain members of their respective governing boards.

## NOTE 18 - BLENDED COMPONENT UNITS

In September 2007, the Commission received HUD approval to transition out of the Public Housing Program and to own and operate those same 134 properties (1,366 units) of rental housing. In October 2009, the Housing Authority of the City of San Diego approved the Housing Commission's Finance Plan for the Acquisition of New Affordable Housing Units (HAR 09-030). The Commission leveraged the equity in a portion of those 134 properties through two financing sources, Fannie Mae and FHA.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

A portion of the Housing Commission's larger properties (33 properties) were leveraged with three loans from Fannie Mae under the conventional multifamily loan program and generated $37,140,000 in total loan proceeds. Another portion of the Housing Commission's portfolio (44 properties) was leveraged under FHA's 223(f) program and generated $58,243,400 in total loan proceeds. The Fannie Mae loans closed in December 2009; two of the FHA loans closed in August 2010 and one FHA loan closed in September 2010. The loans were obtained by grouping the properties into six Limited Liability Companies ("LLCs"). The groupings were primarily based on property location. Each of these LLC loans are nonrecourse.

On January 31, 2011 the Commission established its' seventh wholly-owned LLC, Mercado SDHC LLC. Mercado SDHC LLC was created to take title to the land and for the execution of the ground agreement to the developer due to the environmental remediation needed on the site. Once soil remediation and construction is completed, Mercado SDHC LLC may transfer the land and ground lease to the Commission. As part of the project, the Commission acquired land for $100 and executed a loan for $7 million to Chelsea Development Corporation for the development of the Project.

The following table reflects the Statement of Net Assets and the Statement of Activities for the Blended Component Units of the San Diego Housing Commission as of and for the fiscal year ended June 30, 2011.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

San Diego Housing Commission - Component Units
Balance Sheets
June 30, 2011

| | Belden SDHC FNMA LLC | Northern SDHC FNMA LLC | Central SDHC FNMA LLC | Northern SDHC FHA LLC | Southern SDHC FHA LLC | Central SDHC FHA LLC | Mercado SDHC LLC | Total Component Units |
|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | |
| ***Current Assets*** | | | | | | | | |
| Operating Cash | $ 193,205 | $ 84,991 | $ 376,161 | $ 813,071 | $ 932,301 | $ 461,164 | $ - | $ 2,860,893 |
| Security Deposit Account | 84,158 | 65,914 | 92,727 | 91,945 | 134,268 | 121,520 | - | 590,532 |
| Restricted Cash | 81,976 | 58,084 | 81,567 | 818,606 | 455,595 | 1,167,703 | - | 2,663,531 |
| Accounts Receivable | 572,417 | 144,668 | 305,972 | 28,451 | 38,557 | 42,770 | - | 1,132,836 |
| Allowance for Doubtful Accounts | (6,058) | (1,575) | (22,012) | (16,413) | (18,049) | (18,684) | - | (82,790) |
| Accrued Interest | 713 | 624 | 772 | 812 | 1,228 | 762 | - | 4,911 |
| Prepaid Mortgage Insurance | - | - | - | 42,705 | 61,734 | 51,469 | - | 155,907 |
| Escrow Account - MIP | - | - | - | 78,485 | 111,512 | 56,620 | - | 246,616 |
| **Total Current Assets** | **926,412** | **352,706** | **835,187** | **1,857,663** | **1,717,144** | **1,883,324** | **-** | **7,572,436** |
| ***Fixed Assets*** | | | | | | | | |
| Land | 2,226,253 | 2,984,726 | 3,217,419 | 3,690,974 | 3,682,655 | 3,852,360 | 29,897 | 19,684,285 |
| Building | 1,815,264 | 3,251,837 | 3,928,724 | 5,097,807 | 3,901,237 | 3,857,391 | - | 21,852,260 |
| Building Improvements | 302,843 | 543,403 | 2,440,072 | 2,209,932 | 2,636,664 | 1,675,719 | - | 9,808,634 |
| Depreciation | (97,704) | (180,672) | (434,749) | (265,098) | (267,436) | (183,845) | - | (1,429,505) |
| **Total Fixed Assets** | **4,246,656** | **6,599,294** | **9,151,466** | **10,733,615** | **9,953,120** | **9,201,626** | **29,897** | **49,915,674** |
| ***Intangible Assets*** | | | | | | | | |
| Loan Fees | 130,642 | 117,855 | 222,117 | 482,822 | 661,776 | 441,890 | - | 2,057,103 |
| **TOTAL ASSETS** | **$ 5,303,710** | **$ 7,069,855** | **$ 10,208,770** | **$ 13,074,101** | **$ 12,332,041** | **$ 11,526,840** | **$ 29,897** | **$ 59,545,214** |

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

San Diego Housing Commission - Component Units
Balance Sheets - Continued
June 30, 2011

| | Belden SDHC FNMA LLC | Northern SDHC FNMA LLC | Central SDHC FNMA LLC | Northern SDHC FHA LLC | Southern SDHC FHA LLC | Central SDHC FHA LLC | Mercado SDHC LLC | Total Component Units |
|---|---|---|---|---|---|---|---|---|
| **LIABILITIES** | | | | | | | | |
| ***Current Liabilities*** | | | | | | | | |
| Accounts Payable | $ 18,804 | $ 22,968 | $ 23,813 | $ 29,602 | $ 58,111 | $ 31,540 | $ 29,797 | $ 214,635 |
| Related Party Payable | - | - | - | 65,689 | 179,273 | 133,183 | - | 378,145 |
| Interest Payable | 74,120 | 65,035 | 84,287 | 54,258 | 77,564 | 47,378 | - | 402,642 |
| First Mortage - Current Portion | 130,441 | 114,453 | 148,334 | 253,080 | 361,786 | 231,742 | - | 1,239,836 |
| Unearned Income | 28,894 | 13,112 | 18,786 | 19,101 | 28,197 | 27,468 | - | 135,558 |
| Tenant Security Deposits | 84,158 | 65,914 | 93,145 | 91,945 | 134,267 | 121,100 | - | 590,529 |
| **Total Current Liabilties** | **336,416** | **281,483** | **368,365** | **513,676** | **839,198** | **592,410** | **29,797** | **2,961,345** |
| ***Long-term Liabilities*** | | | | | | | | |
| First Mortgage Payable | 12,020,328 | 10,547,057 | 13,669,220 | 17,063,448 | 24,392,749 | 15,344,490 | - | 93,037,293 |
| **TOTAL LIABILITIES** | **12,356,744** | **10,828,540** | **14,037,585** | **17,577,124** | **25,231,948** | **15,936,899** | **29,797** | **95,998,638** |
| **EQUITY** | | | | | | | | |
| Invested in Capital Assets Net of Related Debt | (7,898,380) | (4,049,922) | (4,630,541) | (6,547,123) | (5,289,051) | 424,792 | 100 | (27,990,125) |
| Unrestricted Net Assets | 327,619 | (461) | 628,381 | 6,547,223 | 5,289,151 | (424,692) | 100 | 12,367,322 |
| Surplus (Deficit) | 517,726 | 291,698 | 173,344 | (4,503,124) | (12,900,007) | (4,410,159) | (100) | (20,830,622) |
| **TOTAL EQUITY** | **(7,053,035)** | **(3,758,685)** | **(3,828,815)** | **(4,503,024)** | **(12,899,907)** | **(4,410,059)** | **100** | **(36,453,425)** |
| **TOTAL LIABILITIES AND EQUITY** | **$ 5,303,710** | **$ 7,069,855** | **$ 10,208,770** | **$ 13,074,101** | **$ 12,332,041** | **$ 11,526,840** | **$ 29,897** | **$ 59,545,214** |

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

San Diego Housing Commission - Component Units
Income Statements
For the Year Ended June 30, 2011

| | Belden SDHC FNMA LLC | Northern SDHC FNMA LLC | Central SDHC FNMA LLC | Northern SDHC FHA LLC | Southern SDHC FHA LLC | Central SDHC FHA LLC | Mercado SDHC LLC | Total Component Units |
|---|---|---|---|---|---|---|---|---|
| **INCOME** | | | | | | | | |
| Rental Income | $ 2,158,663 | $ 1,912,752 | $ 2,542,343 | $ 2,164,545 | $ 3,360,132 | $ 2,469,432 | $ - | $ 14,607,867 |
| Other Income | 341,954 | 35,560 | 26,458 | 228,334 | 337,660 | 35,514 | - | 1,005,480 |
| **TOTAL INCOME** | **2,500,618** | **1,948,312** | **2,568,801** | **2,392,878** | **3,697,792** | **2,504,946** | **-** | **15,613,347** |
| **EXPENSES** | | | | | | | | |
| ***Operating*** | | | | | | | | |
| Salaries & Benefits | 108,400 | 88,993 | 168,018 | 136,139 | 226,892 | 136,548 | - | 864,990 |
| Management Fee | 108,216 | 96,025 | 127,329 | 108,386 | 168,179 | 123,497 | - | 731,632 |
| Other Admin | 47,991 | 19,758 | 33,971 | 59,650 | 81,567 | 101,670 | - | 344,606 |
| Utilties | 139,730 | 126,006 | 184,779 | 158,788 | 300,593 | 246,043 | - | 1,155,941 |
| Repairs & Maintenance | 752,534 | 606,319 | 565,112 | 381,487 | 1,006,520 | 899,321 | - | 4,211,294 |
| Equipment | 767 | 3,908 | 2,016 | 3,492 | 8,215 | 15,362 | - | 33,761 |
| Insurance | 14,427 | 14,185 | 17,442 | 225 | 448 | 684 | - | 47,411 |
| **Total Operating Expenses** | **1,172,065** | **955,195** | **1,098,668** | **848,167** | **1,792,415** | **1,523,125** | **-** | **7,389,634** |
| **Excess of Operating Revenue over Operating Exepenses** | **1,328,553** | **993,116** | **1,470,133** | **1,544,712** | **1,905,378** | **981,821** | **-** | **8,223,712** |
| ***Other Expenses*** | | | | | | | | |
| Interest Expense | 893,558 | 784,039 | 1,016,132 | 547,302 | 782,386 | 445,997 | - | 4,469,414 |
| Mortgage Insurance | - | - | - | 145,835 | 208,476 | 122,310 | - | 476,621 |
| Depreciation | 73,709 | 129,362 | 304,321 | 265,098 | 267,436 | 183,845 | - | 1,223,772 |
| Amortization | 4,584 | 4,135 | 7,794 | 11,776 | 16,141 | 10,043 | - | 54,473 |
| Bad Debt Expense | 12,288 | 17,868 | 68,725 | 37,260 | 52,474 | 102,121 | - | 290,736 |
| Other Expenses | 1,502 | 744 | 1,463 | 0 | 14,904 | 8,884 | - | 27,497 |
| **Total Other Expenses** | **985,641** | **936,149** | **1,398,435** | **1,007,271** | **1,341,817** | **873,200** | **-** | **6,542,512** |
| **Net income** | **342,912** | **56,967** | **71,698** | **537,441** | **563,561** | **108,621** | **-** | **1,681,200** |
| Operating Transfer In | 187,791 | 234,831 | 114,705 | 10,998,713 | 10,220,556 | 9,385,471 | | 31,142,068 |
| Operating Transfer Out | (12,976) | (100) | (13,059) | (16,039,278) | (23,684,124) | (13,904,251) | (100) | (53,653,889) |
| **Total Operating Transfers** | **174,814** | **234,731** | **101,646** | **(5,040,564)** | **(13,463,568)** | **(4,518,780)** | **(100)** | **(22,511,822)** |
| **Net income net of financing sources** | **$ 517,726** | **$ 291,698** | **$ 173,344** | **$ (4,503,124)** | **$ (12,900,007)** | **$ (4,410,159)** | **$ (100)** | **$ (20,830,622)** |

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

## NOTE 19 - AFFORDABLE HOUSING

The San Diego Housing Trust Fund has been in existence since 1990. On June 3, 2003 the Housing Trust Fund Ordinance was amended to create the Affordable Housing Fund ("AHF"). The AHF is a permanent, annually renewable source of funds to help meet the City of San Diego housing assistance needs for very low, low and median income households.

The AHF contains two main revenue accounts: Housing Trust Fund ("HTF") and the Inclusionary Fund ("IHF"). The HTF revenues are generated from commercial linkage fees and fees assessed on non-residential developments on a square foot bases. IHF revenues are generated when developers satisfy the affordable housing requirements through payment of an "in-lieu" fee. The IHF program requires that 10% of the new construction resident units be set aside as affordable housing for families earning no more than 65 percent of area median income ("AMI") for rental units or 100 percent AMI for-sale properties.

The following table reflects the condensed statement of revenues, expenses and changes in net assets as of the fiscal year ended June 30, 2011 for IHF and HTF as required by the AHF Ordinance (San Diego Municipal Code section 98.0515).

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

**San Diego Housing Commission**
**Statements of Revenues, Expenses and Changes in Net assets for Affordable Housing Funds**
**Year ended June 30, 2011**

| | Inclusionary Housing Fund | Housing Trust Fund |
|---|---|---|
| **OPERATING REVENUES** | | |
| Fee revenue | $ 647 | $ 14,320 |
| Shared equity income | - | 18,306 |
| Other revenue | 45,379 | 65,284 |
| Total operating revenues | 46,026 | 97,910 |
| **OPERATING EXPENSES** | | |
| Administrative expenses | 522,207 | 78,240 |
| General expenses | 8,825 | 726,982 |
| Grant expense | 42,416 | 1,689,522 |
| Total operating expenses | 573,448 | 2,494,744 |
| Operating loss | (527,422) | (2,396,834) |
| **NON-OPERATING REVENUES** | | |
| Grant revenue | 3,672,419 | 650,776 |
| Interest income on notes receivable | 433,099 | 968,510 |
| Investment income | 49,468 | 21,024 |
| Total non-operating revenues | 4,154,986 | 1,640,310 |
| Net income (loss) before operating transfers | 3,627,564 | (756,524) |
| Operating transfers out | - | - |
| Change in net assets | $ 3,627,564 | $ (756,524) |

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

## NOTE 20 - SUBSEQUENT EVENTS

Management evaluated all activity of the Commission through November 30, 2011 and concluded that no subsequent event has occurred that would require recognition in the financial statements or disclosure in the notes to financial statements except the following:

Office Refinancing

As of November 1, 2011, the Commission refinanced the U.S. Bank loan for the Smart Corner Building located at 1122 Broadway, San Diego 92101.

On October 31, 2011, the Commission paid down $4.6 million of this loan. On November 1, 2011 the Commission refinanced the remaining $15.0 million with GE Capital. The GE Capital loan has a term of 15 years and bears interest at the rate of 6.08%. Loan payments are financed by an administrative overhead allocation to the Commission's grant and other programs as well as lease income from commercial tenants.

SAN DIEGO HOUSING COMMISSION

# Supplementary Information

## "We're About People"

Formerly homeless on the streets of San Diego, John and Malia move their belongings and unpack in their home at the Peachtree Inn. They are two of 102 winter shelter residents who found housing through the Homeless Prevention and Rapid Re-Housing Program administered by the San Diego Housing Commission.

