Housing Authority of the City of San Antonio

Financial Report and Compliance Report
June 30, 2021

Table of Contents

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Independent Auditor's Report

To the Board of Commissioners
Housing Authority of the City of San Antonio

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Housing Authority of the City of San Antonio (the "Authority") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the City of San Antonio Employees' Money Purchase Pension Plan and Trust (the "Plan") which comprises the Authority's aggregate remaining fund information. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Plan, is based solely on the report of the other auditors. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

CohnReznick

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Authority, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of modernization costs is presented for purposes of additional analysis, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is also not a required part of the basic financial statements.

The schedule of modernization costs and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of modernization costs and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 27, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CohnReznick LLP

Charlotte, North Carolina
September 27, 2022

This section of the Housing Authority of the City of San Antonio's (the Authority) annual financial report presents management's discussion and analysis (MD&A) of the Authority's financial performance during the fiscal year (FY) ended June 30, 2021, related to its business-type activities, as compared to the FY ended June 30, 2020. The business-type activities of the Authority include the following: Public Housing Programs, Section 8 Voucher Programs, Capital Fund Programs, Community Development Initiatives Programs, Beacon Communities and the San Antonio Housing Facility Corporation. The MD&A is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position and identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current-year activities, resulting changes and currently known facts, we encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which follow this section.

Overview of the Housing Authority of the City of San Antonio, Texas

The Authority is a municipal housing authority organized under the laws of the state of Texas (now Chapter 392 of the Texas Local Government Code) and by a resolution of the City Council of the City of San Antonio, Texas, adopted on June 17, 1937. The Authority's purpose is to provide and promote safe and sanitary housing for low-income persons residing in San Antonio, Texas. A seven-member Board of Commissioners (the Board), appointed by the Mayor of the City of San Antonio, governs the Authority.

The Authority is one of 39 public housing authorities nationwide with a Moving to Work (MTW) designation from the United States Department of Housing and Urban Development (HUD). The Authority received its MTW designation from HUD in 1999 and approved a restated MTW agreement in June 2009, which extended the program for 10 additional years. During FY 2016, HUD issued a letter to all participating MTW agencies modifying and extending their existing contracts through 2028. The MTW agreement grants the Authority flexibility to develop policies outside the limitations of certain HUD regulations and provisions. As a MTW agency, the Authority's three primary goals are to promote and increase self-sufficiency among public housing and Section 8 residents, to increase housing choices for low-income families and to achieve programmatic efficiencies and reduce costs. Every year, a MTW plan is developed, describing how flexibilities will be applied to best meet community needs with input from stakeholders, residents and landlords. The MTW agreement also allows for funding fungibility by pooling the Public Housing operating subsidy, Section 8 Housing Choice Voucher subsidy and Capital Funds.

Highlights

- The Authority's total net position increased by $10.2 million, a 3.4% increase from the prior year.

- During FY 2021, the Authority increased its net capital assets by $48.6 million, attributable to land additions from several new ground lease transactions; capitalization of significant construction projects in both the Beacon and Public Housing portfolios; and the purchase of Costa Valencia, which added 230 units to the Beacon portfolio.

- Total operating revenue increased by $10.1 million, or 5.2%, from FY 2020 to FY 2021. Tenant rental revenue accounted for $1.8 million of the increase and was predominantly due to rent received from new units acquired in late FY 2020.

- The Authority garnered two Awards of Excellence from the National Association of Housing and Redevelopment Officials (NAHRO) for Project Design for Phillis Wheatley Park and Community Revitalization for Garcia Street Urban Farm. Of the over 3,000 public housing authorities in the country, the Authority received more nominations for Awards of Excellence than any other housing authority.

- In August 2020, the Authority celebrated the demolition of an old and vacant Authority-owned warehouse that was formerly used to house maintenance vehicles. The site will be the home of a new affordable housing multi-family development for the near westside. Through a partnership with developer Mission DG, Tampico Lofts will provide 200 family units, 136 of which will be low-income housing tax credit units. Construction is projected to be completed in early 2022.

- In July and August 2020, the Authority co-hosted groundbreaking ceremonies for Culebra Crossing, Majestic Ranch, and The Scott at Medio Creek. The Authority is partnered with LYND to develop Culebra Crossing, a 327-unit community, of which 164 units will be rented to families at 80% area median income. The Authority is partnered with Hogan Properties Company, Inc. to develop the Majestic Ranch Apartments, a 288-unit community, with all of the units to be leased to families earning at or below 60% of the area median income. The Authority is partnered with NRP Group to develop The Scott at Medio Creek, a 324-unit property, which will offer one to four bedrooms for individuals and families earning between 30 and 70% of the area median income.

- In November 2020, the Authority celebrated the groundbreaking of The Legacy at Alazan (formerly referred to as Alazan Lofts) on the westside. SAHA is partnered with NRP Group and garnered 9% low-income housing tax credits to build the development. The property will have 88 units, 80 of which will be reserved for public housing.

- Victoria Courts, a 796-unit apartment complex constructed in 1940, was demolished in 2001 and then master planned to include mixed-income multifamily and for-sale townhomes. Through revitalization efforts over the past two decades, the Authority completed Refugio Place Apartments, Artisan Park Townhomes Phase IIA, Hemisview Village, and Leigh Street Homes. In partnership with Franklin Development, the Authority celebrated the construction kick-off for 100 Labor Street, a mixed-income, mixed-use, 220-unit multi-family development. The new downtown community is a modern approach to workforce housing with the purpose of creating an atmosphere to fit resident lifestyles. Construction at 100 Labor Street is expected to be completed by December 2022. Additionally, the Authority partnered with the Catellus Development Corporation to assist in completing a conceptual master plan for 11.5 acres, including Artisan Park Townhomes Phase IIB.

- In December 2020, the Authority refinanced the 100-unit Sunshine Plaza Apartments and received $2.5 million in loan proceeds, which will be used to finance immediate and long-term capital repairs and improvements for the property.

- The Authority remains committed to being a sustainable agency, and actively elected to pursue a self-managed Energy Performance Contract (EPC) Phase II, where energy and water conservation measures are financed with future utility cost reductions. In August 2020, the Authority financed EPC Phase II for $9.2 million, of which approximately $1.3 million was used to pay off the EPC Phase I loan. At June 30, 2021, there was approximately $3.5 million in unexpended EPC funds.

- The Authority's current ratio that measures liquidity was 3.53 at June 30, 2021. The ratio is an indicator of the Authority's strong capacity to meet its short-term financial obligations and demonstrates that it has over three dollars of current assets covering each dollar of total current liabilities.

- The Authority's debt-to-net position ratio was 0.59 at June 30, 2021, demonstrating the Authority's strong long-term solvency position. The ratio means the Authority has 59 cents of debt for every dollar of equity.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which are comprised of two components: (1) basic financial statements and (2) notes to financial statements. The basic financial statements include the operations of the Authority and its blended component units.

The statement of net position presents financial information on the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the Authority's net position changed during the most recent FY. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

Basic Financial Statements
As provided for under accounting principles generally accepted in the United States of America, the Authority uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation and amortization, are recognized in the period in which they are incurred. All assets, liabilities, deferred outflows and deferred inflows associated with the operation of the Authority are included in the statement of net position. The Authority presents its activities as a single enterprise proprietary fund. The basic financial statements begin on page 17 of this report.

San Antonio Housing Authority
The Authority operates the following programs:

- **Housing Choice Voucher (HCV) Program**—a HUD-funded program that provides rent subsidies to families residing in privately owned rental properties.

- **Capital Improvement Programs**—HUD-funded programs that include the Capital Fund Program and the Capital Fund Financing Program, which provide funds for new construction and the rehabilitation of existing housing units.

- **Public Housing Program**—a HUD-funded program under which the Authority manages and maintains 6,058 public housing rental units for eligible low-income families, seniors and individuals with disabilities.

Pension Plan Trust Fund—Fiduciary Fund
The Housing Authority of the City of San Antonio Employees' Money Purchase Pension Plan and Trust, a component unit of the Authority, is accounted for as fiduciary activity in the fiduciary fund financial statements. The basic fiduciary fund financial statements begin on page 23 of this report.

Notes to Financial Statements
The notes to financial statements provide additional information that is essential to the full understanding of the data provided in the fund financial statements. The notes to financial statements begin on page 26 of this report.

Financial Analysis

General
Over time, net position may serve as a useful indicator of a government's financial position. At June 30, 2021, the Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $309,925,659. By far, the largest portion of net position is the Authority's investment in capital assets (e.g., land, buildings, furniture and equipment and construction in progress) less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services and housing to its clients. Consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Statements of Net Position Information

Presented below is the Authority's condensed statements of net position for FY 2021 compared to FY 2020. This information reflects the economic resources of the Authority, as well as its economic obligations at the end of the FYs shown. See notes to financial statements.

Condensed Statements of Net Position

	FY 2021	FY 2020	Increase (Decrease)	Percentage Change
Assets:				
Unrestricted current assets	$ 76,161,947	$ 67,944,520	$ 8,217,427	12.1%
Restricted current assets	39,274,129	32,228,019	7,046,110	21.9%
Net capital assets	307,032,587	258,389,029	48,643,558	18.8%
Other assets	67,258,504	66,125,924	1,132,580	1.7%
Total assets	489,727,167	424,687,492	65,039,675	15.3%
Deferred outflows of resources:				
Deferred charges on refunding	383,159	497,369	(114,210)	(23.0%)
Deferred swap outflows	1,893,930	3,022,358	(1,128,428)	(37.3%)
Total deferred outflows of resources	2,277,089	3,519,727	(1,242,638)	(35.3%)
Liabilities:				
Current liabilities	31,121,388	18,171,937	12,949,451	71.3%
Current liabilities payable from restricted assets	1,616,908	1,072,879	544,029	50.7%
Noncurrent liabilities	149,340,301	109,230,402	40,109,899	36.7%
Total liabilities	182,078,597	128,475,218	53,603,379	41.7%
Net position:				
Net investment in capital assets	201,749,769	178,933,350	22,816,419	12.8%
Restricted net position	38,240,104	21,917,356	16,322,748	74.5%
Unrestricted net position	69,935,786	98,881,295	(28,945,509)	(29.3%)
Total net position	$ 309,925,659	$ 299,732,001	$ 10,193,658	3.4%

Assets

The Authority's total assets at June 30, 2021 and 2020, amounted to $489.7 million and $424.7 million, respectively, representing an increase of 15.3%. Unrestricted current assets increased by $8.2 million, or 12.1%. Due to HUD's anticipation that Public Housing Agencies will encounter higher costs to remotely administer Capital Fund grants, HUD waived the administrative cost limitation of 10% and reset it temporarily to 15%. As a result, the Authority received additional 2018, 2019, and 2020 CFP administrative fees totaling $4.7 million which is reflected in the overall increase in unrestricted current assets. Also contributing was the receipt of $2.5 million in loan proceeds resulting from the refinance of Sunshine Plaza and receipt of $2.3 million from San Antonio Housing Facility Corporation's sale of the Brazos Street warehouse property. The $7.0 million, or 21.9%, increase in restricted current assets resulted chiefly from receipt of $7.9 million in loan funds from the new EPC loan, of which $3.5 million remained unspent at year-end. Additionally, $3.7 million in loan proceeds was received from the closing of the 100 Labor Street project. Net capital assets surged by $48.6 million, or 18.8%, due largely to various new ground lease transactions which increased land by $24.4 million. Buildings increased by $27.5 million due to the acquisition of the Costa Valencia property and capitalization of various Beacon and Public Housing projects. Construction in progress also increased $14.8 million. Partially offsetting the overall increase in net capital assets was an increase in accumulated depreciation of $17.9 million. Other assets increased by $1.1 million, or 1.7%, due primarily to a note receivable for $1.04 million issued from the Authority to Alazan Lofts Ltd.

Liabilities

Total liabilities of the Authority were $182.1 million and $128.5 million at June 30, 2021 and 2020, respectively, an increase of 41.7%. Current liabilities increased by $12.9 million, or 71.3%. There was a $5.1 million increase in the current portion of long-term debt due to SP II and O'Connor Road debt maturing within 12 months. Also impacting the increase in current liabilities was an increase of $3.6 million in accounts payable. Noncurrent liabilities increased by $40.1 million, or 36.7%, due mainly to an increase of $24.5 million in unearned revenue which arose from the San Antonio Housing Facility Corporation entering into ground leases with the Watson Road, Copernicus, Kitty Hawk, Vista at Interpark, Josephine, and Vista at Everest partnerships. Additionally, there was a net increase of $18.1 million in long-term debt resulting from the EPC Phase II loan of $8.6 million, Sunshine Plaza loan of $2.5 million, and 100 Labor Street construction loan of $7.0 million. The Costa Valencia acquisition also added $10.1 million in long-term debt. These increases were partially offset by scheduled principal payments of $4.2 million and payoff of the EPC Phase I loan of $1.3 million.

Net Position

The Authority's net position totaled $309.9 million at June 30, 2021, and is comprised of net investment in capital assets of $201.8 million; restricted net position of $38.2 million and unrestricted net position of $69.9 million. Total net position increased by $10.2 million, or 3.4%, as a result of operations for the FY. The balance in unrestricted net position represents resources available to meet the Authority's ongoing obligations to tenants, citizens and creditors.

Statements of Revenues, Expenses and Changes in Net Position Information

Presented on the following page is the statements of revenues, expenses and changes in net position information for FY 2021 compared to FY 2020. The information reflects the results of operations for the Authority and displays the sources of revenue, the nature of expenses for the year and the resulting change in net position. All revenues and expenses are accounted for on an accrual basis. See notes to financial statements.

