



Board Update

October 2018

Boards of Commissioners Update – October 2018

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BOARD UPDATE

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TO: Boards of Commissioners
Fresno Housing Authority
DATE: October 12, 2018
AUTHOR: Emily De La Guerra
FROM: Preston Prince, CEO/Executive Director 
SUBJECT: Fresno Housing Operating Budget as of August 31, 2018

Executive Summary

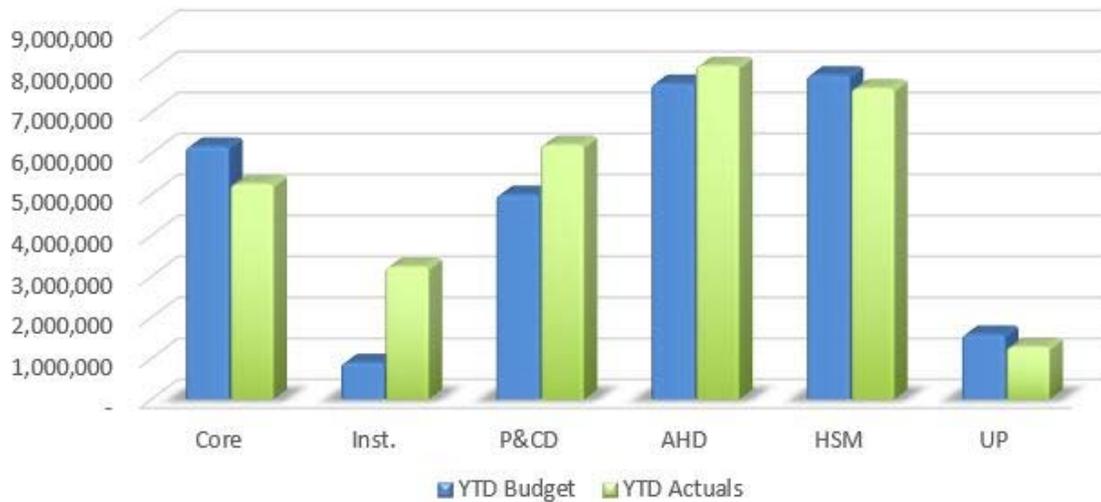
The purpose of this update is to present an overview of the financial operating results for the Fresno Housing Authority as of August 31, 2018. The attached financial report shows the consolidation of all Agency operational budgets combined into six divisions. Projections have been incorporated into the year-to-date budget to account for the timing of cash flows and known variable expenses. These adjustments were based on historical trends and the most current information available.

The 2018 Operating Budget was approved by the Boards of Commissioners in December 2017 with total revenues of \$41.4 million and total operating expenses of \$38.0 million. As of August, total revenues are \$31.7 million, and total operating expenses are \$23.2 million. Net Operating Income is \$8.5 million, which means that the operating income exceeds the gross operating expenses during the first eight months of the year.

	Fresno Housing Authority		
	Annual Budget	YTD Budget	YTD Actuals
OPERATING BUDGET			
TOTAL INCOME	41,402,540	29,261,580	31,697,793
TOTAL EXPENSES	37,974,220	25,316,147	23,222,923
NET OPERATING INCOME	3,428,320	3,945,433	8,474,871
TOTAL NON-OPERATING EXPENSES	1,957,088	1,304,725	1,961,814
NET INCOME	1,471,232	2,640,707	6,513,057
UNRESTRICTED NET INCOME	(441,488)	1,365,561	3,431,258

