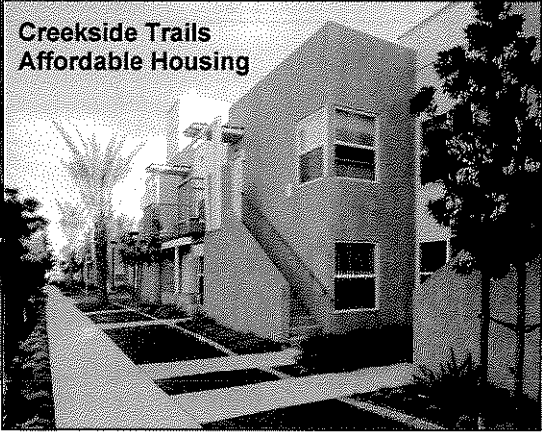
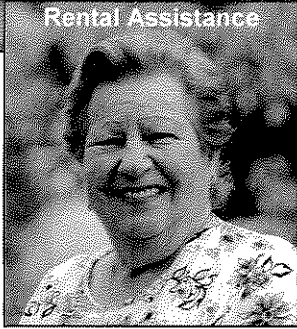
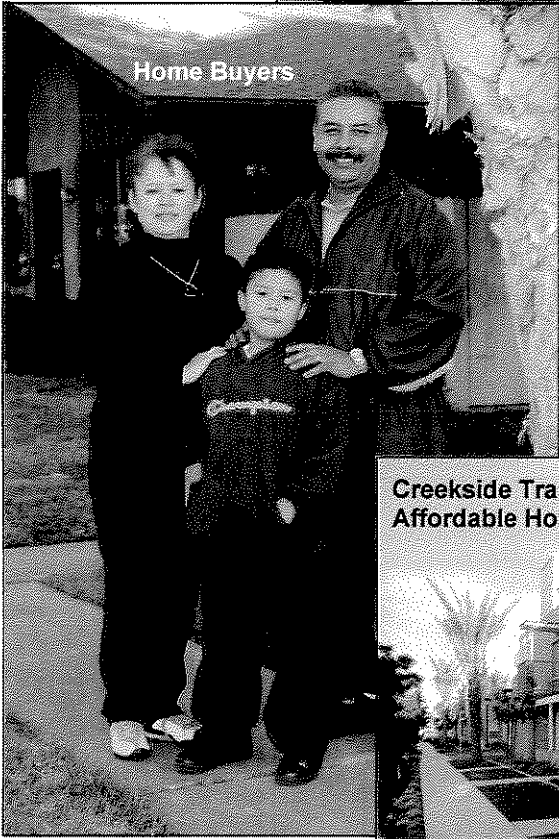

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008



The San Diego Housing Commission is a component unit of the City of San Diego, California.

SAN DIEGO HOUSING COMMISSION

A Component unit of
City of San Diego, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended
June 30, 2008

Prepared by:
FINANCE DEPARTMENT

San Diego Housing Commission

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San Diego Housing Commission

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Introductory Section





- 1122 Broadway, Ste. 300
- San Diego, California 92101
- 619-231-9400
- FAX: 619-578-7350

February 12, 2009

Council President Ben Hueso, Members
of the San Diego City Council, Mayor Jerry Sanders,
the Board of Commission of the San Diego
Housing Commission, the Citizens of the City of San Diego,
California and other interested parties

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 of the San Diego Housing Commission for the fiscal year ended June 30, 2008.

This report consists of management's representations concerning the finances of the San Diego Housing 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 San Diego Housing 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 San Diego Housing Commission's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the San Diego Housing 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 San Diego Housing Commission's financial statements have been audited by The Reznick Group, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the San Diego Housing Commission for the fiscal year ended June 30, 2008, 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 auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the San Diego Housing Commission's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the San Diego Housing 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 auditor 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 San Diego Housing Commission's separately issued Single Audit Report.

The CAFR includes the HUD-required Financial Data Schedule (FDS) created to standardize financial information reported by Public Housing Authorities (PHAs). HUD 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.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The San Diego Housing Commission's MD&A can be found immediately following the report of the independent auditors in the financial section of this report.

The San Diego Housing Commission welcomes Richard C. Gentry as our new President & Chief Executive. Richard has 36 years of experience in the affordable housing and community redevelopment field, including executive leadership positions at three housing authorities; Richmond Housing & Redevelopment Authority, Austin Housing Authority and Greensboro Housing Authority.

Richard was recently Senior Vice President of the National Equity Fund, a major syndicator of tax credits. He also served as Vice President for the Public Housing Initiatives at the Local Initiatives Support Corporation in Washington, D.C. For several years Richard worked for the US department of Housing & Urban Development.

Richard Gentry joined the San Diego Housing Commission effective September 19, 2008. Richard's leadership, experience and accomplishments will be advantageous to the Agency and community.

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. I 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 San Diego Housing Commission's finances.

Respectfully submitted,



Carrol Vaughan
Executive Vice President &
Chief Operating Officer

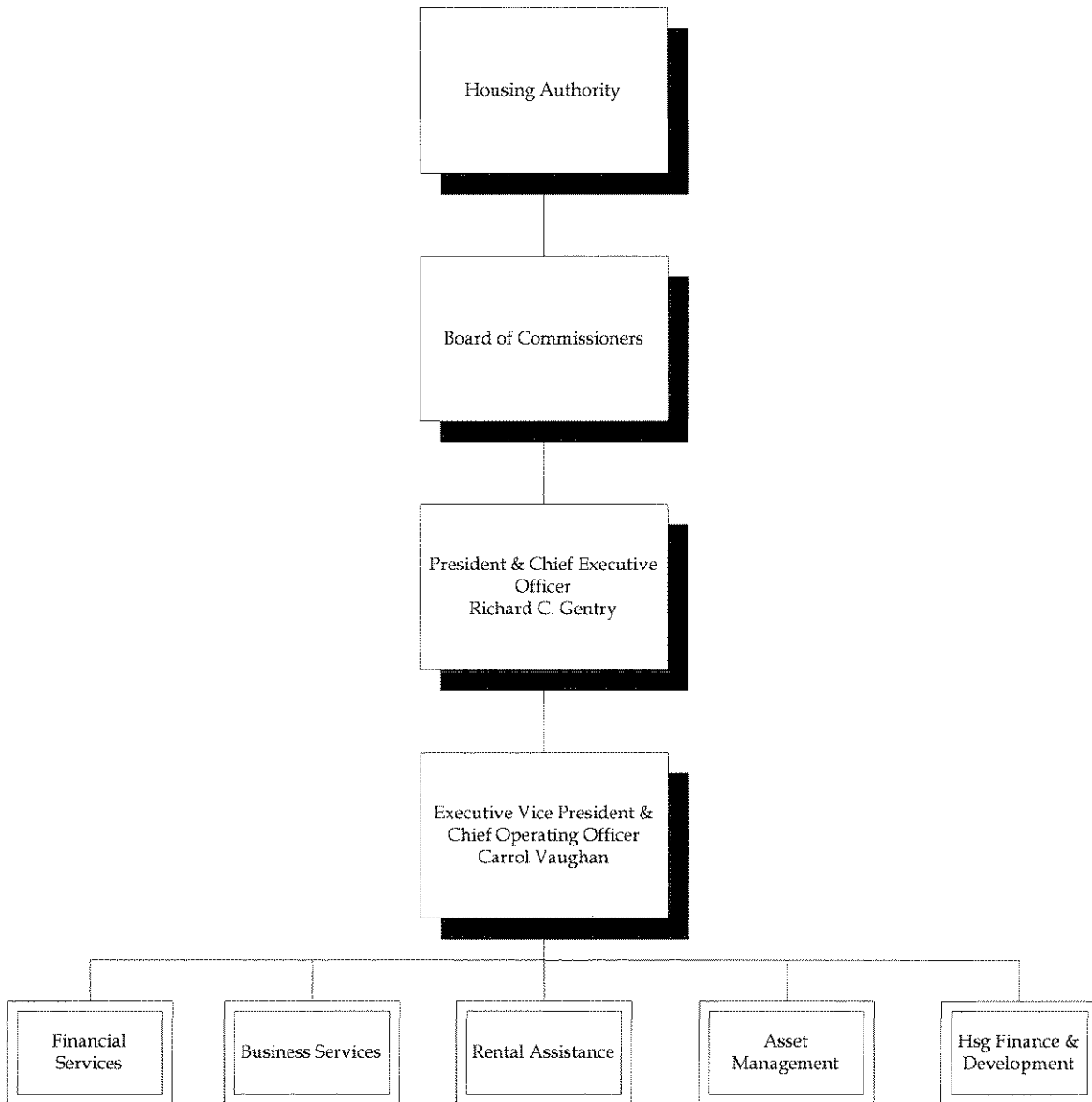


Richard C. Gentry
President and Chief Executive Officer



John Pfeiffer
Chief Financial Officer &
Director of Finance

San Diego Housing Commission Organizational Chart



SAN DIEGO HOUSING COMMISSION ROSTER OF OFFICIALS

The San Diego Housing 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	Scott Peters
Council Member - District 2	Kevin Faulconer
Council Member - District 3	Toni Atkins
Council Member - District 4	Tony Young
Council Member - District 5	Brian Maienschein
Council Member - District 6	Donna Frye
Council Member - District 7	Jim Madaffer
Council Member - District 8	Ben Hueso

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	Sal Salas
Commissioner	Jennifer Adams-Brooks
Commissioner	Khadija Basir
Commissioner	Vacant
Commissioner	Vacant
Commissioner	Tony Yip
Commissioner	Vacant

Financial Section



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, 2008, 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, 2008, 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 February 11, 2009 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 14 to 21 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.



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 56 through 111, including the financial data schedule required by the US 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 113 through 130 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.

Sacramento, California
February 11, 2009

Reznick Group, P.C.

San Diego Housing Commission

Management Discussion and Analysis For the fiscal year ended June 30, 2008

This section of the San Diego Housing Commission's (the "Commission") component unit financial statements presents the analysis of the Commission's financial performance during the fiscal year that ended on June 30, 2008. Please read it in conjunction with the financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- SDHC's net assets increased 11% to approximately \$329 million due to a \$32 million surplus generated over the course of the year's operations.
- Operating revenue increased from the fiscal year 2007 by \$5.2 million due to an increase in dwelling rental income from the acquisition of 1,366 units from HUD Public Housing during the 2008 fiscal year.
- Non-operating revenues increased 7% to \$178 million. The increase is solely attributed to an increase in Housing Choice Voucher funds received during fiscal year 2008 for the additional 1,366 units.
- Operating expenses increased 8% to \$164 million. The increase is due principally to increases in administrative and housing assistance expenses during fiscal year 2008.

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 Discussion & Analysis (MD&A) and basic financial statements and accompanying notes.

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, 2008 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.

San Diego Housing Commission

Management Discussion and Analysis
For the fiscal year ended June 30, 2008

The *Statement of Activities and Changes in Net Assets* accounts for all of the Commission's revenue and expenses for the year ended June 30, 2008. 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, 2008. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and 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 is the annual Financial Data Submission Summary (FDS) electronic report submitted to HUD of our financial statements classified by funds as specified by HUD.

San Diego Housing Commission

Management Discussion and Analysis
For the fiscal year ended June 30, 2008

FINANCIAL ANALYSIS OF THE COMMISSION AS A WHOLE

The following analysis focuses on the Commission's net assets (Table 1) and changes in net assets (Table 2) during the years ended June 30, 2008 and 2007.

TABLE 1
Net Assets
(in thousand of dollars)

	June 30, 2008	June 30, 2007	Change \$	Change %
ASSETS				
Current and other assets	\$ 90,275	\$ 86,182	\$ 4,093	5%
Capital and non-current assets	<u>278,024</u>	<u>251,408</u>	<u>26,616</u>	11%
Total assets	<u>\$ 368,299</u>	<u>\$ 337,590</u>	<u>\$ 30,709</u>	9%
LIABILITIES				
Current liabilities	\$ 7,738	\$ 7,459	\$ 279	4%
Notes Payable and non-current liabilities	<u>31,744</u>	<u>33,336</u>	<u>(1,592)</u>	-5%
Total liabilities	<u>\$ 39,482</u>	<u>\$ 40,795</u>	<u>\$ (1,313)</u>	-3%
NET ASSETS				
Invested in capital assets, net of debt	\$ 68,982	\$ 67,893	\$ 1,089	2%
Restricted	122,521	86,944	35,577	41%
Unrestricted	<u>137,314</u>	<u>141,958</u>	<u>(4,644)</u>	-3%
Total net assets	<u>\$ 328,817</u>	<u>\$ 296,795</u>	<u>\$ 32,022</u>	11%

The Commission's total net assets increased 11% to \$329 million as a result of an operating surplus. Total assets increased by \$31 million and liabilities decreased by \$1 million. Current assets increased by \$4 million and current liabilities increased by \$.3 million.

