

Yolo County Housing

Lisa A. Baker, Executive Director

147 W. Main Street
WOODLAND, CA 95695

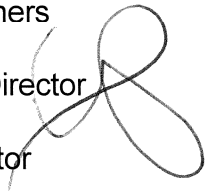
Woodland: (530) 662-5428
Sacramento: (916) 444-8982
TTY: (800) 545-1833, ext. 626

BOARD OF COMMISSIONERS

Duane Chamberlain
Marlene Ganes
Michael H. McGowan
Jim Provenza
Matt Rexroad
Helen M. Thomson
Bernita Toney

DATE: January 15, 2009

TO: YCH Board of Commissioners

FROM: Lisa A. Baker, Executive Director 

PREPARED BY: Mark Stern, Finance Director

SUBJECT: **Receive and File Financial Report for the four Months Ended October 31, 2008**

RECOMMENDED ACTION:

Receive and File Financial Report for the four Months Ended October 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 and Comparison to June
 - Cash is down \$900,000 since June due to the purchase of two homes for ADMH for \$525,000 and a large receivable from OMS due to the State Budget delay.
 - Accounts Receivable is up \$640,000 due to the receivable from OMS and Capital Fund receivable for 2007-2008 expenses. (OMS payment received in November and CFP payment received in December)
 - Accounts Payable has increased \$250,000 primarily from payables for OMS interest, flood insurance and reserve payments that have been recorded but will not be paid before funds are received from OMS.
 - Deferred Revenue has increased because OMS advances have been billed and recorded.
- Attachment B – Accounts Receivable Summary
 - The aging report from our accounting system includes only tenant accounts receivable. Approximately \$4,200 of the >90 day balance has since been written off after the board approved the write off at the December 11, 2008 meeting and have been submitted for collection. Over \$10,000 of the balance is due to a fraud adjustment to a single tenant's rent. Repayment agreements are in place for the majority of the over 90 day balance. Normally, repayment agreements would not record in the tenant accounts receivable section; however, staff is still working with the software vendor to correct this.

- Attachment C – Income Statement Summary
 - LIPH income of \$83,000 is restricted for use within the program.
 - Section 8 HCV program income is above budget to date and expenses are below budget to date resulting in restricted income of \$14,000.
 - HCV Vouchers have consumed \$140,000 of the program reserves through four months of operation.
 - COCC is showing YTD loss of \$19,500. Revenue is less than budget and expenses are exceeding budget at this point.
 - Cottonwood has incurred extraordinary maintenance costs and has two vacant units causing the small YTD loss.
 - Migrant income of \$53,000 is the result of billing for required payments to reserves and usage of carryover funds from the 2007-2008 agreements. This income is restricted.
 - Davis Solar expenses are running under budget to date.
 - Davis Solar Grant expenses have not yet been billed. This cost is entirely reimbursable.
 - CFP gain is from HUD reimbursement for depreciable asset purchased.
 - Program and accounting staff are working on line item transfers to eliminate over expenditures and budget modifications for presentation to the board prior to year-end.
 - Budgets did not include Retired Employee Benefits which are being charged to most programs.

Following is an analysis on a program by program basis:

Low Income Public Housing: Occupancy during the first four months of the year is 98.96%. Revenue exceeds budget to date primarily due to the increased HUD operating subsidy that was announced in September. Generally Rental Income and Other Income are slightly ahead of budget to date as well. Expenses are exceeding budget to date in several areas and exceeding annual budget in a few areas. Plan Update cost was not budgeted but has been charged to each AMP and will be included in the coming budget modification. Net income is restricted for program use.

- West Sacramento AMP – Most notable is building repairs for carpet and air conditioner repairs and replacement.
- Woodland AMP - Yolito Rent Income is well behind budget. Average rent was budgeted @ \$400 per month but actual is only \$300.
- Winters AMP – HUD Operating Subsidy is under budget to date due to a retroactive adjustment based on our operating subsidy submission submitted in March. \$3084 truck repair charged to gas & oil reclassified in December. Eviction and tree trimming costs were higher than expected.

HCV program:

- Program Administration – HUD Admin funding exceeds budget due to a retroactive adjustment that was received in October. Reserve Interest Income is budgeted in the Admin cost center but being recorded to the Voucher cost center. Most expenses are in line with the budget to date. Postage and Inspections are running high compared to budget. Although the program is showing a YTD income, the approved budget includes using, and staff expects to need, \$85,000 of reserve funds.
- Vouchers – Through October, voucher payments have exceeded funding by \$139,618. Staff is closely monitoring enrollment and voucher expenses while we “spend down” our reserves from more than \$1,000,000 to a more modest \$500,000.