Agency Revenue

YTD Revenue: Budget to Actual

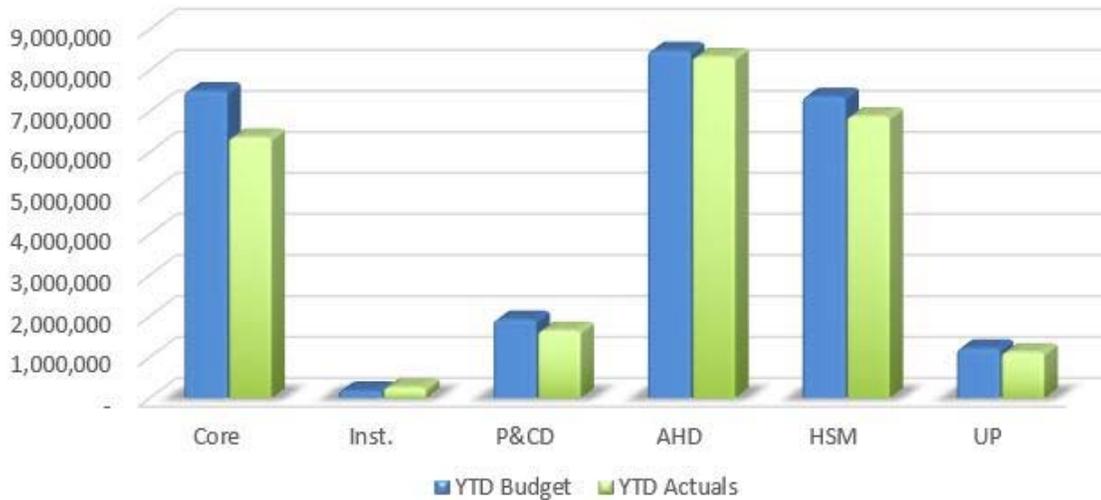


UP - Unrestricted Properties: Agency-owned non-subsidized properties, for example Dayton, Woodside, and San Ramon (formerly known as Affordable Housing)
HSM - Housing Management: Restricted, subsidized properties including all public housing, farm labor and migrant properties
AHD - Assisted Housing Division: Housing Choice Voucher, Resident Services and Homeless programs
P&CD - Planning & Community Development: Real Estate Development and Construction Management departments
Inst. - Instrumentalities: Wholly-owned subsidiaries of the Agency, including HRFC, HSIC, and Silvercrest
Core: Administrative Services departments including Accounting, Executive, Human Resources and Asset Management

- Overall, year-to-date revenue is \$31.7 million, or 8% more than the year-to-date budget, mainly due to developer fee revenue in PC&D, and non-budgeted proceeds to HRFC in Instrumentalities.
- **Core:** Admin & Management Fee Income is less than budgeted due to expense reductions in IT Services and Staff Development. Fees for these two services are allocated to the programs and the revenue is booked in Core. If there are fewer expenses, there will be less revenue and the net effect on the overall budget will be zero.
- **Inst.:** Other Income is higher than projected due to a \$1.3 million payment received from the Department of Treasury as proceeds from the case of Clearwater HA vs. the United States regarding the 2012 public housing reserves offset. In July, HRFC also received just over \$1.1 million dollars in sales proceed from Viking Village Rental Assistance Demonstration (RAD). This money was transferred from the Housing Authority and into HRFC to be used for affordable housing purposes.
- **P&CD:** As of August, P&CD has received all of the developer fee revenue it will get for the entire year. No additional developer fee will be received in 2018.
- **AHD:** HUD Grant Income is slightly higher than budgeted to increased proration for Housing Choice Voucher Administrative Fees. The budget estimated 75% proration, and HCV is currently receiving an 80% proration.