During fiscal year 2008, the Commission's investments increased by \$12 million (\$4 million of which is included in the increase in current assets) due to the conversion of 1,366 units from subsidy rental income to fair market rental fees. Also, during fiscal year 2008, the Commission used fiscal year 2007 inclusionary in-lieu fees reserves and invested fiscal year 2008 grant income. Restricted cash, another current asset, decreased by \$1 million due to the University Canyon note payoff in August 2007.

San Diego Housing Commission

Management Discussion and Analysis
For the fiscal year ended June 30, 2008

Noncurrent assets increase of \$27 million consists of \$20 million in new loans the Commission made in fiscal year 2008, \$8 million of investments in agency bonds, and a decrease in capital assets of \$1 million.

Net assets invested in capital assets, net of debt increased slightly to \$69 million on June 30, 2008 from \$68 million on June 30, 2007.

The Commission's unrestricted net assets decreased \$5 million to \$137 million as of June 30, 2008. Unrestricted assets include funds that have been encumbered for future years' contractual obligations and funds that are invested in notes receivable and unrestricted funds available for operations.

The Commission's restricted net assets increased 41% to \$123 million. Restricted net assets include HOME loans and accrued interest since any payments received by the Commission including interest net of administrative expense allowance are required to be recycled and used for future HOME program purposes and therefore must continue to meet the purpose restriction. The Reserve for notes receivable increased by \$12 million due to the increase in HOME loans made throughout the year. New this year, restricted net assets also include \$22 million of excess Housing Choice Vouchers HAP operating reserve funds, previously recorded as unrestricted net assets.

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

	June 30, 2008	June 30, 2007	Change \$	Change %
Operating revenues	\$ 19,920	\$ 14,653	\$ 5,267	36%
Operating expenses	163,198	150,863	12,335	8%
Deficit before depreciation and other non-operating income and expenses	(143,278)	(136,210)	(7,068)	5%
Depreciation	2,981	3,629	648	-18%
Deficit before other non-operating income and expense	(146,259)	(139,839)	(6,420)	-5%
Other non-operating income and expenses, net	178,281	166,438	11,843	7%
Change in net assets	<u>\$ 32,022</u>	<u>26,599</u>	<u>5,423</u>	20%

San Diego Housing Commission

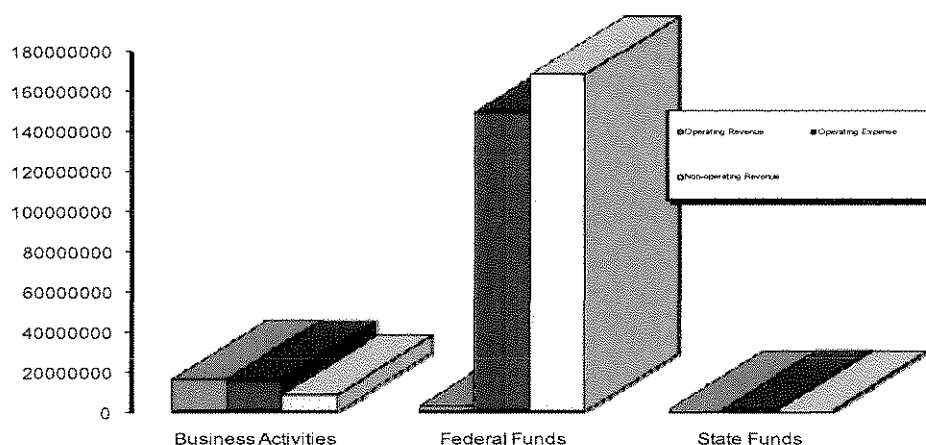
Management Discussion and Analysis For the fiscal year ended June 30, 2008

This year's overall surplus of \$32 million is an increase from the prior year surplus of \$26 million. The increase is largely attributed to increases in rental income from the newly acquired 1,366 units from HUD and additional grant income. The Commission also saw minor revenue increases to the Smart Corner building rentals, Smart Corner business leases, and the parking garage. In addition, associated operating expenses such as housing assistance and administrative expenses, increased from the previous year.

As Table 2 indicates, the Commission's operating revenues fall significantly short of operating expenses. The Commission requires ongoing non-operating income in the form of grants and other subsidies in order to provide services for our clients. Operating expenses increased by 8%, primarily due to increases in administrative, tenant services, and housing assistance expenditures.

The Commission currently administers 110 individual grants or ongoing programs that are segregated into three funds for presentation purposes and to enhance accountability and control. The following graph shows the three major funds and their corresponding expense levels (including depreciation) along with the portion of those funds paid by operating revenue and by non-operating revenue.

TABLE 3



San Diego Housing Commission

Management Discussion and Analysis
For the fiscal year ended June 30, 2008

CAPITAL ASSETS

At the end of fiscal year 2008, the Commission had over \$99 million invested in fixed assets, including office furniture and equipment, vehicles, land, building and building improvements. This amount is 2% less than the 2007 level. This decrease was largely due to the current year depreciation expense.

The majority of the Commission's investment in fixed assets is comprised of ownership of land, affordable housing stock, and the Smart Corner office building as well as work-in-progress that represents construction and rehabilitation projects underway.

The following table summarizes the Commission's capital assets, net of accumulated depreciation, and changes herein, for the year ended June 30, 2008. These changes are also presented in the accompanying notes to the financial statements.

TABLE 4
Net Capital Assets
(in thousands of dollars)

	June 30, 2008	June 30, 2007	Change \$	Change %
Land and buildings	\$ 86,189	\$ 88,346	\$ (2,157)	-2%
Work in progress	11,720	10,607	1,113	10%
Equipment	1,524	2,154	(630)	-29%
Total	<u>\$ 99,433</u>	<u>\$ 101,107</u>	<u>\$ (1,674)</u>	-2%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The local and national housing market saw considerable change in the past year. Last year, San Diego home prices had the nation's second worst decline. Between November 2006 and November 2007, prices declined 13.4 percent, a yearly decline second only to Miami's 15 percent drop.¹ Home foreclosures more than tripled in San Diego County in 2007.² Uncollectable housing debt has forced many financial institutions into closing or restructuring. Finally, the Treasury Department has proposed a \$700 billion bailout of the housing debt to rescue banks from their crippling debt.

¹ Kelly Bennet, SD Prices Sustained Nations Second-Worst Drop, available at: <http://www.voiceofsandiego.org/articles/2008/01/30/news/dataparty013008.txt>

² Emmet Pierce, Foreclosures up 353% in S.D. County in 2007, Union Tribune, January 23, 2008

San Diego Housing Commission

Management Discussion and Analysis For the fiscal year ended June 30, 2008

Despite the unsettling nature of the housing economy, the San Diego Housing Commission remains strongly committed to serving the needs of low to moderate income population of San Diego. The need for affordable housing in the San Diego area has historically, and will continue to be, very high in comparison to other cities. The number of people served and the level of service we provide are constrained only by the amount of resources available for those services. The Commission's initial budget for fiscal year 2009 is balanced and reflects funds available to provide those services in the amount of \$265 million.

Recently, HUD transferred ownership of 1,366 Public Housing units in San Diego to the Commission. This transfer has removed the Commission's dependency on federal public housing funds. In return, HUD has required the Commission to develop or construct an additional 350 units. Although the Commission is no longer dependent on these funds, this has placed an increased burden on the Commission to come up with innovative methods to manage their own units and develop ground-breaking processes in creating and financing additional housing opportunities. Recently, the Commission has been involved with the City and community developers to devise a plan to increase the affordable housing inventory.

It is anticipated that most Commission programs will continue to receive renewal funding. The Housing Choice Voucher program is expected to grow with the receipt of additional tenant protection vouchers as replacement for the disposition of public housing units. Occupancy rates in Commission owned property continue at full utilization and the Housing Choice Voucher program will continue to be at or above 100% leased-up. The trend over the past fiscal years has been a reduction in linkage fees collected for the Housing Trust Fund. This trend, as expected, has continued in fiscal year 2008 as city wide inclusionary housing fees produced significant reduction in revenues to the Housing Trust Fund.

As in past years, the principal challenge the Commission faces is in securing funds to cover ongoing administrative costs. This has been especially challenging with the loss of Public Housing administrative funding. Generally, administrative resources have not increased at the same rate as administrative costs. The Commission has worked to address this issue by proactively minimizing the administrative burden through a complete reevaluation of staffing requirements using needs assessments, class and compensation studies, and long range financial planning. The ultimate goal is to continue to strive towards providing the highest quality services to clients and the community, delivered in a proficient and fiscally sensible manner, well into the future.

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

San Diego Housing Commission

Management Discussion and Analysis
For the fiscal year ended June 30, 2008

CONTACTING SDHC'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 the Director of Financial Services, San Diego Housing Commission, 1122 Broadway, Suite 300, San Diego, CA 92101.

Basic Financial Statements



San Diego Housing Commission

STATEMENT OF NET ASSETS

June 30, 2008

ASSETS

Current assets	
Cash and cash equivalents	\$ 775,222
Restricted cash and cash equivalents	656,192
Short-term investments	79,446,323
Accounts receivable - tenants, net	142,743
Accounts receivable - funding sources	7,073,683
Accounts receivable - other	1,023,509
Notes and mortgages receivable, current portion	428,552
Accrued interest receivable - investments	533,277
Inventories	59,081
Prepaid items and other assets	135,997
	<hr/>
Total current assets	90,274,579
	<hr/>
Noncurrent assets	
Long-term investments	7,825,158
Accrued interest receivable - notes and mortgages receivable	15,798,488
Notes and mortgages receivable, net of allowance for loan losses	154,967,340
Capital assets not being depreciated	41,263,455
Capital assets, net of accumulated depreciation	58,169,845
	<hr/>
Total noncurrent assets	278,024,286
	<hr/>
Total assets	368,298,865
	<hr/>

(continued)

San Diego Housing Commission

STATEMENT OF NET ASSETS - CONTINUED

June 30, 2008

LIABILITIES

Current liabilities	
Accounts payable	1,688,933
Accounts payable - funding sources	1,408,544
Accrued payroll and benefits	391,214
Accrued compensated absences	1,248,662
Accrued interest payable	161,179
Notes payable, current portion	371,820
Deposits payable	1,049,035
Deferred revenue	1,418,560
	<hr/>
Total current liabilities	7,737,947
	<hr/>
Noncurrent liabilities	
Notes payable, net of current portion	30,079,095
Fair market value of interest rate swap	905,037
Other liabilities	759,395
	<hr/>
Total noncurrent liabilities	31,743,527
	<hr/>
Total liabilities	39,481,474
	<hr/>

NET ASSETS

Invested in capital assets, net of related debt	68,982,385
Restricted	122,520,904
Unrestricted	137,314,102
	<hr/>
Total net assets	\$ 328,817,391
	<hr/>

See notes to financial statements

San Diego Housing Commission

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2008

OPERATING REVENUES	
Dwelling rental income	\$ 15,001,921
Land lease and other rental income	1,292,869
Fee revenue	2,085,358
Shared equity income	694,263
Other revenue	845,373
	<hr/>
Total operating revenues	19,919,784
OPERATING EXPENSES	
Administrative expenses	18,974,670
Tenant services	1,809,223
Asset management	7,779,665
General expenses	2,428,251
Grant expense	5,618,803
Housing assistance	126,587,352
Depreciation	2,980,926
	<hr/>
Total operating expenses	166,178,890
	<hr/>
Operating loss	(146,259,106)
NONOPERATING REVENUES (EXPENSES)	
Grant revenue	172,108,621
Interest income on investments and notes receivable	6,858,050
Loss on disposal of capital assets	(132,480)
Interest expense	(1,772,989)
	<hr/>
Total nonoperating revenues (expenses)	177,061,202
	<hr/>
Change in net assets before capital grants	30,802,096
	<hr/>
Capital grants	1,219,877
	<hr/>
Change in net assets	32,021,973
NET ASSETS	
Beginning of year	296,795,418
	<hr/>
End of year	\$ 328,817,391
	<hr/>