Statements of Revenues, Expenses and Changes in Net Position

	FY 2021	FY 2020	Increase (Decrease)	Percentage Change
Operating revenues:				
Tenant	$ 35,453,458	$ 33,617,000	$ 1,836,458	5.5%
HUD operating subsidy and grant revenue	158,070,507	150,878,490	7,192,017	4.8%
Other revenue	8,257,946	7,222,656	1,035,290	14.3%
Total operating revenues	201,781,911	191,718,146	10,063,765	5.2%
Operating expenses:				
Administrative	32,868,528	30,908,843	1,959,685	6.3%
Tenant services	4,215,119	4,398,655	(183,536)	(4.2%)
Utilities	8,347,068	7,415,337	931,731	12.6%
Ordinary maintenance and operations	28,229,345	24,130,098	4,099,247	17.0%
Protective services	1,366,130	983,638	382,492	38.9%
Insurance	3,132,985	2,966,827	166,158	5.6%
Bad debts	(18,418)	111,687	(130,105)	(116.5%)
Other	2,760,359	3,060,654	(300,295)	(9.8%)
Housing assistance payments	100,494,411	100,236,974	257,437	0.3%
Depreciation	12,869,852	14,934,944	(2,065,092)	(13.8%)
Total operating expenses	194,265,379	189,147,657	5,117,722	2.7%
Operating income (loss)	7,516,532	2,570,489	4,946,043	192.4%
Nonoperating revenues (expenses):				
Investment income	36,130	776,629	(740,499)	(95.3%)
Mortgage interest income	1,168,292	1,673,882	(505,590)	(30.2%)
Recovery of Section 8 funds	11,008	60,796	(49,788)	(81.9%)
Interest expense	(4,397,095)	(3,303,201)	(1,093,894)	33.1%
Gain on disposition/retirement of capital assets	1,866,130	4,514,560	(2,648,430)	(58.7%)
Purchase of limited partnership interests	(300,000)	(1,630,000)	1,330,000	(81.6%)
Donations—land	-	9,865,382	(9,865,382)	(100.0%)
Insurance recoveries, net	1,877,068	604,324	1,272,744	210.6%
Gain (loss) on investments	1,915	(1,915)	3,830	200.0%
Refinancing and closing costs	(1,103,892)	-	(1,103,892)	N/A
Trustee and swap advisor fees	(18,693)	(30,954)	12,261	(39.6%)
Total nonoperating revenues (expenses)	(859,137)	12,529,503	(13,388,640)	(106.9%)
Increase (decrease) in net position before capital contributions	6,657,395	15,099,992	(8,442,597)	(55.9%)
Capital contributions	7,556,449	8,918,911	(1,362,462)	(15.28%)
Special item	-	2,000,000	(2,000,000)	(100.0%)
Equity transfers	(3,367,327)	(234,734)	(3,132,593)	1334.5%
Change in net position	10,846,517	25,784,169	(14,937,652)	(57.9%)
Net position at beginning of year	299,732,001	274,656,715	25,075,286	9.1%
Change in reporting entity	(652,859)	(708,883)	56,024	(7.9%)
Net position at end of year	$ 309,925,659	$ 299,732,001	$ 10,193,658	3.4%

Operating Revenues and Expenses

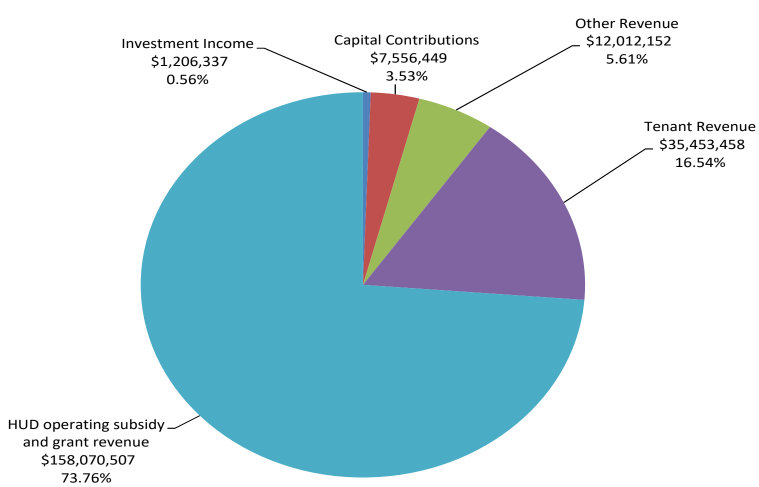
Operating revenues increased by $10.1 million, or 5.2%, over the previous year and operating expenses increased by $5.1 million, or 2.7%. HUD operating subsidy and grant revenue was $7.2 million, or 4.8%, higher compared to FY 2020 primarily due to the recognition of capital grants received for expended soft costs related to modernization efforts of public housing units. Additionally, public housing operating subsidy and Section 8 Housing Assistance Payment revenue were $1.2 million and $3.5 million higher, respectively, compared to the previous year. The primary source of revenue, other than HUD funding, is tenant revenue, which increased by $1.8 million, or 5.5%, over the prior year. The increase resulted primarily from acquisitions executed during the last few months of the previous year, which added 732 units to the Beacon Communities portfolio. The overall increase was partially offset by an increase in bad debt expense of $0.9 million attributable to financial hardships many renters are facing as the COVID-19 pandemic persists. To address these challenges, the Authority extended its eviction moratorium through March 1, 2022; offered repayment plans for affected public housing residents; and referred struggling renters to the City of San Antonio's Emergency Housing Assistance Program, which provides emergency assistance for rent, utilities, and other support. The $1.0 million, or 14.3%, increase in other revenue was chiefly due to the recognition of development fees earned in connection with the development and supervision of construction regarding new mixed-finance properties. The most significant increase in operating expenses was ordinary maintenance and operations expense which increased $4.1 million, or 17.0%, due to amplified efforts to address a backlog of maintenance and repairs, some of which had been deferred during the early stages of the pandemic. Administrative expenses increased by $2.0 million, or 6.3%, largely due to an increase in administrative staff salaries. Depreciation expense, which does not require cash expenditures, but impacts the total operating expenses, totaled $12.9 million.

Nonoperating Revenues, Expenses and Changes in Net Position

The change in net position from FY 2020 to FY 2021 was an increase of $10.8 million compared to an increase of $25.8 million from FY 2019 to FY 2020. Capital contributions, which decreased by $1.4 million compared to the previous year, was comprised of HUD capital grants totaling $7.6 million. Partially offsetting the overall increase in net position was interest expense, which increased by $1.1 million as a result of assumed debt on various properties acquired in late FY 2020 and 2021. The Authority also spent approximately $1.1 million in refinancing and closing costs associated with Sunshine Plaza, 100 Labor Street, and EPC. The equity transfers in FY 2021 of $3.4 million represent conveyance of Wheatley Family II public improvements and Phillis Wheatley Park to the City of San Antonio.

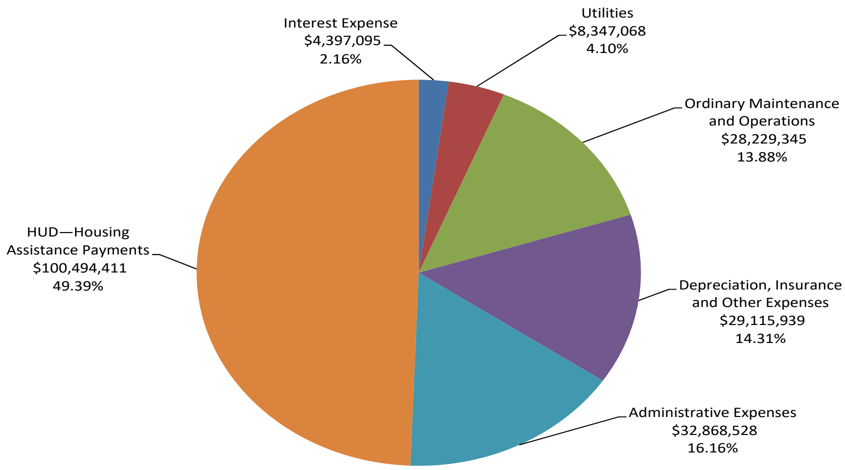
Revenue by Source—Business-Type Activities

Total Revenue—$214,298,903



Expenses by Use—Business-Type Activities

Total Expenses—$203,452,386



Capital Assets and Debt Administration

Net Capital Assets

At the end of FY 2021, the Authority had invested $307,032,587 in a broad range of capital assets, including land, buildings, furniture, equipment, vehicles and construction in progress. The schedule below reflects the changes in capital assets, net of depreciation, during FY 2021:

Schedule of Changes in Capital Assets—FY 2021

Beginning net capital assets	$ 258,389,029
Additions and transfers in/out	66,958,907
Deletions, net	(5,445,497)
Depreciation	(12,869,852)
Ending net capital assets	$ 307,032,587

Net capital assets increased by $48.6 million in FY 2021 when compared to FY 2020. Additions and transfers totaled $66.9 million, while deletions totaled $5.4 million. Total depreciation expense for FY 2021 was $12.9 million. The majority of the additions were attributable to buildings, land, and construction in progress. Additional information on the Authority's capital assets can be found in Note 6 of the notes to financial statements.

Long-Term Debt
At the end of FY 2021, the Authority had total long-term debt of $111.2 million. Of this amount, $41.7 million represents bonds that were issued to purchase or rehabilitate properties owned by component units of the Authority. The Authority's debt increased by $23.6 million when compared to FY 2020.

Additional information on the Authority's long-term debt can be found in Note 8 of the notes to financial statements.

Economic Factors and Next Year's Budget

Significant economic factors affecting the Authority's budget in the next year are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and, therefore, the amount of rental income
- Inflationary pressure on utility rates, housing costs, supplies and other costs
- Current trends in the housing market
- Local and national property rental markets that determine Housing Assistance Payments

The Authority is primarily dependent upon HUD for the funding of its Low Rent Public Housing, Housing Choice Voucher and Capital Fund programs; therefore, the Authority is affected more by the federal budget than by local economic conditions.

The spread of a novel strain of coronavirus (COVID-19) has caused significant volatility and economic disruption. There is an abundance of uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. While the Authority's operational and financial performance have been impacted and we anticipate our future results will continue to be adversely impacted, the extent to which the COVID-19 pandemic impacts our future results will depend on future developments, which cannot be predicted with certainty.

The operating budgets for the Authority's 2021-2022 FY were approved by the Board of Commissioners on June 3, 2021, and became effective July 1, 2021. The Authority's budget is balanced, with estimated revenues of $209.9 million, with these funds being used primarily for Section 8 payments to landlords, public housing operations, salaries and benefits, upgrades, repairs and maintenance of the Authority's housing communities, as well as other operating costs.

The Authority's goal remains to continue to provide housing to over 65,000 children, adults, and senior citizens served through its three core housing programs: Section 8, Public Housing, and Beacon Communities. In FY 2022, the Authority looks forward to developing additional high-quality affordable housing units; significantly enhancing property management and housing operations; expanding educational, job training and health services to residents and implementing additional efficiencies across the Authority.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, tenants, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives. Questions concerning any of the information provided in this report, or the Authority's component units, or requests for additional information should be addressed to:

San Antonio Housing Authority
Attn: Diana Kollodziej Fiedler, CPA
Chief Financial Officer
P.O. Box 1300
San Antonio, Texas 78295-1300

Basic Financial Statements

Housing Authority of the City of San Antonio

Statement of Net Position
June 30, 2021

Assets and Deferred Outflows of Resources	
Assets:	
Current assets:	
Unrestricted assets:	
Cash and cash equivalents:	
Unrestricted	$ 60,312,748
Tenant security deposits	123,874
Accounts receivable–HUD	2,001,506
Accounts receivable–miscellaneous	3,871,475
Accounts receivable–tenants	4,203,853
Allowance for doubtful accounts—tenants	(2,507,077)
Notes and mortgages receivable	17,318
Accrued interest receivable	694
Assets held for sale	210,007
Prepaid expenses and other assets	7,927,549
Total unrestricted assets	76,161,947
Restricted assets:	
Cash and cash equivalents—modernization and development	23,092,916
Cash and cash equivalents—payment of current liabilities	1,978,944
Cash and cash equivalents—held by lender, trustee, and escrow agent	9,108,934
Cash and cash equivalents—other	5,093,335
Total restricted assets	39,274,129
Total current assets	115,436,076
Noncurrent assets:	
Capital assets:	
Land	94,661,124
Buildings and improvements	557,550,903
Furniture and equipment—dwellings	2,658,028
Furniture and equipment—administration	4,890,052
Leasehold improvements	1,775,942
Construction in progress	51,740,183
	713,276,232
Less accumulated depreciation	(406,243,645)
Net capital assets	307,032,587
Other noncurrent assets:	
Notes and mortgages receivable	46,312,175
Accrued interest receivable	12,428,035
Other assets and developer fees receivable	3,269,713
Allowance for doubtful accounts—developer fees	(1,505,692)
Noncurrent receivable—insurance holdback	154,578
Equity in partnership investments	6,599,695
Total noncurrent assets	67,258,504
Total assets	489,727,167
Deferred outflows of resources:	
Deferred charges on refunding	383,159
Deferred swap outflows	1,893,930
Total deferred outflows of resources	2,277,089

Housing Authority of the City of San Antonio

Statement of Net Position
June 30, 2021

Liabilities, Deferred Inflows of Resources, and Net Position

Liabilities:	
Current liabilities:	
Unrestricted current liabilities:	
Accounts payable	$ 9,695,868
Construction payable	3,038,191
Accrued wages and payroll taxes	1,856,211
Accrued compensated absences	619,441
Accrued contingencies	286,273
Accounts payable—HUD PHA projects	318
Tenant security deposits	1,869,398
Unearned revenue—tenants	1,054,027
Unearned revenue—ground leases and other	2,237,637
Current portion of long-term debt	8,961,676
Other current liabilities	1,090,669
Accrued interest payable	89,252
Accrued liabilities	322,427
Total unrestricted current liabilities	31,121,388
Current liabilities payable from restricted assets:	
Long-term debt—current portion	968,472
Accrued interest payable	121,155
Family Self-Sufficiency (FSS) escrow	527,281
Total current liabilities payable from restricted assets	1,616,908
Total current liabilities	32,738,296
Noncurrent liabilities:	
Long-term debt	101,303,866
FSS escrow payable	1,340,724
Accrued compensated absences	1,355,397
Unearned revenue—ground leases and other	43,446,384
Interest rate swap liabilities	1,893,930
Total noncurrent liabilities	149,340,301
Total liabilities	182,078,597
Net position:	
Net investment in capital assets	201,749,769
Restricted net position	38,240,104
Unrestricted net position	69,935,786
Total net position	$ 309,925,659

See notes to financial statements.

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Housing Authority of the City of San Antonio

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2021

Operating revenues:	
Net tenant rental revenue	$ 34,140,469
Tenant revenue—other	1,312,989
HUD operating subsidy and grant revenue	158,012,629
Other government grants	57,878
Other revenue	8,257,946
Total operating revenues	201,781,911
Operating expenses:	
Administrative	32,868,528
Tenant services	4,215,119
Utilities	8,347,068
Ordinary maintenance and operations	28,229,345
Protective services	1,366,130
Insurance	3,132,985
Bad debts	(18,418)
Other	2,760,359
Housing assistance payments	100,494,411
Depreciation	12,869,852
Total operating expenses	194,265,379
Operating income	7,516,532
Nonoperating revenues (expenses):	
Investment income—unrestricted	20,646
Investment income—restricted	15,484
Mortgage interest income	1,168,292
Recovery of Section 8 funds	11,008
Interest expense	(4,397,095)
Gain on disposition/retirement of capital assets	1,866,130
Purchase of limited partnership interests	(300,000)
Insurance recoveries, net	1,877,068
Gain on investments	1,915
Refinancing and closing costs	(1,103,892)
Trustee and swap advisor fees	(18,693)
Total nonoperating revenues (expenses)	(859,137)
Increase in net position before capital contributions	6,657,395
Capital contributions	7,556,449
Equity transfers	(3,367,327)
Change in net position	10,846,517
Net position at beginning of year	299,732,001
Change in reporting entity	(652,859)
Net position at end of year	$ 309,925,659

Housing Authority of the City of San Antonio

Statement of Cash Flows
Year Ended June 30, 2021

Cash flows from operating activities:	
Dwelling rent receipts	$ 35,577,759
Operating subsidy and grant receipts	161,542,327
Other income receipts	4,994,202
Cash received from developers	4,169,690
Total receipts	206,283,978
Payments to suppliers for goods and services	(42,999,402)
Payments to employees	(32,389,419)
Housing assistance payments	(100,494,411)
Total disbursements	(175,883,232)
Net cash provided by operating activities	30,400,746
Cash flows from noncapital financing activities:	
Recovery of Section 8 funds	11,008
Net cash provided by noncapital financing activities	11,008
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(53,669,221)
Refinancing and closing costs	(1,103,892)
Trustee and swap advisor fees	(18,693)
Proceeds from insurance on capital assets	165,857
Proceeds from capital grants	7,556,449
Receipt of prepaid ground leases	24,460,266
Net proceeds from acquisition of debt	22,585,829
Principal payments on mortgage and notes payable	(5,533,135)
Interest paid on long-term debt and line of credit	(4,316,958)
Line of credit drawdowns	439,132
Line of credit principal payments	(486,135)
Homeownership and FSS escrow	(116,541)
Equity transfers	(3,367,328)
Proceeds from sale of capital assets	3,702,507
Net cash used in capital and related financing activities	(9,701,863)
Cash flows from investing activities:	
Collections on notes receivable	669,698
Issuance of notes receivable	(4,017,980)
Investment income received	34,585
Sale/maturity of investment securities	81,621,743
Purchase of investment securities	(41,630,520)
Purchase of limited partnership interests	(300,000)
Proceeds from acquisition of limited partnership interests	166,955
Interest on notes and mortgages receivable	9,488
Return of equity/investor income from joint ventures	171,865
Net cash provided by investing activities	36,725,834
Net increase in cash and cash equivalents	57,435,725
Cash and cash equivalents at beginning of year	42,275,026
Cash and cash equivalents at end of year	$ 99,710,751
Supplementary schedule of non-cash investing, capital and financing transactions:	
Net change in payable for the acquisition of capital assets	$ 256,309
Unpaid interest capitalized into long-term debt	$ 4,533
Assumed debt in exchange for acquisition of capital assets	$ 10,316,740
Capital assets acquired in exchange for assumption of debt	$ 9,272,240

(Continued)

Housing Authority of the City of San Antonio

Statement of Cash Flows
Year Ended June 30, 2021

Reconciliation to statement of net position:	
Unrestricted cash and cash equivalents	$ 60,312,748
Tenant security deposits	123,874
Restricted cash and cash equivalents—modernization and development	23,092,916
Restricted cash and cash equivalents—payment of current liabilities	1,978,944
Restricted cash and cash equivalents—held by lender and trustee	9,108,934
Restricted cash and cash equivalents—other	5,093,335
	$ 99,710,751
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 7,516,532
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	12,869,852
Earned revenue/amortization of unearned revenue—ground lease and other	(1,343,678)
Expensed debt issuance costs	441,679
Expensed prepaid insurance	44,667
Bad debt recovery	1,418
Net changes in assets and liabilities:	
Tenants receivable, net	(226,180)
HUD receivable	2,889,839
Miscellaneous receivables	1,483,619
Other assets and developer fees receivable	1,207,547
Allowance for doubtful accounts—other	(21,088)
Prepaid expenses and other assets	407,754
Accounts payable	2,124,307
Accrued wages and payroll taxes	373,064
Accrued compensated absences	180,580
Accrued contingencies	57,122
Tenant security deposits	47,908
Unearned revenue—tenants	382,372
Unearned revenue—other	519,124
Other current liabilities	1,400,191
Accrued liabilities	44,117
Net cash provided by operating activities	$ 30,400,746

See notes to financial statements.