Agency Expenses

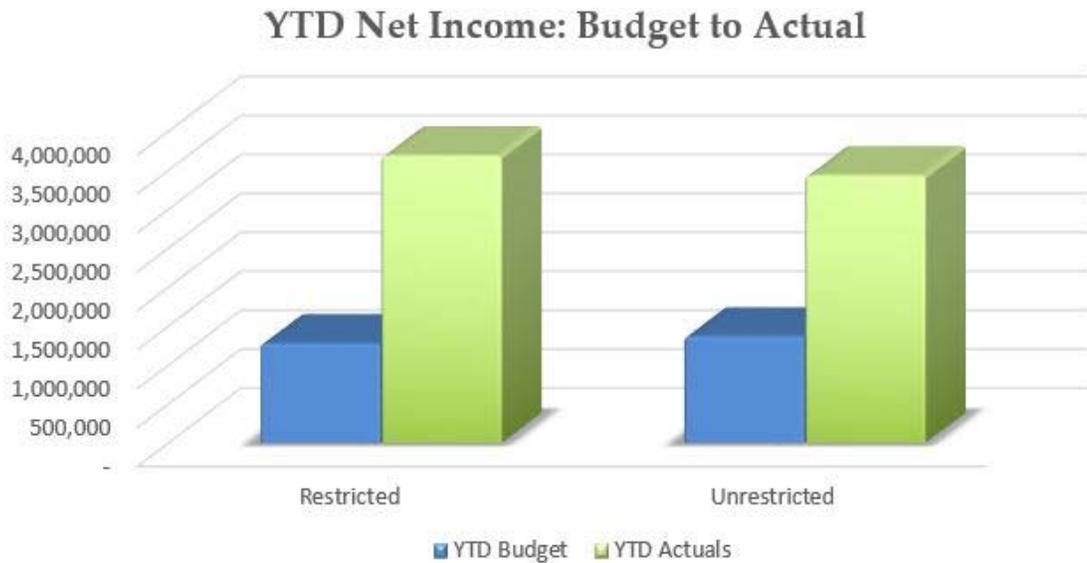
YTD Expenses: Budget to Actual



UP - Unrestricted Properties: Agency-owned non-subsidized properties, for example Dayton, Woodside, and San Ramon (formerly known as Affordable Housing)
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- Overall, year-to-date operating expenses are \$23.2 million and non-operating expenses are \$2.0 million.
- **Agency-wide:** Payroll Expenses are approximately \$1.8 million (15%) lower than anticipated, mainly due to unfilled positions and/or hiring delays.
- **Agency-wide:** Administrative Expenses are \$808 thousand lower than budgeted across the Agency. Core shows the largest reductions in this line item as staff has strategically reduced contract costs. Staff expects that as the year progresses, Professional & Consulting Fees will increase as planned projects begin and expenses are incurred. However, projections still show that there will be some nominal savings in this line item at year-end.
- **AHD:** Tenant Services Expenses are higher than anticipated at this point in the year due to higher than projected leasing in our grant programs. Shelter Plus Care, CalWORKs, and Home TBRA have all been utilizing additional funds to in order to house more individuals.
- **HMD:** Maintenance Expenses are higher than projected primarily due to the preparation for HUD's Real Estate Assessment Center (REAC) inspections at our public housing and farm labor sites.

Agency Net Income



- Unrestricted net income is approximately \$2.1 million dollars higher than budgeted as of August 31, 2018. This will level out throughout the year, as expenses increase and no additional developer fees are expected for the rest of the year.
- Restricted net income is higher than budgeted due to the receipt of unbudgeted lawsuit proceeds in HRFC. This will remain a net positive increase to the 2018 financials throughout the year.