San Diego Housing Commission

COMBINING SCHEDULE OF NET ASSETS - ENTERPRISE FUNDS

June 30, 2011

| | Business activities | Federal funds | State funds | Agency wide |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 3,477,816 | $ 970,731 | $ 18,573 | $ 4,467,120 |
| Restricted cash and cash equivalents | 4,421,767 | 3,162 | - | 4,424,929 |
| Short term investments | 70,248,872 | 19,607,910 | 375,167 | 90,231,949 |
| Accounts receivable - tenant (net) | 178,533 | 59,570 | 890 | 238,993 |
| Accounts receivable - funding source | 458,932 | 3,741,398 | 71,293 | 4,271,623 |
| Accounts receivable - other | 1,583,592 | 82,380 | - | 1,665,972 |
| Notes receivable - current portion | 487,443 | 108,411 | - | 595,854 |
| Accrued interest receivable - investments | 54,495 | 29,399 | 367 | 84,261 |
| Interprogram due from/to | (17,983,720) | 17,587,131 | 396,589 | - |
| Intangible assets and prepaid items | 566,950 | - | - | 566,950 |
| Total current assets | 63,494,680 | 42,190,092 | 862,879 | 106,547,651 |
| Noncurrent assets | | | | |
| Long-term investments | 27,071,203 | 7,556,131 | 144,575 | 34,771,909 |
| Accrued interest receivable on notes receivable | 9,476,753 | 14,740,670 | 431,979 | 24,649,402 |
| Notes receivable | 79,868,540 | 136,346,751 | 5,459,751 | 221,675,042 |
| Intangible assets, net | 2,057,103 | - | - | 2,057,103 |
| Capital assets not being depreciated | 58,094,651 | 1,240,000 | 1,572,099 | 60,906,750 |
| Capital assets, net of accumulated depreciation | 87,833,716 | 2,346,047 | 926,385 | 91,106,148 |
| TOTAL ASSETS | $ 327,896,646 | $ 204,419,691 | $ 9,397,668 | $ 541,714,005 |

San Diego Housing Commission

COMBINING SCHEDULE OF NET ASSETS - ENTERPRISE FUNDS - CONTINUED

June 30, 2011

| | Business activities | Federal funds | State funds | Agency wide |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| Current liabilities | | | | |
| Accounts payable - vendors | $ 1,528,918 | $ 469,350 | $ 36,071 | $ 2,034,339 |
| Accounts payable - funding source | 499,112 | 227,187 | 21,610 | 747,909 |
| Accrued payroll and benefits | 741,648 | - | - | 741,648 |
| Accrued compensated absences | 1,529,346 | - | - | 1,529,346 |
| Accrued interest payable | 574,187 | - | - | 574,187 |
| Notes payable - current portion | 23,696,969 | - | - | 23,696,969 |
| Fair market value of interest rate swap | 417,304 | - | - | 417,304 |
| Deposits payable | 1,251,517 | 28,270 | 41,325 | 1,321,112 |
| Deferred revenues | 2,963,073 | 114,296 | 381,350 | 3,458,719 |
| Other current liabilities | 41,547 | 402,107 | - | 443,654 |
| Total current liabilities | 33,243,621 | 1,241,210 | 480,356 | 34,965,187 |
| Noncurrent liabilities | | | | |
| Notes payable - net of current portion | 97,070,960 | - | 4,554,011 | 101,624,971 |
| Other liabilities | 151,820 | 457,384 | - | 609,204 |
| TOTAL LIABILITIES | $ 130,466,401 | $ 1,698,594 | $ 5,034,367 | $ 137,199,362 |
| **NET ASSETS** | | | | |
| Invested in capital assets, net of related debt | $ 41,561,564 | $ 3,586,047 | $ (2,055,527) | $ 43,092,084 |
| Restricted | | | | |
| Reserve for HOME notes receivable | - | 127,385,057 | - | 127,385,057 |
| Reserve for NSP notes receivable | - | 6,716,560 | - | 6,716,560 |
| Reserve for VASH, DVP and FUP housing assistance payments | - | 3,060,044 | - | 3,060,044 |
| Unrestricted | 155,868,681 | 61,973,389 | 6,418,828 | 224,260,898 |
| TOTAL NET ASSETS | 197,430,245 | 202,721,097 | 4,363,301 | 404,514,643 |
| TOTAL LIABILITIES AND NET ASSETS | $ 327,896,646 | $ 204,419,691 | $ 9,397,668 | $ 541,714,005 |

San Diego Housing Commission

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - ENTERPRISE FUNDS

Year ended June 30, 2011

| | Business activities | Federal funds | State funds | Agency wide |
|---|---|---|---|---|
| Operating revenues | | | | |
| Dwelling rental income | $ 23,409,002 | $ 381,241 | $ 519,667 | $ 24,309,910 |
| Land lease and other rental income | 1,717,106 | 252,974 | - | 1,970,080 |
| Fee revenue | 2,819,455 | 48,151 | - | 2,867,606 |
| Shared equity income | 35,744 | 122,526 | - | 158,270 |
| Other revenue | 1,751,195 | 310,751 | 14,259 | 2,076,205 |
| Total operating revenues | 29,732,502 | 1,115,643 | 533,926 | 31,382,071 |
| Administrative expenses | 10,059,235 | 14,359,057 | 268,299 | 24,686,591 |
| Tenant services | 778,434 | 1,671,576 | | 2,450,010 |
| Asset management | 8,896,466 | 905,454 | 328,168 | 10,130,088 |
| General expenses | 2,007,393 | 1,815,153 | 17,504 | 3,840,050 |
| Grant expense | 2,525,430 | 2,158,546 | 14,956 | 4,698,932 |
| Housing assistance | - | 145,876,110 | - | 145,876,110 |
| Depreciation | 3,888,742 | 86,147 | 72,990 | 4,047,879 |
| Total operating expenses | 28,155,700 | 166,872,043 | 701,917 | 195,729,660 |
| Net operating income (loss) | 1,576,802 | (165,756,400) | (167,991) | (164,347,589) |

San Diego Housing Commission

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - ENTERPRISE FUNDS - CONTINUED

Year ended June 30, 2011

| | Business activities | Federal funds | State funds | Agency wide |
|---|---|---|---|---|
| Nonoperating revenues (expenses) | | | | |
| Grant revenue | $ 6,276,556 | $ 178,454,238 | $ 18,727 | $ 184,749,521 |
| Interest income on investments and notes receivable | 3,261,538 | 3,690,104 | 23,220 | 6,974,862 |
| Gain on fair market value of interest rate swap | 859,125 | - | - | 859,125 |
| Interest expense | (6,557,641) | (3) | (925) | (6,558,569) |
| Loss on sale of capital assets | (683) | - | - | (683) |
| Total nonoperating revenues | 3,838,895 | 182,144,339 | 41,022 | 186,024,256 |
| Net income before operating transfers | 5,415,697 | 16,387,939 | (126,969) | 21,676,667 |
| Operating transfers in | 92,944,031 | 3,544,583 | - | 96,488,614 |
| Operating transfers out | (88,357,326) | (8,131,288) | - | (96,488,614) |
| Change in net assets | 10,002,402 | 11,801,234 | (126,969) | 21,676,667 |
| Net assets - beginning of year | 187,427,843 | 190,919,863 | 4,490,270 | 382,837,976 |
| Net assets - end of year | $ 197,430,245 | $ 202,721,097 | $ 4,363,301 | $ 404,514,643 |

San Diego Housing Commission

COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS

Year ended June 30, 2011

| | Business activities | Federal funds | State funds | Agency wide |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Cash received from tenants | $ 28,462,067 | $ 1,791,821 | $ 914,569 | $ 31,168,457 |
| Cash payments to suppliers for operations | 6,583,863 | (166,621,360) | (631,340) | (160,668,837) |
| Cash payments for general and administrative expenses | (11,989,227) | (16,174,210) | (285,803) | (28,449,240) |
| Net cash provided by (used for) operating activities | 23,056,703 | (181,003,749) | (2,574) | (157,949,620) |
| **Cash flows from capital and related financing activities** | | | | |
| Principal paid on notes payable | (1,386,557) | - | - | (1,386,557) |
| Acquisition and construction of capital assets | (48,804,405) | - | - | (48,804,405) |
| Proceeds from additional borrowings | 59,239,727 | - | - | 59,239,727 |
| Financing fees paid | (2,206,882) | - | - | (2,206,882) |
| Interest payments | (6,348,774) | (3) | (925) | (6,349,702) |
| Net cash provided by (used for) capital and related financing activities | 493,109 | (3) | (925) | 492,181 |
| **Cash flows from noncapital financing activities** | | | | |
| Cash received from grants | 6,295,161 | 182,473,896 | (99,181) | 188,669,876 |
| Transfers in (out) | 4,048,102 | (4,048,102) | - | - |
| Net cash provided by noncapital financing activities | 10,343,263 | 178,425,794 | (99,181) | 188,669,876 |

San Diego Housing Commission

COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED

Year ended June 30, 2011

| | Business activities | Federal funds | State funds | Agency wide |
|---|---|---|---|---|
| **Cash flows from investing activities** | | | | |
| Interest on investments and notes receivable | 1,624,069 | 930,542 | 5,027 | 2,559,638 |
| Collection of notes receivable | 790,022 | 1,885,837 | - | 2,675,859 |
| Cash loaned on notes receivable | (14,899,771) | (7,845,096) | (26,637) | (22,771,504) |
| Deposits released from escrow | - | 3,222,371 | - | 3,222,371 |
| Purchases of investments | (129,682,500) | (36,197,062) | (692,575) | (166,572,137) |
| Proceeds from sale of investments | 112,871,404 | 41,063,550 | 825,483 | 154,760,437 |
| Net cash used for investing activities | (29,296,776) | 3,060,142 | 111,298 | (26,125,336) |
| Net increase (decrease) in cash and cash equivalents | 4,596,299 | 482,184 | 8,618 | 5,087,101 |
| **Cash and cash equivalents** | | | | |
| Beginning of year | 3,303,284 | 491,709 | 9,955 | 3,804,948 |
| End of year | $ 7,899,583 | $ 973,893 | $ 18,573 | $ 8,892,049 |
| **Noncash investing and noncapital financing activities** | | | | |
| Interest on notes receivable converted to principal | $ 309,759 | $ 767,452 | $ - | $ 1,077,211 |
| Decrease in fair market value of interest rate swap | $ 859,125 | $ - | $ - | $ 859,125 |

San Diego Housing Commission

COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED

Year ended June 30, 2011

| | Business activities | Federal funds | State funds | Agency wide |
|---|---|---|---|---|
| **Reconciliation of operating loss to net cash used in operating activities** | | | | |
| Operating income (loss) | $ 1,576,802 | $ (165,756,400) | $ (167,991) | $ (164,347,589) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Depreciation | 3,888,742 | 86,147 | 72,990 | 4,047,879 |
| Amortizatin | 149,779 | - | - | 149,779 |
| Provision for loan losses | 979,056 | 1,200,477 | 506 | 2,180,039 |
| Fair market value of derivative | - | - | - | - |
| Changes in operating assets and liabilities: | | | | |
| (Increase) decrease in tenant receivables | (58,478) | (48,272) | 282 | (106,468) |
| (Increase) decrease in other receivables | (584,388) | 610,497 | - | 26,109 |
| (Increase) decrease in inventories | 147,740 | - | - | 147,740 |
| (Increase) decrease in prepaid items and other assets | (72,378) | - | - | (72,378) |
| (Increase) decrease in sale of assets | - | | | - |
| Increase (decrease) in accounts payable | (308,604) | (289,590) | 11,728 | (586,466) |
| Increase (decrease) in accrued payroll and benefits | 277,688 | - | - | 277,688 |
| Increase (decrease) in deposits payable | 375,174 | 9,760 | 601 | 385,535 |
| Increase (decrease) in deferred revenues | (627,569) | 113,953 | 380,361 | (133,255) |
| Increase (decrease) in other liabilities | 75,109 | 6,658 | - | 81,767 |
| Increase (decrease) in other interprogram from/to | 17,238,030 | (16,936,979) | (301,051) | - |
| Net cash provided by (used for) operating activities | $ 23,056,703 | $ (181,003,749) | $ (2,574) | $ (157,949,620) |

**FINANCIAL DATA SCHEDULE**

San Diego Housing Commission

COMBINING BALANCE SHEET ACCOUNTS

June 30, 2011

| | Project Total | 14.218 Community Development Block Grants/Entitlement Grants | 14.901 Healthy Homes Initiative Grants | 14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF) | 93.602 New Assets for Independence Demonstration Program | 14.884 Competitive Capital Fund Stimulus Grant | 14.870 Resident Opportunity and Supportive Services | 14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.DVP Disaster Voucher Program | 14.VASH | 14.OPS MTW Demonstration Program for Low Rent | 14.CFP MTW Demonstration Program for Capital Fund | 14.HCV MTW Demonstration Program for HCV program |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 111 Cash - Unrestricted | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | | $ | $ - | $ - |
| 112 Cash - Restricted - Modernization and Development | | | | | | | | | | | | | |
| 113 Cash - Other Restricted | | | | | $ 2,163.00 | | | | | | | | |
| 114 Cash - Tenant Security Deposits | | | | | | | | | | | | | |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | | | | | | | | | |
| 100 Total Cash | $ - | $ - | $ - | $ - | $ 2,163.00 | $ - | | $ - | | | $ - | | |
| | | | | | | | | | | | | | |
| 121 Accounts Receivable - PHA Projects | | | | | | | | | | | | | |
| 122 Accounts Receivable - HUD Other Projects | $ 559,391.00 | $ 266,647.00 | $ 10,400.00 | $ 1,053,958.00 | | $ - | $ 15,917.00 | $ 277,562.00 | | | | | |
| 124 Accounts Receivable - Other Government | | | | | $ - | | | | | | | | |
| 125 Accounts Receivable - Miscellaneous | | | | $ 27,701.00 | | | | | | | | | |
| 126 Accounts Receivable - Tenants | $ 16,369.00 | | | | | | | | | | | | |
| 126.1 Allowance for Doubtful Accounts -Tenants | $ (8,528.00) | $ - | | | | $ - | | | | | | | |
| 126.2 Allowance for Doubtful Accounts - Other | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ | | | | |
| 127 Notes, Loans, & Mortgages Receivable - Current | | $ 10,219.00 | | | | | | | | | | | |
| 128 Fraud Recovery | | | | | | | | | | | | | |
| 128.1 Allowance for Doubtful Accounts - Fraud | | | | | | | | | | | | | |
| 129 Accrued Interest Receivable | $ 7,997.00 | $ 237,898.00 | | | $ 112.00 | | | | $ 20.00 | | | | |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | $ 575,229.00 | $ 514,764.00 | $ 10,400.00 | $ 1,081,659.00 | $ 112.00 | $ - | $ 15,917.00 | $ 277,562.00 | $ 20.00 | $ - | $ - | $ - | $ - |
| | | | | | | | | | | | | | |
| 131 Investments - Unrestricted | $ 13,833,633.00 | $ 1,211,220.00 | | | $ 135,606.00 | | | | $ 21,423.00 | | | | |
| 132 Investments - Restricted | | | | | $ 51,548.00 | | | | $ 7,896.00 | | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | | | | | | | | | | | |
| 142 Prepaid Expenses and Other Assets | | | | | | | | | | | | | |
| 143 Inventories | | | | | | | | | | | | | |
| 143.1 Allowance for Obsolete Inventories | | | | | | | | | | | | | |
| 144 Inter Program Due From | | | | | | | | | | | | | |
| 145 Assets Held for Sale | | | | | | | | | | | | | |
| 150 Total Current Assets | $ 14,408,862.00 | $ 1,725,984.00 | $ 10,400.00 | $ 1,081,659.00 | $ 189,429.00 | $ - | $ 15,917.00 | $ 277,562.00 | $ 29,339.00 | $ - | $ - | $ - | $ - |
| | | | | | | | | | | | | | |
| 161 Land | $ 1,240,000.00 | | | | | | | | | | | | |
| 162 Buildings | $ 2,397,684.00 | | | | | | | | | | | | |
| 163 Furniture, Equipment & Machinery - Dwellings | | | | | | | | | | | | | |
| 164 Furniture, Equipment & Machinery - Administration | $ 166,111.00 | | | | | | | | | | | | |
| 165 Leasehold Improvements | | | | | | | | | | | | | |
| 166 Accumulated Depreciation | $ (217,748.00) | | | | | | | | | | | | |
| 167 Construction in Progress | | | | | | | | | | | | | |
| 168 Infrastructure | | | | | | | | | | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | $ 3,586,047.00 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | | | | | | | | | | | | | |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | $ 9,409,227.00 | | | | | | | | | | | |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | | | | | | | | | | | | | |
| 173 Grants Receivable - Non Current | | | | | | | | | | | | | |
| 174 Other Assets | | | | | | | | | | | | | |
| 176 Investments in Joint Ventures | | | | | | | | | | | | | |
| 180 Total Non-Current Assets | $ 3,586,047.00 | $ 9,409,227.00 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | | | | | | | | | | | | | |
| 190 Total Assets | $ 17,994,909.00 | $ 11,135,211.00 | $ 10,400.00 | $ 1,081,659.00 | $ 189,429.00 | $ - | $ 15,917.00 | $ 277,562.00 | $ 29,339.00 | $ - | $ - | $ - | $ - |