Housing Authority of the City of San Antonio

Statement of Plan Net Position—Fiduciary Fund
December 31, 2020

Assets:	
Investments:	
Mutual funds—equity	$ 36,249,041
Mutual funds–fixed income	16,423,393
Total investments	52,672,434
Cash and cash equivalents	1,821,149
Receivables:	
Employee contributions	36,202
Employer contributions	72,568
Accrued investment income	23,885
Total receivables	132,655
Total assets	54,626,238
Liabilities:	
Accrued investment manager expenses	7,500
Net position restricted for pension	$ 54,618,738

See notes to financial statements.

Housing Authority of the City of San Antonio

Statement of Changes in Plan Net Position—Fiduciary Fund
Year Ended December 31, 2020

Additions:	
Contributions:	
Employee	$ 943,104
Employer	1,943,411
Total contributions	2,886,515
Investment income (expenses):	
Interest and dividends	844,290
Net appreciation in fair value of investments	4,907,552
Net investment income	5,751,842
Total additions	8,638,357
Deductions:	
Benefits paid to participants	(3,027,344)
Administrative expenses	(213,816)
Total deductions	(3,241,160)
Net increase in fiduciary net position	5,397,197
Net position restricted for pension at beginning of year	49,221,541
Net position restricted for pension at end of year	$ 54,618,738

See notes to financial statements.

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Note 1. Summary of Significant Accounting Policies

The financial statements of the Housing Authority of the City of San Antonio (Authority) have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for government entities. The Governmental Accounting Standards Board (GASB) is the governing body for establishing governmental accounting and financial reporting standards. The more significant of the Authority's accounting policies are described below.

A. Reporting Entity

The Authority was created by the City of San Antonio in 1937, under the provisions of the United States Housing Act of 1937, as a public benefit corporation. The Board of Commissioners (the Board), a seven-member group appointed by the Mayor, has governance responsibility over all activities related to the Authority. These financial statements present the Authority and its component units: entities for which the Authority is considered to be financially accountable and which serve as the Authority's instruments to enhance its purpose to build and maintain affordable housing for low- and moderate-income families.

Blended component units, although legally separate entities are, in substance, part of the Authority's operations. Thus, blended component units are appropriately presented as funds of the primary government. Each blended component unit has a June 30 year-end. The governing boards of the following component units are the same as the primary government's governing board. Additionally, management of the primary government has operational responsibility for the component units; therefore, making them blended component units.

Because members of the Board have the authority to make decisions, appoint administrators and managers, and significantly influence operations and have primary accountability for fiscal matters, the Authority is not included in any other governmental "reporting entity" as defined by GASB Codification Section 2100, *Defining the Financial Reporting Entity*.

Blended Component Units—Enterprise Funds
The following component units are combined with the Authority's activities.

San Antonio Housing Facility Corporation (SAHFAC)
SAHFAC is organized under section 501(c)(3) of the IRC. SAHFAC owns 14 multi-family rental developments with 1,466 units. SAHFAC serves as the general partner for Homestead Redevelopment Partnership, Ltd. (Homestead) and is the sole member of various limited liability companies that are general partners of tax credit limited partnerships. Additionally, SAHFAC leases the Central Office Building to the Authority with a lease term of 40 years, expiring in 2035.

San Antonio Housing Development Corporation (SAHDC)
SAHDC, organized in 1977 under section 501(c)(3) of the Internal Revenue Code (IRC), owns four multi-family rental developments with 506 apartments and manages one senior citizen development that is a component unit of the Authority. SAHDC also serves as the developer and general partner of three limited partnerships created with private investors to expand housing opportunities for low-income families and senior citizens. SAHDC serves as the general partner for Vera Cruz Redevelopment Partnership, Ltd. (Vera Cruz).

Note 1. Summary of Significant Accounting Policies (Continued)

San Antonio Housing Finance Corporation (SAHFC)
SAHFC was created under the Texas Housing Finance Corporations Act as a vehicle through which tax-exempt housing revenue bonds are issued to finance the construction, acquisition and renovation for occupancy by low- and moderate-income families. The users of the bond proceeds are liable for repayment of the bonds. SAHFC retains no liability relating to the bond issues.

San Antonio Homeownership Opportunities Corporation
In July 1994, the Authority created San Antonio Homeownership Opportunities Corporation under section 501(c)(3) of the IRC to redevelop single-family properties to provide opportunities for lower income families to buy their first home through lease-purchase and other programs.

Las Varas PFC (LVPFC)
Las Varas PFC, created in September 2005, is a Texas nonprofit public corporation and public instrumentality under section 103 of the IRC and was organized to act on behalf of the Authority, as provided by the Texas PFC Act. It serves as the sole member of various limited liability companies that are general partners of tax credit limited partnerships.

Springhill/Courtland Heights (Springhill/Courtland Heights) Public Facility Corporation (PFC)
Springhill/Courtland Heights PFC, created in 1998, is a Texas nonprofit public corporation and public instrumentality under section 103 of the IRC. It was organized to act on behalf of the Authority, as provided by the Texas PFC Act, as amended, for financing the acquisition, rehabilitation, renovation, repair, equipping and furnishing of three multi-family apartment complexes with 505 units. Springhill/Courtland Heights PFC receives rental subsidies pursuant to a Housing Assistance Payment (HAP) contract with HUD for persons of low-to-moderate income.

Woodhill PFC
Woodhill PFC, created in 1999, is a Texas nonprofit public corporation and public instrumentality under section 103 of the IRC. It was organized to act on behalf of the Authority, as provided by the Texas PFC Act, as amended, for financing the acquisition, rehabilitation, renovation, repair, equipping and furnishing of one multi-family apartment complex with 532 units.

Refugio Street PFC (RSPFC)
Refugio Street PFC, created in December 2001, is a Texas nonprofit public corporation and public instrumentality under section 103 of the IRC and organized to act on behalf of the Authority, as provided by the Texas PFC Act, as amended. Refugio Street PFC serves as general partner for Refugio Street Limited Partnership. The partnership was formed for the purpose of financing the acquisition and development of one multi-family apartment complex with 210 units.

Sendero I PFC
Sendero I PFC, created in 2002, is a Texas nonprofit public corporation and public instrumentality under section 103 of the IRC. It was organized to act on behalf of the Authority, as provided by the Texas PFC Act, as amended, for the purpose of financing the acquisition and development of a 192-unit affordable housing project. Affordable rents shall not exceed certain thresholds based on percentages of area median income.

Note 1. Summary of Significant Accounting Policies (Continued)

Vera Cruz Redevelopment Partnership, Ltd. (Vera Cruz)
Vera Cruz (a Texas limited partnership) is an investment of SAHDC (as general partner). Vera Cruz was formed on October 31, 1991, to acquire, own, develop, improve and lease the 29-unit Villa de San Alfonso Senior Citizens Apartments to low-income tenants and is operated in a manner to qualify for federal low-income housing tax credits. In October 2009, SAHFAC acquired a 99% interest in the partnership. The partnership is now a wholly owned entity of an Authority affiliate.

Homestead Redevelopment Partnership, Ltd. (Homestead)
Homestead (a Texas limited partnership) is an investment of SAHFAC (as general partner). Homestead was formed on October 31, 1991, to acquire, own, develop, improve and lease the 158-unit Homestead Apartments to low-income tenants and is operated in a manner to qualify for federal low-income housing tax credits. In September 2009, SAHDC acquired a 75% interest in the partnership. SAHDC acquired an additional 24% interest in June 2011. The partnership is now a wholly owned entity of an Authority affiliate.

Converse Ranch, LLC
Converse Ranch, LLC was organized as a Texas limited liability company on April 5, 2007, to acquire the 124-unit apartment complex known as Converse Ranch Apartments. Currently, the Authority serves as the sole owner of Converse Ranch, LLC.

Converse Ranch II, LLC
Converse Ranch II, LLC was organized as a Texas limited liability company on May 27, 2009, to acquire the 104-unit apartment complex known as Converse Ranch Apartments (Phase II). Currently, SAHFAC serves as the sole owner of Converse Ranch II, LLC.

Sunshine Plaza Apartments, Inc.
Sunshine Plaza Apartments, Inc. was formed in 1988 under section 501(c)(3) of the IRC to serve as owner of the Sunshine Plaza Apartments, a 100-unit senior citizens housing development, built under HUD Section 8—New Construction Program.

Pecan Hill Apartments, Inc.
Pecan Hill Apartments, Inc. was formed in 1988 under section 501(c)(3) of the IRC to serve as owner of the Pecan Hill Apartments, a 100-unit senior citizens housing development, built under HUD Section 8—New Construction Program.

Education Investment Foundation, Inc.
Education Investment Foundation, Inc., created in 1991 pursuant to section 501(c)(3) of the IRC, supports the residents of public housing and Section 8-assisted units through educational scholarships, recreational activities and family self-sufficiency (FSS) training programs.

Presented on the following pages are condensed financial statements for the blended component units. Included are condensed statements of net position; condensed statements of revenues, expenses and changes in net position and condensed statements of cash flows.

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Net Position (Deficit)
June 30, 2021

	San Antonio Housing Facility Corporation	San Antonio Housing Development Corporation	San Antonio Housing Finance Corporation	San Antonio Homeownership Opportunities Corporation	Las Varas PFC
Assets:					
Current assets	$ 11,714,117	$ 2,075,581	$ 341,074	$ 83,151	$ 1,522,043
Restricted current assets	14,609,091	601,182	-	24,667	-
Net capital assets	100,523,006	23,349,401	236,789	12,509	12,977,912
Other assets	38,989,610	5,817,172	-	131,454	813,779
Total assets	165,835,824	31,843,336	577,863	251,781	15,313,734
Deferred outflows of resources:					
Deferred charges on refunding	-	-	-	-	-
Deferred swap outflow	1,536,288	-	-	-	-
Total deferred outflows of resources	1,536,288	-	-	-	-
Liabilities:					
Unrestricted current liabilities	12,551,096	2,113,614	728	2,705	95,558
Liabilities payable from restricted assets	179,357	163,968	-	-	-
Long-term debt	54,663,788	26,335,254	-	-	1,466,667
Other long-term liabilities	45,882,671	-	-	-	-
Total liabilities	113,276,912	28,612,836	728	2,705	1,562,225
Net position (deficit):					
Net investment (deficit) in capital assets	65,028,096	222,583	236,789	12,509	12,977,913
Restricted	9,031,783	601,181	-	24,667	-
Unrestricted (deficit)	(19,964,679)	2,406,736	340,346	211,900	773,596
Total net position (deficit)	$ 54,095,200	$ 3,230,500	$ 577,135	$ 249,076	$ 13,751,509

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Net Position (Deficit)
June 30, 2021

	Springhill/ Courtland Heights PFC	Woodhill PFC	Refugio Street PFC	Sendero I PFC	Vera Cruz Redevelopment Partnership, Ltd.
Assets:					
Current assets	$ 2,805,918	$ 4,720,750	$ 47,549	$ 2,574,559	$ 171,149
Restricted current assets	344,052	334,696	1,030,637	153,280	-
Net capital assets	7,015,477	13,951,025	-	6,513,503	629,396
Other assets	-	-	9,298,493	-	-
Total assets	10,165,447	19,006,471	10,376,679	9,241,342	800,545
Deferred outflows of resources:					
Deferred charges on refunding	-	39,567	-	184,747	-
Deferred swap outflow	357,642	-	-	-	-
Total deferred outflows of resources	357,642	39,567	-	184,747	-
Liabilities:					
Unrestricted current liabilities	1,155,855	501,184	-	241,563	39,603
Liabilities payable from restricted assets	200,865	312,567	-	312,580	4,865
Long-term debt	5,054,386	6,375,392	-	7,765,234	973,852
Other long-term liabilities	357,642	-	-	-	-
Total liabilities	6,768,748	7,189,143	-	8,319,377	1,018,320
Net position (deficit):					
Net investment (deficit) in capital assets	1,777,078	7,302,633	-	(1,379,564)	171,523
Restricted	344,052	315,747	1,030,637	124,301	-
Unrestricted (deficit)	1,633,211	4,238,515	9,346,042	2,361,975	(389,298)
Total net position (deficit)	$ 3,754,341	$ 11,856,895	$ 10,376,679	$ 1,106,712	$ (217,775)

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Net Position (Deficit)
June 30, 2021

	Homestead Redevelopment Partnership, Ltd.	Converse Ranch, LLC	Converse Ranch II, LLC	Sunshine Plaza Apartments, Inc.	Pecan Hill Apartments, Inc.	Education Investment Foundation, Inc.
Assets:						
Current assets	$ 639,332	$ 1,142,919	$ 79,438	$ 3,826,374	$ 959,750	$ 586
Restricted current assets	-	497,980	293,291	30,000	-	51,746
Net capital assets	369,642	6,023,722	5,689,615	1,398,501	1,760,829	3,483
Other assets	-	-	-	-	19,995	-
Total assets	1,008,974	7,664,621	6,062,344	5,254,875	2,740,574	55,815
Deferred outflows of resources:						
Deferred charges on refunding	-	158,845	-	-	-	-
Deferred swap outflow	-	-	101,594	-	-	-
Total deferred outflows of resources	-	158,845	101,594	-	-	-
Liabilities:						
Unrestricted current liabilities	223,954	257,566	412,680	317,908	263,132	8,770
Liabilities payable from restricted assets	116,933	-	188,622	2,491,352	-	-
Long-term debt	3,683,743	6,434,142	4,396,195	-	-	-
Other long-term liabilities	-	-	101,594	-	-	-
Total liabilities	4,024,630	6,691,708	5,099,091	2,809,260	263,132	8,770
Net position (deficit):						
Net investment (deficit) in capital assets	258,258	(376,550)	1,114,063	(1,165,737)	1,760,829	3,483
Restricted	-	497,979	284,026	30,000	-	51,746
Unrestricted (deficit)	(3,273,914)	1,010,329	(333,242)	3,581,352	716,613	(8,184)
Total net position (deficit)	$ (3,015,656)	$ 1,131,758	$ 1,064,847	$ 2,445,615	$ 2,477,442	$ 47,045