See notes to financial statements

San Diego Housing Commission
STATEMENT OF CASH FLOWS

Year ended June 30, 2008

Cash flows from operating activities	
Cash received from tenants	\$ 21,010,094
Cash payments to suppliers for operations	(140,692,196)
Cash payments for general and administrative expenses	(21,493,115)
Cash received for other	<u>206,342</u>
Net cash used for operating activities	<u>(140,968,875)</u>
Cash flows from capital and related financing activities	
Principal paid on notes payable	(4,202,184)
Acquisition and construction of capital assets	(1,439,591)
Proceeds from additional borrowing	1,439,123
Cash received from capital grants	1,219,877
Interest expense paid	<u>(1,706,621)</u>
Net cash used for capital and related financing activities	<u>(4,689,396)</u>
Cash flows from noncapital financing activities	
Cash received from grants	172,359,998
Collections of notes receivable	1,678,756
Cash loaned on notes receivable	<u>(19,557,942)</u>
Net cash provided by noncapital financing activities	<u>154,480,812</u>
Cash flows from investing activities	
Interest on investments and notes receivable	3,658,208
Purchases of investments	(21,704,997)
Proceeds from sale of investments	<u>8,179,556</u>
Net cash used by investing activities	<u>(9,867,233)</u>
Net decrease in cash and cash equivalents	(1,044,692)
Cash and cash equivalents	
Beginning of year	<u>2,476,106</u>
End of year	<u>\$ 1,431,414</u>
Financial statement presentation	
Cash and cash equivalents	\$ 775,222
Restricted cash and cash equivalents	<u>656,192</u>
Total cash and cash equivalents	<u>\$ 1,431,414</u>
Supplemental disclosure of noncash investing and noncapital financing activities	
Accrued interest on notes receivable converted to principal	<u>\$ 1,972,793</u>

(continued)

San Diego Housing Commission
STATEMENT OF CASH FLOWS - CONTINUED

Year ended June 30, 2008

Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (146,259,106)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	2,980,926
Provision for loan losses	1,128,635
Fair market value of derivative	927,792
Changes in operating assets and liabilities:	
(Increase) decrease in tenant receivables	(44,839)
(Increase) decrease in other receivables	35,566
(Increase) decrease in inventories	8,091
(Increase) decrease in prepaid items and other assets	(90,194)
Increase (decrease) in accounts payable	(974,734)
Increase (decrease) in accrued payroll and benefits	(45,225)
Increase (decrease) in deposits payable	58,288
Increase (decrease) in deferred revenues	1,135,149
Increase (decrease) in other liabilities	170,776
	<hr/>
Net cash used in operating activities	<u><u>\$ (140,968,875)</u></u>

See notes to financial statements

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 1 - ORGANIZATION

The San Diego Housing Commission (Commission), a government agency, was formed by the City of San Diego (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 because the City Council, acting in its capacity as the Housing Authority, exercises oversight responsibility for the operations of the Commission. The Commission has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic Financial Statements

The basic financial statements (i.e. Statement of Net Assets, the Statement of Activities and Changes in Net Assets, and the Statement of Cash Flows) report information on all of the enterprise activities of the Commission. These basic financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments* and related standards, including Statement No. 37 and No. 38.

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 and Changes in Net Assets 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 nonoperating 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 nonoperating revenues and expenses.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

In accordance with GASB statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, 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, and short-term investments with original maturities of three months or less from the date of acquisition that are not specifically restricted as to use.

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 and Agency 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.

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.

Interfund Receivables and Payable

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. All receipts of cash are deposited to the revolving fund with an appropriate payable to the subsidiary general ledger which has provided the cash. All disbursements are made from the revolving fund with an appropriate receivable from the subsidiary general ledger whose costs are being paid.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

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 monthly. 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.

Inventories

Inventory, consisting mainly of material and supplies is valued at cost using the first in - first out basis.

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.

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:

	<u>Years</u>
Buildings	40
Building improvements	15
Office equipment	5
Dwelling equipment	5
Vehicles	7
Computers/software	3

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

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.

The Commission tracks the activities of the City as reported in the City's Capital Outlay Fund. Since the assets and liabilities of this fund do not belong to the Commission, these assets and liabilities have been excluded from the financial statements of the Commission. All properties acquired through this fund become the property of the City or the Housing Authority.

Impairment of Capital Assets

In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* and GASB No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, the Commission reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. As of June 30, 2008, 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 Statement No. 16, *Accounting for Compensated Absences*, 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.

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

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

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 general fund.

Notes Payable and Interest Payable

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

Deferred Revenue

Deferred revenue includes rents received in advance from tenants, 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.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

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 follows SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. The Commission uses derivatives to manage risks related to interest rate movements. Pursuant to SFAS No. 133, 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.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments at June 30, 2008 consisted of the following:

Cash and investments	
Deposits	\$ 770,522
Petty cash	4,700
Local agency investment fund	39,879,800
Certificates of deposits	34,266,523
Repurchase agreements	5,300,000
Agency bonds	7,825,158
	<hr/>
Total cash and investments	88,046,703
Restricted cash and cash equivalents	656,192
	<hr/>
Total	\$ 88,702,895
	<hr/> <hr/>

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

Deposits

The carrying amounts of the Commission's cash deposits were \$770,522 at June 30, 2008. Bank balances at June 30, 2008, were \$1,566,317. The bank balances were 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 up to \$100,000 by the Federal Deposit Insurance Corporation. The Commission, however, has not waived the collateralization requirements.

Investment Policy

In accordance with state statutes and HUD regulations, the Commission has authorized the C.F.O. or their 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.

In February 2008, San Diego Housing Commission began utilizing the services of a financial advisor from a highly respected investment firm. Working with the investment committee and staff, the adviser has provided guidance on creating a diversified portfolio and a new investment mix. The advisors 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 represents the Commission's equity in the pooled investments of that fund. Other investment such as CD's, repurchasing agreements and checking accounts, are safe kept by a commercial bank which has invested Commission funds in U.S. Treasury obligations.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

Investment in State Investment Pool

The Commission participates in the Local Agency Investment Fund (LAIF) that is regulated by the 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, 2008 was \$69,955 million of which 14.72% was invested in Structured Notes and Asset-Backed Securities. P.M.I.A. is not registered with the Securities and Exchange Commission (SEC) and is required to invest in accordance with California State Code. The average maturity of P.M.I.A. investments was 212 days as of June 30, 2008. The Commission's investments with LAIF at June 30, 2008 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.

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, 2008, the Commission had \$39,879,800 invested in LAIF. As of June 30, 2008, the LAIF fair value factor of .999950219 was used to calculate the fair value of the investments in LAIF.

Certificates of Deposits

As of June 30, 2008, the Commission had non-negotiable certificates of deposits amounting to \$34,266,523 all of which are 100% collateralized.

Repurchase Agreements

As of June 30, 2008, the Commission had repurchase agreements amounting to \$5,300,000 of which \$4,300,000 matured on July 1, 2008 and \$1,000,000 was open and callable at any time by the Commission.

Agency Bonds

Agency Bonds represents the Commission's investment in Government-Sponsored Enterprises (GSE) Senior Debt bonds traded on a national exchange. Senior Debt of GSE's currently hold a AAA rating, the highest rating given to bonds, and are perceived to have

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

virtually no risk of default. Senior Debt is a bond or other form of debt that takes payment priority over other debt securities sold by the issuer. At June 30, 2008, the Commission had \$7,825,158 invested in Agency Bonds issued by Fannie Mae (FNMA) and/or Freddie Mac (FHLMC) as follows:

<u>Issuer</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Total fair value</u>
FHLMC	3.550%	12/02/10	\$ 1,801,908
FHLMC	4.250%	12/17/10	2,010,740
FNMA	3.750%	03/23/11	1,000,000
FNMA	4.000%	06/24/11	2,009,380
FNMA	4.000%	06/25/10	1,003,130
	Total		<u>\$ 7,825,158</u>

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 type of risk.

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 will minimize credit risk by limiting investments to those listed in the Investment Policy. In addition, the Commission will pre-qualify the financial institutions, broker/dealers, intermediaries and advisors with which the Commission will do business in accordance with the Investment Policy and the Commission will diversify 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.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

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.

The exposure of the Commission's debt securities to credit risk and custodial risk as of June 30, 2008 is as follows:

	<u>Total fair value</u>	<u>Standard & Poor's Credit Rating as of June 30, 2008</u>	<u>Unrated</u>
		AAA	
Cash and cash equivalents			
Cash and cash equivalents	\$ 775,222	\$ 775,222	\$ -
Restricted cash and cash equivalents	656,192	656,192	-
Total cash and cash equivalents	<u>\$ 1,431,414</u>	<u>\$ 1,431,414</u>	<u>\$ -</u>
Short-term investments			
Local agency investment fund	\$ 39,879,800	\$ -	\$ 39,879,800
Repurchase agreements	5,300,000	5,300,000	-
Bank CDs	34,266,523	34,266,523	-
Total short-term investments	<u>\$ 79,446,323</u>	<u>\$ 39,566,523</u>	<u>\$ 39,879,800</u>
Long-term investment securities:			
U.S. Government securities	\$ 7,825,158	\$ 7,825,158	\$ -
Total long-term investments	<u>\$ 7,825,158</u>	<u>\$ 7,825,158</u>	<u>\$ -</u>

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

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

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. 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, 2008, the Commission has \$34,266,523 in certificates of deposit which were not covered by insurance and were collateralized 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, 2008

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 interest rate risk as of June 30, 2008 is as follows:

	Total fair value	Debt investment maturities as of June 30, 2008		
		Less than 3 months	4 - 12 months	1 - 3 years
Cash and cash equivalents				
Deposits	\$ 770,522	\$ 770,522	\$ -	\$ -
Petty cash	4,700	4,700	-	-
Total cash and cash equivalents	<u>\$ 775,222</u>	<u>\$ 775,222</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted cash and cash equivalents	<u>\$ 656,192</u>	<u>\$ 656,192</u>	<u>\$ -</u>	<u>\$ -</u>
Short-term investments				
Local agency investment fund	\$ 39,879,800	\$ 39,879,800	\$ -	\$ -
Repurchase agreements	5,300,000	5,300,000	-	-
Certificates of deposits	34,266,523	33,266,523	1,000,000	-
Total short-term investments	<u>\$ 79,446,323</u>	<u>\$ 78,446,323</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>
Long-term investments:				
U.S. Government securities	<u>\$ 7,825,158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,825,158</u>
Total long-term investments	<u>\$ 7,825,158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,825,158</u>

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

NOTE 5 - ACCOUNTS RECEIVABLE - FUNDING SOURCES

At June 30, 2008, due from funding sources consisted of the following:

<u>Source</u>	<u>Program</u>	<u>Amount</u>
Federal	HOME	\$ 441,554
Federal	Capital Fund	47,504
Federal	Shelter Plus Care	60,727
Federal	Section 8	1,700,242
Federal	Lead Hazard	301,845
Federal	CDBG	2,137,009
Federal	Other Federal	70,194
State	Various	110,373
Business activities	Various	<u>2,204,235</u>
Total		<u>\$ 7,073,683</u>

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 are 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, 2008

Notes, mortgages and interest receivable at June 30, 2008 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	1,834,042
Villa Harvey Mandel L.P.	72 17th St	5.60%	02/01/57	2,561,087
Market Square Manor L.P.	525 14th St	5.60%	03/01/57	2,103,238
Nestor Family Housing	1150 Tesoro Grove Way	5.60%	02/01/57	3,145,003
Metro Villa Housing Partners	Metro Villas 3900 Block of 39th St	4.85%	02/01/58	1,269,054
Renaissance Senior Housing	El Cajon Blvd & 30th St	4.65%	04/12/59	2,390,180
Affirmed Family Housing	2170 Coronado Ave	5.20%	06/30/35	2,204,602
THIC-Peachtree, CA LP	901 F Street	5.00%	08/07/19	519,634
Hacienda Townhomes, LTD	350 17th St	4.50%	07/01/48	1,500,962
Mission Terrace Associates, LP	10210 San Diego Mission Road	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	741,884
33rd Family Housing Ltd	351-403 S 33rd St	5.67%	05/01/54	2,274,523
Canyon Rim LP	10931 Gerana St	3.00%	06/20/11	1,565,000
Stratton LT	5765 Mount Alifan Drive	3.00%	06/20/11	1,561,751
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	1,135,555
Coronado Terrace Preservation L.P.	1183 25th St	3.00%	03/01/57	1,335,282
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	596,442
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
New Palace Associates	1814 5th Avenue	8.44%	03/01/21	1,018,888

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

Borrower	Project address	Interest rate	Maturity date	Principal amount
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%	12/01/08	572,781
Beyer Blvd Apts LP	920 Beyer Blvd	3.00%	11/01/59	4,200,000
Swift Real Estate Partners	Hillside Garden Apts	3.00%	12/23/59	5,000,000
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	692,643
St Stephens Housing	5641 Imperial Avenue	4.79%	05/01/36	1,013,047
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	2,082,311
Townpeople	4242-60 51st Street	3.00%	05/01/61	1,570,000
Arbor Terrace	3693-3741 Florida Street	4.86%	07/01/62	7,028,189
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	3,790,000
Veterans Village 07-056	4141 Pacific Highway	3.00%	06/01/72	1,044,167
Veterans Village 07-056	4141 Pacific Highway	3.00%	06/01/72	536,328
Tachs-The Cove 06-060	5288 El Cajon Blvd	3.00%	05/01/62	969,988
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	8,749,500
Development loans (under \$500,000)				4,672,000
Development loans with rehab / acquisition (Under \$500,000)				2,032,654
Rehab loans (Under \$500,000)				2,729,215
Home ownership loans				30,867,529
Housing rehabilitation loans				7,350,319
Allowance for Loan Losses				(4,503,604)
Total notes receivable at June 30, 2008				155,395,892
Deferred cumulative interest receivable at June 30, 2008				15,798,488
Total notes and interest receivable at June 30, 2008				<u>\$ 171,194,380</u>

Notes and mortgages receivable due in less than one year amounted to \$428,552 at June 30, 2008.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

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

<u>Balance, July 1, 2007</u>	<u>Losses/ write-offs</u>	<u>Additions</u>	<u>Balance, June 30, 2008</u>
<u>\$ 3,650,522</u>	<u>\$ (275,553)</u>	<u>\$ 1,128,635</u>	<u>\$ 4,503,604</u>

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, 2008, Wells Fargo released no collateral.