San Diego Housing Commission

COMBINING BALANCE SHEET ACCOUNTS - CONTINUED

June 30, 2011

| | Project Total | 14.218 Community Development Block Grants/Entitlement Grants | 14.901 Healthy Homes Initiative Grants | 14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF) | 93.602 New Assets for Independence Demonstration Program | 14.884 Competitive Capital Fund Stimulus Grant | 14.870 Resident Opportunity and Supportive Services | 14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.DVP Disaster Voucher Program | 14.VASH | 14.OPS MTW Demonstration Program for Low Rent | 14.CFP MTW Demonstration Program for Capital Fund | 14.HCV MTW Demonstration Program for HCV program |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 311 Bank Overdraft | | | | | | | | | | | | | |
| 312 Accounts Payable <= 90 Days | $ 124,665.00 | $ 167.00 | $ 2,387.00 | $ 58,435.00 | | $ - | $ 45.00 | $ 13,882.00 | | | | | |
| 313 Accounts Payable >90 Days Past Due | | | | | | | | | | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | | | | | | | | | | | | | |
| 322 Accrued Compensated Absences - Current Portion | | | | | | | | | | | | | |
| 324 Accrued Contingency Liability | | | | | | | | | | | | | |
| 325 Accrued Interest Payable | | | | | | | | | | | | | |
| 331 Accounts Payable - HUD PHA Programs | $ 54,477.00 | | | | | | | | | | | | |
| 332 Account Payable - PHA Projects | | | | | | | | | | | | | |
| 333 Accounts Payable - Other Government | $ 603,369.00 | $ 266,647.00 | $ 8,013.00 | $ 1,023,224.00 | | $ - | $ 15,708.00 | $ 257,444.00 | | | | | |
| 341 Tenant Security Deposits | $ 28,269.00 | | | | | | | | | | | | |
| 342 Deferred Revenues | $ 4,726.00 | | | | | | $ 164.00 | $ 6,236.00 | | | | | |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds | | | | | | | | | | | | | |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | | | | | | | | | | |
| 345 Other Current Liabilities | $ 2,877.00 | | | | $ 121,536.00 | | | | | | | | |
| 346 Accrued Liabilities - Other | | | | | | | | | | | | | |
| 347 Inter Program - Due To | | | | | | | | | | | | | |
| 348 Loan Liability - Current | | | | | | | | | | | | | |
| 310 Total Current Liabilities | $ 818,383.00 | $ 266,814.00 | $ 10,400.00 | $ 1,081,659.00 | $ 121,536.00 | $ - | $ 15,917.00 | $ 277,562.00 | $ - | $ - | $ - | $ - | $ - |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | | | | | | | | | | | | | |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | | | | | | | | | | | | |
| 353 Non-current Liabilities - Other | | | | | | | | | | | | | |
| 354 Accrued Compensated Absences - Non Current | | | | | | | | | | | | | |
| 355 Loan Liability - Non Current | | | | | | | | | | | | | |
| 356 FASB 5 Liabilities | | | | | | | | | | | | | |
| 357 Accrued Pension and OPEB Liabilities | | | | | | | | | | | | | |
| 350 Total Non-Current Liabilities | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 300 Total Liabilities | $ 818,383.00 | $ 266,814.00 | $ 10,400.00 | $ 1,081,659.00 | $ 121,536.00 | $ - | $ 15,917.00 | $ 277,562.00 | $ - | $ - | $ - | $ - | $ - |
| 508.1 Invested In Capital Assets, Net of Related Debt | $ 3,586,047.00 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | | $ - | $ - | $ - |
| 509.2 Fund Balance Reserved | | | | | | | | | | | | | |
| 511.2 Unreserved, Designated Fund Balance | | | | | | | | | | | | | |
| 511.1 Restricted Net Assets | $ - | $ 6,716,560.00 | $ - | $ - | $ - | $ - | $ - | $ - | $ 25,398.00 | | $ - | $ - | $ - |
| 512.1 Unrestricted Net Assets | $ 13,590,479.00 | $ 4,151,837.00 | $ - | $ - | $ 67,893.00 | $ - | $ - | $ - | $ 3,941.00 | | $ - | $ - | $ - |
| 512.2 Unreserved, Undesignated Fund Balance | | | | | | | | | | | | | |
| 513 Total Equity/Net Assets | $ 17,176,526.00 | $ 10,868,397.00 | $ - | $ - | $ 67,893.00 | $ - | $ - | $ - | $ 29,339.00 | $ - | $ - | $ - | $ - |
| 600 Total Liabilities and Equity/Net Assets | $ 17,994,909.00 | $ 11,135,211.00 | $ 10,400.00 | $ 1,081,659.00 | $ 189,429.00 | $ - | $ 15,917.00 | $ 277,562.00 | $ 29,339.00 | $ - | $ - | $ - | $ - |

San Diego Housing Commission

COMBINING BALANCE SHEET ACCOUNTS - CONTINUED

June 30, 2011

| | 14.881 Moving to Work Demonstration Program | 14.238 Shelter Plus Care | 14.239 HOME Investment Partnerships Program | 7 Component Units | 2 State/Local | Business activity | 9 Other Federal Program 2 | 14.880 Family Unification Program (FUP) | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 111 Cash - Unrestricted | $ - | $ - | $ - | $ 2,860,892.83 | $ - | $ 1,606,226.75 | $ - | $ - | $ - | $ 4,467,119.58 | $ - | $ 4,467,119.58 |
| 112 Cash - Restricted - Modernization and Development | | | | | | | | | $ - | $ - | $ - | $ - |
| 113 Cash - Other Restricted | $ 1,000.00 | | | $ 2,663,531.24 | | $ 1,072,212.58 | | | $ | $ 3,738,906.82 | $ | $ 3,738,906.82 |
| 114 Cash - Tenant Security Deposits | | | | $ 590,531.98 | | $ 95,490.22 | | | $ - | $ 686,022.20 | $ - | $ 686,022.20 |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | | | | | $ | $ | $ | $ - |
| 100 Total Cash | $ 1,000.00 | | | $ 6,114,956.05 | $ - | $ 2,773,929.55 | $ - | | | $ 8,892,048.60 | $ - | $ 8,892,048.60 |
| | | | | | | | | | | $ | $ | $ - |
| 121 Accounts Receivable - PHA Projects | | | | | | $ 15,113.00 | | | $ - | $ 15,113.00 | $ - | $ 15,113.00 |
| 122 Accounts Receivable - HUD Other Projects | $ 87,649.00 | $ 70,187.00 | $ 1,227,931.00 | | | | | | $ 171,755.00 | $ 3,741,397.00 | $ - | $ 3,741,397.00 |
| 124 Accounts Receivable - Other Government | | $ - | $ - | | $ 71,293.00 | $ 95,847,179.00 | | $ - | $ - | $ 95,918,472.00 | $ (95,388,248.00) | $ 530,224.00 |
| 125 Accounts Receivable - Miscellaneous | $ 57,426.00 | | $ 12,136.00 | $ 947,852.91 | | $ 1,568,031.52 | | | $ 535.00 | $ 2,613,682.43 | $ (947,402.91) | $ 1,666,279.52 |
| 126 Accounts Receivable - Tenants | $ 51,730.00 | | | $ 184,982.69 | $ 1,874.00 | $ 93,297.30 | | | $ - | $ 348,252.99 | $ - | $ 348,252.99 |
| 126.1 Allowance for Doubtful Accounts -Tenants | $ - | | $ - | $ (82,790.06) | $ (984.00) | $ (16,957.32) | | | $ - | $ (109,259.38) | $ - | $ (109,259.38) |
| 126.2 Allowance for Doubtful Accounts - Other | $ (15,418.00) | $ - | $ - | | $ - | | $ - | $ - | $ - | $ (15,418.00) | $ - | $ (15,418.00) |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | $ 98,193.00 | $ - | | $ 487,442.92 | | | $ - | $ 595,854.92 | $ - | $ 595,854.92 |
| 128 Fraud Recovery | | | | $ - | | | | | $ - | $ - | $ - | $ - |
| 128.1 Allowance for Doubtful Accounts - Fraud | | | | $ - | | | | | $ - | $ - | $ - | $ - |
| 129 Accrued Interest Receivable | $ 19,808.00 | | $ 14,503,869.00 | $ 4,910.59 | $ 432,345.00 | $ 9,526,336.99 | $ 12.00 | $ 350.00 | $ - | $ 24,733,658.58 | $ - | $ 24,733,658.58 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | $ 201,195.00 | $ 70,187.00 | $ 15,842,129.00 | $ 1,054,956.13 | $ 504,528.00 | $ 107,520,443.41 | $ 12.00 | $ 350.00 | $ 172,290.00 | $ 127,841,753.54 | $ (96,335,650.91) | $ 31,506,102.63 |
| | | | | | | | | | | $ - | $ - | $ - |
| 131 Investments - Unrestricted | $ 30,553,313.00 | $ 24,087.00 | $ 887,404.00 | $ - | $ 1,194,275.00 | $ 75,651,752.49 | $ 21,237.00 | $ 463,863.00 | $ 8,884.00 | $ 124,006,697.49 | $ - | $ 124,006,697.49 |
| 132 Investments - Restricted | $ 675,485.00 | | | | | $ 85,879.08 | | $ 176,353.00 | $ - | $ 997,161.08 | $ - | $ 997,161.08 |
| 135 Investments - Restricted for Payment of Current Liability | | | | | | $ - | | | $ | $ | $ | $ - |
| 142 Prepaid Expenses and Other Assets | | | | $ 402,523.80 | | $ 164,426.23 | | | $ - | $ 566,950.03 | $ - | $ 566,950.03 |
| 143 Inventories | | | | | | | | | $ - | $ - | $ - | $ - |
| 143.1 Allowance for Obsolete Inventories | | | | | | | | | $ - | $ - | $ - | $ - |
| 144 Inter Program Due From | | | | | | $ - | | | $ - | $ - | $ - | $ - |
| 145 Assets Held for Sale | | | | | | | | | $ - | $ - | $ - | $ - |
| 150 Total Current Assets | $ 31,430,993.00 | $ 94,274.00 | $ 16,729,533.00 | $ 7,572,435.98 | $ 1,698,803.00 | $ 186,196,430.76 | $ 21,249.00 | $ 640,566.00 | $ 181,174.00 | $ 262,304,610.74 | $ (96,335,650.91) | $ 165,968,959.83 |
| | | | | | | | | | | $ - | $ - | $ - |
| 161 Land | | | | $ 19,684,284.75 | $ 1,572,099.00 | $ 37,944,565.84 | | | $ - | $ 60,440,949.59 | $ - | $ 60,440,949.59 |
| 162 Buildings | | | | $ 31,660,894.24 | $ 2,919,612.00 | $ 65,463,634.40 | | | $ | $ 102,441,824.64 | $ | $ 102,441,824.64 |
| 163 Furniture, Equipment & Machinery - Dwellings | | | | | | $ 66,386.25 | | | $ - | $ 66,386.25 | $ - | $ 66,386.25 |
| 164 Furniture, Equipment & Machinery - Administration | $ 29,710.00 | | | | | $ 2,951,016.58 | | | $ - | $ 3,146,837.58 | $ - | $ 3,146,837.58 |
| 165 Leasehold Improvements | | | | | | | | | $ - | $ - | $ - | $ - |
| 166 Accumulated Depreciation | $ (29,710.00) | | | $ (1,429,504.73) | $ (1,993,227.00) | $ (10,878,710.16) | | | $ - | $ (14,548,899.89) | $ - | $ (14,548,899.89) |
| 167 Construction in Progress | | | | | | $ 465,799.27 | | | $ - | $ 465,799.27 | $ - | $ 465,799.27 |
| 168 Infrastructure | | | | | | | | | $ - | $ - | $ - | $ - |
| 160 Total Capital Assets, Net of Accumulated Depreciation | $ - | $ - | $ - | $ 49,915,674.26 | $ 2,498,484.00 | $ 96,012,692.18 | $ - | $ - | $ - | $ 152,012,897.44 | $ - | $ 152,012,897.44 |
| | | | | | | | | | | $ - | $ - | $ - |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | | $ 126,937,524.00 | | $ 5,459,751.00 | $ 79,868,540.00 | | | $ | $ 221,675,042.00 | $ | $ 221,675,042.00 |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | | | | | | | | | $ - | $ - | $ - | $ - |
| 173 Grants Receivable - Non Current | | | | | | | | | $ | $ | $ | $ - |
| 174 Other Assets | | | | $ 2,057,103.35 | | $ - | | | $ - | $ 2,057,103.35 | $ - | $ 2,057,103.35 |
| 176 Investments in Joint Ventures | | | | | | | | | $ - | $ - | $ - | $ - |
| 180 Total Non-Current Assets | $ - | $ - | $ 126,937,524.00 | $ 51,972,777.61 | $ 7,958,235.00 | $ 175,881,232.18 | $ - | $ - | $ - | $ 375,745,042.79 | $ - | $ 375,745,042.79 |
| | | | | $ - | | | | | | $ - | $ - | $ - |
| 190 Total Assets | $ 31,430,993.00 | $ 94,274.00 | $ 143,667,057.00 | $ 59,545,213.59 | $ 9,657,038.00 | $ 362,077,662.94 | $ 21,249.00 | $ 640,566.00 | $ 181,174.00 | $ 638,049,653.53 | $ (96,335,650.91) | $ 541,714,002.62 |