Fresno Housing Authority
Financial Results as of August 31, 2018

	Core			Inst.			P&CD			AHD			HSM			UP			Fresno Housing Authority			YTD \$ Variance	YTD % Variance
	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals		
OPERATING BUDGET																							
INCOME																							
NET TENANT INCOME	-	-	-	-	-	-	-	-	-	-	-	5,935,766	3,957,177	3,888,985	2,300,350	1,533,567	1,254,980	8,236,116	5,490,744	5,143,965	(346,779)	-6%	
INTEREST INCOME	7,000	4,667	6,151	866,667	577,778	612,752	-	-	-	-	-	17	11	-	-	-	3	873,684	582,456	618,906	36,450	6%	
OTHER INCOME	808,000	538,667	346,090	177,299	118,199	2,567,242	20,000	13,333	449,101	710,822	473,881	520,364	14,014	9,343	54,726	43,000	28,667	12,585	1,773,135	1,182,090	3,950,107	2,768,017	234%
ADMIN & MANAGEMENT FEE INCOME	8,441,439	5,627,626	4,898,943	300,000	200,000	53,792	-	-	-	-	-	51,423	-	-	-	-	-	-	8,741,439	5,827,626	5,004,158	(823,468)	-14%
DEVELOPER FEE INCOME	-	-	-	-	-	-	4,979,660	4,979,660	5,758,199	-	-	-	-	-	-	-	-	-	4,979,660	4,979,660	5,758,199	778,539	16%
HUD GRANT INCOME	-	-	-	-	-	-	-	-	-	9,491,065	6,327,377	6,752,209	4,916,293	3,277,529	3,096,565	-	-	-	14,407,358	9,604,905	9,848,774	243,869	3%
OTHER GRANT INCOME	-	-	-	-	-	-	-	-	-	1,354,390	902,927	814,327	1,000,338	666,892	547,078	36,420	24,280	12,280	2,391,148	1,594,099	1,373,685	(220,414)	-14%
TOTAL INCOME	9,256,439	6,170,959	5,251,184	1,343,966	895,977	3,233,786	4,999,660	4,992,993	6,207,299	11,556,277	7,704,185	8,138,323	11,866,428	7,910,952	7,587,353	2,379,770	1,586,513	1,279,848	41,402,540	29,261,580	31,697,793	2,436,213	8%
EXPENSES																							
PAYROLL EXPENSES	7,135,977	4,757,318	4,111,578	-	-	-	1,285,953	857,302	789,478	6,891,221	4,594,147	3,973,011	3,026,970	2,017,980	1,605,438	330,528	220,352	153,614	18,670,648	12,447,099	10,633,120	(1,813,979)	-15%
ADMINISTRATIVE EXPENSES	3,445,759	2,297,173	1,871,420	237,825	158,550	208,507	1,583,998	1,055,999	839,394	4,741,805	3,161,203	3,188,980	2,169,865	1,446,577	1,255,871	213,403	142,269	89,668	12,392,655	8,261,770	7,453,840	(807,930)	-10%
TENANT SERVICES EXPENSES	50,000	33,333	20,678	-	-	-	-	-	-	899,843	599,895	899,077	335,581	223,721	208,354	5,250	3,500	4,966	1,290,674	860,449	1,133,075	272,625	32%
UTILITY EXPENSES	173,427	115,618	105,225	-	-	-	-	-	-	-	-	90,562	1,882,686	1,255,124	1,171,030	270,410	180,273	163,183	2,326,523	1,551,015	1,530,001	(21,015)	-1%
MAINTENANCE EXPENSES	404,862	269,908	228,383	25,000	16,667	-	3,000	2,000	13,222	44,354	29,569	51,278	1,922,431	1,281,621	1,603,274	351,490	234,327	267,693	2,751,137	1,834,091	2,163,850	329,758	18%
TAXES & INSURANCE EXPENSES	23,720	15,813	20,145	8,900	5,933	4,049	1,000	667	8,264	7,900	5,267	5,776	460,962	307,308	267,038	40,101	26,734	7,767	542,583	361,722	309,038	(52,684)	-15%
TOTAL EXPENSES	11,233,745	7,489,163	6,357,429	271,725	181,150	212,556	2,873,951	1,915,967	1,646,357	12,585,122	8,390,082	8,208,684	9,798,495	6,532,330	6,111,005	1,211,182	807,455	686,891	37,974,220	25,316,147	23,222,923	(2,093,224)	-8%
NET OPERATING INCOME	(1,977,306)	(1,318,204)	(1,106,245)	1,072,241	714,827	3,021,230	2,125,709	3,077,026	4,560,942	(1,028,845)	(685,897)	(70,361)	2,067,933	1,378,622	1,476,348	1,168,588	779,059	592,957	3,428,320	3,945,433	8,474,871	4,529,438	115%
NON-OPERATING EXPENSES																							
TOTAL NON-OPERATING EXPENSES	-	-	-	500	333	22,073	-	-	-	120,000	80,000	112,947	624,771	416,514	985,306	279,850	186,567	214,567	1,025,121	683,414	1,334,893	651,479	95%
TOTAL FINANCING EXPENSES	-	-	-	-	-	29,118	-	-	-	-	-	-	602,183	401,455	379,281	329,784	219,856	218,521	931,967	621,311	626,920	5,609	1%
TOTAL ADJUSTMENTS & OPERATING TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
TOTAL NON-OPERATING EXPENSES	-	-	-	500	333	51,191	-	-	-	120,000	80,000	112,947	1,226,954	817,969	760,343	609,634	406,423	433,088	1,957,088	1,304,725	1,961,814	657,088	50%
NET INCOME	(1,977,306)	(1,318,204)	(1,106,245)	1,071,741	714,494	2,970,039	2,125,709	3,077,026	4,560,942	(1,148,845)	(765,897)	(183,308)	840,979	560,653	716,005	558,954	372,636	159,869	1,471,232	2,640,707	6,513,057	3,872,349	147%
UNRESTRICTED NET INCOME	(1,977,306)	(1,318,204)	(1,106,245)				2,125,709	3,077,026	4,560,942	(1,148,845)	(765,897)	(183,308)				558,954	372,636	159,869	(441,488)	1,365,561	3,431,258	2,065,697	-151%