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position (Deficit)
Year Ended June 30, 2021

	San Antonio Housing Facility Corporation	San Antonio Housing Development Corporation	San Antonio Housing Finance Corporation	San Antonio Homeownership Opportunities Corporation	Las Varas PFC
Operating revenues (expenses):					
Net tenant rental revenue	$ 10,911,489	$ 2,973,391	$ -	$ -	$ -
Tenant revenue—other	357,980	277,649	-	-	-
HUD operating grants and housing assistance payments	-	-	-	-	-
Other government grants	226,373	-	-	-	-
Other revenue	5,323,130	435,607	87,500	7,000	1,705,185
Operating expenses	(11,034,039)	(4,806,458)	(26,311)	(63,203)	(91,996)
Depreciation expense	(1,324,903)	(466,209)	-	-	-
Total operating revenues (expenses)	4,460,030	(1,586,020)	61,189	(56,203)	1,613,189
Nonoperating revenues (expenses):					
Investment income	10,596	165	19	9	114
Mortgage interest income	440,687	340,230	228	9,155	-
Interest expense	(2,834,333)	(1,047,169)	-	-	-
Financing and trustee fees	(930,860)	(19,690)	-	-	-
Other	2,272,818	(1,141,253)	(13,165)	(633)	5,490
Total nonoperating revenues (expenses)	(1,041,092)	(1,867,717)	(12,918)	8,531	5,604
Transfers in (out)	(1,019,497)	3,075,974	-	(7,000)	(1,173,145)
Change in net position	2,399,441	(377,763)	48,271	(54,672)	445,648
Net position (deficit) at beginning of year	51,695,759	3,608,263	528,864	303,748	13,305,861
Change in reporting entity	-	-	-	-	-
Net position (deficit) at end of year	$ 54,095,200	$ 3,230,500	$ 577,135	$ 249,076	$ 13,751,509

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position (Deficit)
Year Ended June 30, 2021

	Springhill/ Courtland Heights PFC	Woodhill PFC	Refugio Street PFC	Sendero I PFC	Vera Cruz Redevelopment Partnership, Ltd.
Operating revenues (expenses):					
Net tenant rental revenue	$ 2,372,651	$ 4,359,998	$ -	$ 1,993,334	$ 166,095
Tenant revenue—other	44,245	315,082	-	119,982	4,375
HUD operating grants and housing assistance payments	1,201,312	-	-	-	-
Other government grants	-	-	-	-	-
Other revenue	148,309	25,775	-	26,949	325
Operating expenses	(2,344,294)	(3,261,485)	(7,418)	(1,263,362)	(183,178)
Depreciation expense	(366,415)	(991,987)	-	(284,675)	(46,727)
Total operating revenues (expenses)	1,055,808	447,383	(7,418)	592,228	(59,110)
Nonoperating revenues (expenses):					
Investment income	94	1,670	74	1,378	15
Mortgage interest income	-	-	438,573	-	-
Interest expense	(208,498)	(234,551)	-	(432,549)	(9,916)
Financing and trustee fees	-	(39,915)	-	(5,500)	-
Other	-	(267,876)	-	-	-
Total nonoperating revenues (expenses)	(208,404)	(540,672)	438,647	(436,671)	(9,901)
Transfers in (out)	96,537	(121,473)	378,701	-	-
Change in net position	943,941	(214,762)	809,930	155,557	(69,011)
Net position (deficit) at beginning of year	2,810,400	12,071,657	9,566,749	951,155	(148,764)
Change in reporting entity	-	-	-	-	-
Net position (deficit) at end of year	$ 3,754,341	$ 11,856,895	$ 10,376,679	$ 1,106,712	$ (217,775)

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position (Deficit)
Year Ended June 30, 2021

	Homestead Redevelopment Partnership, Ltd.	Converse Ranch, LLC	Converse Ranch II, LLC	Sunshine Plaza Apartments, Inc.	Pecan Hill Apartments, Inc.	Education Investment Foundation, Inc.
Operating revenues (expenses):						
Net tenant rental revenue	$ 951,585	$ 960,752	$ 830,868	$ 281,759	$ 297,395	$ -
Tenant revenue—other	165,678	10,678	5,268	2,426	32,515	-
HUD operating grants and housing assistance payments	-	-	-	607,281	677,668	-
Other government grants	-	55,668	26,844	-	-	-
Other revenue	2,495	4,650	3,250	277	300	124,614
Operating expenses	(1,049,869)	(688,185)	(555,105)	(733,431)	(763,875)	(125,596)
Depreciation expense	(165,821)	(222,086)	(204,140)	(80,222)	(75,561)	(3,210)
Total operating revenues (expenses)	(95,932)	121,477	106,985	78,090	168,442	(4,192)
Nonoperating revenues (expenses):						
Investment income	50	668	120	901	554	10
Mortgage interest income	-	-	-	-	-	-
Interest expense	(231,930)	(203,825)	(114,709)	(37,510)	-	-
Financing and trustee fees	-	-	-	(147,590)	-	-
Other	860	-	-	-	-	-
Total nonoperating revenues (expenses)	(231,020)	(203,157)	(114,589)	(184,199)	554	10
Transfers in (out)	-	-	-	-	-	271,697
Change in net position	(326,952)	(81,680)	(7,604)	(106,109)	168,996	267,515
Net position (deficit) at beginning of year	(2,688,704)	1,213,438	1,072,451	2,551,724	2,308,446	(220,470)
Change in reporting entity	-	-	-	-	-	-
Net position (deficit) at end of year	$ (3,015,656)	$ 1,131,758	$ 1,064,847	$ 2,445,615	$ 2,477,442	$ 47,045

Note 1. Summary of Significant Accounting Policies (Continued)

Fiduciary Component Units
Housing Authority of the City of San Antonio Employees' Money Purchase Pension Plan and Trust (the Plan)
The Plan, established in 1948, is a public retirement system authorized by section 810.001 of the Texas Government Code, and a governmental plan within the meaning of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan was established as a defined contribution plan covering all regular full-time employees of the Authority who have completed one year (at least 1,000 hours) of service.

The Plan is included as a component unit since the primary government has fiduciary responsibility for the Plan and the Plan serves only the Authority's employees or retirees. The Plan's fiscal year-end is December 31, 2020.

Separately Issued Financial Statements
Separate financial statements have been issued for the following component units:

- Converse Ranch, LLC
- Springhill/Courtland Heights PFC
- Woodhill PFC
- Sendero I PFC
- San Antonio Housing Facility Corporation
- Housing Authority of the City of San Antonio Employees' Money Purchase Pension Plan and Trust

The reports may be obtained at the Authority's administrative offices located at 818 South Flores Street, San Antonio, Texas 78204.

Limited Partnerships—Joint Ventures
Various limited partnership entities, as described below, are considered joint ventures of the component units. A joint venture is an organization that results from a contractual arrangement and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or responsibility. A component unit of the Authority has contributed capital to the following partnerships:

San Juan Square, Ltd.
SAHFAC and NRP San Juan Square, LLC are co-developers of a 143-unit multi-family project at the San Juan Square Apartments.

Primrose SA IV Housing, LP
LVPFC and Cascade Affordable Housing, LLC are co-developers of a 248-unit senior community at the Sorrento Apartments.

Note 1. Summary of Significant Accounting Policies (Continued)

The Alhambra Apartments, Ltd.
SAHFAC and NRP Alhambra, LLC are co-developers of a 140-unit multi-family project at the Alhambra Senior Apartments.

Midcrowne Senior Pavilion, LP
SAHFAC and American Affordable Homes, LP are co-developers of a 196-unit senior apartment project at the Midcrowne Pavilion Apartments.

ARDC Sutton, Ltd.
SAHFAC and Franklin Development Properties, Ltd. are co-developers of a 208-unit multi-family project at the Park at Sutton Oaks.

Various component units of the Authority serve as general partner for 17 other limited partnerships that are listed in the schedule to Note 5. For those partnerships, the general partner was not required to make a capital contribution at inception.

Authority Programs
In addition to the operation of the above component units, the Authority operated the following programs during the current year.

Public Housing
The Authority manages and maintains 6,030 public housing rental units for eligible low-income families, seniors and people with disabilities. The rental units are located in 38 developments for families, 37 developments for seniors and disabled persons and a number of scattered site single-family homes throughout the City of San Antonio.

Section 8—Housing Assistance Payment Programs
The Housing Assistance Payment Programs provide rent subsidies for approximately 13,000 families residing in privately owned rental properties.

Not-For-Profit Programs
Section 8—Project Based Management
Section 8 Project Based Management properties provide housing to low- and moderate-income elderly and nonelderly families. These properties include: Villa de Valencia Apartments, Reagan West Apartments, Sunshine Plaza Apartments, Pecan Hill Apartments and Cottage Creek Apartments.

Other Not-For-Profit Activities
Other not-for-profit activities include the activities of various programs and corporations. These include SAHFC; San Antonio Homeownership Opportunities Corporation; Sendero I PFC; Las Varas PFC; Education Investment Foundation, Inc.; Refugio Street PFC; Central Office Building; SAHDC; SAHFAC; Woodhill PFC; Converse Ranch, LLC and the Central Office Cost Center, which is the Authority's "management company arm."

Capital Improvement Programs
HUD-Funded Capital Fund and Capital Fund Financing Programs
HUD-Funded Capital Fund and Capital Fund Financing Programs provide funds for new construction and the rehabilitation of existing housing units.

Note 1. Summary of Significant Accounting Policies (Continued)

Energy Performance Contracting
Energy Performance Contracting is a capital improvement program for designing, installing and financing energy improvement projects where the savings achieved by the project are expected to reduce energy costs of the project over the term of the agreement.

Community Initiatives Programs
Resident and Opportunity Supportive Services Program
The Resident and Opportunity Supportive Services Program addresses the needs of public housing residents by providing supportive services, resident empowerment activities and/or assisting residents in becoming economically self-sufficient. The primary focus of the program is on “welfare to work” and on independent living for the elderly and persons with disabilities.

Jobs Plus Grant
The Jobs Plus Grant is a welfare to work demonstration aimed at significantly increasing employment and income of public housing residents through intensive employment focused programs targeting every able-bodied, working-welfare recipient at a public housing development in selected cities. The initiative is also a response to new national policies, such as time-limited welfare and cuts in public housing subsidies, which endanger the ability of public housing residents to pay rent.

B. Basic Financial Statements—Fund Financial Statements

All activities of the Authority are reported as business-type activities (enterprise fund), with the exception of the Plan, which is reported as a fiduciary-type activity, since it accumulates resources for pension benefit payments to qualified Authority employees, and the resources reported in that fund are not available to support the Authority’s programs. The effect of interprogram activity has been removed from the proprietary statements. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through fees and user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement Focus and Basis of Accounting
The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the grantor have been met and qualifying expenditures have occurred. When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as needed.

Capital grant funds used to acquire or construct capital assets are recognized as a receivable and a capital contribution (revenues) in the period when all applicability requirements have been met.

The Plan’s financial statements are prepared using the accrual basis of accounting. Employer and Plan member contributions are recognized in the period that the contributions are due.

Note 1. Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation
Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise funds are tenant rental revenue, HUD operating grants and Housing Assistance Payments, since they are used to subsidize rents at Authority-owned properties. Operating expenses for enterprise funds include the cost of the ordinary maintenance and operation expenses, utilities, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Deposits and Investments

Authority's Deposits and Investments
For purposes of the statement of cash flows, the Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, money market funds and short-term investments with original maturities of three months or less from the date of acquisition.

Portions of the Authority's cash, cash equivalents and investments are restricted by "use" limitations externally imposed by creditors, funding source agreements or legislation. Restricted cash includes HUD Family Self-Sufficiency (FSS) escrow amounts for residents in the FSS program. Restricted cash and cash equivalents also include amounts set aside for debt service in accordance with debt covenants and funds that are only allowed to be expended for certain specified modernization and development activities.

Investments are accounted for at either amortized cost or at fair value, which is the price that would be received to sell the investment in an orderly transaction between market participants at the measurement date. Fair value of actively traded securities is determined by the reported market value of securities and mutual funds trading on national exchanges. Values of securities not actively traded are based on observable inputs of similar financial instruments or on the fair value of the underlying assets. Realized gains and losses are determined on the specific-identification method. Accrued income on investments is recorded as earned, since it is both measurable and available. Investment transactions are recorded on the settlement date.

Plan Investments
Investments in the Plan are administered by the Advisory Committee of the Plan and are held by the Frost Bank Trust Department (Trustee). Plan investments in marketable debt and equity securities are reported at fair value. Shares of registered investment companies (mutual funds) are reported at fair value based on the quoted market price of the fund, which represents the net position value of the shares held by the fund at year-end. The fair value of each fund is based on the fair value of each funds' underlying investments at the end of the reporting period. Plan interest is recorded on the accrual basis as earned, and dividends are accrued as of the ex-dividend date.

Purchases and sales of investments in the Plan are recorded on a trade-date basis and, accordingly, the related receivable and payable for any unsettled trades are recorded. At December 31, 2020, there were no unsettled trades.

Net appreciation in fair value of the Plan's assets includes the related gains and losses on sales of investments and the unrealized gains and losses (representing the change in market value).

Note 1. Summary of Significant Accounting Policies (Continued)

E. Interprogram Receivables and Payables

The Authority pays all bills and salaries for its programs and component units through its centralized check-writing system. As a result, interprogram receivables and payables arise from interprogram and intercompany transactions and are recorded in all affected corporations in the period in which transactions are executed in the normal course of operations. Interprogram receivables, payables and transfers between programs and component units have been eliminated in the basic financial statements.

F. Accounts Receivable

Tenant receivables, other receivables and the allowance for doubtful accounts are shown separately on the financial statements. The allowance for doubtful accounts is established as losses are estimated to have occurred though a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectibility is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically-identified questionable receivables. The evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

G. Notes and Mortgages Receivable

The majority of notes and mortgages receivable are due from tax credit partnerships in which the Authority serves as the general partner. The Authority evaluates the collectibility of the notes and mortgages receivable by reading the various tax credit partnerships' financial statements and determining projections for future cash flows. It has been the Authority's experience that once the tax credits expire, the limited partners will withdraw from the partnership and the Authority will become the sole owner. If a note payable remains outstanding at the time a partnership becomes wholly owned by the Authority, the amounts are still paid from the partnership to the Authority until they are fully paid. The Authority also has the ability to modify the terms of the notes once the Authority becomes the sole owner of the entire partnership. Thus, all amounts due under notes and mortgages receivable are considered collectible, and no allowance was recorded at June 30, 2021. A schedule of notes and mortgages receivable is provided in Note 3 to the financial statements.

H. Other Assets and Developer Fees Receivable

The Authority has several developer fees receivable from various tax credit partnerships. The developer fees generally include repayment terms based on excess cash flows from the developed property, which makes estimates of any potential allowance for uncollectible amounts difficult. The Authority evaluates the collectibility of these receivables on an annual basis using several methods, which include reading the developments' financial statements and projecting estimated cash flows to future periods, among others. As part of this process, the Authority compares the previous-year projections to the current-year collections in order to assure the allowance for uncollectible amounts is reasonable and reflects the latest cash flow trends. For additional information, see Note 4 to the financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

I. Restricted Assets

Certain proceeds of the Authority's enterprise fund debts, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because the repayment funds are maintained in separate bank accounts and/or maintained by trustees, as established by indenture agreements. The use of these funds is limited by third parties. The restricted investments include restricted assets to be used for the replacement of property and for other project expenditures or are held in escrow for families who successfully fulfill the FSS program requirements.