San Diego Housing Commission

COMBINING BALANCE SHEET ACCOUNTS - CONTINUED

June 30, 2011

| | 14.881 Moving to Work Demonstration Program | 14.238 Shelter Plus Care | 14.239 HOME Investment Partnerships Program | 7 Component Units | 2 State/Local | Business activity | 9 Other Federal Program 2 | 14.880 Family Unification Program (FUP) | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | $ - | | | | | | $ - | $ - | $ - |
| 311 Bank Overdraft | | | | | | | | | $ - | $ - | $ - | $ - |
| 312 Accounts Payable <= 90 Days | $ 171,360.00 | $ 86,155.00 | | $ 562,983.15 | $ 36,071.00 | $ 1,913,335.85 | | $ 10,461.00 | $ 1,791.00 | $ 2,981,738.00 | $ (947,402.91) | $ 2,034,335.09 |
| 313 Accounts Payable >90 Days Past Due | | | | $ - | | | | | $ - | $ - | $ - | $ - |
| 321 Accrued Wage/Payroll Taxes Payable | | | | $ - | | $ 741,647.69 | | | $ - | $ 741,647.69 | $ - | $ 741,647.69 |
| 322 Accrued Compensated Absences - Current Portion | | | | | | $ 1,529,346.47 | | | $ - | $ 1,529,346.47 | $ - | $ 1,529,346.47 |
| 324 Accrued Contingency Liability | | | | | | | | | $ - | $ - | $ - | $ - |
| 325 Accrued Interest Payable | | | | $ 402,642.35 | | $ 171,544.68 | | | $ - | $ 574,187.03 | $ - | $ 574,187.03 |
| 331 Accounts Payable - HUD PHA Programs | $ 168,095.00 | $ 819.00 | | | | | | | $ 3,796.00 | $ 227,187.00 | $ - | $ 227,187.00 |
| 332 Account Payable - PHA Projects | | | | | | | | | $ - | $ - | $ - | $ - |
| 333 Accounts Payable - Other Government | $ 87,650.00 | $ 4,129.00 | | $ 29,797.13 | $ 280,981.00 | $ 93,248,143.26 | | | $ 83,867.00 | $ 95,908,972.39 | $ (95,388,248.00) | $ 520,724.39 |
| 341 Tenant Security Deposits | | | | $ 590,528.55 | $ 41,324.00 | $ 300,100.64 | | | $ - | $ 960,222.19 | $ - | $ 960,222.19 |
| 342 Deferred Revenues | | $ 3,171.00 | $ 100,000.00 | $ 135,558.41 | $ 381,350.00 | $ 2,827,514.53 | | | $ - | $ 3,458,719.94 | $ - | $ 3,458,719.94 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds | | | | $ 1,239,835.62 | | $ 22,457,133.40 | | | $ - | $ 23,696,969.02 | $ - | $ 23,696,969.02 |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | | | | | | $ - | $ - | $ - | $ - |
| 345 Other Current Liabilities | $ 727,468.00 | | | | | $ 554,255.34 | | | $ - | $ 1,406,136.34 | $ - | $ 1,406,136.34 |
| 346 Accrued Liabilities - Other | $ 7,610.00 | | | | | | | | $ - | $ 7,610.00 | $ - | $ 7,610.00 |
| 347 Inter Program - Due To | | | | | | | | | $ - | $ - | $ - | $ - |
| 348 Loan Liability - Current | | | | | | | | | $ - | $ - | $ - | $ - |
| 310 Total Current Liabilities | $ 1,162,183.00 | $ 94,274.00 | $ 100,000.00 | $ 2,961,345.21 | $ 739,726.00 | $ 123,743,021.86 | $ - | $ 10,461.00 | $ 89,454.00 | $ 131,492,736.07 | $ (96,335,650.91) | $ 35,157,085.16 |
| | | | | | | | | | | $ - | $ - | $ - |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | | | | $ 93,037,293.27 | $ 4,554,011.00 | $ 4,450,970.83 | | | $ - | $ 102,042,275.10 | $ - | $ 102,042,275.10 |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | | | | | | | | $ - | $ - | $ - | $ - |
| 353 Non-current Liabilities - Other | | | | | | $ 127,585.08 | | | $ - | $ 127,585.08 | $ (127,585.00) | $ 0.08 |
| 354 Accrued Compensated Absences - Non Current | | | | | | | | | $ - | $ - | $ - | $ - |
| 355 Loan Liability - Non Current | | | | | | | | | $ - | $ - | $ - | $ - |
| 356 FASB 5 Liabilities | | | | | | | | | $ - | $ - | $ - | $ - |
| 357 Accrued Pension and OPEB Liabilities | | | | | | | | | $ - | $ - | $ - | $ - |
| 350 Total Non-Current Liabilities | $ - | $ - | $ - | $ 93,037,293.27 | $ 4,554,011.00 | $ 4,578,555.91 | $ - | $ - | $ - | $ 102,169,860.18 | $ (127,585.00) | $ 102,042,275.18 |
| | | | | | | | | | | $ - | $ - | $ - |
| 300 Total Liabilities | $ 1,162,183.00 | $ 94,274.00 | $ 100,000.00 | $ 95,998,638.48 | $ 5,293,737.00 | $ 128,321,577.77 | $ - | $ 10,461.00 | $ 89,454.00 | $ 233,662,596.25 | $ (96,463,235.91) | $ 137,199,360.34 |
| | | | | | | | | | | $ - | $ - | $ - |
| 508.1 Invested In Capital Assets, Net of Related Debt | $ - | $ - | $ - | $ (27,960,328.08) | $ (2,055,527.00) | $ 69,521,892.17 | $ - | $ - | $ - | $ 43,092,084.09 | $ - | $ 43,092,084.09 |
| 509.2 Fund Balance Reserved | | | | | | | | | $ - | $ - | $ - | $ - |
| 511.2 Unreserved, Designated Fund Balance | | | | | | | | | $ - | $ - | $ - | $ - |
| 511.1 Restricted Net Assets | $ 2,412,970.00 | $ - | $ 127,385,057.00 | | $ - | | $ - | $ 621,676.00 | $ - | $ 137,161,661.00 | $ - | $ 137,161,661.00 |
| 512.1 Unrestricted Net Assets | $ 27,855,840.00 | $ - | $ 16,182,000.00 | $ (8,493,096.81) | $ 6,418,828.00 | $ 164,234,193.00 | $ 21,249.00 | $ 8,429.00 | $ 91,720.00 | $ 224,133,312.19 | $ 127,585.00 | $ 224,260,897.19 |
| 512.2 Unreserved, Undesignated Fund Balance | | | | | | | | | $ - | $ - | $ - | $ - |
| 513 Total Equity/Net Assets | $ 30,268,810.00 | $ - | $ 143,567,057.00 | $ (36,453,424.89) | $ 4,363,301.00 | $ 233,756,085.17 | $ 21,249.00 | $ 630,105.00 | $ 91,720.00 | $ 404,387,057.28 | $ 127,585.00 | $ 404,514,642.28 |
| | | | | | | | | | | $ - | $ - | $ - |
| 600 Total Liabilities and Equity/Net Assets | $ 31,430,993.00 | $ 94,274.00 | $ 143,667,057.00 | $ 59,545,213.59 | $ 9,657,038.00 | $ 362,077,662.94 | $ 21,249.00 | $ 640,566.00 | $ 181,174.00 | $ 638,049,653.53 | $ (96,335,650.91) | $ 541,714,002.62 |

San Diego Housing Commission

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS

June 30, 2011

| | Project Total | 14.218 Community Development Block Grants/Entitlement Grants | 14.901 Healthy Homes Initiative Grants | 14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF) | 93.602 New Assets for Independence Demonstration Program | 14.884 Competitive Capital Fund Stimulus Grant | 14.870 Resident Opportunity and Supportive Services | 14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.DVP Disaster Voucher Program | 14.VSH HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-VASH) PROGRAM | 14.OPS MTW Demonstration Program for Low Rent | 14.CFP MTW Demonstration Program for Capital Fund | 14.HCV MTW Demonstration Program for HCV program |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 70300 Net Tenant Rental Revenue | 378,316.00 | | | | | | | | | | | | |
| 70400 Tenant Revenue - Other | 2,925.00 | | | | | | | | | | | | |
| 70500 Total Tenant Revenue | 381,241.00 | - | - | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | | | | |
| 70600 HUD PHA Operating Grants | - | 1,248,319.00 | 10,400.00 | 3,441,623.00 | | - | 98,332.00 | 1,823,370.00 | 25,273.00 | 2,184,185.00 | 99,985.00 | | 159,839,636.00 |
| 70610 Capital Grants | | | | | | | | | | | | 805,393.00 | |
| 70710 Management Fee | | | | | | | | | | | | | |
| 70720 Asset Management Fee | | | | | | | | | | | | | |
| 70730 Book Keeping Fee | | | | | | | | | | | | | |
| 70740 Front Line Service Fee | | | | | | | | | | | | | |
| 70750 Other Fees | | | | | | | | | | | | | |
| 70700 Total Fee Revenue | - | 1,248,319.00 | 10,400.00 | 3,441,623.00 | - | - | 98,332.00 | 1,823,370.00 | 25,273.00 | 2,184,185.00 | 99,985.00 | 805,393.00 | 159,839,636.00 |
| | | | | | | | | | | | | | |
| 70800 Other Government Grants | | | | | | | | | | | | | |
| 71100 Investment Income - Unrestricted | 51,920.00 | 4,570.00 | | | - | | | | 29.00 | 157.00 | | | |
| 71200 Mortgage Interest Income | | 197,437.00 | | | | | | | | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | | | | | | | | | |
| 71310 Cost of Sale of Assets | | | | | | | | | | | | | |
| 71400 Fraud Recovery | | | | | | | | | | | | | |
| 71500 Other Revenue | 15,498.00 | 270.00 | | | 160.00 | | | | | | | | |
| 71600 Gain or Loss on Sale of Capital Assets | | | - | | | | | | | | | | |
| 72000 Investment Income - Restricted | | | | | 782.00 | | | | 125.00 | 8,343.00 | | | |
| 70000 Total Revenue | 448,659.00 | 1,450,596.00 | 10,400.00 | 3,441,623.00 | 942.00 | - | 98,332.00 | 1,823,370.00 | 25,427.00 | 2,192,685.00 | 99,985.00 | 805,393.00 | 159,839,636.00 |
| | | | | | | | | | | | | | |
| 91100 Administrative Salaries | 175,115.00 | 110,626.00 | | 269,461.00 | | - | | 399,982.00 | 1,899.00 | 86,216.00 | | | |
| 91200 Auditing Fees | 1,201.00 | 38.00 | | | | | | 1,434.00 | 25.00 | 594.00 | | | |
| 91300 Management Fee | | | | | | | | | | | | | |
| 91310 Book-keeping Fee | | | | | | | | | | | | | |
| 91400 Advertising and Marketing | 3,041.00 | 14.00 | | | | | | 1,754.00 | 10.00 | 321.00 | | | |
| 91500 Employee Benefit contributions - Administrative | 36,766.00 | 34,907.00 | | 86,636.00 | | - | | 122,319.00 | 650.00 | 30,069.00 | | | |
| 91600 Office Expenses | 10,147.00 | 152.00 | | 15.00 | 1,118.00 | | 8,205.00 | 12,895.00 | 119.00 | 4,951.00 | | | |
| 91700 Legal Expense | 3,601.00 | (3,884.00) | | 2,630.00 | | | | 4,269.00 | 62.00 | 1,922.00 | | | |
| 91800 Travel | 955.00 | 40.00 | 9,635.00 | 134.00 | | | | 8,552.00 | 16.00 | 732.00 | | | |
| 91810 Allocated Overhead | | | | | | | | | | | | | |
| 91900 Other | 30,357.00 | 44,870.00 | 765.00 | 79,595.00 | 1,087.00 | | 366.00 | 348,384.00 | (11.00) | 25,732.00 | | | |
| 91000 Total Operating - Administrative | 261,183.00 | 186,763.00 | 10,400.00 | 438,471.00 | 2,205.00 | - | 8,571.00 | 899,589.00 | 2,770.00 | 150,537.00 | - | - | - |
| | | | | | | | | | | | | | |
| 92000 Asset Management Fee | | | | | | | | | | | | | |
| 92100 Tenant Services - Salaries | | | | | 909.00 | | 693.00 | | | | | | |
| 92200 Relocation Costs | 106,991.00 | | | | | | | 52,539.00 | | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | | | 294.00 | - | 211.00 | | | | | | |
| 92400 Tenant Services - Other | | | | | 72,178.00 | | 34,596.00 | | | | | | |
| 92500 Total Tenant Services | 106,991.00 | - | - | - | 73,381.00 | - | 35,500.00 | 52,539.00 | - | - | - | - | - |
| | | | | | | | | | | | | | |
| 93100 Water | 19,568.00 | (34.00) | | | | | | | | | | | |
| 93200 Electricity | 8,732.00 | 17.00 | | | | | | | | | | | |
| 93300 Gas | 1,543.00 | 15.00 | | | | | | | | | | | |
| 93400 Fuel | | | | | | | | | | | | | |
| 93500 Labor | | | | | | | | | | | | | |

San Diego Housing Commission

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2011

| | Project Total | 14.218 Community Development Block Grants/Entitlement Grants | 14.901 Healthy Homes Initiative Grants | 14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF) | 93.602 New Assets for Independence Demonstration Program | 14.884 Competitive Capital Fund Stimulus Grant | 14.870 Resident Opportunity and Supportive Services | 14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.DVP Disaster Voucher Program | 14.VSH HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-VASH) PROGRAM | 14.OPS MTW Demonstration Program for Low Rent | 14.CFP MTW Demonstration Program for Capital Fund | 14.HCV MTW Demonstration Program for HCV program |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 93600 Sewer | 23,034.00 | (14.00) | | | | | | | | | | | |
| 93700 Employee Benefit Contributions - Utilities | | | | | | | | | | | | | |
| 93800 Other Utilities Expense | | | | | | | | | | | | | |
| 93000 Total Utilities | 52,877.00 | (16.00) | - | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | | | | |
| 94100 Ordinary Maintenance and Operations - Labor | 37,272.00 | | | | | | | | | | | | |
| 94200 Ordinary Maintenance and Operations - Materials and | 91,834.00 | | | | | | | | | | | | |
| 94300 Ordinary Maintenance and Operations Contracts | 126,221.00 | | | | | | | | | | | | |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | 18,515.00 | | | | | | | | | | | | |
| 94000 Total Maintenance | 273,842.00 | - | - | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | | | | |
| 95100 Protective Services - Labor | | | | | | | | | | | | | |
| 95200 Protective Services - Other Contract Costs | 15,531.00 | | | | | | | | | | | | |
| 95300 Protective Services - Other | (1.00) | | | | | | | | | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | | | | | | | | | | |
| 95000 Total Protective Services | 15,530.00 | - | - | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | | | | |
| 96110 Property Insurance | 2,552.00 | | | | | | | | | | | | |
| 96120 Liability Insurance | 1,712.00 | (7.00) | | | | | | 170.00 | (10.00) | 375.00 | | | |
| 96130 Workmen's Compensation | | | | | | | | | | | | | |
| 96140 All Other Insurance | 1,725.00 | 38.00 | | | | | | 2,276.00 | 11.00 | 834.00 | | | |
| 96100 Total insurance Premiums | 5,989.00 | 31.00 | - | - | - | - | - | 2,446.00 | 1.00 | 1,209.00 | - | - | - |
| | | | | | | | | | | | | | |
| 96200 Other General Expenses | 48,143.00 | 68,896.00 | | 352,116.00 | | - | 54,218.00 | 844,636.00 | 10.00 | 2,150.00 | | | |
| 96210 Compensated Absences | 1,446.00 | 40.00 | | 5,257.00 | 3.00 | | 43.00 | 8,266.00 | 20.00 | 936.00 | | | |
| 96300 Payments in Lieu of Taxes | 93.00 | 9.00 | | | | | | | | | | | |
| 96400 Bad debt - Tenant Rents | 23,966.00 | | | | | | | | | | | | |
| 96500 Bad debt - Mortgages | | | | | | | | | | | | | |
| 96600 Bad debt - Other | - | | | | | | | | | | | | |
| 96800 Severance Expense | | | | | | | | | | | | | |
| 96000 Total Other General Expenses | 73,648.00 | 68,945.00 | - | 357,373.00 | 3.00 | - | 54,261.00 | 852,902.00 | 30.00 | 3,086.00 | - | - | - |
| | | | | | | | | | | | | | |
| 96710 Interest of Mortgage (or Bonds) Payable | | | | | | | | | | | | | |
| 96720 Interest on Notes Payable (Short and Long Term) | | | | | | | | | - | | | | |
| 96730 Amortization of Bond Issue Costs | | | | | | | | | | | | | |
| 96700 Total Interest Expense and Amortization Cost | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | | | | |
| 96900 Total Operating Expenses | 790,060.00 | 255,723.00 | 10,400.00 | 795,844.00 | 75,589.00 | - | 98,332.00 | 1,807,476.00 | 2,801.00 | 154,832.00 | - | - | - |
| | | | | | | | | | | | | | |
| 97000 Excess of Operating Revenue over Operating Expenses | (341,401.00) | 1,194,873.00 | - | 2,645,779.00 | (74,647.00) | - | - | 15,894.00 | 22,626.00 | 2,037,853.00 | 99,985.00 | 805,393.00 | 159,839,636.00 |
| | | | | | | | | | | | | | |
| 97100 Extraordinary Maintenance | 540,597.00 | | | | | - | | | | | | | |
| 97200 Casualty Losses - Non-capitalized | | | | | | | | | | | | | |
| 97300 Housing Assistance Payments | | | | 2,645,779.00 | | | | | | 1,426,487.00 | | | |
| 97350 HAP Portability-In | | | | | | | | | | | | | |
| 97400 Depreciation Expense | 86,148.00 | | | | | | | | | | | | |
| 97500 Fraud Losses | | | | | | | | | | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | | | | | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | | | | | | | | | |

San Diego Housing Commission

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2011

| | Project Total | 14.218 Community Development Block Grants/Entitlement Grants | 14.901 Healthy Homes Initiative Grants | 14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF) | 93.602 New Assets for Independence Demonstration Program | 14.884 Competitive Capital Fund Stimulus Grant | 14.870 Resident Opportunity and Supportive Services | 14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.DVP Disaster Voucher Program | 14.VSH HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-VASH) PROGRAM | 14.OPS MTW Demonstration Program for Low Rent | 14.CFP MTW Demonstration Program for Capital Fund | 14.HCV MTW Demonstration Program for HCV program |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 97800 Dwelling Units Rent Expense | | | | | | | | | | | | | |
| 90000 Total Expenses | 1,416,805.00 | 255,723.00 | 10,400.00 | 3,441,623.00 | 75,589.00 | - | 98,332.00 | 1,807,476.00 | 2,801.00 | 1,581,319.00 | - | - | - |
| | | | | | | | | | | | | | |
| 10010 Operating Transfer In | 4,128,336.00 | 83,080.00 | | | - | - | | | | | | | |
| 10020 Operating transfer Out | (3,996,779.00) | (263,080.00) | | - | - | (2,173,051.00) | | (37,753.00) | | | (99,985.00) | (805,393.00) | (159,839,636.00) |
| 10030 Operating Transfers from/to Primary Government | | | | | - | | | | | | | | |
| 10040 Operating Transfers from/to Component Unit | - | | | | - | | | | | | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | | | | | | | | | | | | |
| 10060 Proceeds from Property Sales | | | | | | | | | | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | - | | | | - | | | | | | | | |
| 10080 Special Items (Net Gain/Loss) | - | | | | - | | | | | | | | |
| 10091 Inter Project Excess Cash Transfer In | - | | | | | | | | | | | | |
| 10092 Inter Project Excess Cash Transfer Out | - | | | | | | | | | | | | |
| 10093 Transfers between Program and Project - In | - | | | | - | | | | | | | | |
| 10094 Transfers between Project and Program - Out | (2,400.00) | | | | - | - | | | | | | | |
| 10100 Total Other financing Sources (Uses) | 129,157.00 | (180,000.00) | - | - | - | (2,173,051.00) | - | (37,753.00) | - | - | (99,985.00) | (805,393.00) | (159,839,636.00) |
| | | | | | | | | | | | | | |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | (838,989.00) | 1,014,873.00 | - | - | (74,647.00) | (2,173,051.00) | - | (21,859.00) | 22,626.00 | 611,366.00 | - | - | - |
| | | | | | | | | | | | | | |
| 11020 Required Annual Debt Principal Payments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11030 Beginning Equity | 17,979,719.00 | 9,853,524.00 | 7,707.00 | - | 142,540.00 | 2,208,847.00 | - | 21,859.00 | 6,713.00 | 1,839,410.00 | - | - | - |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | | | (7,707.00) | | | (35,796.00) | | | | | | | |
| 11050 Changes in Compensated Absence Balance | | | | | | | | | | | | | |
| 11060 Changes in Contingent Liability Balance | | | | | | | | | | | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | | | | | | | | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | | | | | | | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling | | | | | | | | | | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | | | | | | | | | | |
| 11170 Administrative Fee Equity | | | | | | | | | | | | | |
| 11180 Housing Assistance Payments Equity | | | | | | | | | | | | | |
| 11190 Unit Months Available | 900 | | | | 0 | | | | 3420 | 3420 | | | |
| 11210 Number of Unit Months Leased | 886 | | | | 0 | | | | 2018 | 2018 | | | |
| 11270 Excess Cash | 13,546,955.00 | | | | | | | | | | | | |
| 11610 Land Purchases | 1,240,000.00 | | | | | | | | | | | | |
| 11620 Building Purchases | 1,981,746.00 | | | | | | | | | | | | |
| 11630 Furniture & Equipment - Dwelling Purchases | - | | | | | | | | | | | | |
| 11640 Furniture & Equipment - Administrative Purchases | - | | | | | | | | | | | | |
| 11650 Leasehold Improvements Purchases | - | | | | | | | | | | | | |
| 11660 Infrastructure Purchases | - | | | | | | | | | | | | |
| 13510 CFFP Debt Service Payments | - | | | | | | | | | | | | |
| 13901 Replacement Housing Factor Funds | - | | | | | | | | | | | | |

San Diego Housing Commission

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2011

| | 14.238 Shelter Plus Care | 14.239 HOME Investment Partnerships Program | 14.881 Moving to Work Demonstration Program | 6 Component Units | 2 State/Local | 1 Business Activities | 9 Other Federal Program 2 | 14.880 Family Unification Program (FUP) | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 70300 Net Tenant Rental Revenue | | | | 14,535,336.03 | 514,192.00 | 8,956,404.94 | | | - | 24,384,248.97 | (269,239.00) | 24,115,009.97 |
| 70400 Tenant Revenue - Other | | | | 72,531.15 | 5,475.00 | 113,968.57 | | | - | 194,899.72 | | 194,899.72 |
| 70500 Total Tenant Revenue | - | - | - | 14,607,867.18 | 519,667.00 | 9,070,373.51 | - | - | - | 24,579,148.69 | (269,239.00) | 24,309,909.69 |
| | | | | - | | - | | | | - | | - |
| 70600 HUD PHA Operating Grants | 1,655,650.00 | 5,961,585.00 | | - | | - | | 792,204.00 | 468,283.00 | 177,648,845.00 | | 177,648,845.00 |
| 70610 Capital Grants | | | | - | | - | | | - | 805,393.00 | | 805,393.00 |
| 70710 Management Fee | | | | - | | - | | | - | - | | - |
| 70720 Asset Management Fee | | | | - | | - | | | - | - | | - |
| 70730 Book Keeping Fee | | | | - | | - | | | - | - | | - |
| 70740 Front Line Service Fee | | | | - | | - | | | - | - | | - |
| 70750 Other Fees | | | | - | | - | | | - | - | | - |
| 70700 Total Fee Revenue | 1,655,650.00 | 5,961,585.00 | - | - | - | - | - | 792,204.00 | 468,283.00 | 178,454,238.00 | - | 178,454,238.00 |
| | | | | - | | - | | | | - | | - |
| 70800 Other Government Grants | | | | - | 18,727.00 | 6,138,979.00 | | | - | 6,157,706.00 | | 6,157,706.00 |
| 71100 Investment Income - Unrestricted | | 6,194.00 | 94,011.00 | 61,215.66 | 1,474.00 | 1,257,337.10 | 450.00 | (19.00) | 319.00 | 1,477,657.76 | | 1,477,657.76 |
| 71200 Mortgage Interest Income | | 3,315,755.00 | | - | 20,274.00 | 2,014,548.99 | | | - | 5,548,014.99 | | 5,548,014.99 |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | - | | - | | | - | - | | - |
| 71310 Cost of Sale of Assets | | | | - | | - | | | - | - | | - |
| 71400 Fraud Recovery | | | 52,906.00 | - | | - | | | - | 52,906.00 | | 52,906.00 |
| 71500 Other Revenue | | 465,037.00 | 200,531.00 | 159,362.86 | 14,260.00 | 10,894,139.21 | | | | 11,749,258.07 | (4,592,426.00) | 7,156,832.07 |
| 71600 Gain or Loss on Sale of Capital Assets | | | | - | | (681.92) | | | - | (681.92) | | (681.92) |
| 72000 Investment Income - Restricted | | | 10,049.00 | 784,901.01 | 1,471.00 | 2,660.45 | | (46.00) | 27.00 | 808,312.46 | | 808,312.46 |
| 70000 Total Revenue | 1,655,650.00 | 9,748,571.00 | 357,497.00 | 15,613,346.71 | 575,873.00 | 29,377,356.34 | 450.00 | 792,139.00 | 468,629.00 | 228,826,560.05 | (4,861,665.00) | 223,964,895.05 |
| | | | | - | | - | | | | - | | - |
| 91100 Administrative Salaries | 54,921.00 | 612,803.00 | 6,229,865.00 | 255,747.72 | 139,730.00 | 5,090,248.07 | | | 23,623.00 | 13,450,236.79 | | 13,450,236.79 |
| 91200 Auditing Fees | 557.00 | 7,235.00 | 51,118.00 | - | 2,908.00 | 70,848.57 | | | 152.00 | 136,110.57 | | 136,110.57 |
| 91300 Management Fee | | | | 731,631.73 | | 184,359.66 | | | - | 915,991.39 | (915,991.00) | 0.39 |
| 91310 Book-keeping Fee | | | | - | | - | | | - | - | | - |
| 91400 Advertising and Marketing | 479.00 | 3,924.00 | 26,092.00 | 13,925.29 | 1,784.00 | 80,454.44 | | | 87.00 | 131,885.73 | | 131,885.73 |
| 91500 Employee Benefit contributions - Administrative | 19,392.00 | 188,506.00 | 2,137,724.00 | 98,048.14 | 50,688.00 | 1,560,892.26 | | | 8,240.00 | 4,374,837.40 | | 4,374,837.40 |
| 91600 Office Expenses | 4,378.00 | 29,378.00 | 401,856.00 | 16,790.61 | 8,662.00 | 318,510.82 | | | 1,337.00 | 818,514.43 | | 818,514.43 |
| 91700 Legal Expense | 3,111.00 | 174,332.00 | 149,719.00 | 23,653.00 | 3,333.00 | 595,760.35 | | | 537.00 | 959,045.35 | | 959,045.35 |
| 91800 Travel | 988.00 | 11,216.00 | 70,740.00 | - | 1,737.00 | 57,958.29 | | | 205.00 | 162,908.29 | | 162,908.29 |
| 91810 Allocated Overhead | | | | - | | - | | | - | - | | - |
| 91900 Other | 12,134.00 | 133,785.00 | 1,951,089.00 | 341,272.97 | 61,718.00 | 3,240,324.68 | | | 6,076.00 | 6,277,544.65 | (1,662,746.00) | 4,614,798.65 |
| 91000 Total Operating - Administrative | 95,960.00 | 1,161,179.00 | 11,018,203.00 | 1,481,069.46 | 270,560.00 | 11,199,357.14 | - | - | 40,257.00 | 27,227,074.60 | (2,578,737.00) | 24,648,337.60 |
| | | | | - | | - | | | | - | | - |
| 92000 Asset Management Fee | | | | - | | - | | | - | - | | - |
| 92100 Tenant Services - Salaries | | | 889,278.00 | - | | 16,389.27 | | | - | 907,269.27 | | 907,269.27 |
| 92200 Relocation Costs | | | | 1,801.50 | | 577,329.80 | | | - | 738,661.30 | | 738,661.30 |
| 92300 Employee Benefit Contributions - Tenant Services | | | 300,146.00 | - | | 5,491.79 | | | - | 306,142.79 | | 306,142.79 |
| 92400 Tenant Services - Other | | | 213,130.00 | 25,152.09 | | 152,070.44 | | | - | 497,126.53 | | 497,126.53 |
| 92500 Total Tenant Services | - | - | 1,402,554.00 | 26,953.59 | - | 751,281.30 | - | - | - | 2,449,199.89 | - | 2,449,199.89 |
| | | | | - | | - | | | | - | | - |
| 93100 Water | | | | 425,882.47 | 34,523.00 | 224,860.95 | | | - | 704,800.42 | | 704,800.42 |
| 93200 Electricity | | | | 106,982.68 | 7,563.00 | 403,310.97 | | | - | 526,605.65 | | 526,605.65 |
| 93300 Gas | | | | 152,997.17 | 27,361.00 | 100,560.65 | | | - | 282,476.82 | | 282,476.82 |
| 93400 Fuel | | | | - | | - | | | - | - | | - |
| 93500 Labor | | | | - | | - | | | - | - | | - |

San Diego Housing Commission

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2011

| | 14.238 Shelter Plus Care | 14.239 HOME Investment Partnerships Program | 14.881 Moving to Work Demonstration Program | 6 Component Units | 2 State/Local | 1 Business Activities | 9 Other Federal Program 2 | 14.880 Family Unification Program (FUP) | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 93600 Sewer | | | | 470,078.37 | 48,439.00 | 257,041.80 | | | - | 798,579.17 | | 798,579.17 |
| 93700 Employee Benefit Contributions - Utilities | | | | - | | - | | | - | - | | - |
| 93800 Other Utilities Expense | | | | - | | 23,437.98 | | | - | 23,437.98 | | 23,437.98 |
| 93000 Total Utilities | - | - | - | 1,155,940.70 | 117,886.00 | 1,009,212.34 | - | - | - | 2,335,900.04 | - | 2,335,900.04 |
| | | | | - | | - | | | | - | | - |
| 94100 Ordinary Maintenance and Operations - Labor | | | | 288,536.05 | 38,240.00 | 192,302.79 | | | - | 556,350.84 | | 556,350.84 |
| 94200 Ordinary Maintenance and Operations - Materials and | | | | 215,556.25 | 27,062.00 | 127,502.98 | | | - | 461,955.23 | | 461,955.23 |
| 94300 Ordinary Maintenance and Operations Contracts | | | 16,668.00 | 1,447,625.42 | 116,643.00 | 1,027,490.71 | | | - | 2,734,648.13 | | 2,734,648.13 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | | | | 155,856.37 | 21,251.00 | 90,518.93 | | | - | 286,141.30 | | 286,141.30 |
| 94000 Total Maintenance | - | - | 16,668.00 | 2,107,574.10 | 203,196.00 | 1,437,815.40 | - | - | - | 4,039,095.50 | - | 4,039,095.50 |
| | | | | - | | - | | | | - | | - |
| 95100 Protective Services - Labor | | | | - | - | - | | | - | - | | - |
| 95200 Protective Services - Other Contract Costs | | | 3,416.00 | 119,653.25 | 1,689.00 | 319,071.18 | | | - | 459,360.43 | | 459,360.43 |
| 95300 Protective Services - Other | | | | 11,370.19 | (2.00) | 1,172.01 | | | - | 12,539.20 | | 12,539.20 |
| 95500 Employee Benefit Contributions - Protective Services | | | | - | | - | | | - | - | | - |
| 95000 Total Protective Services | - | - | 3,416.00 | 131,023.44 | 1,687.00 | 320,243.19 | - | - | - | 471,899.63 | - | 471,899.63 |
| | | | | - | | - | | | | - | | - |
| 96110 Property Insurance | | | | 23,177.00 | 3,310.00 | 75,529.00 | | | - | 104,568.00 | | 104,568.00 |
| 96120 Liability Insurance | (273.00) | (3,152.00) | 22,140.00 | 15,961.96 | 1,503.00 | 79,971.40 | | | 102.00 | 118,493.36 | | 118,493.36 |
| 96130 Workmen's Compensation | | | | - | | - | | | | - | | - |
| 96140 All Other Insurance | 704.00 | 7,823.00 | 67,003.00 | 8,272.45 | 5,067.00 | 107,427.87 | | | 233.00 | 201,414.32 | | 201,414.32 |
| 96100 Total insurance Premiums | 431.00 | 4,671.00 | 89,143.00 | 47,411.41 | 9,880.00 | 262,928.27 | - | - | 335.00 | 424,475.68 | - | 424,475.68 |
| | | | | - | | - | | | | - | | - |
| 96200 Other General Expenses | 55,361.00 | 2,198,079.00 | 171,552.00 | 566,300.99 | 19,379.00 | 6,402,411.41 | | | 67.00 | 10,783,319.40 | (2,593,363.00) | 8,189,956.40 |
| 96210 Compensated Absences | 368.00 | 511.00 | 61,259.00 | 613.73 | 3,138.00 | 5,317.70 | | | 260.00 | 87,478.43 | | 87,478.43 |
| 96300 Payments in Lieu of Taxes | | | | 37,843.10 | | 37,254.89 | | | | 75,199.99 | | 75,199.99 |
| 96400 Bad debt - Tenant Rents | | | 50,153.00 | 267,141.44 | 4,127.00 | (34,573.17) | | | - | 310,814.27 | | 310,814.27 |
| 96500 Bad debt - Mortgages | | | | - | | - | | | - | - | | - |
| 96600 Bad debt - Other | | | | - | | - | | | - | - | | - |
| 96800 Severance Expense | | | | - | | - | | | - | - | | - |
| 96000 Total Other General Expenses | 55,729.00 | 2,198,590.00 | 282,964.00 | 871,899.26 | 26,644.00 | 6,410,410.83 | - | - | 327.00 | 11,256,812.09 | (2,593,363.00) | 8,663,449.09 |
| | | | | - | | - | | | | - | | - |
| 96710 Interest of Mortgage (or Bonds) Payable | | | | - | | - | | | - | - | | - |
| 96720 Interest on Notes Payable (Short and Long Term) | | | | 4,469,414.17 | | 1,627,694.41 | | | - | 6,097,108.58 | | 6,097,108.58 |
| 96730 Amortization of Bond Issue Costs | | | | - | | - | | | | - | | - |
| 96700 Total Interest Expense and Amortization Cost | - | - | - | 4,469,414.17 | - | 1,627,694.00 | - | - | - | 6,097,108.17 | - | 6,097,108.17 |
| | | | | - | | - | | | | - | | - |
| 96900 Total Operating Expenses | 152,120.00 | 3,364,440.00 | 12,812,948.00 | 10,291,286.12 | 629,853.00 | 23,018,942.48 | - | - | 40,919.00 | 54,301,565.60 | (5,172,100.00) | 49,129,465.60 |
| | | | | - | | - | | | | - | | - |
| 97000 Excess of Operating Revenue over Operating Expenses | 1,503,530.00 | 6,384,131.00 | (12,455,451.00) | 5,322,060.59 | (53,980.00) | 6,358,413.10 | 450.00 | 792,139.00 | 427,710.00 | 174,524,993.69 | 310,435.00 | 174,835,428.69 |
| | | | | - | | - | | | | - | | - |
| 97100 Extraordinary Maintenance | | | | 2,417,088.58 | | 277,090.91 | | | - | 3,234,776.49 | | 3,234,776.49 |
| 97200 Casualty Losses - Non-capitalized | | | | - | | - | | | - | - | | - |
| 97300 Housing Assistance Payments | 1,503,530.00 | 225,844.00 | 139,503,320.00 | - | | - | | 162,034.00 | 409,116.00 | 145,876,110.00 | | 145,876,110.00 |
| 97350 HAP Portability-In | | | | - | | - | | | | - | | - |
| 97400 Depreciation Expense | | | | 1,223,772.23 | 72,990.00 | 2,664,968.92 | | | - | 4,047,879.15 | | 4,047,879.15 |
| 97500 Fraud Losses | | | | - | | - | | | - | - | | - |
| 97600 Capital Outlays - Governmental Funds | | | | - | | - | | | - | - | | - |
| 97700 Debt Principal Payment - Governmental Funds | | | | - | | - | | | - | - | | - |