The amount of cash on deposit at Wells Fargo Bank at June 30, 2008 was \$78,736 and is reflected within restricted cash 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 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, 2008, total \$59,233,714.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

NOTE 7 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2008 is as follows:

	Balance, July 1, 2007	Additions	Transfers	Sale of Public Housing Units and Transfer		Balance, June 30, 2008
				From federal funds	To business activities	
Capital assets, not being depreciated						
Land	\$ 29,436,163	\$ -	\$ 107,780	\$(21,016,837)	\$ 21,016,837	\$ 29,543,943
Construction in progress	10,607,415	1,219,877	(107,780)	-	-	11,719,512
Total capital assets, not being depreciated	40,043,578	1,219,877	-	(21,016,837)	21,016,837	41,263,455
Capital assets, being depreciated						
Buildings	79,665,542	-	-	(46,941,806)	23,648,418	56,372,154
Building improvements	24,396,791	53,004	-	(22,519,668)	5,970,987	7,901,114
Office furniture and equipment	3,282,749	34,230	-	(1,005,791)	151,953	2,463,141
Total capital assets, being depreciated	107,345,082	87,234	-	(70,467,265)	29,771,358	66,736,409
Less accumulated depreciation	(46,281,545)	(2,980,926)	-	40,695,907	-	(8,566,564)
Total capital assets, being depreciated, net	61,063,537	(2,893,692)	-	(29,771,358)	29,771,358	58,169,845
Total capital assets, net	\$101,107,115	\$ (1,673,815)	\$ -	\$(50,788,195)	\$ 50,788,195	\$ 99,433,300

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

Depreciation expense for the year ended June 30, 2008 was \$2,980,926.

The Commission entered into an agreement to purchase 1,366 public housing units from the Housing Authority of the City of San Diego at a purchase price of \$1 per unit. The agreement has been approved by HUD and the units were transferred to the Commission effective November 15, 2007. This transaction accounted for the retirement of funds from Public Housing and an addition to Agency local funds.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

On September 14, 2006, HUD approved the Housing Commission's proposal to use the funds received in 2004 from the sale of 35 Public Housing units to San Diego Unified School District and purchase 36 units of University Canyon as replacement units for \$5,000,000. On August 30, 2008, \$2,761,210 was used to pay the existing Bank of America loan and the remaining \$2,238,790 will be used for the operation of the remaining units of University Canyon. This transaction accounted for the retirement of funds from Business Activities and an addition to Public Housing.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

NOTE 8 - NOTES PAYABLE

A summary of notes payable at June 30, 2008 is as follows:

Type of obligations	Interest rates	Maturity date	Balance, 6/30/2007	Additions	Payments	Balance, 6/30/2008
Washington Mutual, dated June 1995	Variable	2011	\$ 3,557,768	\$ -	\$ (130,913)	\$ 3,426,855
Bank of America, dated Feb. 1985	10.2% 5.0%	2005- 2025	2,974,879	-	(2,974,879)	-
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
State of California (CalHELP)	3.00%	2013	1,891,791	-	(865,000)	1,026,791
State of California (CalHELP)	3.00%	2015	-	1,279,000	-	1,279,000
US Bank, dated November 2006	Variable	2011	19,515,298	160,123	(206,791)	19,468,630
WellsFargo Bank	6.38%	2008	24,601	-	(24,601)	-
Redevelopment Agency, dated March 1992	0.0%	2022	695,628	-	-	695,628
Total			<u>\$ 33,213,976</u>	<u>\$ 1,439,123</u>	<u>\$(4,202,184)</u>	<u>\$ 30,450,915</u>

At June 30, 2008, the current portion of notes payable is \$371,820 and the noncurrent portion of notes payable is \$30,079,095.

The interest rate for the Washington Mutual obligation as of June 30, 2008 was 3.78885%.

The interest rate for the US Bank obligation as of June 30, 2008 was 4.470938%.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

In September 2007, the Commission purchased 36 units from University Canyon to replace the 36 Public Housing units sold in 2005. In this transaction the Bank of America loan was fully paid.

In June 30 2007, there were two CalHelp loans that were consolidated. On July 2007 the loans were separated due to their maturity dates.

The US Bank loan represents the loan for the Smart Corner which houses the administrative offices of the Commission.

The annual requirements to amortize notes payable as of June 30, 2008 are as follows:

	Notes payable		
	Principal	Interest	Total
Year ending June 30, 2009	\$ 371,820	\$ 1,673,718	\$ 2,045,538
2010	395,828	1,653,699	2,049,527
2011	420,755	1,628,652	2,049,407
2012	21,707,083	557,040	22,264,123
2013	-	69,174	69,174
2014 - 2018	6,859,801	67,397	6,927,198
2019 - 2023	695,628	-	695,628
Total	<u>\$ 30,450,915</u>	<u>\$ 5,649,680</u>	<u>\$ 36,100,595</u>

NOTE 9 - 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, 2008

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 \$492,210 for terms of one to 55 years and additional payments based upon surplus cash generated by certain housing projects. For fiscal year 2008, the amount of Land Lease Income is \$651,351 and is comprised of the following leases:

Mariner's Cove	\$	492,210
Casa Colina		17,187
Villa Merced		33,548
Golden Villa		3,640
252 16th Street		16,450
2513 Union Street		1
Talmage Senior Village		88,315

The Commission also receives income from commercial leases at the Smart Corner building. It has entered into lease agreements for the first floor retail space and is reviewing proposals from non-profit organizations for the second floor office space. Lease terms include annual payments ranging from \$71,175 to \$87,810. The lease terms are up to 10 years with options of five year renewals as defined in the lease agreements. For fiscal year 2008, commercial lease income was \$164,673.

In early 2008, Starbucks announced they will be closing over 600 stores nationwide. The Smart Corner store may be earmarked to be closed in FY 2009. Starbucks is still obligated to fulfill the terms and conditions of its existing lease.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

Aggregate future collections of minimum lease payments are as follows:

Year ending June 30, 2009	\$	372,642
2010		372,642
2011		380,307
2012		380,307
2013		428,433
2014 - 2018		1,953,097
2019 - 2023		1,068,285
2024 - 2028		1,068,285
2029 - 2033		984,412
2034 - 2038		817,038
2039 - 2043		57,633
2044 - 2048		22,500
2049 - 2053		22,500
2054 - 2058		22,500
2059 - 2063		22,500
2064 - 2068		19,688
		<u>19,688</u>
	\$	<u>7,992,769</u>

The Commission is the tenant under several lease agreements. Certain of these leases contain increases in rentals based upon increases in cost indices and payments of property taxes and certain common area costs by the Commission.

The Commission holds one lease at the end of June 30, 2008. 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 in excess of one year as of June 30, 2008:

Year ending June 30, 2009	\$	77,033
2010		12,839
		<u>12,839</u>
Total	\$	<u>89,872</u>

Total rental expense was approximately \$80,048 for the year ended June 30, 2008.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

NOTE 10 - 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 2008 was \$11,506,904. The Commission made the required 14% contribution, amounting to approximately \$1,610,967 for the fiscal year ended June 30, 2008.

NOTE 11 - 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 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 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 \$8,173,602 at June 30, 2008.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

NOTE 12 - 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. CHWCA provides employer liability coverage to its members, in the amount of \$500,000 each accident. CHWCA has purchased excess insurance coverage from \$1,000,000 to statutory, for all of its members.

CHWCA is a joint powers authority consisting of 31 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.

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

- Each member's incurred losses;
- Each member's share of such losses and other expenses as a proportion of all members' such losses;
- Each member's contribution to reserves, including reserves for incurred but not reported losses; and
- Each member's share of costs to purchase excess insurance and any additional coverage.

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, 2008

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:

<u>Type of coverage</u>	<u>Broker</u>	<u>Carrier</u>
Commercial Liability	N/A	Housing Authority Risk Retention Group
Public Officials Errors	N/A	Housing Authority Risk Retention Group
Smart Corner Liability	Alliant Ins. Svcs.	Travelers
Smart Corner Excess	Alliant Ins. Svcs.	Travelers
Employment Practices	N/A	Housing Authority Risk Retention Group
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	Alliant Ins. Svcs	CSAC
Terrorist & Sabotage	Alliant Ins. Svcs	Affiliated FM Insurance
Fiduciary Liability	Alliant Ins. Svcs	National Union Fire
Flood Insurance	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, 2008. 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 three fiscal years.

NOTE 13 - RESTRICTED NET ASSETS

Restricted net assets include \$99,617,046 representing 90% of the balance of HOME loans and accrued interest receivable net of the related allowance for loan losses. The loans are made to qualified applicants using grant proceeds received by the Commission under the HOME Program provisions of the 1990 National Affordable Housing Act. These 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 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.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

The remaining balance of restricted net assets amounting to \$22,903,858 represents restricted funds of the Section 8 HAP Operating Reserve, which has been classified as restricted beginning in the fiscal year ended June 30 2008, in accordance with HUD instructions. According to Notice PIH 2006-5, HUD's FFY 2006 Appropriation Act, Congress mandated that no HAP funds provided may be used to support a greater number of unit months than are provided for in the PHA's annual contributions contract. PHAs are also reminded that 2008 HAP funds may only be used for calendar year 2008 HAP expenditures and HAP costs of future years. Funds may not be used to support prior year deficits, nor may they be used for administrative expenses or for any other purpose.

NOTE 14 - 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, 2008, the Commission's budget included \$209,229,323 of estimated HUD funding. A reduction in funding from HUD could significantly change the services provided by the Commission.

NOTE 15 - 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 request 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 entered into loan agreements with borrowers as of June 30, 2008. The amount of loans the Commission has committed to fund, but has not funded as of June 30, 2008 is \$28,073,247.

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.

San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

NOTE 16 - 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.

Required Supplemental Information



San Diego Housing Commission

COMBINING STATEMENT OF NET ASSETS - ENTERPRISE FUNDS

June 30, 2008

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Agency wide</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 471,438	\$ 297,637	\$ 6,147	\$ 775,222
Restricted cash and cash equivalents	655,088	1,104	-	656,192
Short-term investments	48,313,906	30,502,441	629,976	79,446,323
Accounts receivable - tenants	141,059	-	1,684	142,743
Accounts receivable - fund source	2,204,235	4,759,075	110,373	7,073,683
Accounts receivable - other	886,393	137,116	-	1,023,509
Notes receivable - current portion	229,583	198,969	-	428,552
Accrued interest receivable on investments	324,303	204,745	4,229	533,277
Interprogram due to/from	2,279,921	(2,323,025)	43,104	-
Inventories	59,081	-	-	59,081
Prepaid items and other assets	135,997	-	-	135,997
Total current assets	55,701,004	33,778,062	795,513	90,274,579
Noncurrent assets				
Long-term investments	4,758,735	3,004,373	62,050	7,825,158
Accrued interest receivable on notes receivable	6,200,716	9,387,619	210,153	15,798,488
Notes receivable	49,131,161	103,182,197	2,653,982	154,967,340
Capital assets not being depreciated	27,987,811	11,703,545	1,572,099	41,263,455
Capital assets, net of accumulated depreciation	56,484,065	540,424	1,145,356	58,169,845
TOTAL ASSETS	200,263,492	161,596,220	6,439,153	368,298,865