J. Capital Assets

On January 28, 2019, the Authority amended its capitalization policy and adopted new thresholds to determine an asset's eligibility for capitalization and applied it prospectively. Based on the amendment, furniture, equipment and machinery that exceed $5,000 and buildings and improvements, which are purchased or constructed, that exceed $50,000, and have useful lives of more than one year are capitalized at cost or estimated cost if historical cost is not available. Donated capital assets are recorded at the acquisition value at the time of donation. The cost of site and building improvements that add value to the asset or materially extend the asset's life are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Depreciation on all exhaustible capital assets of the Authority is charged as an expense with accumulated depreciation being reported on the statement of net position. Depreciation is generally recorded on the straight-line basis over the estimated life of the assets. The estimated useful lives are as follows:

Buildings and leasehold improvements	10-40 years
Furniture, equipment and machinery	3-10 years

K. Compensated Absences

Paid Time Off (PTO)
The PTO policy is included in the Authority's Personnel Procedures Handbook. Under the current policy, PTO accrues for regular full-time employees upon employment, at a rate of 15 to 25 days annually, depending upon years of service, but cannot be used prior to six months of service. Employees must complete one year of service in order to be paid PTO upon termination. Effective December 20, 2014, the maximum PTO hours an employee can carry increased from 360 hours to 440 hours.

As of June 30, 2021, the current portion of accrued compensated absences was comprised of PTO totaling $619,441 and the long-term portion of accrued compensated absences was comprised of PTO totaling $1,355,397.

L. Capital Contributions

Capital contributions consist of funds received through various grants to assist in the acquisition or construction of capital assets. A major portion of these contributions comes from the Public Housing Capital Fund Program.

Note 1. Summary of Significant Accounting Policies (Continued)

M. Net Position

Net position is classified into three components:

- **Net investment in capital assets**—This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

- **Restricted net position**—This component of net position consists of external constraints placed on net position used by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position**—This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted net position." These funds are available to use for any lawful and prudent purpose of the Authority.

N. Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

O. Restricted and Unrestricted Resources

Under the terms of grant agreements, the Authority funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is the Authority's policy to first apply cost-reimbursement grant resources to such programs and then operating revenues.

P. Equity in Partnership Investments

Investments by certain component units in limited partnerships are accounted for as equity investments. The component units of the Authority recognize their share of the operating results of the limited partnerships based on their ownership share of the limited partnerships and the partnership agreements. Under this method, the investment is initially recorded at cost and then increased or decreased by the proportionate share of the partnerships' net earnings or losses. The Authority is not obligated to fund capital deficits; therefore, any total capital deficits related to the Authority are only recognized to the extent of the Authority's contributed capital. A schedule of equity in partnership investments is provided in Note 5.

Note 1. Summary of Significant Accounting Policies (Continued)

Q. Deferred Outflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has two items that qualify for reporting in this category, which are deferred charges on refunding and deferred swap outflows. A deferred charge on refunding results from the difference in the carrying value of refunded debt and the re-acquisition price. Each deferred charge is amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. The deferred swap outflows are recognized in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The Authority recognizes the fair value of the swap agreements as either an asset or liability on its statement of net position with the offsetting gain or loss as either a deferred inflow or outflow of resources, if deemed an effective hedge. The Authority has applied the synthetic instrument method to determine its swap agreements constitute effective cash flow hedges.

As of June 30, 2021, the Authority's deferred outflows of resources were comprised of the following:

Deferred charges on refunding:	
Sendero I PFC	$ 184,747
Converse Ranch I, LLC	158,845
Woodhill Apartments PFC	39,567
Total deferred charges on refunding	383,159
Deferred swap outflows:	
Converse Ranch II, LLC	101,594
San Antonio Housing Facility Corporation (Castle Point Apartments)	238,428
Springhill/Courtland Heights PFC	357,642
San Antonio Housing Facility Corporation (Monterrey Park and La Providencia)	530,124
San Antonio Housing Facility Corporation (Burning Tree and Encanta Villa)	666,142
Total deferred swap outflows	1,893,930
Total deferred outflows of resources	$ 2,277,089

R. Unearned Revenue

Unearned revenue is generally comprised of various ground leases in which funds were provided for the purchase of land parcels which, in turn, were leased to project developments for periods ranging from 10 to 99 years. The Authority recognized the funds received for the prepaid leases as unearned revenue and will amortize the prepayments over the initial periods on a straight-line basis. For detailed information, see Note 7 to the financial statements.

Note 2. Cash, Cash Equivalents, and Investments

A. The Authority's Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Unrestricted:	
Cash and cash equivalents	$ 60,312,748
Tenant security deposits	123,874
Restricted:	
Cash and cash equivalents—modernization and development	23,092,916
Cash and cash equivalents—payment of current liabilities	1,978,944
Cash and cash equivalents—held by lender, trustee, and escrow agent	9,108,934
Cash and cash equivalents—other	5,093,335
Total cash, cash equivalents, and investments	$ 99,710,751

Cash, cash equivalents, and investments as of June 30, 2021, consist of the following:

Petty cash	$ 975
Deposits with financial institutions	90,600,842
Funds held by lender, trustee, and escrow agent	9,108,934
Total cash, cash equivalents, and investments	$ 99,710,751

Investments Authorized by the Authority

Investment types that are authorized by the Authority include direct obligations of the federal government backed by the full faith and credit of the United States, including United States Treasury bills, notes and bonds; obligations of federal government agencies; securities of government-sponsored agencies; various types of deposits, demand and sweep accounts and certificates of deposit (CDs); municipal depository funds; certain types of repurchase agreements; certain separate trading of registered interest and principal securities and certain types of mutual fund investments. Each authorized investment has a maximum maturity of three years, a maximum portfolio percentage of 50% and is limited to a maximum investment of 50% in any one issuer. None of the specified limits have been exceeded. In addition, the Authority does not hold any unauthorized investments.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by the provisions of debt agreements of the Authority. The investment types authorized by the Authority's debt agreements include direct obligations of the federal government, including United States Treasury bills, notes and bonds; bonds, debentures, participation certificates or notes of the Government National Mortgage Association (GNMA); bonds, debentures, participation certificates or notes of certain government-sponsored agencies; direct and general obligation of any state of the United States of America or any municipality or political subdivision of such state; corporate obligations; negotiable or nonnegotiable CDs, time deposits or other similar banking arrangements with national or state chartered banks; certain types of mutual funds or money market funds; certain types of repurchase agreements; certain types of commercial paper of finance companies; certain types of investment agreements and certain types of tax-exempt obligations.

Note 2. Cash, Cash Equivalents, and Investments (Continued)

The maximum maturity, maximum portfolio percentage and maximum investment in any one issuer are not limited, except for authorized types of commercial paper of finance companies and certain investment contracts, which are limited to a maximum maturity of 270 days. None of the specified limits have been exceeded, and the Authority held no unauthorized investments.

Investments Held by Lenders

Investment of funds held by lenders are governed by provisions of the debt agreements and HUD provisions for project accounts, rather than the investment requirements of the Public Funds Investment Act (PFIA). The Authority has replacement and residual reserve accounts that are held by the lender. Investing is performed in accordance with investment policies set forth by HUD. The mortgage company may invest funds in excess of $250,000 in institutions under the control of, and whose deposits are insured by, the Federal Deposit Insurance Corporation, National Credit Union Association or other United States government insurance corporations under the following conditions:

- Mortgage companies must determine the institution has a rating consistent at all times with current minimally acceptable ratings as established and published by GNMA.

- Mortgage companies must monitor the institution's ratings no less than on a quarterly basis and change institutions when necessary. The mortgage companies must document the ratings of the institutions where the funds are deposited and maintain the documentation in the administrative record for three years, including the current year.

If the mortgage company does not perform the required quarterly review of the institutions where there are deposits in excess of $250,000, and does not maintain the funds in an institution with a rating consistent with minimally acceptable ratings, as established and published by GNMA, and the institution fails, the mortgage company is held responsible for replacing any lost funds. HUD will seek all available remedies to recover whatever funds are lost as a result of the failed institution.

Required accounts that are held by the lender include project, residual receipts reserve and replacement reserve accounts that are not limited as to maximum maturity, maximum percentage of portfolio or maximum investment in any one issuer.

Fair Value Classification

The Authority categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

The Authority has investments in money market funds held with its bond trustee of $1,187,438 that are recorded at amortized cost and has the following investments and other items requiring recurring fair value measurements as of June 30, 2021:

- **Investment derivative instruments**—Interest rate swaps resulted in a total negative fair value of $1,893,930 and were valued using a market approach that considers benchmark interest rates (Level 2 inputs).

Note 2. Cash, Cash Equivalents, and Investments (Continued)

Investment Risks

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the following information addresses the interest rate risk, credit risk, concentration of credit risk and custodial credit risk. The Authority does not hold any foreign securities; therefore, there is no foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity the investment's fair value is to changes in market interest rates. The Authority manages its exposure to interest rate risk by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time, as necessary to provide the cash flow and liquidity needed for operations. The Authority does not place a limit on interest rate risk. Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations, including investments held by bond trustees, is provided in the following table, which shows the distribution of the Authority's investment by maturity:

Investment	Maturity Dates	Amount
Held by bond trustee:		
BlackRock Liquidity Funds FedFund Institutional Shares—money market fund	N/A	$ 751,479
JPMorgan U.S. Government Money Market Fund	N/A	243,059
Wells Fargo 100% Treasury Money Market Fund	N/A	192,900
Total investments		$ 1,187,438

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Obligations of the United States Treasury are considered risk-free. Presented below is the minimum rating required by (where applicable) HUD, the Authority's investment policy, or debt agreements, and the actual rating by Moody's as of year-end:

Investment	Amount	Investment Minimum Rating	Moody's Rating
Held by bond trustee:			
BlackRock Liquidity Funds FedFund Institutional Shares—money market fund	$ 751,479	Aaa-mf	Aaa-mf
JPMorgan U.S. Government Money Market Fund	243,059	Aaa-mf	Aaa-mf
Wells Fargo 100% Treasury Money Market Fund	192,900	Aaa-mf	Aaa-mf
Total investments	$ 1,187,438		

Concentration of Credit Risk

The investment policy of the Authority or HUD contains no limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer (other than money market funds) that represent 5% or more of the total Authority's investments. The Authority does not place a limit on concentration of credit risk.

Note 2. Cash, Cash Equivalents, and Investments (Continued)

Depository Custodial Credit Risk
Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's investment policy requires all HUD-sourced funds on deposit to be fully collateralized. All non-HUD funds such as reserves and partnership funds are required to be invested in accordance with the PFIA. All collateral should conform to those investment instruments listed in PFIA. The Authority does not place a limit on custodial credit risk.

	Balance Reported on the Authority's Financial Statements	Balance Deposited with Financial Institutions	FDIC Insurance	Uninsured Deposits (Collateralized)	Uninsured and Uncollateralized Deposits
Demand deposits	$ 98,186,652	$ 98,878,224	$ 5,106,403	$ 92,524,003	$ 1,247,818
Money Market Funds	1,187,438	1,187,438	-	-	1,187,438
United States Treasury Bills	335,686	335,686	-	335,686	-
Total bank deposits	$ 99,709,776	$ 100,401,348	$ 5,106,403	$ 92,859,689	$ 2,435,256

As of June 30, 2021, $92,859,689 of the Authority's deposits with financial institutions were fully collateralized by securities held by the pledging financial institution. Of the $7,541,659 remaining deposits, $5,106,403 were covered by the Federal Deposit Insurance Corporation, and $2,435,256 were uninsured and uncollateralized and were therefore exposed to custodial credit risk.

B. The Plan's Cash, Cash Equivalents, and Investments

As of December 31, 2020, the Plan's portfolio was comprised of the following:

Description	Fair Value
Mutual funds–equity	$ 36,249,041
Mutual funds–fixed income	16,423,393
Total investments	$ 52,672,434

Investment Risks
In accordance with GASB Statement No. 40, the following disclosures address credit risk, concentration of credit risk and interest rate risk at December 31, 2020. The Plan does not hold any foreign securities; therefore, there is no foreign currency risk.

Credit Risk
Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. However, investments issued or explicitly guaranteed by the United States government are excluded from this requirement. The Plan's Pension Advisory Committee defines risk in the Plan's investment policy as the possibility of losing money over the rolling 10-year time horizon. Generally, Plan assets may be invested only in investment grade bonds rated BBB (or equivalent) or better. Within the context of a managed portfolio or pooled account, an individual manager may position less than investment-grade bonds on an opportunistic basis.

Note 2. Cash, Cash Equivalents, and Investments (Continued)

Presented below is the actual rating for each investment type as of December 31, 2020:

Investment Type	Fair Value	Not Rated
T Rowe Price Global Multi Sector Bond Fund #175	$ 5,453,628	$ 5,453,628
Metropolitan West Total Return Bond Fund	9,938,514	9,938,514
FPA New Income Inc. #78	1,031,251	1,031,251
Total fixed income investments	$ 16,423,393	$ 16,423,393

Concentration of Credit Risk

The Plan is required to disclose investments in any one issuer that represent 5% or more of the total investments. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement. The Plan's investment policy limits the investment in securities of any one company to 15% of the total fund, and no more than 30% of the total fund should be invested in any one industry. At December 31, 2020, there were no investments in any one issuer that represent 5% or more of total Plan investments. Additionally, the Plan did not invest more than 15% of the investment portfolio in one company or more than 30% in one industry.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Plan does not place a limit on the maturity of its fixed income investments.

Presented below are the investments affected by interest rate risk and their applicable weighted-average maturities as of December 31, 2020:

Investment Type	Fair Value	Percentage of Total	Weighted-Average Maturity (Years)
T Rowe Price Global Multi Sector Bond Fund #175	$ 5,453,628	33.2%	4.59
Metropolitan West Total Return Bond Fund	9,938,514	60.5%	5.92
FPA New Income Inc. #78	1,031,251	6.3%	1.57
Total fixed income investments	$ 16,423,393	100.0%	4.03

Fair Value Measurement

Plan investments at fair value as of December 31, 2020, using fair value measurements are as follows:

	Total Fair Value	Level 1	Level 2	Level 3
Mutual funds—equity	$ 36,249,041	$ 36,249,041	$ -	$ -
Mutual funds—fixed income	16,423,393	16,423,393	-	-
	$ 52,672,434	$ 52,672,434	$ -	$ -

Note 2. Cash, Cash Equivalents, and Investments (Continued)

Investments classified as Level 1 of the fair value hierarchy are valued using prices quoted in active exchange markets for those securities.