San Diego Housing Commission

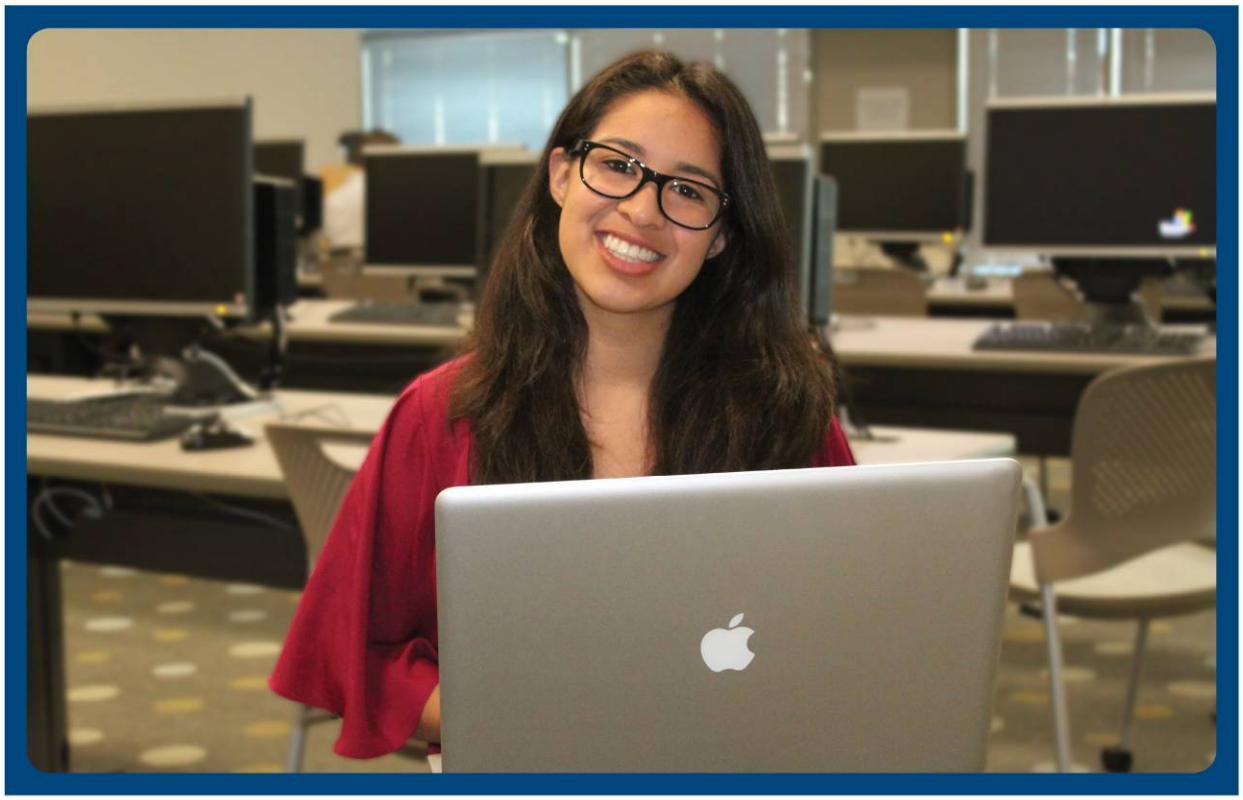
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2011

| | 14.238 Shelter Plus Care | 14.239 HOME Investment Partnerships Program | 14.881 Moving to Work Demonstration Program | 6 Component Units | 2 State/Local | 1 Business Activities | 9 Other Federal Program 2 | 14.880 Family Unification Program (FUP) | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 97800 Dwelling Units Rent Expense | | | | - | | - | | | | - | | - |
| 90000 Total Expenses | 1,655,650.00 | 3,590,284.00 | 152,316,268.00 | 13,932,146.93 | 702,843.00 | 25,961,002.31 | - | 162,034.00 | 450,035.00 | 207,460,331.24 | (5,172,100.00) | 202,288,231.24 |
| | | | | | | | | | | | | |
| 10010 Operating Transfer In | | 238,545.00 | 159,839,636.00 | 31,142,068.00 | | 61,417,924.34 | | | | 256,849,589.34 | | 256,849,589.34 |
| 10020 Operating transfer Out | | | (1,226,532.00) | (53,653,889.00) | | (34,319,398.34) | (431,693.00) | | - | (256,847,189.34) | | (256,847,189.34) |
| 10030 Operating Transfers from/to Primary Government | | | | - | | - | | | - | - | | - |
| 10040 Operating Transfers from/to Component Unit | | | | - | | - | | | - | - | | - |
| 10050 Proceeds from Notes, Loans and Bonds | | | | - | | - | | | - | - | | - |
| 10060 Proceeds from Property Sales | | | | - | | - | | | - | - | | - |
| 10070 Extraordinary Items, Net Gain/Loss | | | | - | | - | | | - | - | | - |
| 10080 Special Items (Net Gain/Loss) | | | | - | | - | | | - | - | | - |
| 10091 Inter Project Excess Cash Transfer In | | | | - | | - | | | - | - | | - |
| 10092 Inter Project Excess Cash Transfer Out | | | | - | | - | | | - | - | | - |
| 10093 Transfers between Program and Project - In | | | | - | | - | | | - | - | | - |
| 10094 Transfers between Project and Program - Out | | | | - | | - | | | - | (2,400.00) | | (2,400.00) |
| 10100 Total Other financing Sources (Uses) | - | 238,545.00 | 158,613,104.00 | (22,511,821.00) | - | 27,098,526.00 | (431,693.00) | - | - | - | - | - |
| | | | | - | | - | | | | - | | - |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | - | 6,396,832.00 | 6,654,333.00 | (20,830,621.22) | (126,970.00) | 30,514,880.03 | (431,243.00) | 630,105.00 | 18,594.00 | 21,366,228.81 | 310,435.00 | 21,676,663.81 |
| | | | | | | | | | | | | |
| 11020 Required Annual Debt Principal Payments | - | - | - | 961,396.00 | - | 424,900.00 | - | - | - | 1,386,296.00 | | 1,386,296.00 |
| 11030 Beginning Equity | - | 137,170,225.00 | 21,163,701.00 | (15,623,603.00) | 4,490,271.00 | 203,234,296.00 | 452,492.00 | - | 73,126.00 | 383,020,827.00 | (182,850.00) | 382,837,977.00 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | | | | 400.00 | | 7,307.00 | | | | (35,796.00) | | (35,796.00) |
| 11050 Changes in Compensated Absence Balance | | | | | | | | | - | - | | - |
| 11060 Changes in Contingent Liability Balance | | | | | | | | | - | - | | - |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | | | | | | - | - | | - |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | | | | | | - | - | | - |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling | | | | | | | | | - | - | | - |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | | | | | | | - | | - |
| 11170 Administrative Fee Equity | | | | | | | | | - | - | | - |
| 11180 Housing Assistance Payments Equity | | | | | | | | | - | - | | - |
| 11190 Unit Months Available | 2652 | 312 | 167694 | 15048 | 1356 | 7780 | | 900 | 626 | - | | - |
| 11210 Number of Unit Months Leased | 2652 | 312 | 164144 | 14248 | 1265 | 6564 | | 114 | 594 | - | | - |
| 11270 Excess Cash | | | | | | | | | - | 13,546,955.00 | | 13,546,955.00 |
| 11610 Land Purchases | | | | | | | | | | 1,240,000.00 | | 1,240,000.00 |
| 11620 Building Purchases | | | | | | | | | - | 1,981,746.00 | | 1,981,746.00 |
| 11630 Furniture & Equipment - Dwelling Purchases | | | | | | | | | - | - | | - |
| 11640 Furniture & Equipment - Administrative Purchases | | | | | | | | | - | - | | - |
| 11650 Leasehold Improvements Purchases | | | | | | | | | - | - | | - |
| 11660 Infrastructure Purchases | | | | | | | | | - | - | | - |
| 13510 CFFP Debt Service Payments | | | | | | | | | - | - | | - |
| 13901 Replacement Housing Factor Funds | | | | | | | | | - | - | | - |

SAN DIEGO HOUSING COMMISSION

# Statistical Section (Unaudited)



## "We're About People"

Damaris has a plan. Enrolled in the Achievement Academy of the San Diego Housing Commission she signed up in the Money Project. Damaris acquired important financial management skills and saved enough money in her Individual Development Account to buy a laptop. The financial skills will last her a lifetime, and the laptop will come in very handy this fall. She's attending Kenyon College, in Ohio, on a full scholarship.

San Diego Housing Commission

Statistical Section (Unaudited)

This part of the Comprehensive Annual Financial Report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Commission's overall financial health. The following are the categories of the schedules that are included in this Section:

**Financial Trends**

These schedules contain trend information to help the reader understand how the Commission's financial performance and well-being have changed over time. These schedules can be viewed on pages 98 to 100.

**Revenue Capacity**

This schedule contains information to help the reader assess the Commission's most significant revenue source. This schedule can be viewed on page 102.

**Debt Capacity**

This schedule presents information to help the reader assess the affordability of the Commission's current level of outstanding debt. This schedule can be viewed on page 104.

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission's financial activities take place. These schedules can be viewed on pages 106 to 111.

**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs. These schedules can be viewed on pages 113 to 120

# FINANCIAL TRENDS

San Diego Housing Commission

Net Assets by Component (Unaudited)

Nine Years Ending June 30, 2011

| Fiscal Year (1) | Invested in Capital Assets, Net of Related Debt | Restricted | Unrestricted | Total Net Assets |
|---|---|---|---|---|
| 2002 | $ 77,545,188 | $ - | $ 110,594,088 | $ 188,139,276 |
| 2003 | 76,225,015 | - | 125,699,840 | 201,924,855 |
| 2004 | 74,834,496 | - | 134,854,332 | 209,688,828 |
| 2005 | 68,018,419 | 72,050,540 | 103,729,782 | 243,798,741 |
| 2006 | 67,288,827 | 74,995,714 | 127,911,849 | 270,196,390 |
| 2007 | 67,893,139 | 86,943,780 | 141,958,499 | 296,795,418 |
| 2008 | 68,982,385 | 122,520,904 | 137,314,102 | 328,817,391 |
| 2009 | 69,458,302 | 128,863,010 | 152,042,313 | 350,363,625 |
| 2010 | 39,788,284 | 129,062,731 | 213,986,961 | 382,837,976 |
| 2011 | 43,092,084 | 137,161,661 | 224,260,898 | 404,514,643 |

*(1) This schedule includes information beginning in the earliest year that the Commission adopted (7/1/01) presenting it's financial statements in accordance with GASB Statement 34*

Source: Annual Financial Statements

San Diego Housing Commission

Revenues, Expenses and Changes in Net Assets (Unaudited)

Last Ten Years Ending June 30, 2011

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|---|---|---|---|---|
| **OPERATING REVENUES:** | | | | | | | | | | |
| Dwelling rental income | $ 24,309,910 | $ 21,193,199 | $ 21,431,650 | $ 15,001,921 | $ 9,214,737 | $ 9,246,138 | $ 8,784,442 | $ 8,435,150 | $ 7,725,697 | $ 6,707,519 |
| Land lease and other rental income | 1,970,080 | 1,233,941 | 1,368,541 | 1,292,869 | 893,008 | 1,420,994 | 686,927 | 660,753 | 2,046,494 | 2,472,474 |
| Fee revenue | 2,867,606 | 1,813,413 | 1,648,597 | 2,085,358 | 2,423,510 | 3,445,605 | 1,863,034 | 1,736,638 | 653,809 | 577,696 |
| Shared equity income | 158,270 | 181,535 | 206,068 | 694,263 | 1,335,361 | 3,332,144 | - | - | - | - |
| Other revenue | 2,076,205 | 3,365,390 | 1,439,749 | 845,374 | 786,219 | 783,850 | 7,037,417 | 6,501,631 | 5,064,688 | 2,136,455 |
| Total operating revenues | 31,382,071 | 27,787,478 | 26,094,605 | 19,919,785 | 14,652,835 | 18,228,731 | 18,371,820 | 17,334,172 | 15,490,688 | 11,894,144 |
| **OPERATING EXPENSES:** | | | | | | | | | | |
| Administrative expenses | 24,686,591 | 23,208,287 | 19,959,913 | 18,974,670 | 18,869,659 | 17,440,943 | 16,977,386 | 17,790,327 | 18,104,219 | 19,239,424 |
| Tenant services | 2,450,010 | 1,862,540 | 1,687,646 | 1,809,223 | 1,701,047 | 1,699,413 | 1,748,554 | 1,965,756 | 1,850,144 | 1,500,971 |
| Asset management | 10,130,088 | 7,074,276 | 6,664,735 | 7,779,665 | 7,950,607 | 6,564,833 | 6,023,949 | 6,152,656 | 5,579,665 | 5,091,193 |
| General expenses | 3,840,050 | 4,587,653 | 3,286,471 | 2,428,251 | 2,627,940 | 1,116,232 | 1,049,149 | 1,001,111 | 581,156 | 1,701,176 |
| Grant expense | 4,698,932 | 5,065,696 | 4,561,061 | 5,618,803 | 6,461,210 | 4,541,016 | 5,081,507 | 6,370,189 | 4,132,524 | 4,851,852 |
| Housing assistance | 145,876,110 | 144,790,881 | 139,234,699 | 126,587,352 | 113,252,745 | 114,717,876 | 106,562,142 | 105,458,951 | 97,780,741 | 74,652,890 |
| Depreciation | 4,047,879 | 2,595,635 | 2,367,288 | 2,980,926 | 3,628,646 | 2,954,643 | 3,219,855 | 3,124,891 | 2,987,399 | 2,933,832 |
| Total operating expenses | 195,729,660 | 189,184,968 | 177,761,813 | 166,178,890 | 154,491,854 | 149,034,956 | 140,662,542 | 141,863,881 | 131,015,848 | 109,971,338 |
| Operating loss | (164,347,589) | (161,397,490) | (151,667,208) | (146,259,106) | (139,839,019) | (130,806,225) | (122,290,722) | (124,529,709) | (115,525,160) | (98,077,194) |
| **Non-operating revenues (expenses):** | | | | | | | | | | |
| Grant revenue | 184,749,521 | 189,101,021 | 169,455,958 | 172,108,621 | 156,165,071 | 150,529,900 | 152,817,247 | 129,175,119 | 127,195,741 | 108,726,269 |
| Investment income | 6,974,862 | 7,312,333 | 6,374,263 | 6,858,050 | 7,339,612 | 5,739,847 | 3,636,566 | 3,643,183 | 2,350,992 | 2,921,306 |
| Gain/loss on sale of capital assets | (683) | - | - | (132,480) | 3,560,143 | 11,504 | 3,527,602 | 117,900 | - | - |
| Gain on fair market value of interest swap | 859,125 | 459,836 | (831,228) | - | - | - | - | - | - | - |
| Interest expense | (6,558,569) | (3,001,349) | (1,785,551) | (1,772,989) | (1,278,512) | (383,624) | (355,007) | (475,942) | (500,532) | (538,424) |
| Total nonoperating revenues (expenses) | 186,024,256 | 193,871,841 | 173,213,442 | 177,061,202 | 165,786,314 | 155,897,627 | 159,626,408 | 132,460,260 | 129,046,201 | 111,109,151 |
| Total revenues and expenses | 21,676,667 | 32,474,351 | 21,546,234 | 30,802,096 | 25,947,295 | 25,091,402 | 37,335,686 | 7,930,551 | 13,521,041 | 13,031,957 |
| Capital grants | - | - | - | 1,219,877 | 651,733 | 1,306,247 | 1,328,236 | - | - | - |
| Change in net assets | $ 21,676,667 | $ 32,474,351 | $ 21,546,234 | $ 32,021,973 | $ 26,599,028 | $ 26,397,649 | $ 38,663,922 | $ 7,930,551 | $ 13,521,041 | $13,031,957 |