San Diego Housing Commission

COMBINING STATEMENT OF NET ASSETS - ENTERPRISE FUNDS - CONTINUED

June 30, 2008

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Agency wide</u>
LIABILITIES				
Current liabilities				
Accounts payable - vendors	1,197,913	457,995	33,025	1,688,933
Accounts payable - fund source	1,096,946	108,319	203,279	1,408,544
Accrued payroll and benefits	391,214	-	-	391,214
Accrued compensated absences	1,248,662	-	-	1,248,662
Accrued interest payable	161,179	-	-	161,179
Notes payable - current portion	371,820	-	-	371,820
Deposits payable	1,009,827	-	39,208	1,049,035
Deferred revenues	991,579	170,448	256,533	1,418,560
Total current liabilities	6,469,140	736,762	532,045	7,737,947
Non-current liabilities				
Notes payable - net of current portion	25,525,084	-	4,554,011	30,079,095
Fair market value of derivatives	905,037	-	-	905,037
Other liabilities	19,815	739,580	-	759,395
TOTAL LIABILITIES	32,919,076	1,476,342	5,086,056	39,481,474
NET ASSETS				
Invested in capital assets, net of related debt	58,574,972	12,243,969	(1,836,556)	68,982,385
Restricted	-	122,520,904	-	122,520,904
Unrestricted	108,769,444	25,355,005	3,189,653	137,314,102
TOTAL NET ASSETS	\$ 167,344,416	\$ 160,119,878	\$ 1,353,097	\$ 328,817,391

San Diego Housing Commission

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

Year ended June 30, 2008

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Agency wide</u>
Operating revenues				
Dwelling rental income	\$ 12,132,976	\$ 2,328,058	\$ 540,887	\$ 15,001,921
Land lease and other rental income	1,204,554	88,315	-	1,292,869
Fee revenue	2,055,194	22,924	7,240	2,085,358
Shared equity income	147,241	547,022	-	694,263
Other revenue	657,033	172,574	15,766	845,373
Total operating revenues	16,196,998	3,158,893	563,893	19,919,784
Operating expenses				
Administrative expenses	5,208,372	13,462,986	303,312	18,974,670
Tenant services	651,378	1,157,829	16	1,809,223
Asset management	4,576,447	2,915,723	287,495	7,779,665
General expenses	1,208,278	943,313	276,660	2,428,251
Grant expense	2,145,567	3,443,236	30,000	5,618,803
Housing assistance	-	126,587,352	-	126,587,352
Depreciation	1,903,692	1,004,244	72,990	2,980,926
Total operating expenses	15,693,734	149,514,683	970,473	166,178,890
Net operating income (loss)	503,264	(146,355,790)	(406,580)	(146,259,106)

San Diego Housing Commission

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

Year ended June 30, 2008

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Agency wide</u>
Nonoperating revenues (expenses)				
Grant revenue	7,511,325	164,112,486	484,810	172,108,621
Interest income on investments and notes receivable	2,711,062	4,110,311	36,677	6,858,050
Gain (loss) on sale of capital assets	54,602,793	(54,735,273)	-	(132,480)
Interest expense	(1,772,565)	159	(583)	(1,772,989)
Total nonoperating revenues	63,052,615	113,487,683	520,904	177,061,202
Net income (loss) before operating transfers	63,555,879	(32,868,107)	114,324	30,802,096
Operating transfers in	309,498	5,210,484	-	5,519,982
Operating transfers out	(387,290)	(5,132,692)	-	(5,519,982)
Change in net assets before capital grants	63,478,087	(32,790,315)	114,324	30,802,096
Capital Grants	-	1,219,877	-	1,219,877
Change in net assets	63,478,087	(31,570,438)	114,324	32,021,973
Net assets - beginning of year	103,866,329	191,690,316	1,238,773	296,795,418
Net assets - end of year	\$ 167,344,416	\$ 160,119,878	\$ 1,353,097	\$ 328,817,391

San Diego Housing Commission

COMBINING STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

Year ended June 30, 2008

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Agency wide</u>
Cash flows from operating activities				
Cash received from tenants	\$ 16,914,957	\$ 3,304,466	\$ 790,671	\$ 21,010,094
Cash payments to suppliers for operations	(5,245,445)	(135,231,973)	(214,778)	(140,692,196)
Cash payments for general and administrative expenses	(6,506,844)	(14,406,299)	(579,972)	(21,493,115)
Cash received from (paid for) other	53,956	152,386	-	206,342
Net cash used for operating activities	5,216,624	(146,181,420)	(4,079)	(140,968,875)
Cash flows from capital and related financing activities				
Principal paid on notes payable	(4,202,184)	-	-	(4,202,184)
Transfers in (out) from sale of public housing units	4,814,850	(4,947,330)	-	(132,480)
Acquisition and construction of capital assets	(87,234)	(1,219,877)	-	(1,307,111)
Proceeds from additional borrowings	1,439,123	-	-	1,439,123
Cash received from capital grants	-	1,219,877	-	1,219,877
Interest payments	(1,706,197)	159	(583)	(1,706,621)
Net cash used for capital and related financing activities	258,358	(4,947,171)	(583)	(4,689,396)

San Diego Housing Commission

COMBINING STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED

Year ended June 30, 2008

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Agency wide</u>
Cash flows from noncapital financing activities				
Cash received from grants	6,821,402	164,798,570	740,026	172,359,998
Collection of notes receivable	876,398	802,358	-	1,678,756
Cash loaned on notes receivable	(6,001,249)	(13,146,427)	(410,266)	(19,557,942)
Transfers in (out)	(77,792)	77,792	-	-
Net cash provided by financing activities	<u>1,618,759</u>	<u>152,532,293</u>	<u>329,760</u>	<u>154,480,812</u>
Cash flows from investing activities				
Interest on investments and notes receivable	1,679,550	1,965,542	13,116	3,658,208
Purchases of investments	(12,901,558)	(8,522,679)	(280,760)	(21,704,997)
Proceeds from sale of investments	3,090,066	5,144,437	(54,947)	8,179,556
Net cash used for investing activities	<u>(8,131,942)</u>	<u>(1,412,700)</u>	<u>(322,591)</u>	<u>(9,867,233)</u>
Net decrease in cash and cash equivalents	(1,038,201)	(8,998)	2,507	(1,044,692)
Cash and cash equivalents				
Beginning of year	<u>2,164,727</u>	<u>307,739</u>	<u>3,640</u>	<u>2,476,106</u>
End of year	<u>\$ 1,126,526</u>	<u>\$ 298,741</u>	<u>\$ 6,147</u>	<u>\$ 1,431,414</u>

San Diego Housing Commission

COMBINING STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED

Year ended June 30, 2008

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Agency wide</u>
Reconciliation of operating loss to net cash used in operating activities				
Operating income (loss)	\$ 503,264	\$ (146,355,790)	\$ (406,580)	\$ (146,259,106)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,903,692	1,004,244	72,990	2,980,926
Provision for loan losses	415,563	465,752	247,320	1,128,635
Fair market value of derivative	927,792	-	-	927,792
Changes in operating assets and liabilities:				
(Increase) decrease in tenant receivables	(98,296)	47,360	6,097	(44,839)
(Increase) decrease in other receivables	34,141	1,425	-	35,566
(Increase) decrease in prepaid items and other assets	(90,194)	-	-	(90,194)
Increase (decrease) in accounts payable	306,223	(1,291,000)	10,043	(974,734)
Increase (decrease) in accrued payroll and benefits	(45,225)	-	-	(45,225)
Increase (decrease) in deposits payable	473,450	(415,617)	455	58,288
Increase (decrease) in deferred revenues	816,255	98,213	220,681	1,135,149
Increase (decrease) in other liabilities	19,815	150,961	-	170,776
Increase (decrease) in other interprogram due	109,225	45,860	(155,085)	-
Net cash provided (used) by operating activities	\$ 5,216,624	\$ (146,181,420)	\$ (4,079)	\$ (140,968,875)

FINANCIAL DATA SCHEDULE

San Diego Housing Commission
FINANCIAL DATA SCHEDULE
PROJECT BALANCE SHEET

June 30, 2008

Line Item No.	Description	Total Projects	CA063000001	CA063000002	CA053000003	CA063000004	CA053000005	CA063000006	Other Project
111	Cash-unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
112	Cash-restricted-modernization and development	-	-	-	-	-	-	-	-
113	Cash-other restricted	-	-	-	-	-	-	-	-
114	Cash-tenant security deposits	-	-	-	-	-	-	-	-
115	Cash - Restricted for payment of current liability	-	-	-	-	-	-	-	-
100	Total Cash	-	-	-	-	-	-	-	-
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-
122-010	Accounts receivable - HUD other projects - Operating Subsidy	-	-	-	-	-	-	-	-
122-020	Accounts receivable - HUD other projects - Capital fund	-	-	-	-	-	-	-	-
122-030	Accounts receivable - HUD other projects - Other	47,504	-	-	-	6,564	39,841	-	1,099
122	Accounts receivable - HUD other projects	47,504	-	-	-	6,564	39,841	-	1,099
124	Account receivable - other government	-	-	-	-	-	-	-	-
125-010	Account receivable - miscellaneous - Not For Profit	-	-	-	-	-	-	-	-
125-020	Account receivable - miscellaneous - Partnership	-	-	-	-	-	-	-	-
125-030	Account receivable - miscellaneous - Joint Venture	-	-	-	-	-	-	-	-
125-040	Account receivable - miscellaneous - Tax Credit	-	-	-	-	-	-	-	-
125-050	Account receivable - miscellaneous - Other	-	-	-	-	-	-	-	-
125-060	Other - Comment	-	-	-	-	-	-	-	-
125	Account receivable - miscellaneous	-	-	-	-	-	-	-	-
126	Accounts receivable - tenants	-	-	-	-	-	-	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-	-
129	Accrued interest receivable	38,256	6,906	441	7,708	8,327	8,351	6,523	-
120	Total receivables, net of allowance for doubtful accounts	85,760	6,906	441	7,708	14,891	48,192	6,523	1,099
131	Investments - unrestricted	-	-	-	-	-	-	-	-
132	Investments - restricted	7,001,002	1,315,143	46,883	1,414,080	1,472,982	1,377,621	1,330,195	44,098
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	145,268	10,377	2,546	17,338	2,845	21,709	15,224	75,229
145	Assets held for sale	-	-	-	-	-	-	-	-
150	Total Current Assets	7,232,030	1,332,426	49,870	1,439,126	1,490,718	1,447,522	1,351,942	120,426

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

PROJECT BALANCE SHEET - CONTINUED

June 30, 2008

Line Item No.	Description	Total Projects	CA063000001	CA063000002	CA063000003	CA063000004	CA063000005	CA063000006	Other Project
161	Land	-	-	-	-	-	-	-	-
162	Buildings	415,938	-	-	-	-	-	-	415,938
163	Furniture, equipment and machinery - dwellings	-	-	-	-	-	-	-	-
164	Furniture, equipment and machinery - administration	166,111	-	-	-	-	-	-	166,111
165	Leasehold improvements	-	-	-	-	-	-	-	-
166	Accumulated depreciation	(41,624)	-	-	-	-	-	-	(41,624)
167	Construction in progress	8,100,959	-	-	-	76,576	213,024	-	7,811,359
168	Infrastructure	-	-	-	-	-	-	-	-
169	Total capital assets, net of accumulated depreciation	8,641,384	-	-	-	76,576	213,024	-	8,351,784
171-010	Notes, Loans, & mortgages receivable - Non-current - Not For Profit	-	-	-	-	-	-	-	-
171-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	-	-	-	-	-	-	-	-
171-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	-	-	-	-	-	-	-	-
171-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	-	-	-	-	-	-	-	-
171-050	Notes, Loans, & mortgages receivable - Non-current - Other	-	-	-	-	-	-	-	-
171-060	Other - Comment	-	-	-	-	-	-	-	-
171	Notes, Loans, & mortgages receivable - Non-current	-	-	-	-	-	-	-	-
172-010	Notes, Loans, & mortgages receivable - Non-current - past due - Not For Profit	-	-	-	-	-	-	-	-
172-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	-	-	-	-	-	-	-	-
172-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	-	-	-	-	-	-	-	-
172-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	-	-	-	-	-	-	-	-
172-050	Notes, Loans, & mortgages receivable - Non-current - Other	-	-	-	-	-	-	-	-
172-060	Other - Comment	-	-	-	-	-	-	-	-
172	Notes, Loans, & mortgages receivable - Non-current - past due	-	-	-	-	-	-	-	-
173	Grants receivable - Non-current	-	-	-	-	-	-	-	-
174-010	Other assets - Not For Profit	-	-	-	-	-	-	-	-
174-020	Other assets - Partnership	-	-	-	-	-	-	-	-
174-030	Other assets - Joint Venture	-	-	-	-	-	-	-	-
174-040	Other assets - Tax Credit	-	-	-	-	-	-	-	-
174-050	Other assets - Other	-	-	-	-	-	-	-	-
174-060	Other - Comment	-	-	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-	-	-
176-010	Investment in Joint venture - Not For Profit	-	-	-	-	-	-	-	-
176-020	Investment in Joint venture - Partnership	-	-	-	-	-	-	-	-
176-030	Investment in Joint venture - Joint Venture	-	-	-	-	-	-	-	-
176-040	Investment in Joint venture - Tax Credit	-	-	-	-	-	-	-	-
176-050	Investment in Joint venture - Other	-	-	-	-	-	-	-	-
176-060	Other - Comment	-	-	-	-	-	-	-	-
176	Investment in joint venture	-	-	-	-	-	-	-	-
180	Total Non-current Assets	8,641,384	-	-	-	76,576	213,024	-	8,351,784
190	Total Assets	15,873,414	1,332,426	49,870	1,439,126	1,567,294	1,660,546	1,351,942	8,472,210