Note 3. Notes and Mortgages Receivable

The following summarizes the notes and mortgages receivable and the related accrued interest receivable as of June 30, 2021:

	Due Within One Year	Due After One Year	Total
The Authority			
San Juan Square II, Ltd.	$ -	$ 2,722,328	$ 2,722,328
ARDC Sutton, Ltd.	-	6,687,651	6,687,651
Durango Midrise, LP	-	17,444,755	17,444,755
ARDC Sutton II, Ltd.	-	1,580,947	1,580,947
San Juan III, Ltd.	-	4,624,772	4,624,772
Wheatley Family I, LP	-	1,057,767	1,057,767
Wheatley Senior, LP	-	141,059	141,059
Tampico Apartments, LP	-	718,165	718,165
Alazan Lofts Ltd.	-	1,045,350	1,045,350
SAHFAC			
Wheatley Family I, LP	-	10,979,751	10,979,751
Wheatley Family II, LP	-	4,921,012	4,921,012
Wheatley Senior, LP	-	6,338,200	6,338,200
Tampico Apartments, LP	-	231,700	231,700
San Antonio Homeownership Opportunities Corporation			
Real estate sales notes	7,029	126,671	133,700
Secondary lien notes	-	954	954
Home sales notes	10,289	3,829	14,118
Las Varas PFC			
Second lien notes	-	115,299	115,299
Total	$ 17,318	$ 58,740,210	$ 58,757,528

Note 4. Other Assets and Developer Fees Receivable

At June 30, 2021, other assets and developer fees receivable totaled $3,269,713. This amount is made up of developer fees receivable totaling $2,857,133 and other noncurrent receivables of $412,580. Additionally, an allowance for doubtful accounts totaling $1,505,692 is recorded for developer fees receivable.

Note 5. Equity in Partnership Investments

Various component units of the Authority serve as the general partner of various tax credit limited partnerships in which they have contributed capital. The investments in partnerships are accounted for under the equity method. Under this method, the investment is initially recorded at cost and is then increased or decreased by the proportionate share of the partnerships' net earnings or losses. The Authority is not required to fund capital deficits; therefore, any total capital deficits related to the Authority are only recognized to the extent of the Authority's contributed capital.

The general partners include SAHFAC, SAHDC, LVPFC and RSPFC. The general partners have ownership interests ranging from 0.0045% to 0.0100%.

A reconciliation of changes in the equity in partnership investments is presented below:

Partnership	General Partner (GP)	GP % of Ownership	Balance at July 1, 2020	Cash Contributions From GP	Cash Distributions to GP	GP's Share of Profit (Loss)	Eliminations	Balance at June 30, 2021
Primrose SA IV Housing, LP	LVPFC	0.01%	$ 77,219	$ -	$ -	$ -	$ -	$ 77,219
1604 Lofts Ltd.	SAHFAC	0.0051%	51	-	-	-	-	51
ARDC Sutton, Ltd.	SAHFAC	0.005%	1,499,533	-	-	(27)	-	1,499,506
Copernicus Apartments Ltd.	SAHFAC	0.0051%	-	51	-	-	-	51
Majestic SA Apartments, LP	SAHFAC	0.01%	100	-	-	-	-	100
Midcrowne Senior Pavilion, LP	SAHFAC	0.01%	3,263,824	-	-	(22)	-	3,263,802
San Juan Square, Ltd.	SAHFAC	0.01%	1,464,419	-	-	(70)	-	1,464,349
The Alhambra Apartments, Ltd.	SAHFAC	0.01%	466,498	-	(171,916)	(16)	-	294,566
Trader Flats Ltd.	SAHFAC	0.0051%	51	-	-	-	-	51
Wheatley Family II, LP*	SAHFAC	0.01%	100	-	-	(100)	-	-
ARDC Military, Ltd.*	LVPFC	0.01%	-	-	-	-	-	-
ARDC Salado, Ltd.*	LVPFC	0.01%	-	-	-	-	-	-
ARDC San Marcos, Ltd.*	LVPFC	0.005%	-	-	-	-	-	-
Costa Almadena, Ltd.*	LVPFC	0.01%	-	-	-	-	-	-
Costa Mirada, Ltd.*	LVPFC	0.01%	-	-	-	-	-	-
Durango Midrise, LP*	LVPFC	0.01%	-	-	-	-	-	-
Enclave Gardens, Ltd.*	LVPFC	0.01%	-	-	-	-	-	-
The Mirabella, Ltd.*	LVPFC	0.01%	-	-	-	-	-	-
TX Pleasanton Housing, LP*	LVPFC	0.01%	-	-	-	-	-	-
ARDC Sutton II, Ltd.*	SAHFAC	0.005%	-	-	-	-	-	-
Costa Valencia, Ltd.*	SAHFAC	0.01%	-	-	-	-	-	-
New Braunfels 2 Housing, LP*	SAHFAC	0.005%	-	-	-	-	-	-
San Juan III, Ltd.*	SAHFAC	0.01%	-	-	-	-	-	-
San Juan Square II, Ltd.*	SAHFAC	0.0045%	-	-	-	-	-	-
Wheatley Family I, LP*	SAHFAC	0.01%	-	-	-	-	-	-
Wheatley Senior, LP*	SAHFAC	0.01%	-	-	-	-	-	-
			$ 6,771,795	$ 51	$ (171,916)	$ (235)	$ -	$ 6,599,695

*For all partnerships marked with an asterisk, the general partner was not required to make a capital contribution at inception. Additionally, as the general partners are not required to fund capital deficits and these entities have cumulative loss positions as of June 30, 2021, the general partners have not recorded the related deficit capital positions of these partnerships, as they exceed the general partners' contributed capital.

Note 6. Capital Assets

The Authority's Capital Assets

Capital asset activity for the year ended June 30, 2021, for the business-type activities was as follows:

	Balance at July 1, 2020	Additions	Deletions	Transfers/ Reclass	Balance at June 30, 2021
Capital assets not being depreciated:					
Land	$ 70,286,099	$ 24,460,266	$ (85,241)	$ -	$ 94,661,124
Construction in progress	36,940,845	32,894,199	(3,452,071)	(14,642,790)	51,740,183
Total capital assets not being depreciated	107,226,944	57,354,465	(3,537,312)	(14,642,790)	146,401,307
Capital assets being depreciated:					
Buildings and improvements	530,052,158	18,109,795	(5,175,119)	14,564,069	557,550,903
Furniture and equipment:					
Dwellings	2,514,773	143,255	-	-	2,658,028
Administration	5,169,358	29,488	(334,338)	25,544	4,890,052
Leasehold improvements	1,722,765	-	-	53,177	1,775,942
Total capital assets being depreciated	539,459,054	18,282,538	(5,509,457)	14,642,790	566,874,925
Less accumulated depreciation:					
Buildings and improvements	(380,296,537)	(21,174,392)	3,273,942	-	(398,196,987)
Furniture and equipment:					
Dwellings	(2,506,486)	(34,309)	-	-	(2,540,795)
Administration	(4,325,010)	(253,385)	327,330	-	(4,251,065)
Leasehold improvements	(1,168,936)	(85,862)	-	-	(1,254,798)
Total accumulated depreciation	(388,296,969)	(21,547,948)	3,601,272	-	(406,243,645)
Total capital assets being depreciated, net	151,162,085	(3,265,410)	(1,908,185)	14,642,790	160,631,280
Business-type activities capital assets, net	$ 258,389,029	$ 54,089,055	$ (5,445,497)	$ -	$ 307,032,587

Depreciation expense for the current year totaled $12,869,852.

Note 7. Unearned Revenue

Ground Lease Agreements

Unearned revenue is generally comprised of various ground leases in which funds were provided for the purchase of land parcels which, in turn, were leased to project developments for periods ranging from 10 to 99 years. The Authority recognized the funds received for the prepaid leases as unearned revenue and will amortize the prepayments over the initial periods on a straight-line basis. As of June 30, 2021, prepaid ground leases totaled $44,327,441, of which $881,057 is classified as current unearned revenue. The remaining amount is reported as noncurrent unearned revenue. The book value of the land related to the prepaid ground leases totaled $63,978,707 as of June 30, 2021.

On August 5, 2005, the Authority entered into a ground lease agreement with Clark 05 Housing, LP for a period of 55 years for the lease of land to construct and operate a rental project, comprised of 252 rental units. Clark 05 Housing, LP provided $361,316 for the purchase of land, which is considered a prepayment of the annual rent for the initial period, often 10 years of the lease term. After the initial period, Clark 05 Housing, LP will provide an annual lease payment of $100.

Note 7. Unearned Revenue (Continued)

SAHFAC entered into 28 ground lease agreements with various limited partnerships for a period of 52 to 99 years for the lease of land to construct and operate rental projects. The limited partnerships provided a total of $48,526,163 for the purchase of land, which is considered prepayment of annual rents for the initial periods of 10 to 99 years of the lease terms. After the end of the initial period, the limited partnerships will provide annual lease payments of $100.

Las Varas PFC entered into 10 ground lease agreements with various limited partnerships for a period of 55 to 75 years for the lease of land to construct and operate rental projects. The limited partnerships provided a total of $13,081,271 for the purchase of land, which is considered prepayment of annual rents for the initial periods of 10 to 15 years of the lease terms. After the end of the initial period, the limited partnerships will provide annual lease payments of $10 to $100.

Unearned Revenue

Current unearned revenue consists of prepaid tenant rent of $1,054,027, HUD Housing Choice Vouchers grant revenue of $688,283, deferred development fee revenue of $656,390, and rooftop lease revenue of $11,907.

Note 8. Bonds and Notes Payable

The long-term indebtedness of the Authority's business-type activities is presented as follows:

Program	Issue	Original Amount	Due Within One Year	Due After One Year	Balance Outstanding at June 30, 2021
SAHDC					
Mortgage loan for Bella Claire payable to Walker & Dunlop. Term is 30 years, with final maturity February 1, 2035. The interest rate is 5.96%, with monthly principal and interest payments of $6,328. The loan is secured by a deed of trust on the property.	Mortgage note	$ 1,060,000	$ 34,804	$ 671,117	$ 705,921
Multifamily Housing Revenue Bonds, Series 2005, issued for Costa Valencia, Ltd. Term is 40 years, with final maturity June 1, 2048. The interest rate is 5.75%, with monthly principal and interest payments of $62,774. The bonds are collateralized by the project.	Revenue Bonds—Series 2005	11,780,000	165,152	10,151,588	10,316,740
Multifamily Housing Revenue Bonds, Series 2005, issued for Clark 05 Housing Limited Partnership. Term is 33 years, with final maturity October 1, 2038. The interest rate is 6.52%, with monthly principal and interest payments averaging $78,421. The bonds are secured by a multifamily fee and leasehold deed of trust, assignment of rents, security agreement and fixture filing.	Revenue Bonds—Series 2005	13,870,000	163,968	11,828,806	11,992,774
		26,710,000	363,924	22,651,511	23,015,435
SAHFAC					
Mortgage loan for Towering Oaks payable to Walker & Dunlop. Term is 30 years, with final maturity February 1, 2035. The interest rate is 5.96%, with monthly principal and interest payments of $20,746. The loan is secured by a deed of trust on the property.	Mortgage note	3,430,000	112,619	2,171,631	2,284,250
Mortgage loan for Churchill Estates payable to Walker & Dunlop. Term is 30 years, with final maturity February 1, 2035. The interest rate is 5.96%, with monthly principal and interest payments of $8,298. The loan is secured by a deed of trust on the property.	Mortgage note	1,390,000	45,639	880,049	925,688
Multifamily Housing Revenue Bonds, Series 2014, issued for Converse Ranch II. Term is 10 years, with final maturity September 30, 2024. The interest rate is fixed by a swap contract at 3.25%, with monthly principal and interest payments averaging $27,215. The loan is secured by a deed of trust on the property.	Revenue Bonds—Series 2014	5,600,000	179,357	4,396,195	4,575,552
Mortgage loan for Castle Point payable to Frost Bank. Term is 10 years, with final maturity December 6, 2026. The interest rate is fixed by a swap contract at 3.865%, with monthly principal and interest payments averaging $21,043. The loan is secured by a deed of trust on the property.	Mortgage note	4,000,000	122,677	3,369,590	3,492,267
Mortgage loan for Monterrey Park and La Providencia payable to Frost Bank. Term is 10 years, with final maturity December 19, 2027. The interest rate is fixed by a swap contract at 4.102%, with monthly principal and interest payments averaging $37,137. The loan is secured by deeds of trust on the properties.	Mortgage note	6,800,000	198,270	5,946,968	6,145,238
Mortgage loan for Burning Tree and Encanta Villa payable to Frost Bank. Term is 10 years, with final maturity December 10, 2028. The interest rate is fixed by a swap contract at 3.935%, with monthly principal and interest payments averaging $35,864. The loan is secured by deeds of trust on the properties.	Mortgage note	6,800,000	178,950	6,203,968	6,382,918
Mortgage loan for SP II Limited Partnership payable to ORIX Real Estate Capital, LLC. Term is 18 years, with final maturity June 1, 2022. The interest rate is 7.625%, with monthly principal and interest payments of $24,291. The loan is collateralized by the project.	Mortgage note	3,432,000	2,390,685	-	2,390,685
Mortgage loan for O'Connor Road Limited Partnership payable to ORIX Real Estate Capital, LLC. Term is 18 years, with final maturity June 1, 2022. The interest rate is 7.625%, with monthly principal and interest payments of $29,430. The loan is collateralized by the project.	Mortgage note	4,158,000	2,896,408	-	2,896,408
Mortgage loan for Refugio Street Limited Partnership payable to ORIX Real Estate Capital, LLC. Term is 30 years, with final maturity August 1, 2035. The interest rate is 6.72%, with monthly principal and interest payments of $31,878. The loan is collateralized by the project.	Mortgage note	4,930,000	153,539	3,323,616	3,477,155
Mortgage loans for Claremont and Warren House payable to the Texas Department of Housing and Community Affairs. Both loans have a term of 30 years, with final maturities August 1, 2028. The loans are non-interest bearing, with monthly principal payments of $531 and $729, respectively.	Mortgage note	191,200	6,373	39,303	45,676
The loans are secured by deeds of trust on the properties.	Mortgage note	262,500	8,750	52,499	61,249
Construction loan for 100 Labor Street, LLC. The loan requires interest only payments until conversion to permanent financing. The interest rate is 2.90%. Draws are made periodically as the project is constructed. The permanent loan amount is $40,525,900 and principal and interest payments of $142,751 are payable beginning April 1, 2023 through maturity on March 1, 2063.	Construction loan	5,658,955	-	7,027,991	7,027,991
Neighborhood Stabilization Program loan for Sutton Oaks payable to the City of San Antonio. Term is 30 years, with final maturity September 30, 2039. The loan is non-interest bearing. Principal payments will be deferred for 30 years until the maturity date and thereafter are forgiven if SAHFAC remains in compliance with all terms and conditions set forth in the loan documents. The note is secured by a subordinate deed of trust on the property.	Sutton NSP note	900,000	-	900,000	900,000
		47,552,655	6,293,267	34,311,810	40,605,077

Note 8. Bonds and Notes Payable (Continued)