Central Office Cost Center: The COCC has a loss YTD of \$19,428. YTD Revenue is under budget primarily due to the CFP debt service funding that has not yet been approved by HUD. We are unlikely to achieve our budgeted income of \$213,265 without CFP debt service approval. Other revenue items are in line with budget. Unanticipated costs incurred to date include higher than budgeted (but within contract amount) charges by our fee accountant, IRS penalties for late filing of 2005 tax reports, maintenance charges and deductibles paid on auto insurance claims.

ADMH: Two homes have been purchased. Trinity is in the final plan check stage and Meadowlark is in the development stage.

New Hope CDC:

- Cottonwood Meadows - Rental Income is slightly under budget due to vacancies. The State Grant has not been finalized yet so no payment has been received. Staff expects the grant to be less than the budgeted amount. Several expense items are exceeding budget. For some of the maintenance items, staff is requesting retroactive State approval for use of replacement reserve funds to cover the costs incurred. Staff is working with First Northern Bank to reduce debt service costs in order to stabilize the budget for the balance of this year and long term.
- Esparto (Country West II) – YCH received a \$600,000 forgivable loan from HCD and a grant/loan from Yolo County in 2003. Funds were to be used for acquisition and development of farmworker housing in Esparto. Property was purchased and permits were pulled but construction never began. We received \$331,269 of the HCD funds, \$36,750 County grant funds and \$38,250 County loan funds. The only activity continuing is quarterly loan payments to Yolo County Planning. Staff are actively looking at ways to develop these lots.

Migrant Programs: The state made significant cuts to all three Migrant budgets. After meeting with OMS and accounting and program staff, a combination of deferral of some high cost maintenance and equipment combined with usage of the carryover funds from 2007-2008 should allow survival through the end of this fiscal year. Further cuts are expected next year and will require skillful budget and program management for program

continuation. Gains in Davis and Madison are the result of billing OMS for required reserve deposits. Shortage in Dixon results from OMS approved use of 2007-2008 carryover funds.

Davis Solar:

- Housing - Program Revenue is near budget. Expenses are below budget due to several budgeted small maintenance projects that have not begun.
- Grant - The City of Davis has awarded a \$152,000 grant for repairs to the carports of the Davis Solar units. Billing for design costs incurred to date will be submitted in December for reimbursement. USDA RD has approved using \$20,000 of our Davis Solar reserve funds to augment the City grant.

Capital Program: Annually LIPH receives a grant from the federal government for our capital program. Our budget generally allocates 20% to LIPH program operations, 20% to LIPH program improvement, 10% to administration and the remaining funds are used for capital projects and equipment purchases. Regulations give us two years from date of CFP approval to obligate the funds and four years to spend the funds.

- CFP 2006 – Grant amount is \$998,816. We have yet to claim \$237,595 for items approved but not yet spent. These include \$16,000 for telephone system upgrades, \$5,000 for LIPH tools, \$200,000 for roof replacement and design fees at the Winters AMP and \$12,000 for LIPH dwelling equipment. Recently we claimed and received \$173,165 for costs associated with the build out of the maintenance shop adjacent to the main office, which had been "frozen" by HUD since 2006.
- CFP 2007 – Grant amount is \$1,022,432. To date we have drawn \$249,000 of the funds allocated for program operation, program improvement, administration and non-dwelling equipment.
- CFP 2008 – Grant amount is \$1,000,964. Funds are fully budgeted, but no funds have been claimed to date.

FISCAL IMPACT:

COCC and Cottonwood Meadows are struggling and the Migrant Centers have impending funding problems that need to be addressed. The HUD funded programs are currently fiscally sound but the funding for 2009 is an unknown at this point. Staff feels that the LIPH and HCV budgets were conservative in those funding assumptions. Staff will be undertaking a mid-year budget revision to help ensure that budgets remain within financial targets.

Attachments:

- Attachment A: October 31, 2008 Balance Sheet Summary
- Attachment B: October 31, 2008 Accounts Receivable Aging Summary
- Attachment C: October 31, 2008 Income Statement Summary
- Attachment D: Units Available/Units Rented Report
- Attachment E: Detail Financial Reports