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

PROJECT BALANCE SHEET - CONTINUED

June 30, 2008

Line Item No.	Description	Total Projects	CA063000001	CA063000002	CA063000003	CA063000004	CA063000005	CA063000006	Other Project
311	Bank overdraft	-	-	-	-	-	-	-	-
312	Accounts payable <= 90 days	5,800	-	-	-	2,900	-	-	2,900
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	-	-	-	-	-	-	-	-
331-010	Accounts payable - HUD PHA Programs - Operating Subsidy	-	-	-	-	-	-	-	-
331-020	Accounts payable - HUD PHA Programs - Capital fund	-	-	-	-	-	-	-	-
331-030	Accounts payable - HUD PHA Programs - Other	52,891	2,288	1,874	2,287	-	-	2,035	44,407
331	Accounts payable - HUD PHA Programs	52,891	2,288	1,874	2,287	-	-	2,035	44,407
332	Accounts payable - PHA Projects	-	-	-	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-	-	-	-
341	Tenant security deposits	-	-	-	-	-	-	-	-
342-010	Deferred revenue - Operating Subsidy	-	-	-	-	-	-	-	-
342-020	Deferred revenue - Capital fund	-	-	-	-	-	-	-	-
342-030	Deferred revenue - Other	-	-	-	-	-	-	-	-
342	Deferred revenue	-	-	-	-	-	-	-	-
343-010	CHFP	-	-	-	-	-	-	-	-
343-020	Capital Projects/ Mortgage Revenue	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
346	Accrued liabilities - other	146,992	-	-	-	-	-	-	146,992
347	Inter program - due to	689,391	-	-	-	3,664	39,841	-	645,886
348-010	Loan liability - current - Net For Profit	-	-	-	-	-	-	-	-
348-020	Loan liability - current - Partnership	-	-	-	-	-	-	-	-
348-030	Loan liability - current - Joint Venture	-	-	-	-	-	-	-	-
348-040	Loan liability - current - Tax Credit	-	-	-	-	-	-	-	-
348-050	Loan liability - current - Other	-	-	-	-	-	-	-	-
348-060	Other - Comment	-	-	-	-	-	-	-	-
348	Loan liability - current	-	-	-	-	-	-	-	-
310	Total Current Liabilities	895,074	2,288	1,874	2,287	6,564	39,841	2,035	840,185

FINANCIAL DATA SCHEDULE - CONTINUED

PROJECT BALANCE SHEET - CONTINUED

June 30, 2008

Line Item No.	Description	Total Projects	CA063000001	CA063000002	CA063000003	CA063000004	CA063000005	CA063000006	Other Project
351-010	Long-term debt - CFFP	-	-	-	-	-	-	-	-
351-020	Long-term - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-	-
351	Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-	-	-
353	Non-current liabilities - other	-	-	-	-	-	-	-	-
354	Accrued compensated absences- Non-current	-	-	-	-	-	-	-	-
355-010	Loan liability - Non-current - Net For Profit	-	-	-	-	-	-	-	-
355-020	Loan liability - Non-current - Partnership	-	-	-	-	-	-	-	-
355-030	Loan liability - Non-current - Joint Venture	-	-	-	-	-	-	-	-
355-040	Loan liability - Non-current - Tax Credit	-	-	-	-	-	-	-	-
355-050	Loan liability - Non-current - Other	-	-	-	-	-	-	-	-
355-060	Other - Comment	-	-	-	-	-	-	-	-
355	Loan liability - Non-current	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-
357	Accrued Pension and OPEB Liability	-	-	-	-	-	-	-	-
350	Total Non-Current Liabilities	-	-	-	-	-	-	-	-
300	Total Liabilities	895,074	2,288	1,874	2,287	6,364	39,841	2,035	840,185
508.1	Invested in capital assets, net of related debt	8,641,384	-	-	-	76,576	213,024	-	8,351,784
511.1	Restricted Net Assets	-	-	-	-	-	-	-	-
512.1	Unrestricted Net Assets	6,336,956	1,330,138	47,996	1,436,819	1,484,154	1,407,681	1,349,907	(719,759)
513	Total Equity/Net Assets	14,978,340	1,330,138	47,996	1,436,839	1,560,730	1,620,705	1,349,907	7,632,025
600	Total Liabilities and Equity/Net assets	\$ 15,873,414	\$ 1,332,426	\$ 49,870	\$ 1,439,126	\$ 1,567,294	\$ 1,660,546	\$ 1,351,942	\$ 8,472,210

FINANCIAL DATA SCHEDULE - CONTINUED

PROJECT STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS

June 30, 2008

Line Item No.	Description	Total Projects	CA063000001	Operating Fund Program	Capital Fund Program	CA083000002	Operating Fund Program	Capital Fund Program	CA063000003	Operating Fund Program	Capital Fund Program	CA063000004
70300	Net tenant rental revenue	\$ 2,304,469	\$ 403,576	\$ 403,576	\$ -	\$ 446,120	\$ 446,120	\$ -	\$ 283,337	\$ 283,337	\$ -	\$ 445,491
70400	Tenant revenue - other	23,589	4,879	4,879	-	5,882	5,882	-	1,300	1,300	-	4,965
70500	Total Tenant Revenue	2,328,058	408,455	408,455	-	452,002	452,002	-	284,637	284,637	-	450,456
70600-010	Housing assistance payments	-	-	-	-	-	-	-	-	-	-	-
70600-020	Ongoing administrative fees earned	-	-	-	-	-	-	-	-	-	-	-
70600-030	Hard to lease fee revenue	-	-	-	-	-	-	-	-	-	-	-
70600-031	FSS Coordinator	-	-	-	-	-	-	-	-	-	-	-
70600-040	Actual independent public accountant audit costs	-	-	-	-	-	-	-	-	-	-	-
70600-050	Total preliminary fees earned	-	-	-	-	-	-	-	-	-	-	-
70600-060	All other fees	-	-	-	-	-	-	-	-	-	-	-
70600-070	Admin fee calculation description	-	-	-	-	-	-	-	-	-	-	-
70600	HUD PHA operating grants	2,408,814	186,782	141,663	45,119	154,044	122,490	31,554	183,330	145,841	37,509	287,594
70610	Capital grants	-	-	-	-	-	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-
70730	Book-Keeping Fee	-	-	-	-	-	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-	-	-	-	-	-
71100-010	Housing Assistance Payment	-	-	-	-	-	-	-	-	-	-	-
71100-020	Administrative Fee	-	-	-	-	-	-	-	-	-	-	-
71100	Investment income - unrestricted	192,338	33,686	33,686	-	21,291	21,291	-	35,546	35,546	-	35,246
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-	-	-	-	-	-
71400-010	Housing Assistance Payment	-	-	-	-	-	-	-	-	-	-	-
71400-020	Administrative Fee	-	-	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-
71500	Other revenue	82,183	11,425	11,425	-	18,323	18,323	-	8,984	8,984	-	9,072
71600	Gain or loss on sale of capital assets	(54,735,272)	(18,396,491)	(18,396,491)	-	(6,070,331)	(6,070,331)	-	(5,230,107)	(5,230,107)	-	(8,310,907)
72000-010	Housing Assistance Payment	-	-	-	-	-	-	-	-	-	-	-
72000-020	Administrative Fee	-	-	-	-	-	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-	-	-	-	-	-
70000	Total Revenue	(49,636,879)	(12,756,143)	(17,801,262)	45,119	(5,924,671)	(5,456,225)	31,554	(4,717,590)	(4,755,099)	37,509	(7,528,539)
91100	Administrative salaries	371,886	29,998	29,805	193	26,643	26,478	165	19,090	18,897	193	25,665
91200	Auditing fee	36	-	-	-	-	-	-	-	-	-	-
91200	Management Fee	452,161	76,849	76,849	-	67,895	67,895	-	81,674	81,674	-	76,272
91210	Book-Keeping Fee	44,865	7,560	7,560	-	6,739	6,739	-	8,168	8,168	-	7,541
91400	Advertising and Marketing	243	-	-	-	-	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	115,181	10,432	10,432	-	10,507	10,507	-	5,688	5,688	-	10,070
91600	Office Expenses	15,641	1,020	1,020	-	1,410	1,410	-	3,435	3,435	-	1,420
91700	Legal Expenses	29,922	1,305	1,305	-	930	930	-	375	375	-	430
91800	Travel	1,058	162	162	-	140	140	-	166	166	-	159
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-	-	-
91900	Other	263,591	6,339	6,339	-	2,903	2,903	-	18,301	18,301	-	20,131
91000	Total Operating-Administrative	1,294,554	133,665	133,472	193	117,167	117,002	165	136,897	136,794	193	141,686
92000	Asset Management Fee	59,870	10,080	10,080	-	8,985	8,985	-	10,890	10,890	-	10,655

FINANCIAL DATA SCHEDULE - CONTINUED

PROJECT STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2008

Line Item No.	Description	Operating Fund Program	CA063000005	Operating Fund Program	CA063000006	Operating Fund Program	Capital Fund Program	Other Project	Operating Fund Program	Capital Fund Program
7050R	Net tenant rental revenue	\$ 448,491	\$ 359,828	\$ 359,828	\$ 366,117	\$ 366,117	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	4,965	3,401	3,401	3,162	3,162	-	-	-	-
70500	Total Tenant Revenue	450,456	363,229	363,229	369,279	369,279	-	-	-	-
70600-010	Housing assistance payments	-	-	-	-	-	-	-	-	-
70600-020	Ongoing administrative fees earned	-	-	-	-	-	-	-	-	-
70600-030	Hard to house fee revenue	-	-	-	-	-	-	-	-	-
70600-031	FSS Coordinator	-	-	-	-	-	-	-	-	-
70600-040	Actual independent public accountant audit costs	-	-	-	-	-	-	-	-	-
70600-050	Total preliminary fees earned	-	-	-	-	-	-	-	-	-
70600-060	All other fees	-	-	-	-	-	-	-	-	-
70600-070	Admin fee calculation description	-	-	-	-	-	-	-	-	-
70600	HUD PHA operating grants	139,286	408,769	138,057	168,875	131,994	33,881	1,109,400	-	1,109,400
70610	Capital grants	-	-	-	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-	-	-	-
71100-010	Housing Assistance Payment	-	-	-	-	-	-	-	-	-
71100-020	Administrative Fee	-	-	-	-	-	-	-	-	-
71100	Investment income - unrestricted	35,246	35,002	35,002	31,567	31,567	-	-	-	-
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-	-	-	-
71400-010	Housing Assistance Payment	-	-	-	-	-	-	-	-	-
71400-020	Administrative Fee	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	-	-	-	-	-	-	-
71500	Other revenue	9,072	13,791	13,791	20,588	20,588	-	-	-	-
71600	Gain or loss on sale of capital assets	(8,310,907)	(5,622,059)	(5,622,059)	(6,521,315)	(6,521,315)	-	(4,584,062)	-	-
72000-010	Housing Assistance Payment	-	-	-	-	-	-	-	-	-
72000-020	Administrative Fee	-	-	-	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-	-	-	-
70000	Total Revenue	(7,676,847)	(4,801,268)	(5,071,980)	(5,934,006)	(5,967,887)	33,881	(3,474,662)	(4,584,062)	1,109,400
91100	Administrative salaries	25,470	23,195	25,002	31,429	31,264	165	215,838	195,429	20,409
91200	Auditing fees	-	-	-	-	-	-	-	-	-
91300	Management Fee	76,272	76,346	76,346	71,125	73,125	-	36	36	-
91310	Book-keeping Fee	7,591	7,586	7,586	7,271	7,271	-	-	-	-
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	10,070	7,434	7,434	10,791	10,791	-	243	73	170
91600	Office Expenses	1,420	1,469	1,469	4,900	4,900	-	60,259	54,616	5,643
91700	Legal Expenses	430	1,090	1,090	-	-	-	1,987	1,283	704
91800	Travel	159	157	157	151	151	-	23,802	25,727	155
91810	Allocated Overhead	-	-	-	-	-	-	123	100	23
91900	Other	20,131	6,521	6,521	20,301	20,301	-	189,095	186,250	2,845
91000	Total Operating-Administrative	141,495	123,708	123,515	147,968	147,803	165	493,463	469,514	29,949
92000	Asset Management Fee	10,055	10,115	10,115	9,695	9,695	-	-	-	-