Source: Annual Financial Statements

San Diego Housing Commission

Capital Assets By Category (Unaudited)

Last Ten Years Ending June 30, 2011

| CATEGORY | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|---|---|---|---|---|
| Land | $ 60,440,951 | $ 39,022,937 | $ 29,543,943 | $ 29,651,723 | $ 29,436,163 | $ 30,543,943 | $ 30,543,943 | $ 27,798,657 | $ 27,096,962 | $ 27,096,962 |
| Construction in progress | 465,800 | 4,319,426 | 7,000,730 | 11,611,732 | 10,607,415 | 9,942,951 | 8,636,704 | 7,308,470 | 6,471,518 | 7,894,800 |
| Buildings | 84,722,349 | 60,954,269 | 56,403,458 | 56,372,153 | 79,665,542 | 58,874,458 | 58,874,458 | 59,881,038 | 59,881,039 | 59,881,039 |
| Building improvements | 17,719,475 | 12,227,363 | 12,368,642 | 7,901,115 | 24,396,791 | 24,270,847 | 24,270,847 | 25,121,440 | 25,121,440 | 22,338,196 |
| Furniture and equipment | 3,213,224 | 2,930,854 | 2,844,786 | 2,463,141 | 3,282,749 | 986,424 | 914,750 | 915,231 | 973,405 | 832,286 |
| Total capital assets | 166,561,799 | 119,454,849 | 108,161,559 | 107,999,864 | 147,388,660 | 124,618,623 | 123,240,702 | 121,024,836 | 119,544,364 | 118,043,283 |
| Less accumulated depreciation | | | | | | | | | | |
| Buildings | 9,464,032 | 8,059,821 | 7,521,776 | 6,105,932 | 28,012,583 | 26,885,994 | 25,414,132 | 24,418,902 | 22,921,876 | 21,424,850 |
| Building improvements | 2,774,997 | 2,233,130 | 2,048,503 | 1,521,762 | 17,140,068 | 15,682,539 | 14,225,824 | 13,031,720 | 11,448,085 | 10,049,999 |
| Furniture and equipment | 2,309,871 | 1,904,844 | 1,363,573 | 938,870 | 1,128,894 | 870,169 | 861,347 | 860,875 | 874,820 | 782,532 |
| Total accumulated depreciation | 14,548,900 | 12,197,795 | 10,933,852 | 8,566,564 | 46,281,545 | 43,438,702 | 40,501,303 | 38,311,497 | 35,244,781 | 32,257,381 |
| Net capital assets | 152,012,899 | 107,257,054 | 97,227,707 | 99,433,300 | 101,107,115 | 81,179,921 | 82,739,399 | 82,713,339 | 84,299,583 | 85,785,902 |
| Related debt | 108,920,815 | 67,468,770 | 27,769,404 | 30,450,915 | 33,213,976 | 13,891,094 | 14,720,979 | 7,878,843 | 8,074,569 | 8,240,713 |
| Invested in capital assets, net of related debt | $ 43,092,084 | $ 39,788,284 | $ 69,458,303 | $ 68,982,385 | $ 67,893,139 | $ 67,288,827 | $ 68,018,420 | $ 74,834,496 | $ 76,225,014 | $ 77,545,189 |

Source: Annual Financial Statements

# REVENUE CAPACITY

San Diego Housing Commission

Revenue on a Gross Basis (Unaudited)

Last Ten Years Ending June 30, 2011

| DESCRIPTION | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenues (gross): | | | | | | | | | | |
| Operating revenues | $ 31,382,071 | $ 27,787,478 | $ 26,094,605 | $ 19,919,784 | $ 14,652,835 | $ 18,228,731 | $ 18,371,820 | $ 17,334,172 | $ 15,490,688 | $ 11,894,144 |
| Subsidies and grants | 184,749,521 | 189,101,021 | 169,455,958 | 173,328,498 | 156,816,804 | 151,836,147 | 154,145,483 | 129,175,119 | 127,195,741 | 108,726,269 |
| Investment income | 6,974,862 | 7,312,333 | 6,374,263 | 6,858,080 | 7,339,612 | 5,739,847 | 3,636,566 | 3,643,183 | 2,350,992 | 2,921,306 |
| Gain/loss on sale of capital assets | (683) | | | (132,480) | 3,560,143 | 11,504 | 3,527,602 | 117,900 | - | - |
| Other | 859,125 | 459,836 | - | - | - | - | - | - | - | - |
| Total revenues | $ 223,964,896 | $ 224,660,668 | $ 201,924,826 | $ 199,973,882 | $ 182,369,394 | $ 175,816,229 | $ 179,681,471 | $ 150,270,374 | $ 145,037,421 | $ 123,541,719 |

Source: Annual Financial Statements

# DEBT CAPACITY

San Diego Housing Commission

Outstanding Debt Related to Capital Assets (Unaudited)

Last Ten Years Ending June 30, 2011

| Fiscal year | Notes Payable | | Capital Assets less Accumulated Depreciation | Ratio of total debt to capital assets* |
|---|---|---|---|---|
| 2002 | $ 8,240,713 | | $ 85,785,902 | 9.61% |
| 2003 | 8,074,569 | | 84,299,583 | 9.58% |
| 2004 | 7,878,843 | | 82,713,339 | 9.53% |
| 2005 | 14,720,979 | | 82,739,399 | 17.79% |
| 2006 | 13,891,094 | | 81,179,921 | 17.11% |
| 2007 | 33,213,976 | | 101,107,115 | 32.85% |
| 2008 | 30,450,915 | | 99,433,300 | 30.62% |
| 2009 | 27,769,404 | | 97,227,707 | 28.56% |
| 2010 | 67,468,770 | | 107,257,057 | 62.90% |
| 2011 | 108,920,815 | ** | 152,012,899 | 71.65% |

Source: Annual Financial Statements

* Percentage of personal income is not available

** This $109 million equals the total notes payable of $125 million less 16 million of unspent loan proceeds.

# DEMOGRAPHIC AND ECONOMIC INFORMATION

**San Diego Housing Commission**
**Demographic Statistics - Ten Year Trend**

**Population**

| Year | United States | Change from Prior Period | City of San Diego | Change from Prior Period |
|---|---|---|---|---|
| 2001-02 | 287,888,021 | 0.97% | 1,255,742 | 0.40% |
| 2002-03 | 290,447,644 | 0.89% | 1,275,112 | 1.54% |
| 2003-04 | 293,191,511 | 0.94% | 1,294,000 | 1.48% |
| 2004-05 | 296,895,897 | 1.26% | 1,306,000 | 0.93% |
| 2005-06 | 298,754,819 | 0.63% | 1,305,625 | -0.03% |
| 2006-07 | 301,621,157 | 0.96% | 1,316,837 | 0.86% |
| 2007-08 | 304,059,724 | 0.80% | 1,336,865 | 1.52% |
| 2008-09 | 307,006,550 | 0.97% | 1,333,617 | -0.24% |
| 2009-10 | 308,745,538 | 0.57% | 1,359,132 | 1.91% |
| 2010-11 | | | 1,311,882 | -3.48% |

Source: U.S. Department of Commerce, Bureau of Economic Analysis
MuniServices, LLC, and Comprehensive Annual Financial Reports

2011 United States population not available

## San Diego Housing Commission
## Demographic and Economic Statistics for the City of San Diego
**Ten Years Ended June 30, 2011**

**Population and Personal Income - City of San Diego**

| Year | Population[1] | Personal Income[2] (1,000s) | Per Capita Personal Income | Unemployment Rate[3](%) |
|---|---|---|---|---|
| 2001-02 | 1,255,742 | $ 31,859,430 | $ 25,371 | 3.7 |
| 2002-03 | 1,275,112 | 32,794,606 | 25,719 | 4.4 |
| 2003-04 | 1,294,000 | 35,896,854 | 27,741 | 5.0 |
| 2004-05 | 1,306,000 | 38,523,082 | 29,497 | 4.5 |
| 2005-06 | 1,305,625 | 37,749,536 | 28,791 | 4.3 |
| 2006-07 | 1,316,837 | 39,302,317 | 29,846 | 4.0 |
| 2007-08 | 1,336,865 | 42,678,078 | 31,924 | 4.6 |
| 2008-09 | 1,333,617 | 42,857,116 | 32,136 | 6.0 |
| 2009-10 | 1,376,173 | 43,522,125 | 31,625 | 9.7 |
| 2010-11 | 1,311,882 | 40,336,435 | 30,747 | 10.2 |

Footnotes:

[1]Population projections are provided by the California Department of Financial Projections

[2]Income data is provided by the United States Census Data and is adjusted for inflation

[3]Unemployment data is provided by the EDD's Bureau of Labor Statistics Department

Sources: MuniServices, LLC, and City of San Diego Comprehensive Annual Financial Reports

Statistical Section (Unaudited)

**San Diego Housing Commission**
**Demographic Statistics -**
**Principal Employers - City of San Diego**
**Current Year and last two years ****

| | 2010-11 | | | 2009-10 | | | 2008-09 | | |
|---|---|---|---|---|---|---|---|---|---|
| **Business Name** | **Number of Employees** | **Rank** | **Percent of Total Employment (%)** | **Number of Employees** | **Rank** | **Percent of Total Employment (%)** | **Number of Employees** | **Rank** | **Percent of Total Employment (%)** |
| Unites States Navy (1) | 54,000 | 1 | 7.71% | 54,415 | 1 | 7.83% | 45,500 | 1 | 6.61% |
| University of California San Diego (2) | 27,406 | 2 | 3.91% | 20,408 | 2 | 2.94% | 26,011 | 2 | 3.78% |
| San Diego Unified School District | 16,158 | 3 | 2.31% | 17,024 | 3 | 2.45% | 24,000 | 3 | 3.49% |
| San Diego County | 15,063 | 4 | 2.15% | 15,164 | 4 | 2.18% | 17,000 | 4 | 2.47% |
| Sharp Healthcare (3) | 14,924 | 5 | 2.13% | 14,700 | 5 | 2.11% | 13,872 | 5 | 2.01% |
| Qualcomm Inc | 11,500 | 6 | 1.64% | 6,000 | 8 | 0.86% | 6,000 | 9 | 0.87% |
| City of San Diego | 10,247 | 7 | 1.46% | 10,499 | 6 | 1.51% | 10,789 | 7 | 1.57% |
| Kaiser Permanente | 7,101 | 8 | 1.01% | 7,028 | 7 | 1.01% | 6,970 | 8 | 1.01% |
| UC San Diego Medical Center | 5,799 | 9 | 0.83% | 5,549 | 9 | 0.80% | - | | 0.00% |
| San Diego Gas & Electric (4) | 4,643 | 10 | 0.66% | 5,075 | 10 | 0.73% | 5,000 | 10 | 0.73% |
| Scipps Health | | | | | | | 12,000 | 6 | 1.74% |
| Total Top Employers | 166,841 | | 22.32% | 155,862 | | 20.89% | 167,142 | | 24.28% |
| Total City Employment | 700,600 | | | 695,200 | | | 688,500 | | |

Source: MuniServices, LLC
Results based on direct correspondence with city's local businesses.
(1) Includes Navy personnel only (civilian/military)
(2) Includes full and part time, academic and support staff
(3) Count is companywide
(4) Does not include Sempra Energy or other affiliate companies

** only have 3 years of history

**San Diego Housing Commission**
**Resident Household Information - Unaudited**
**Housing Choice Voucher Program**

**Resident Members Per Household**

| Categories | Households | Percent |
|---|---|---|
| 1 Member | 5,412 | 37.8% |
| 2 Members | 3,011 | 21.0% |
| 3 Members | 2,087 | 14.6% |
| 4 Members | 1,653 | 11.5% |
| 5 Members | 1,096 | 7.7% |
| 6 Member | 576 | 4.0% |
| 7 Members | 254 | 1.8% |
| 8 Members | 118 | 0.8% |
| 9 Member | 67 | 0.5% |
| 10 + Members | 50 | 0.3% |
| **Total** | 14,324 | 100.0% |

**Number Bedrooms Per Household**

| Categories | Households | Percent |
|---|---|---|
| Studio | 376 | 2.6% |
| 1 Bedroom | 3,374 | 23.6% |
| 2 Bedrooms | 5,477 | 38.2% |
| 3 Bedrooms | 3,574 | 25.0% |
| 4 Bedrooms | 1,298 | 9.1% |
| 5 Bedrooms | 192 | 1.3% |
| 6 Bedrooms | 18 | 0.1% |
| 7 Bedrooms | 1 | 0.0% |
| Waiting list | 14 | 0.1% |
| **Total** | 14,324 | 100.0% |

Source: San Diego Housing Commission Statistics

**San Diego Housing Commission**
**Resident Income Information - Unaudited**
**Housing Choice Voucher Programs**

**Income Ranges (All Sources)**

| Annual Income Ranges | No. of Households | Percentage |
|---|---|---|
| $ 0-.99 | 596 | 4.2% |
| $ 1-9,999 | 2,336 | 16.3% |
| $ 10,000-19,999 | 7,763 | 54.2% |
| $ 20,000-29,999 | 2,229 | 15.6% |
| $ 30,000-39,999 | 915 | 6.4% |
| $ 40,000-49,999 | 352 | 2.5% |
| $ 50,000 + | 133 | 0.9% |
| **Total** | 14,324 | 100.0% |

