



# Yolo County Housing

**Lisa A. Baker, Executive Director**

147 W. Main Street  
WOODLAND, CA 95695

Woodland: (530) 662-5428  
Sacramento: (916) 444-8982  
TTY: (800) 545-1833, ext. 626

## BOARD OF COMMISSIONERS

Duane Chamberlain  
Marlene Garnes  
Michael H. McGowan  
Matt Rexroad  
Helen M. Thomson  
Steven Tupolo  
Mariko Yamada

DATE: June 5, 2008

TO: YCH Board of Commissioners

FROM: Lisa A. Baker, Executive Director

PREPARED BY: Mark Stern, Finance Director

SUBJECT: **Receive and File Third Quarterly Financial Report for the Period Ending March 31, 2008**

### **RECOMMENDED ACTION:**

1. Receive and file the quarterly financial report for period ending March 31, 2008.

### **BACKGROUND/DISCUSSION:**

Attachments A thru C summarize the detailed financial statements that are included as Attachment E. Following are some notes to each of the summary attachments:

- Attachment A – Balance Sheet Summary
  - The balance sheet shows a net income of \$878,187 but this is an error; our actual income to date is \$111,025. Our 2006 Capital Grant is showing income of \$515,593, which is the result of the way these grants used to be recorded within the General Ledger. The prior practice was to record all of the grant revenue upon receipt of the grant and to reduce the receivable as billings were submitted. This resulted in revenue without offsetting expense. This practice has now ceased but all corrections have not yet been made.
  - The restricted income from unused HCV voucher and operating revenue of \$251,687 and the net of restricted Davis Migrant income and unbilled Migrant capital also need to be removed to reach our corrected income of \$111,025.
  - Analysis of several of the accounts is ongoing. Balances have not been rolled forward from cost centers that are no longer used to their new equivalent cost centers.
  - We have \$30,000+ of Architectural Costs and Developer Impact fees for the Esparto Country West II development expended, but still showing. This was identified during the ongoing balance sheet research. As a result of our research, these fees should have been expensed in prior fiscal years and will be closed out as part of the FY 2007-2008 year-end closeout.

- OMS rent liability analysis is complete and adjusting entries are ready to be posted. Prepaid loan fees have been analyzed and adjustments are being prepared.

The foregoing are just a few highly visible examples of the ongoing work being done to correct the internal balance sheets. This analysis will continue and is expected to be complete with the appropriate adjusting entries in time for year-end closeout and for the 2007-2008 audit.

- Attachment B – Accounts Receivable Summary
  - The aging report from our accounting system includes only tenant accounts receivable. In addition, receivables are due from OMS of \$565,000 and an erroneous receivable from HUD of \$496,000 which is part of the error shown in Attachment A above.
- Attachment C – Income Statement Summary
  - Capital Fund income of \$515,593 is overstated. Please see explanation in Attachment A notes.
  - Excess Voucher Income and HCV Operation funding is restricted to HAP payments.
  - Migrant Reserve Billed and Unbilled Migrant Capital Expenses net to near -0- and therefore have little effect on the Agency total.
  - Adjusted YTD income is \$111,025. Projected year-end income was estimated to be \$203,359 in the approved budget. We are currently at 55% of estimate. Staff estimates that year-end actuals will be close to estimates.

Following is an analysis on a program by program basis:

**Low Income Public Housing:** As projected, AMP #1 – Woodland and AMP #2 – Winters will be subsidizing AMP #3 – West Sacramento. West Sacramento properties are primarily seniors/disabled and on fixed income; consequently rents are much lower. In addition, the costs for operating the West Sacramento AMP are higher due to requirements for flood insurance and special district assessments. Units leased are at 98.94% of available units for the year and rents are running as budgeted. Other Income is exceeding budget. Revenue shortfalls are primarily due to delays in processing of Capital Fund Program reimbursement requests<sup>1</sup>, budgeted subsidy from Woodland and Winters to West Sacramento, and HUD's delay in implementing revised funding based on their SAGIS reporting requirement.

Our submitted SAGIS reports support operating funding at a level of \$726,000. Our approved mid-year budget reallocation was estimated at \$589,000. But, we are currently receiving only \$396,000 projected for whole year by HUD. This is because we are only authorized to receive 82% proration of eligible costs (\$595,320) and because HUD has not yet adjusted for SAGIS submission. It is unclear at this time if the YCH will actually receive any additional operating funding.

<sup>1</sup>Delays are primarily due to heightened oversight requirements by HUD as part of the Agency's MOA workout.

**HCV program:** The administration revenue and expenditures show a positive balance of \$37,066 YTD while HAP subsidies exceeded payments to landlords by \$214,621. We are currently at 1,269 units. Our ACC authority is for a maximum of 1,487, but we have recalculated our budget authority and now believe we can support approximately 1,345 families. At 1,345 units for total supported by budget, we are currently at 94%. Calculated against full ACC, we are at approximately 85%. We need to be at least at 95% lease up to budget, or 1,278 units. A strong effort is underway to increase the number of participants and we have called an additional 200 families from the wait list.

**Central Office Cost Center:** Revenues shortfall to budget is again related to the Capital Fund Program (CFP). The budget includes \$113,000 for debt service for the administration building; however the CFFP process is still in progress. Staff has completed the revised development proposal for the regional HUD office. Once it receives approval of the development proposal, the full Capital Fund Financing Plan (CFFP) can be completed and sent on to HUD in the Washington D.C. office.

**Enterprise Funds:** YTD Cottonwood revenues are currently right on budget and expenditures are 10% under budget.

**Davis Solar Housing:** Revenues are as budgeted while expenditures are ~30% under budget.

**Migrant Programs:** The Office of Migrant Services (OMS) reimburses the Agency for all allowable expenses up to the contract limits. We bill OMS for a required payment to the "Reserves" account for Davis Migrant. This will close into restricted fund balance at the end of the year. Unbilled Migrant Capital expenses of \$48,000 have been recorded as of the end of the quarter.

**Capital Program – FY 2007:** Annually we receive a grant from the federal government for our capital program. For FY 2007-08, our award is for \$1,022,392. Approximately 25% of the grant is used to pay Low Income Public Housing operational and management costs. Another 9.5% has been allocated to pay for specific COCC administrative expenses. To date, we have not yet drawn any of the 2007-2008 (fund 907) grant. The draws on the 2006-2007 (fund 906) grant are nearly complete except for the \$362,000 that had been frozen by HUD. Recently, this restriction was lifted and we are moving to request release of the funds to reimburse ourselves for a portion of the previously incurred and budgeted buildout costs of the maintenance shop. The Board has approved the filing of a CFFP application whereby when approved by HUD a portion of our annual debt service for the administration building (60%) will be funded from the Capital Program funds.

**FISCAL IMPACT:**

The results of the financial operations for the period ending March 31, 2008 are positive but trail budget primarily due to Capital Fund reimbursements.

Attachments:

Attachment A: March 31, 2008 Balance Sheet Summary

Attachment B: March 31, 2008 Accounts Receivable Aging Summary

---

Attachment C: March 31, 2008 Income Statement Summary

Attachment D: Units Available/Units Rented Report

Attachment E: Detail Financial Reports