FINANCIAL DATA SCHEDULE - CONTINUED

PROJECT STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2008

Line Item No.	Description	Total Projects	CA063000001	Operating Fund Program	Capital Fund Program	CA063000002	Operating Fund Program	Capital Fund Program	CA063000003	Operating Fund Program	Capital Fund Program	CA063000004
92100	Tenant services - salaries	119,040	11,436	3,932	7,504	9,661	3,399	6,262	13,385	4,081	7,504	10,500
92200	Relocation Costs	36,098	-	-	-	-	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	36,052	3,733	1,342	2,391	3,157	1,162	1,995	3,788	1,396	2,392	3,379
92400	Tenant services - other	135,179	395	395	-	1,316	1,316	-	1,568	1,568	-	40,142
92500	Total Tenant Services	326,369	15,564	5,669	9,895	14,134	5,877	8,257	16,941	7,045	9,896	54,676
93100	Water	132,638	21,191	21,191	-	26,543	26,543	-	10,672	10,672	-	32,167
93200	Electricity	32,346	3,969	3,969	-	3,404	3,404	-	7,868	7,868	-	4,152
93300	Gas	30,767	3,323	3,323	-	5,559	5,559	-	6,064	6,064	-	3,025
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-	-	-	-
93600	Sever	132,639	21,191	21,191	-	26,543	26,543	-	10,673	10,673	-	32,167
93700	Employee benefit contributions - utilities	-	-	-	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	-	-
93900	Total Utilities	328,390	49,574	49,574	-	62,149	62,149	-	35,277	35,277	-	71,811
94100	Ordinary maintenance and operations - labor	192,471	25,422	25,422	-	39,091	39,091	-	23,705	23,705	-	17,708
94200	Ordinary maintenance and operations - materials and other	4,362	936	936	-	862	862	-	(1,661)	(1,661)	-	(229)
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	61,191	12,260	12,260	-	10,952	10,952	-	4,046	4,046	-	11,074
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	-	-	-	-	-	-	-	-	-	-	-
94300-030	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	-	-	-	-	-	-	-	-	-	-	-
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	-	-	-	-	-	-	-	-	-	-	-
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	132,657	22,114	22,114	-	17,609	17,609	-	24,678	24,678	-	18,277
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turnaround Contracts	287,676	57,026	57,026	-	51,132	51,132	-	26,238	26,238	-	58,530
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	16,852	3,584	3,584	-	1,096	1,096	-	7,387	7,387	-	807
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	127,803	24,403	24,403	-	20,533	20,533	-	17,345	17,345	-	20,469
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	22,935	4,379	4,379	-	2,971	2,971	-	2,321	2,321	-	4,017
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	11,222	2,085	2,085	-	1,212	1,212	-	220	220	-	4,177
94300-110	Ordinary Maintenance and Operations Contracts - Routine Maintenance Contracts	34,566	12,955	12,955	-	(4,801)	(4,801)	-	6,288	6,288	-	1,099
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	694,902	138,806	138,806	-	100,704	100,704	-	88,523	88,523	-	119,150
94300	Employee benefit contribution - ordinary maintenance	95,134	14,288	14,288	-	19,051	19,051	-	12,602	12,602	-	10,079
94600	Total Maintenance	986,869	179,452	179,452	-	159,428	159,428	-	123,169	123,169	-	146,708
95100	Protective services - labor	-	-	-	-	-	-	-	-	-	-	-
95200	Protective services - other contract costs	38,448	1,134	1,134	-	342	342	-	8,944	8,944	-	353
95300	Protective services - other	-	-	-	-	-	-	-	-	-	-	-
95300	Employee benefit contributions - protective services	-	-	-	-	-	-	-	-	-	-	-
95600	Total Protective Services	38,448	1,134	1,134	-	342	342	-	8,944	8,944	-	353
96110	Property Insurance	33,237	5,744	5,744	-	4,961	4,961	-	5,939	5,939	-	5,612
96120	Liability Insurance	9,338	1,619	1,619	-	1,372	1,372	-	1,697	1,697	-	1,846
96130	Workmen's Compensation	-	-	-	-	-	-	-	-	-	-	-
96140	All other insurance	26,383	3,801	3,801	-	6,199	6,199	-	3,801	3,801	-	3,801
96100	Total Insurance Premiums	68,978	11,164	11,164	-	12,532	12,532	-	11,437	11,437	-	11,029

FINANCIAL DATA SCHEDULE - CONTINUED

PROJECT STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2008

Line Item No.	Description	Operating Fund Program	Capital Fund Program	CAUS-000005	Operating Fund Program	Capital Fund Program	CAUS-000006	Operating Fund Program	Capital Fund Program	Other Project	Operating Fund Program	Capital Fund Program
92100	Tenant services - salaries	3,927	7,023	10,946	3,924	7,022	10,654	3,911	6,743	53,808	39,376	14,432
92200	Relocation Costs	1,340	2,239	3,579	1,340	2,239	3,484	1,335	2,149	36,098	-	36,098
92300	Employee benefit contributions - tenant services	4,947	36,180	-6,646	5,546	1,100	-	-	-	14,732	10,008	4,724
92400	Tenant services - other	9,314	45,362	21,171	10,810	30,361	14,138	5,246	8,892	85,107	49,584	85,107
92500	Total Tenant Services	32,167	93,000	48,102	21,514	41,722	28,276	10,492	18,784	109,785	108,952	140,361
93100	Water	3,025	-	6,176	3,025	-	6,176	3,025	-	-	3,025	-
93200	Electricity	4,432	-	4,128	4,432	-	4,128	4,432	-	-	4,432	-
93300	Gas	3,025	-	6,176	3,025	-	6,176	3,025	-	-	3,025	-
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-	-	-	-
93600	Sever	32,167	-	20,812	32,167	-	20,812	32,167	-	-	32,167	-
93700	Employee benefit contributions - utilities	-	-	-	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	-	-
93000	Total Utilities	71,811	-	51,928	71,811	-	51,928	71,811	-	-	71,811	-
94100	Ordinary maintenance and operations - labor	17,708	-	3,494	17,708	-	3,494	16,241	-	70,304	70,304	-
94200	Ordinary maintenance and operations - materials and other	(2,291)	-	-	-	-	-	1,240	-	-	-	-
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	11,074	-	8,146	11,074	-	8,146	14,713	-	-	-	-
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	-	-	-	-	-	-	-	-	-	-	-
94300-030	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	-	-	-	-	-	-	-	-	-	-	-
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	-	-	-	-	-	-	-	-	-	-	-
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	18,277	-	24,185	18,277	-	24,185	23,794	-	-	-	-
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turnaround Contracts	58,530	-	48,521	58,530	-	48,521	46,229	-	-	-	-
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	807	-	3,068	807	-	3,068	910	-	-	-	-
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	20,569	-	19,190	20,569	-	19,190	25,763	-	-	-	-
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	4,017	-	6,906	4,017	-	6,906	2,341	-	-	-	-
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	4,377	-	3,074	4,377	-	3,074	254	-	-	-	-
94300-110	Ordinary Maintenance and Operations Contracts - Routine Maintenance Contracts	1,499	-	15,431	1,499	-	15,431	3,194	-	-	-	-
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	119,150	-	128,521	119,150	-	128,521	119,198	-	-	-	-
94500	Employee benefit contribution - ordinary maintenance	10,979	-	-	10,979	-	-	8,164	-	30,950	30,950	-
94000	Total Maintenance	146,708	-	132,035	146,708	-	132,035	144,843	-	101,254	101,254	-
95100	Protective services - labor	-	-	-	-	-	-	-	-	-	-	-
95200	Protective services - other contract costs	353	-	24,855	353	-	24,855	2,820	-	-	-	-
95300	Protective services - other	-	-	-	-	-	-	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-	-	-	-	-	-	-
95000	Total Protective Services	353	-	24,855	353	-	24,855	2,820	-	-	-	-
96110	Property Insurance	5,642	-	5,599	5,642	-	5,599	5,352	-	-	-	-
96120	Liability Insurance	1,386	-	1,579	1,386	-	1,579	1,505	-	-	-	-
96130	Workman's Compensation	-	-	-	-	-	-	-	-	-	-	-
96140	All other insurance	3,801	-	3,801	3,801	-	3,801	3,801	-	1,179	584	595
96100	Total Insurance Premiums	11,029	-	10,979	11,029	-	10,979	10,658	-	1,179	584	595

FINANCIAL DATA SCHEDULE - CONTINUED

PROJECT STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2008

Line Item No.	Description	Total Projects	CA063000001	Operating Fund Program	Capital Fund Program	CA063000002	Operating Fund Program	Capital Fund Program	CA063000003	Operating Fund Program	Capital Fund Program	CA063000004
96208	Other general expenses	101,534	16,199	7,799	8,400	4,069	4,069	-	1,831	1,831	-	(388)
96210	Compensated absences	1,464	-	-	-	-	-	-	-	-	-	-
96300	Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	-	-
96489	Bad debt - tenant rents	-	-	-	-	-	-	-	-	-	-	-
96500	Bad debt - mortgages	-	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - other	(8,603)	(238)	(238)	-	(1,062)	(1,062)	-	(679)	(679)	-	(2,708)
96800	Severance expense	-	-	-	-	-	-	-	-	-	-	-
96000	Total Other General Expenses	94,395	15,961	7,561	8,400	2,907	2,947	-	1,152	1,152	-	(3,096)
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	3,197,823	316,694	398,206	18,488	377,684	369,262	8,422	344,207	334,618	10,989	433,222
97000	Excess Revenue Over Operating Expenses	(52,834,702)	(18,173,857)	(18,199,468)	26,631	(5,802,355)	(5,825,487)	23,132	(5,062,297)	(5,089,717)	27,420	(7,961,761)
97100	Extraordinary maintenance	1,547,963	125,990	125,990	-	1,421,973	1,421,973	-	-	-	-	-
97200	Charity losses- Non-capitalized	-	-	-	-	-	-	-	-	-	-	-
97300-010	Manufacture 1 & 5 year	-	-	-	-	-	-	-	-	-	-	-
97300-020	Home-Ownership	-	-	-	-	-	-	-	-	-	-	-
97300-025	Litigation	-	-	-	-	-	-	-	-	-	-	-
97300-030	Hope IV	-	-	-	-	-	-	-	-	-	-	-
97300-035	Moving to Work	-	-	-	-	-	-	-	-	-	-	-
97300-040	Tenant Protection	-	-	-	-	-	-	-	-	-	-	-
97300-050	All Other	-	-	-	-	-	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-	-	-	-	-	-	-
97350	HAP Portability-in	-	-	-	-	-	-	-	-	-	-	-
97400	Depreciation expense	999,931	233,823	255,823	-	126,819	126,819	-	138,989	138,989	-	157,801
97500	Fraud losses	-	-	-	-	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-	-	-	-	-
99000	Total Expenses	5,743,717	796,507	778,019	18,488	1,926,476	1,918,054	8,422	483,696	473,607	10,089	591,023
10010	Operating transfer in	154,138	26,631	26,631	-	23,132	23,132	-	27,420	27,420	-	26,178
10020	Operating transfer out	(154,138)	(26,631)	(26,631)	-	(23,132)	(23,132)	-	(27,420)	(27,420)	-	(26,178)
10030-010	Not For Profit	-	-	-	-	-	-	-	-	-	-	-
10030-020	Partnership	-	-	-	-	-	-	-	-	-	-	-
10030-030	Joint Venture	-	-	-	-	-	-	-	-	-	-	-
10030-040	Tax Credit	-	-	-	-	-	-	-	-	-	-	-
10030-050	Other	-	-	-	-	-	-	-	-	-	-	-
10030-060	Other - Comment	-	-	-	-	-	-	-	-	-	-	-
10030	Operating transfers from / to primary government	-	-	-	-	-	-	-	-	-	-	-
10040	Operating transfers from / to component unit	-	-	-	-	-	-	-	-	-	-	-
10070	Extraordinary items, net gains/loss	-	-	-	-	-	-	-	-	-	-	-
10080	Special items, net gains/loss	-	-	-	-	-	-	-	-	-	-	-
10091	Enter Project Excess Cash Transfer In	5,132,692	-	-	-	111,691	111,691	-	-	-	-	-
10092	Enter Project Excess Cash Transfer Out	(5,132,692)	-	-	-	(753,518)	(753,518)	-	(916,571)	(916,571)	-	(875,080)
10093	Transfers between Programs and Projects - in	-	-	-	-	-	-	-	-	-	-	-
10094	Transfers between Programs and Projects - out	-	-	-	-	-	-	-	-	-	-	-
10100	Total other financing sources (uses)	(890,168)	(890,168)	(890,168)	(26,631)	(641,827)	(618,695)	(23,132)	(916,571)	(899,151)	(27,420)	(875,080)
10600	Excess (Deficiency) of Revenue Over (Under) Expense	(55,382,596)	(19,442,818)	(19,442,818)	-	(7,992,974)	(7,992,974)	-	(6,117,857)	(6,117,857)	-	(8,594,652)
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-	-	-
11050	Beginning equity	70,560,935	20,772,955	20,772,955	-	8,040,970	8,040,970	-	7,554,696	7,554,696	-	10,535,372