Program	Issue	Original Amount	Due Within One Year	Due After One Year	Balance Outstanding at June 30, 2021
Section 8 Project Based					
Mortgage loan issued by Springhill/Courtland Heights Public Facility Corporation payable to Frost Bank. Term is 10 years, with final maturity December 6, 2026. The interest rate is fixed by a swap contract at 3.865%, with monthly principal and interest payments averaging $31,515. The loan is secured by deeds of trust on Cottage Creek I, II, and Courtland Heights.	Mortgage note	6,000,000	184,015	5,054,386	5,238,401
Converse Ranch, LLC					
Mortgage loan for Converse Ranch I payable to Walker & Dunlop. Term is 40 years, with final maturity June 1, 2053. The interest rate is 2.98%, with monthly principal and interest payments of $26,562. The loan is secured by a deed of trust on the property.	Mortgage note	7,443,700	124,975	6,434,142	6,559,117
Other Affordable Housing					
Multifamily Housing Revenue Bonds, Series 2013, issued for Sendero I PFC. Term is 10 years, with final maturity January 1, 2024. The interest rate is 4.305%, with monthly principal and interest payments of $54,915. The loan is secured by a deed of trust on the Legacy at Crown Meadows Apartments.	Revenue Bonds—Series 2013	10,000,000	312,580	7,765,234	8,077,814
Multifamily Housing Revenue Bonds, Series 2012, issued for Woodhill PFC. Term is 10 years, with final maturity September 1, 2022. The interest rate is 3.40%, with monthly principal and interest payments of $44,852. The loan is secured by a deed of trust on the Woodhill Apartments.	Revenue Bonds—Series 2012	9,000,000	312,567	6,375,392	6,687,959
Capital Fund Financing Program (CFFP)					
CFFP loan agreement dated November 9, 2006, with Fannie Mae for the accelerated renovation and rehabilitation of eight public housing developments. Term is 20 years, with final maturity December 1, 2026. The interest rate is 4.85%, with monthly principal and interest payments of $182,721. The loan is secured with pledged Capital Grant Funds. On June 14, 2012, Fannie Mae assigned its interest in the loan and the loan agreement to Deutsche Bank National Trust Company.	CFFP loan	27,828,627	1,799,813	7,117,625	8,917,438
Vera Cruz Redevelopment Partnership, Ltd.					
Mortgage loan payable to San Antonio Housing Trust Foundation. Term is 30 years, with final maturity November 28, 2023. The interest rate is 1.00%, with principal and interest due monthly, as determined by available cash flow. The loan is secured by a subordinate deed of trust on the Villa de San Alfonso Apartments. Accrued interest has been added to the outstanding balance.	Loan	350,000	-	457,873	457,873
Homestead Redevelopment Partnership, Ltd.					
Mortgage loan payable to Texas Department of Housing and Community Affairs. Term is 30 years, with final maturity April 1, 2026. The interest rate is 3.00%, compounded annually, with monthly principal and interest payments of $2,109. The loan is secured by a deed of trust on the Homestead Apartments.	Loan	500,000	22,269	89,115	111,384
Sunshine Plaza Apartments, Inc.					
Mortgage loan for Sunshine Plaza payable to Frost Bank. Term is 10 years, with with final maturity December 30, 2030. The interest rate is fixed at 2.87%, with monthly principal and interest payments averaging 12,212. The loan is secured by a deed of trust on the property.	Loan	2,600,000	72,886	2,491,352	2,564,238
Energy Performance Contract Loan					
Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp. to finance the Authority's Phase II HUD Energy Performance Contract. The interest rate is 2.77%, with monthly principal and interest payments averaging $73,959. The EPC term ends December 31, 2032.	Loan	9,171,558	443,852	8,555,426	8,999,278
		$ 146,656,540	$ 9,930,148	$ 101,303,866	$ 111,234,014

Note 8. Bonds and Notes Payable (Continued)

The following table provides the annual principal and interest requirements of the Authority and its component units as of June 30, 2021, for long-term debt outstanding:

	Principal	Interest	Total
Years ending June 30:			
2022	$ 9,930,148	$ 4,637,737	$ 14,567,885
2023	11,215,838	4,294,391	15,510,229
2024	12,997,956	4,684,992	17,682,948
2025	9,169,032	4,181,309	13,350,341
2026	4,375,450	3,906,555	8,282,005
2027-2031	33,351,305	15,157,467	48,508,772
2032-2036	12,314,724	10,946,465	23,261,189
2037-2041	16,346,741	7,553,586	23,900,327
2042-2046	9,044,816	4,880,364	13,925,180
2047-2051	8,454,655	3,210,655	11,665,310
2052-2056	7,158,671	2,017,281	9,175,952
2057-2061	7,588,754	976,282	8,565,036
2062-2063	2,783,833	71,179	2,855,012
Subtotal	144,731,923	66,518,263	211,250,186
Amounts to be drawn in future periods or upon refinance	(33,497,909)	-	(33,497,909)
Total	$ 111,234,014	$ 66,518,263	$ 177,752,277

Long-term liability activity for the year ended June 30, 2021, was as follows:

	Balance at July 1, 2020	Additions	Reductions	Balance at June 30, 2021	Due Within One Year
Mortgages, bonds and notes	$ 87,646,327	$ 29,120,822	$ 5,533,135	$ 111,234,014	$ 9,930,148
Compensated absences	1,794,258	1,725,767	1,545,187	1,974,838	619,441
	$ 89,440,585	$ 30,846,589	$ 7,078,322	$ 113,208,852	$ 10,549,589

Note 9. Derivative Financial Instrument

Interest Rate Swaps

The Authority has five interest rate swap agreements (swaps) with one counterparty as of June 30, 2021. The objective of the agreements was to attain a synthetic fixed interest rate at a cost that was expected to be less than rates associated with fixed-rate debt. The swap agreement terms state the Authority is to make monthly fixed interest rate payments at a specified rate on a notional principal amount and in exchange receive monthly payments based upon a specified percentage of the one-month London InterBank Offered Rate (LIBOR) plus a spread.

The swaps have an aggregate negative fair value of $1,893,930 at June 30, 2021. The fair value was estimated using a proprietary valuation model developed by a counterparty. The swaps have been determined to constitute an effective hedge at June 30, 2021, by using the synthetic instrument method. The aggregate fair value is classified as an interest rate swap liability and a deferred outflow of resources.

Note 9. Derivative Financial Instrument (Continued)

The following contains the terms, fair values and credit ratings issued by Standard & Poor's of the swaps as of June 30, 2021:

Related Debt Issuance	Current Notional Amount	Effective Date of Swap	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
Converse Ranch II, LLC	$ 4,575,552	12/1/2019	3.250%	67.8% of 1-month LIBOR plus 1.380%	$ (101,594)	11/01/2024	A-
SAHFAC (Castle Point)	3,492,267	12/06/2016	3.865%	82.4% of 1-month LIBOR plus 1.774%	(238,428)	12/06/2026	A-
Springhill/Courtland Heights PFC	5,238,401	12/06/2016	3.865%	82.4% of 1-month LIBOR plus 1.774%	(357,642)	12/06/2026	A-
SAHFAC (Monterrey Park and La Providencia)	6,145,238	12/19/2017	4.102%	82.4% of 1-month LIBOR plus 1.799%	(530,124)	12/19/2027	A-
SAHFAC (Burning Tree and Encanta Villa)	6,382,918	12/10/2018	3.935%	80.7% of 1-month LIBOR plus 1.480%	(666,142)	12/10/2028	A-
Totals	$ 25,834,376				$ (1,893,930)		

Credit Risk

The Authority was not exposed to credit risk on its outstanding swaps at June 30, 2021, because the swaps had a negative fair value. However, should interest rates change and the swaps become positive, the Authority would be exposed to credit risk in the amount of the swaps' fair value. Fair value is only a factor upon termination. The swaps' counterparty has guaranteed all payments and is rated A- by Standard & Poor's. The swap agreements provide no collateral by the counterparty.

Interest Rate Risk

The swaps decrease the Authority's exposure to interest rate risk.

Basis Risk

The swaps do not expose the Authority to basis risk because the interest rates on the loans and the swaps are the same, equal to the variable rates specified in the table above.

Termination Risk

The swaps were issued pursuant to the International Swap Dealers Association Master Agreements, which include standard termination events, such as failure to pay and bankruptcy. The Authority or the counterparty may terminate an interest rate swap if the other party fails to perform under the terms of the contract. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value. As of June 30, 2021, the swaps had an aggregate negative fair value of $1,893,930.

Note 10. Line of Credit

SAHFAC has a revolving line of credit with Frost Bank for $3,000,000, which may be used for short-term borrowing needs. The line of credit bears interest at the applicable prime rate, as listed in *The Wall Street Journal*, plus 0.25%. As of June 30, 2021, the all-in rate was 3.50%. The line of credit was renewed December 31, 2020, and has a term of three years. There were no borrowings against the line of credit at June 30, 2021.

Note 10. Line of Credit (Continued)

Line of credit activity for the year ended June 30, 2021, was as follows:

	Balance at July 1, 2020	Additions	Reductions	Balance at June 30, 2021
Line of credit	$ 47,003	$ 439,132	$ 486,135	$ -

Note 11. Conduit Debt

From time to time, SAHFC issues tax-exempt revenue bonds for the financing of residential developments for persons of low- and moderate-income families. The bonds are secured by the property financed and are payable solely from, and secured by, a pledge of rental receipts. The bonds do not constitute a debt or pledge of the faith and credit of SAHFC and, accordingly, have not been reported in the accompanying financial statements.

As of June 30, 2021, there were 14 series of tax-exempt revenue bonds outstanding with an aggregate principal amount payable of $156,935,602, maturing from 2028 to 2053.

Note 12. Defined Contribution Plan

A. Plan Description

Effective June 7, 1948, the Authority established the Plan. The Plan is a defined contribution pension plan established as a public retirement system under the Texas Government Code by the Authority, the Plan sponsor. Under the terms and provisions of the Plan, the Authority has the ability to amend the Plan. Additionally, the Plan covers all full-time employees of the Authority who have completed one year of service and are 21 years old. Eligible employees enter the plan on the first day of January, April, July or October which coincides with or follows the date the eligibility requirements are met. At December 31, 2020, there were 558 participants.

B. Contributions

Each year, participants must contribute 5.0% and may elect to contribute up to 100.0% of eligible compensation, up to the maximum dollar limitation, as defined in the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. The Plan administrator directs the investment of contributions into various investment options. The Plan may invest in common stock, preferred stock, convertible equities, corporate bonds, debentures, fixed income funds and mutual funds, among others. For participants hired before July 1, 2017, the Authority contributes 11.0% of a participant’s compensation for the Plan year, plus 5.7% of a participant’s compensation for the Plan year that exceeds the social security taxable wage base in effect at the beginning of the Plan year. For participants hired on or after July 1, 2017, the Authority contributes 7.0% of a participant’s compensation for the Plan year, plus 5.7% of a participant’s compensation for the Plan year that exceeds the social security taxable wage base in effect at the beginning of the Plan year. Contributions are subject to certain limitations. The employer’s required contribution of $1,943,411 and the employees’ required contributions of $943,104 were made to the Plan during the Plan year ended December 31, 2020. Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the remainder of their accounts is based on years of continuous service. A participant is fully vested after five years of credited service. Plan provisions and contributing requirements are established and may be amended by the Authority’s Board.

Note 12. Defined Contribution Plan (Continued)

C. Plan Amendments

Effective December 3, 2015, the Plan was amended to provide for a three- to five-person Plan Administrator consisting of, at a minimum, the Chief Executive Officer, the Chief Financial Officer and the Chief Legal Officer; and to amend section 4.1 of the Plan, Conditions of Eligibility, to make the early entry of certain classes of employees automatic instead of discretionary, and pursuant to the United States Supreme Court's decision in Obergefell v. Hodges (June 26, 2015), the Plan must treat same-sex spouses the same as opposite-sex spouses for all purposes.

Effctive May 5, 2016, the Plan was amended to provide for a three- to five-person Plan Administrator consisting of, at a minimum, the Chief Executive Officer, the Chief Financial Officer and the Chief Administrative Officer (or the person serving in each capacity), to provide for the immediate entry into participation by existing eligible employees holding titles of Director or above, to reform the application of forfeitures under the Plan, and to create a priority list of default beneficiaries for those situations in which the participant is not survived by a designated beneficiary.

D. Forfeitures

Participant forfeitures of nonvested balances will be used to reduce future employer contributions. During the Plan year ended December 31, 2020, employer contributions were reduced by $41,879 from forfeited nonvested accounts. There were no unallocated forfeitures at December 31, 2020.

E. Plan Termination

Although it has not expressed any intent to do so, the Authority has the right under the Plan to discontinue its contribution at any time and to terminate the Plan. In the event of Plan termination, participants would become 100% vested in their employer contributions.

F. Tax Status

The Plan obtained its latest determination letter dated December 12, 2013, as applicable for the restated plan executed on January 1, 2013, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (IRC) section 401(b) and that, therefore, the Plan is tax-exempt. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

G. Risks and Uncertainties

The Plan may invest in various types of investment securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of fiduciary net position.

Note 13. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority carries commercial insurance for all risks of loss (with the exception of workers' compensation and employee health and accident insurance.). Settled claims resulting from other risks of loss have not exceeded commercial insurance coverage in any of the past two years.

Health and Dental Insurance Plan

On August 2, 2007, the Board approved a self-funded health insurance plan and contract with Humana as the third-party administrator for health and dental insurance. The plan went into effect January 1, 2008. The contract with Humana was terminated on December 31, 2017. The Board approved a contract with Blue Cross Blue Shield of Texas (BCBS) as the third-party administrator for health and dental insurance on September 7, 2017. BCBS began serving as the third-party administrator on January 1, 2018.

In a self-funded plan, the employee payroll deductions for health and dental insurance are collected and held by the Authority in a separate bank account specifically to pay health and dental claims. The Authority makes an initial deposit with the third-party administrator to start the plan. Thereafter, the third-party administrator processes claims and makes payments directly to health care providers. The Authority transfers funds weekly to the third-party administrator to cover the prior week's claims paid. The plan provides protection for the Authority against catastrophic claims with a $100,000 individual stop-loss and a formula driven aggregate stop-loss limit.

The actuarially determined claims liability of $286,273 is based on the requirements of GASB Statement No. 10, as amended by GASB Statement No. 30. The liability includes provisions for medical, dental and prescription drug claim reserves for incurred, but not paid, and incurred, but not reported, claims. No allowance was made for the expense of processing run-out claims, since it is assumed any expense related to run-out claims processing would be included as current administration expenses.

A reconciliation of changes in the liability for health and dental plan expenses for fiscal year 2020 and fiscal year 2021 were as follows:

	Liability at Beginning of Fiscal Year	Claims and Changes in Estimates in Current Year	Claim Payments	Balance at Fiscal Year-End
Years ended June 30:				
2020	$ 223,198	$ 3,373,937	$ 3,367,984	$ 229,151
2021	229,151	4,326,920	4,269,798	286,273

Note 14. Commitments and Contingencies

The Authority is exposed to the risk of contingent liabilities in the ordinary course of its operations. Specifically, such risks arise as a result of the Authority's participation in various state and federal grant programs and as a result of threatened and pending litigation. Disallowed costs could result if the Authority's expenditures made under its grants programs are found to be improper in that they violate state or federal regulations. Such disallowed costs would have to be paid back to the granting agency from the general funds of the Authority. The Authority is not aware of any costs that have been disallowed in the current year and does not anticipate any costs will be disallowed.

Note 14. Commitments and Contingencies (Continued)

A. Grants

The Authority receives significant financial assistance from federal, state and local agencies in the form of grants and operating subsidies. HUD provided approximately 77% of the Authority's revenue in the current year. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies; therefore, to the extent the Authority has not complied with rules and regulations governing the grants, if any, refunds of any money received may be required. Management believes there are no significant contingent liabilities relating to compliance with grant rules and regulations.

B. Construction Contracts

The Authority entered into construction contracts for the rehabilitation of various low-income and multi-family housing projects that were in progress as of year-end. The unexpended balance of construction contracts is $10,244,743 at June 30, 2021.

C. Environmental Remediation

The Authority's revitalization activities for its developments are subject to extensive and evolving environmental laws and regulations. For the year ended June 30, 2021, the Authority has expended $32,188 related to environmental remediation efforts. The annual level of future remediation expenditures is difficult to estimate due to the many uncertainties relating to conditions of individual sites, as well as uncertainties about the status of environmental laws and regulations and developments in remedial technology. Future information and developments will require the Authority to continually reassess the expected impact of these environmental matters.

D. Pending Litigation

The Authority is the subject of various claims and litigation that have arisen in the ordinary course of its operations. Management, in consultation with legal counsel, is of the opinion that the Authority's liabilities in these cases, if decided adversely to the Authority, will not be material.

E. Guarantees

SAHFAC and SAHDC are governed by Chapter 22 of the Texas Business Organizations Code, which requires each corporation to adopt bylaws, which are rules adopted to regulate or manage their actions. The initial bylaws were adopted by the Authority's Board. Per Article VII of both corporations' bylaws, the corporations shall issue obligations only upon approval of the Authority given not more than 60 days prior to the date of a proposed issue.