Source: San Diego Housing Commission Statistics

**San Diego Housing Commission**
**Years in Housing Choice Voucher Program**

**Length of Residency - Current**

| Years in Housing | Households | Quantity |
|---|---|---|
| <1 | 668 | 1.8% |
| 1 | 737 | 6.0% |
| 2 | 772 | 4.9% |
| 3 | 671 | 18.0% |
| 4 | 2,365 | 4.1% |
| 5 | 537 | 9.1% |
| 6 | 1,187 | 5.4% |
| 7 | 720 | 3.2% |
| 8 | 418 | 8.5% |
| 9 | 1,118 | 12.8% |
| 10 | 1,687 | 3.5% |
| 11 | 466 | 4.2% |
| 12 | 564 | 3.2% |
| 13 | 411 | 2.7% |
| 14 | 358 | 0.8% |
| 15 | 114 | 2.2% |
| 16 | 282 | 0.6% |
| 17 | 84 | 0.7% |
| 18 | 95 | 1.2% |
| 19 | 160 | 1.3% |
| 20+ | 910 | 5.7% |
| Total | 14,324 | 100.0% |

Source: San Diego Housing Commission Statistics

# OPERATING INFORMATION

## San Diego Housing Commission
## Operating Information
## Property Characteristic and Dwelling Units

### San Diego Housing Commission Local Units

| Address | No. Units | Year Built |
|---|---|---|
| 4720 - 4722 34TH STREET | 3 | 1982 |
| 4756 - 4758 35TH STREET | 4 | 1982 |
| 3010 #A - B 39TH STREET | 2 | 1975 |
| 3617 - 3619 42ND STREET | 4 | 1984 |
| 2716 - 2718 44TH STREET | 4 | 1983 |
| 2734 - 2736 44TH STREET | 4 | 1983 |
| 4078 #A - D 47TH STREET | 4 | 1964 |
| 4286 - 4292 48TH STREET | 4 | 1960 |
| 3280 A STREET | 2 | 1982 |
| 4207 - 4209 ALTADENA AVENUE | 2 | 1984 |
| 4123 AREY DRIVE | 1 | 1970 |
| 4080 ARIZONA STREET | 4 | 1987 |
| 2766 CARDINAL ROAD | 2 | 1982 |
| 4314 DARWIN WAY | 1 | 1970 |
| 2326 - 2332 E. JEWETT STREET | 4 | 1944 |
| 4334 EBERSOLE DRIVE | 1 | 1970 |
| 4181 ENERO STREET | 1 | 1970 |
| 2477 - 2477 1/2<br>2479 - 2481 FAIRMOUNT AVENUE | 4 | 1967 |
| 3081 - 3083 HAWTHORN STREET | 4 | 1983 |
| 1170 ILEXEY AVENUE | 1 | 1970 |
| 1366 ILEXEY AVENUE | 1 | 1970 |
| 4230 KIMSUE WAY | 1 | 1970 |
| 1255 KOSTNER DRIVE | 1 | 1970 |
| 4259 LAYLA COURT | 1 | 1970 |
| 4276 LAYLA COURT | 1 | 1970 |
| 4256 LAYLA WAY | 1 | 1970 |
| 4269 LAYLA WAY | 1 | 1970 |
| 4274 LAYLA WAY | 1 | 1970 |
| 4339 MARCIA COURT | 1 | 1970 |
| 4074 MARCWADE DRIVE | 1 | 1970 |

| | | | |
|---|---|---|---|
| 4150 | MARCWADE DRIVE | 1 | 1970 |
| 4186 | MARCWADE DRIVE | 1 | 1970 |
| 4293 | MARCWADE DRIVE | 1 | 1970 |
| 4239 | MARGE WAY | 1 | 1971 |
| 4331 | MARGE WAY | 1 | 1970 |
| 4334 | MARGE WAY | 1 | 1970 |
| 4890 | NAPLES STREET | 4 | 1982 |
| 1152 | NEVIN STREET | 1 | 1970 |
| 8505 | NOELINE AVENUE | 1 | 1975 |
| 4050 - 4056 | OAKCREST DRIVE | 4 | 1960 |
| 5974 | OLD MEMORY LANE | 1 | 1941 |
| 4034 | PETERLYNN COURT | 1 | 1970 |
| 1232 | PETERLYNN DRIVE | 1 | 1970 |
| 1327 | PETERLYNN DRIVE | 1 | 1970 |
| 1405 | PETERLYNN DRIVE | 1 | 1970 |
| 1506 | PETERLYNN DRIVE | 1 | 1970 |
| 1530 | PETERLYNN DRIVE | 1 | 1970 |
| 4024 | PETERLYNN WAY | 1 | 1970 |
| 2325 | RACHEL AVENUE | 3 | 1982 |
| 1128 | RANSOM STREET | 1 | 1970 |
| 1145 | RANSOM STREET | 1 | 1970 |
| 1169 | RANSOM STREET | 1 | 1970 |
| 5955 #1 - 4 | STREAMVIEW DRIVE | 4 | 1963 |
| 4233 | STU COURT | 1 | 1970 |
| 3755 - 3757 | SWIFT AVENUE | 4 | 1997 |
| 6511 - 6517 | TAIT STREET | 4 | 1952 |
| 1041 | TWINING AVENUE | 1 | 1970 |
| 1144 | TWINING AVENUE | 1 | 1970 |
| 1250 | TWINING AVENUE | 1 | 1970 |
| 1317 | TWINING AVENUE | 1 | 1970 |
| 3630 - 3632 | VAN DYKE AVENUE | 4 | 1982 |
| | **Total Local Units** | **117** | |

## Belden SDHC FNMA LLC

| Address | | No. Units | Year Built |
|---|---|---|---|
| 7705 - 7795 | BELDEN STREET | 243 | 1983 |
| | **Total Belden FNMA Units** | **243** | |

## Northern SDHC FNMA LLC

| Address | No. Units | Year Built |
|---|---|---|
| 3501 1ST AVENUE | 22 | 1976 |
| 7105 - 7120 EASTMAN STREET | 36 | 1989 |
| 7085 - 7095 LEVANT STREET | 14 | 1989 |
| 7526 - 7580 FULTON STREET | 31 | 1996 |
| 2615 - 2665 GENESEE AVENUE | 11 | 1983 |
| 4131 MARYLAND STREET | 24 | 1982 |
| **Total Northern FNMA Units** | **138** | |

## Central SDHC FNMA LLC continued

| Address | No. Units | Year Built |
|---|---|---|
| 2932 30TH STREET | 5 | 1986 |
| 3012 30TH STREET | 5 | 1986 |
| 3030 30TH STREET | 5 | 1988 |
| 3217 30TH STREET | 5 | 1986 |
| 4729 32ND STREET | 5 | 1985 |
| 4541 #1 - 8 33RD STREET | 8 | 1965 |
| 4632 33RD STREET | 5 | 1986 |
| 4751 33RD STREET | 8 | 1968 |
| 4254 36TH STREET | 5 | 1988 |
| 4164 #1 - 8 37TH STREET | 8 | 1962 |
| 4343 38TH STREET | 5 | 1989 |
| 4575 - 4579 38TH STREET | 8 | 1985 |
| 3755 - 3761 ALABAMA STREET | 8 | 1985 |
| 3974 - 3984 BANCROFT STREET | 14 | 1988 |
| 3850 CHEROKEE AVENUE | 5 | 1986 |
| 4054 - 4060 1/2 CHEROKEE AVENUE | 8 | 1961 |
| 4360 CHEROKEE AVENUE | 5 | 1986 |
| 4081 - 4087 1/2 FLORIDA STREET | 8 | 1960 |
| 4450 - 4456 1/2 GEORGIA STREET | 8 | 1966 |
| 7891 - 7899 GOLFCREST DRIVE | 9 | 1997 |
| 3350 - 3356 1/2 GRIM AVENUE | 8 | 1959 |
| 4637 - 4643 1/2 HAMILTON STREET | 8 | 1956 |
| 3125 IVY STREET | 5 | 1988 |
| 4381 - 4387 LOUISIANA STREET | 8 | 1968 |
| 2727 - 2729<br>2739 - 2745 MEADE AVENUE | 6 | 1964<br>1954 |
| 4352 #1 - 8 OREGON STREET | 8 | 1960 |
| 4043 WILSON AVENUE | 5 | 1986 |
| **Total Central FNMA Units** | **185** | |

## Northern SDHC FHA, LLC (effective 08/31/2010)

| Address | No. Units | Year Built |
|---|---|---|
| 12643 - 12687 EL CAMINO REAL | 45 | 1995 |
| 2701 - 2711 FIGUEROA BOULEVARD | 6 | 1966 |
| 8637 - 8643 GLENHAVEN STREET | 4 | 1971 |
| 8649 - 8655 GLENHAVEN STREET | 4 | 1962 |
| 8661 - 8667 GLENHAVEN STREET | 4 | 1962 |
| 8701 - 8707 GLENHAVEN STREET | 4 | 1962 |
| 2045 - 2049 GRAND AVENUE | 6 | 1990 |
| 2644 HORNBLEND STREET | 5 | 1989 |
| 8714 - 8720 HURLBUT STREET | 4 | 1962 |
| 8726 - 8732 HURLBUT STREET | 4 | 1971 |
| 8792 MIRA MESA BOULEVARD | 5 | 1978 |
| 8816 MIRA MESA BOULEVARD | 5 | 1978 |
| 5071 - 5077 1/2 MUIR AVENUE | 8 | 1960 |
| 4055 - 4083 PULITZER PLACE | 50 | 1985 |
| **Total Northern FHA Units** | **154** | |

## Southern SDHC FHA, LLC (effective 08/31/2010)

| Address | No. Units | Year Built |
|---|---|---|
| 2005 - 2065 ALAQUINAS DRIVE | 66 | 1983 |
| 121-125 AVERIL ROAD | 14 | 1993 |
| 178 - 190 CALLE PRIMERA | 70 | 1984 |
| 2381 - 2389 GROVE AVENUE | 41 | 1985 |
| 1351 - 1359 HOLLISTER STREET | 20 | 1983 |
| 402 - 412 SYCAMORE ROAD (EAST) | 24 | 1985 |
| 281 - 289 SYCAMORE ROAD (NORTH) | 24 | 1985 |
| 391 - 417 SYCAMORE ROAD (WEST) | 41 | 1985 |
| **Total Southern FHA Units** | **300** | |

## Central SDHC FHA, LLC (effective 09/20/2010)

| Address | No. Units | Year Built |
|---|---|---|
| 2628 - 2630 44TH STREET | 8 | 1983 |
| 4225 44TH STREET | 6 | 1990 |
| 4261 45TH STREET | 6 | 1989 |
| 4566 51ST STREET | 5 | 1988 |
| 3051 54TH STREET | 7 | 1989 |
| 4164 ALTADENA AVENUE | 6 | 1961 |
| 4479 - 4481 ALTADENA AVENUE | 8 | 1989 |
| 4560 ALTADENA AVENUE | 8 | 1960 |
| 2883 BOSTON AVENUE | 5 | 1993 |
| 2955 BOSTON AVENUE | 5 | 1993 |
| 4147 - 4157 CHAMOUNE AVENUE | 6 | 1983 |
| 4416 #1 - 8 HIGHLAND AVENUE | 8 | 1980 |
| 4205 - 4215 JUNIPER STREET | 20 | 1983 |
| 4273 - 4283 JUNIPER STREET | 24 | 1982 |
| 4390 MAPLE STREET | 6 | 1983 |
| 4451 - 4459 MARKET STREET | 20 | 1989 |
| 5316 MEADE AVENUE | 30 | 1981 |
| 4180 - 4182 POPLAR STREET | 9 | 1985 |
| 5326 - 5328 REX AVENUE | 4 | 1984 |
| 5330 - 5332 1/2 REX AVENUE | 4 | 1967 |
| 5359 - 5389 SANTA MARGARITA | 32 | 1983 |
| 7281 - 7289 SARANAC STREET | 7 | 1996 |
| **Total Central FHA Units** | **234** | |

## Other Program Housing Units

| Address | No. Units | Year Built | Status |
|---|---|---|---|
| 904 33RD STREET | 1 | | City |
| 7021 - 7023 FAY AVENUE | 2 | | City |
| 540 LAUREL STREET (WEST) | 1 | | City |
| 7410 - 7412 CUVIER STREET | 8 | 1980 | SDHC Mngt Units |
| 2420 #A - H 44TH STREET | 8 | 1982 | Scattered Sites |
| 3222 - 24 CAMULOS STREET | 12 | 1982 | Scattered Sites |
| 3919 #1 - 8 MASON STREET | 8 | 1982 | Scattered Sites |
| 5385 - 5389 TROJAN AVENUE | 3 | 1982 | Scattered Sites |
| 4095 #A - D VALETA STREET | 4 | 1982 | Scattered Sites |
| 605 - 695 PICADOR BOULEVARD | 78 | 1984 | State Otay |
| 325-415 SOUTH 33rd STREET | 40 | 1999 | Public Housing |
| 2055 - 2095 VIA LAS CUMBRES | 36 | 1984 | Public Housing |
| 2170 - 2172 FRONT STREET | 34 | 1913 | SDHC Mngt Units |
| 10101 - 10191 MAYA LINDA ROAD | 132 | 1978 | SDHC Mngt Units |
| 2052 - 2098 VIA LAS CUMBRES | 84 | 1984 | SDHC Mngt Units |
| 4262-4268 44th STREET | 4 | 2009 | SDHC Mngt Units |
| 4395 EL CAJON BOULEVARD | 33 | 2009 | SDHC Mngt Units |
| 6847 POTOMAC STREET | 172 | 1989 | SDHC Mngt Units |
| 1301 FIFTH AVENUE | 130 | 1914 | SDHC Mngt Units |
| **Total Other Program Housing Units** | **790** | | |

**Total Commission and LLC owned units** **2,161**

## Other Program Housing Units - Partnerships

| Address | No. Units | Development/Partner |
|---|---|---|
| 4914-98 Logan Avenue | 112 | Arbor Village - LINC Housing |
| 1194 Hollister St | 50 | Riverwalk/Affirmed Housing Group |
| 5391 & 5411-25 Santa Margarita St | 49 | Vista Grande/Wakeland |
| Barrio Logan Lot 2, 6 & 7 | 91 | Mercardo del Barrio/Chelsea |
| 1815-1874 Hancock Street | 85 | Mission Apartments/AMCAL Multi Housing Inc. |
| 13481-13483 Silver Ivy Lane | 21 | Terramar |
| **Total Partnership Units** | **408** | |

**Combined total units** **2,569**

**San Diego Housing Commission**
**Employee Demographics - Unaudited**
**June 30, 2011**

Seniority of Employees

| Categories | Number | Percent |
|---|---|---|
| Less than 3 years | 89 | 34% |
| 3 to 5 years | 37 | 14% |
| 6 to 9 years | 33 | 13% |
| 10 to 19 years | 58 | 22% |
| 20 to 29 years | 35 | 13% |
| 30 years and over | 10 | 4% |
| Grand Total | 262 | 100% |

Racial Composition

| Categories | Number | Percent |
|---|---|---|
| American Indian or Alaska Native, White | 3 | 1% |
| Asian | 22 | 8% |
| Black or African American | 38 | 15% |
| Hispanic or Latino | 101 | 39% |
| American Indian or Alaska Native Count | 1 | 0% |
| Native Hawaiian or Other Pacific Islander Count | 2 | 1% |
| Two or More Races | 4 | 2% |
| White | 83 | 32% |
| Other | 8 | 3% |
| Grand Total | 262 | 100% |

*Source: ADP Employees HRMS, Information provided by San Diego Housing Commission HR Department*

**San Diego Housing Commission**
**Number of Employees by Department**

| Department: | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|
| Board & Executive Functions | 17 | 16 | 8 | 3 |
| Business Services | 23 | 23 | 23 | 18 |
| Community Relations & Communications | 4 | 4 | 4 | 0 |
| Development & Asset Management | 0 | 0 | 0 | 60 |
| Financial Services | 21 | 20 | 19 | 17 |
| Housing Finance | 0 | 0 | 0 | 40 |
| Policy & Public Affairs | 0 | 0 | 0 | 7 |
| Real Estate Development | 92 | 90 | 87 | 0 |
| Rental Assistance Program | 105 | 106 | 109 | 91 |
| | 262 | 259 | 250 | 236 |

Source: Information provided by San Diego Housing Commission HR Department ADP Employees HRMS
Beginning with fiscal year 2008, the San Diego Housing Commission will accumulate ten year of data
In Fiscal year 2009, there was a reorganization which created new departments and changed the number of employees for certain departments.