FINANCIAL DATA SCHEDULE - CONTINUED

PROJECT STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2008

Line Item No.	Description	Operating Fund Program	Capital Fund Program	CA063000005	Operating Fund Program	Capital Fund Program	CA063000006	Operating Fund Program	Capital Fund Program	Other Project	Operating Fund Program	Capital Fund Program
96200	Other general expenses	(388)	-	27,209	6,028	21,181	1,806	1,806	-	50,868	43,946	6,922
96210	Compensated absences	-	-	-	-	-	-	-	-	1,464	167	1,297
96300	Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	-	-	-	-	-	-	-	-
96500	Bad debt - mortgages	-	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - other	(2,708)	-	(754)	(754)	-	(1,162)	(3,162)	-	-	-	-
96800	Severance expense	-	-	-	-	-	-	-	-	-	-	-
96000	Total Other General Expenses	(3,096)	-	26,455	5,274	21,181	(1,356)	(1,356)	-	52,332	44,113	8,219
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	387,667	45,555	401,226	369,491	31,735	386,317	377,260	9,057	837,973	658,849	179,124
97000	Excess Revenue Over Operating Expenses	(8,064,514)	102,753	(5,202,404)	(5,441,471)	238,977	(6,320,333)	(6,345,147)	24,824	(4,312,635)	(5,247,911)	930,276
97100	Extraordinary maintenance	-	-	-	-	-	-	-	-	-	-	-
97200	Casualty losses- Non-capitalized	-	-	-	-	-	-	-	-	-	-	-
97300-010	Mainstream 1 & 3 year	-	-	-	-	-	-	-	-	-	-	-
97300-020	Home-Ownership	-	-	-	-	-	-	-	-	-	-	-
97300-025	Litigation	-	-	-	-	-	-	-	-	-	-	-
97300-030	Hope IV	-	-	-	-	-	-	-	-	-	-	-
97300-035	Moving to Work	-	-	-	-	-	-	-	-	-	-	-
97300-040	Tenant Protection	-	-	-	-	-	-	-	-	-	-	-
97300-050	All Other	-	-	-	-	-	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-	-	-	-	-	-	-
97350	HAP Forfeiture-in	-	-	-	-	-	-	-	-	-	-	-
97400	Depreciation expense	157,801	-	139,827	139,827	-	148,966	148,966	-	33,706	33,706	-
97500	Fraud losses	-	-	-	-	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-	-	-	-	-
90000	Total Expenses	545,468	45,555	541,033	509,318	31,735	535,283	526,226	9,057	871,679	692,555	179,124
10010	Operating transfer in	-	-	25,953	25,953	-	24,824	24,824	-	-	-	-
10020	Operating transfer out	26,178	(26,178)	(25,953)	-	(25,953)	(24,824)	-	(24,824)	-	-	-
10030-010	Not For Profit	-	-	-	-	-	-	-	-	-	-	-
10030-020	Partnership	-	-	-	-	-	-	-	-	-	-	-
10030-030	Joint Venture	-	-	-	-	-	-	-	-	-	-	-
10030-040	Tax Credit	-	-	-	-	-	-	-	-	-	-	-
10030-050	Other	-	-	-	-	-	-	-	-	-	-	-
10030-060	Other - Comment	-	-	-	-	-	-	-	-	-	-	-
10030	Operating transfers from / to primary government	-	-	-	-	-	-	-	-	-	-	-
10040	Operating transfers from / to component unit	-	-	-	-	-	-	-	-	-	-	-
10070	Excess primary items, net gains/loss	-	-	-	-	-	-	-	-	-	-	-
10080	Special items, net gains/loss	-	-	-	-	-	-	-	-	-	-	-
10091	Intra-Project Excess Cash Transfer In	-	-	-	-	-	-	-	-	-	-	-
10092	Intra-Project Excess Cash Transfer Out	(875,080)	-	(867,537)	(867,537)	-	(829,818)	(829,818)	-	5,021,001	5,021,001	-
10095	Transfers between Programs and Projects - in	-	-	-	-	-	-	-	-	-	-	-
10094	Transfers between Programs and Projects - out	-	-	-	-	-	-	-	-	-	-	-
10100	Total other financing sources (uses)	(848,902)	(26,178)	(867,537)	(841,584)	(25,953)	(829,818)	(804,994)	(24,824)	5,021,001	5,021,001	-
10600	Excess (Deficiency) of Revenue Over (Under) Expense:	(9,071,217)	76,575	(6,209,638)	(6,422,882)	213,024	(7,299,107)	(7,299,107)	-	674,660	(255,616)	930,276
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-	-	-
11030	Beginning equity	10,555,372	-	7,830,503	7,830,503	-	8,649,014	8,649,014	-	6,957,365	78,682	6,878,683

FINANCIAL DATA SCHEDULE - CONTINUED

PROJECT STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2008

Line Item No.	Description	Total Projects	CA063000001	Operating Fund Program	Capital Fund Program	CA063000002	Operating Fund Program	Capital Fund Program	CA063000003	Operating Fund Program	Capital Fund Program	CA063000004
1180-010	Prior period adjustments and correction of errors - Editable											
1180-020	Prior period adjustments and correction of errors - Editable											
1180-030	Prior period adjustments and correction of errors - Editable											
1180-040	Prior period adjustments and correction of errors - Editable											
1180-050	Prior period adjustments and correction of errors - Editable											
1180-060	Prior period adjustments and correction of errors - Editable											
1180-070	Equity Transfers											
1180-080	Equity Transfers											
1180-090	Equity Transfers											
1180-100	Equity Transfers											
1180-110	Equity Transfers											
11040	Prior period adjustments, equity transfers, and correction of errors											
1170-001	Administrative Fee Revenue - Beginning Balance											
1170-010	Administrative Fee Revenue											
1170-020	Fees to House Fee Revenue											
1170-031	FSS Coordinator Grant											
1170-050	Audit Costs											
1170-060	Investment Income											
1170-045	Fraud Recovery Revenue											
1170-090	Other Revenue											
1170-051	Comment for Other Revenue											
1170-080	Total Admin Fee Revenues											
1170-080	Total Operating Expenses											
1170-090	Depreciation											
1170-095	Housing Assistance Portability In											
1170-100	Other Expenses											
1170-101	Comment for Other Expense											
1170-110	Total Expenses											
1170-002	Net Administrative Fee											
1170-005	Administrative Fee Equity - Ending Balance											
1170	Administrative Fee Equity											
1180-001	Housing Assistance Payments Equity - Beginning Balance											
1180-010	Housing Assistance Payment Revenues											
1180-015	Fraud Recovery Revenue											
1180-020	Net Housing Assistance Payments											
1180-021	Comment for Other Revenue											
1180-025	Investment Income											
1180-030	Total HAP Revenues											
1180-080	Housing Assistance Payments											
1180-090	Other Expenses											
1180-091	Comments for Other Expenses											
1180-100	Total Housing Assistance Payments Expenses											
1180-002	Net Housing Assistance Payments											
1180-003	Housing Assistance Payments Equity-Ending Balance											
1180	Housing Assistance Payments Equity											
1190-210	Total ACC HCY Units											
1190-220	Unfunded Units											
1190-230	Other Adjustments											
1190	Unit Months Available	6,066	1,053	909	1,089	909	1,089	1,089	1,089	1,089	1,017	1,006
11210	Unit Months Leased	3,984	1,808	899	899	899	899	899	899	899	899	899
11270	Excess Cash	6,316,936	1,330,138	1,330,138	47,996	47,996	47,996	47,996	1,436,839	1,436,839	1,436,839	1,484,154
11610	Land Purchases											
11620	Building Purchases											
11630	Furniture & Equipment-Dwelling Purchases											
11640	Furniture & Equipment-Administrative Purchases											
11650	Leasehold Improvements Purchases											
11660	Infrastructure Purchases											
13510	CHFP Debt Service Payments											
13901	Replacement Housing Factor Funds											

FINANCIAL DATA SCHEDULE - CONTINUED

PROJECT STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2008

Line Item No.	Description	Operating Fund Program	Capital Fund Program	CA063000005	Operating Fund Program	Capital Fund Program	CA063000006	Operating Fund Program	Capital Fund Program	Other Project	Operating Fund Program	Capital Fund Program
11040-010	Prior period adjustments and correction of errors - Editable	-	-	-	-	-	-	-	-	-	-	-
11040-020	Prior period adjustments and correction of errors - Editable	-	-	-	-	-	-	-	-	-	-	-
11040-030	Prior period adjustments and correction of errors - Editable	-	-	-	-	-	-	-	-	-	-	-
11040-040	Prior period adjustments and correction of errors - Editable	-	-	-	-	-	-	-	-	-	-	-
11040-050	Prior period adjustments and correction of errors - Editable	-	-	-	-	-	-	-	-	-	-	-
11040-060	Prior period adjustments and correction of errors - Editable	-	-	-	-	-	-	-	-	-	-	-
11040-070	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-
11040-080	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-
11040-090	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-
11040-100	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-
11040-110	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-
11040	Prior period adjustments, equity transfers, and correction of errors	-	-	-	-	-	-	-	-	-	-	-
11170-001	Administrative Fee Equity - Beginning Balance	-	-	-	-	-	-	-	-	-	-	-
11170-010	Administrative Fee Revenue	-	-	-	-	-	-	-	-	-	-	-
11170-020	Fees to House Fee Revenue	-	-	-	-	-	-	-	-	-	-	-
11170-021	FSS Coordinator Grant	-	-	-	-	-	-	-	-	-	-	-
11170-030	Audit Costs	-	-	-	-	-	-	-	-	-	-	-
11170-040	Investment Income	-	-	-	-	-	-	-	-	-	-	-
11170-045	Fraud Recovery Revenue	-	-	-	-	-	-	-	-	-	-	-
11170-050	Other Revenue	-	-	-	-	-	-	-	-	-	-	-
11170-051	Comment for Other Revenue	-	-	-	-	-	-	-	-	-	-	-
11170-060	Total Admin Fee Revenues	-	-	-	-	-	-	-	-	-	-	-
11170-069	Total Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
11170-090	Depreciation	-	-	-	-	-	-	-	-	-	-	-
11170-095	Housing Assistance Portability In	-	-	-	-	-	-	-	-	-	-	-
11170-100	Other Expenses	-	-	-	-	-	-	-	-	-	-	-
11170-101	Comment for Other Expense	-	-	-	-	-	-	-	-	-	-	-
11170-110	Total Expenses	-	-	-	-	-	-	-	-	-	-	-
11170-002	Net Administrative Fee	-	-	-	-	-	-	-	-	-	-	-
11170-003	Administrative Fee Equity - Ending Balance	-	-	-	-	-	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	-	-	-
11180-001	Housing Assistance Payments Equity - Beginning Balance	-	-	-	-	-	-	-	-	-	-	-
11180-010	Housing Assistance Payment Revenues	-	-	-	-	-	-	-	-	-	-	-
11180-015	Fraud Recovery Revenue	-	-	-	-	-	-	-	-	-	-	-
11180-020	Net Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-	-
11180-021	Comment for Other Revenue	-	-	-	-	-	-	-	-	-	-	-
11180-025	Investment Income	-	-	-	-	-	-	-	-	-	-	-
11180-030	Total HAP Revenues	-	-	-	-	-	-	-	-	-	-	-
11180-080	Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-	-
11180-090	Other Expenses	-	-	-	-	-	-	-	-	-	-	-
11180-091	Comments for Other Expenses	-	-	-	-	-	-	-	-	-	-	-
11180-100	Total Housing Assistance Payments Expenses	-	-	-	-	-	-	-	-	-	-	-
11180-002	Net Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-	-
11180-003	Housing Assistance Payments Equity-Ending Balance	-	-	-	-	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-	-
11190-210	Total ACC HCV Units	-	-	-	-	-	-	-	-	-	-	-
11190-220	Unfunded Units	-	-	-	-	-	-	-	-	-	-	-
11190-230	Other Adjustments	-	-	-	-	-	-	-	-	-	-	-
11190	Unit Months Available	1,017	1,017	-	1,017	981	981	981	981	-	981	-
11210	Unit Months Leased	1,006	1,006	-	1,012	970	970	970	970	-	970	-
11270	Excess Cash	1,484,154	1,407,681	-	1,407,681	-	1,349,907	1,349,907	1,349,907	(719,759)	(719,759)	-
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-