In July 2004, SP II LP and O'Connor Road LP, affiliated entities of SAHFAC and SAHDC, obtained permanent financing of $3,432,000 and $4,158,000, respectively. The SP II LP and O'Connor Road LP multi-family notes both mature on June 1, 2022. SAHFAC and SAHDC serve as key principals for both multi-family notes and have unconditionally guaranteed all amounts, of which SP II LP and O'Connor Road LP may become personally liable.

On August 1, 2012, SAHFAC guaranteed the payment of the 10-year, $9,000,000 Series 2012 bond issuance of Woodhill PFC, an affiliated entity of SAHFAC. The bonds mature on September 1, 2022. In the event Woodhill PFC is unable to make a payment, SAHFAC will be required to make that payment.

Note 14. Commitments and Contingencies (Continued)

On December 1, 2013, SAHFAC guaranteed the payment of the 10-year, $10,000,000 Series 2013 bond issuance of Sendero I PFC, an affiliated entity of SAHFAC. The bonds mature on January 1, 2024. In the event Sendero I PFC is unable to make a payment, SAHFAC will be required to make that payment.

On December 6, 2016, SAHFAC guaranteed the payment of the 10-year, $6,000,000 promissory note issued by Springhill/Courtland Heights PFC, an affiliated entity of SAHFAC. The note matures on December 6, 2026. In the event Springhill/Courtland Heights PFC is unable to make a payment, SAHFAC will be required to make that payment.

On December 30, 2020, SAHFAC guaranteed the payment of the 10-year, $2,600,000 promissory note issuance of Sunshine Plaza Apartments, Inc. The note matures on December 30, 2030. In the event that Sunshine Plaza Apartments, Inc. is unable to make a payment, SAHFAC will be required to make that payment.

Note 15. Restricted net position

The restricted net position of the Authority consists of the following seven components:

Blended component units - lender-held escrows and reserves	$	11,975,680
Blended component units - other restricted cash		122,055
HCV restricted cash		8,451,983
Public Housing - proceeds and settlement funds		12,555,297
Public Housing - restricted for payment of CFFP loan		1,243,166
Public Housing - other restricted cash		3,519,576
Section 8 substantial rehabilitation - residual receipts and reserves		372,347
Total restricted net position	$	38,240,104

Note 16. Related-Party Transactions

As stated in Note 1, the Authority is considered to be financially accountable to the component units, and the component units serve as the Authority's instruments to enhance its purpose to build and maintain affordable housing for low- and moderate-income families. Consequently, related transactions in the following areas occurred in the current year.

- Management fees of $63,622 were paid to SAHDC by a component unit—Sunshine Plaza Apartments, Inc.

- Of the total notes receivable outstanding, $58,493,456 is due from various partnerships, which are related parties of the Authority. During the fiscal year, the Authority received payments in the amount of $633,855.

Note 17. Recently Issued Accounting Pronouncements

The following pronouncements will become effective in future reporting periods. The Authority's management has not determined their impact:

GASB Statement No. 87, *Leases*, will be effective for the Authority beginning with its year ending June 30, 2022. This statement addresses the information needs of financial users by improving financial and accounting reporting for leases by governments.

Note 17. Recently Issued Accounting Pronouncements (continued)

GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for the Authority beginning with its year ending June 30, 2023. This statement provides a single method of reporting conduit debt obligation by issuers and eliminates diversity in practice associated with (1) commitment extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures.

Note 18. Acquisitions

On June 3, 2021, the limited partners of Costa Valencia, Ltd. transferred their partnership interests to SAHDC in exchange for $300,000. The general partner, which has a .01% ownership interest, is Costa Valencia GP, LLC. The sole member of the general partner is SAHFAC. The Limited partner was Centerline Credit Enhanced Partnership LP, which owned 99.97% of the partnership. The Special Class B Limited Partner was Costa Valencia, NRP, Ltd. and the Special Limited Partner was RCC Credit Enhanced SLP LLC – Series D, which each had a .01% ownership. As a result of the transfer, SAHDC acquired a 99.99% interest in The Villas at Costa Valencia community which added 230 units to its portfolio. The acquisition resulted in an adjustment to beginning equity of negative $596,620.

Note 19. Subsequent Events

On September 1, 2022, the Woodhill Public Facility Corporation Multifamily Housing Revenue Refunding Bonds Series 2012 matured. Principal of $6,322,340 and interest of $18,510 became due. Pursuant to the Authority's 2022 Budget Resolution, $5,706,866 of MTW funds was disbursed to help pay off the balance of Woodhill's bonds. According to HUD correspondence received on August 26, 2022, only 90% of the mortgage ($5,706,866) was able to be repaid using MTW funds due to the pro rata provision of section 5(d) of PIH Notice 2011-45 (HA). The remaining principal of $615,474 and outstanding interest of $18,510 was paid out of the property's operating cash.

On August 1, 2022, Legacy at Science Park ("SP II"), Legacy on O'Connor Road ("O'Connor"), and Refugio Place Apartments ("Refugio") refinanced their existing mortgages. The lender for SP II and O'Connor is ORIX Real Estate Capital, LLC and the principal balances of the new notes are $4,636,700 and $5,778,000, respectively. Both notes have a fixed interest rate of 3.84% and an amortization period of 35 years. The lender for Refugio is KeyBank National Association and the principal balance of the new note is $11,330,100. The note has a fixed interest rate of 4.65% and an amortization period of 35 years. All three notes are insured by HUD under Section 207 of the National Housing Act pursuant to Section 223(f). The refinances will allow for repayment of the existing notes, closing costs, and related origination fees. The remaining proceeds will be utilized to repay the existing land loans owed to the San Antonio Housing Development Corporation as well as pay down the fourth lien promissory note owed to the Refugio Street Public Facility Corporation. The refinances will provide a low-cost, long-term financing structure to ensure the long-term viability of these affordable housing assets.

The Authority has evaluated subsequent events through September 27, 2022, the date on which the financial statements were issued. Other than as discussed above, no material subsequent events occurred which would require recognition or disclosure.

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Supplementary Information

Housing Authority of the City of San Antonio

Schedule of Modernization Costs
Year Ended June 30, 2021

HUD Project Number	Approved Funds	Expended Funds	Disbursed Funds	Approved Funds Available to Expend	Expended Funds Available to be Disbursed
TX 59P006501-10	$ 9,744,572	$ 9,744,572	$ 9,744,572	$ -	$ -
TX 59P006501-11	8,151,333	8,151,333	8,151,333	-	-
TX 59P006501-12	7,410,330	7,410,330	7,410,330	-	-
TX 59P006501-13	7,192,132	7,192,132	7,192,132	-	-
TX 59P006501-14	7,294,109	7,294,109	7,294,109	-	-
TX 59P006501-15	7,539,807	7,539,807	7,539,807	-	-
TX 59P006501-16	7,805,380	7,805,380	7,805,380	-	-
TX 59P006501-17	7,973,378	7,973,378	7,973,378	-	-
TX 59P006501-18	12,332,100	12,332,100	12,332,100	-	-
TX 59P006501-19	12,929,611	12,032,945	10,950,100	896,666	1,082,845
TX 59P006501-20	13,141,540	4,718,671	4,148,245	8,422,869	570,426
TX 59P006501-21	13,184,301	-	-	13,184,301	-
TX 59E006501-18	250,000	-	-	250,000	-
TX 59L006501-20	4,861,055	-	-	4,861,055	-
	$ 119,809,648	$ 92,194,757	$ 90,541,487	$ 27,614,891	$ 1,653,270

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Compliance Section

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners
Housing Authority of the City of San Antonio

We have audited, in accordance with the 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, the financial statements of the business-type activities and the aggregate remaining fund information of the Housing Authority of the City of San Antonio (the "Authority"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 27, 2022. Our report includes a reference to other auditors who audited the financial statements of the Authority's aggregate remaining fund information, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Charlotte, North Carolina
September 27, 2022

Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance as Required by the Uniform Guidance

To the Board of Commissioners
Housing Authority of the City of San Antonio

Report on Compliance for the Major Federal Program

We have audited the Housing Authority of the City of San Antonio's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2021. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CohnReznick LLP

Charlotte, North Carolina
September 27, 2022

Housing Authority of the City of San Antonio Department

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:	**Unmodified opinion**

Internal control over financial reporting:

• Material weakness(es) identified?	______Yes	__X__No
• Significant deficiency(ies) identified?	______Yes	___X_None Reported
Noncompliance material to financial statements noted?	______Yes	__X__No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	______Yes	__X__No
• Significant deficiency(ies) identified?	______Yes	__X__None Reported

Type of auditor's report issued on compliance for the major federal program:	**Unmodified opinion**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	______Yes	__X__No

Identification of major programs:

- Moving to Work Demonstration Program (Assistance Listing No. 14.881)

Dollar threshold used to distinguish type A and B programs:	$3,000,000	
Auditee qualified as a low-risk auditee?	__X__Yes	______No

II. Financial Statement Audit Findings

None.

III. Major Federal Awards Findings and Questioned Costs

None.

Housing Authority of the City of San Antonio

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Number	Expenditures	Amounts Passed Through To Subrecipients
Direct Programs				
United States Department of Housing and Urban Development:				
Section 8 Project-Based Cluster:				
Section 8 Moderate Rehabilitation	14.856	FW-4045K	$ 1,802,173	$ -
Section 8 New Construction/Subs Rehab:				
Villa de Valencia	14.182	TX59E000020	521,187	-
Villa de Valencia	14.182	TX59E000020 - CARES Act Funds	629	-
Reagan West	14.182	TX59E000018	63,196	-
Reagan West	14.182	TX59E000018 - CARES Act Funds	322	-
Total Section 8 New Construction/Subs Rehab			585,334	-
Total Section 8 Project-Based Cluster			2,387,507	-
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers:				
Section 8 Veterans Affairs Supportive Housing—VASH	14.871		3,092,350	-
HCV Temporary Vouchers (Non-MTW)	14.871		328,337	-
Emergency Housing Voucher Program	14.871		113,600	-
Section 8 Mainstream Vouchers Program	14.879	FW-4045DV	1,907,070	-
Section 8 Mainstream Vouchers Program	14.879	FW-4045DV - CARES Act Funds	85,913	-
Total Housing Voucher Cluster			5,527,270	-
Moving to Work (MTW) Demonstration Program:				
MTW—Low Rent Public Housing Authority Owned Housing	14.881	FW-1247	26,384,017	-
MTW—Low Rent Public Housing Authority Owned Housing	14.881	FW-1247 - CARES Act Funds	1,499,813	-
MTW—Section 8 Housing Choice Voucher Program	14.881	FW-4045V	110,501,886	-
MTW—Section 8 Housing Choice Voucher Program	14.881	FW-4045V - CARES Act Funds	2,244,020	-
MTW—2018 Capital Fund Program	14.881	TX59P006501-18	1,493,849	-
MTW—2019 Capital Fund Program	14.881	TX59P006501-19	5,714,212	-
MTW—2020 Capital Fund Program	14.881	TX59P006501-20	4,572,582	
Total MTW Demonstration Program			152,410,379	-
Family Self-Sufficiency Program:				
2018 HCV/PH Combined FSS Grant	14.896	TX006FSS18TX2673	443,940	-
2019 HCV/PH Combined FSS Grant	14.896	TX006FSS20TX3445	436,948	-
Total Family Self-Sufficiency Program			880,888	-
Resident Opportunity and Supportive Services (ROSS)—Service Coordinators Grant:				
2018 ROSS—Service Coordinators	14.870	ROSS191334	160,849	-
Total ROSS—Service Coordinators Grant			160,849	-
Job-Plus Pilot Initiative	14.895	TX006FJP000815	1,151	-
Total United States Department of Housing and Urban Development			161,368,044	-

(Continued)

Housing Authority of the City of San Antonio

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Number	Expenditures	Amounts Passed Through To Subrecipients
Pass-Through Programs				
United States Department of Health and Human Services:				
Alamo Community College District:				
Health Profession Opportunity Grants	93.093	90FX0048-05-00	57,878	-
Total United States Department of Health and Human Services			57,878	-
Total Federal Financial Assistance			$ 161,425,922	$ -

See notes to schedule of expenditures of federal awards.

Note 1. Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Summary of Significant Accounting Policies

Expenditures reported in the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Subrecipients: There were no subrecipients in the current year.

Low-rent expenditures represent the current-year operating subsidy from HUD.

Section 8 and Shelter Plus Care Program expenditures represent the current year earned annual contribution from HUD.

De minimis election: The Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

A reconciliation of the SEFA to the statement of revenues, expenses and changes in net position for the year ended June 30, 2021, is as follows:

Total federal financial assistance per SEFA		$ 161,425,922
A. Federal assistance per statement of revenues, expenses and changes in net position:		
HUD operating subsidy and grant revenue	$ 158,012,629	
Other government grants	57,878	
Capital contributions	7,556,449	
B. Less grant revenue for multifamily properties separately reported to REAC:		
a. Sunshine Plaza—HUD Project No. 115-94026	(607,281)	
b. Pecan Hill—HUD Project No. 115-94027	(677,668)	
c. Springhill I PFC—HUD Grant No. TX59E000035	(678,597)	
d. Springhill II PFC—HUD Grant No. TX59E000036	(522,715)	
C. Less FY 2021 Capital Fund Financing Program principal payments	(1,714,773)	
		$ 161,425,922

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Housing Authority of the City of San Antonio

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

2019-001: Internal Controls for Grant Matching

Criteria: As required by the compliance supplement as of August 2019, for Hope VI, Part III Section G, the Authority must provide a 5% overall match. Generally, this match is from third parties to provide cash match or some other in-kind contribution.

Condition: The Authority's previous auditor (RSM US LLP) stated: During testing the matching requirements, we noted the Authority has controls in place to calculate the required match at the beginning of the project and to ensure contractually by third-party promises to contribute are equal to or greater than the required matching requirement. However, we noted the Authority does not have adequate controls in place to ensure actual contributions made by all third parties were fulfilled or that values assigned to promised contributions satisfied the required matching amount.

Recommendation: The Authority's previous auditor (RSM US LLP) stated: We recommend management implement policies and procedures to ensure matching contributions promised by third parties are fulfilled and assigned reasonable values.

Status: The Choice Neighborhood Grant that resulted in Finding 2019-001 concluded Quarterly Data Reports to HUD with the second quarter 2020 submission, which was accepted by email on August 12, 2020. In response to the finding, management requested supporting documentation from both Urban Strategies (third-party contracted service provider) and from Authority partners for all matching contributions that had been noted. Information and documentation provided by Urban Strategies was limited; therefore the Authority independently collected documentation of the match from community partners. The Choice match for the grant area of "People" has been updated to reflect the items that could be confirmed from our community partners, and in total does verify that the match was met.

To strengthen the Authority's internal controls, a Grants SOP was developed by the CDI department with oversight from the Grants Committee. The Grants SOP contains specific language to address the finding:

● 4.1. B. The Agency Grant Manager is responsible for (iv.) checking in quarterly with the grant manager for the Administering Department regarding the performance of the grant to include in-kind or matching commitments.

● 4.1. E. If the grant has subrecipients (i.) the Administering Department, with assistance and support from Finance and Accounting, will perform subrecipient monitoring in accordance with 2 CFR § 200.330 - Subrecipient And Contractor Determinations, 2 CFR § 200.331 - Requirements For Pass-through Entities and 2 CFR § 200.334 - Retention requirements for records.

● 4.1. F. The Administering Department will monitor contractors to ensure compliance with all contract provisions.

● 4.1. M. In addition, periodic internal audits will be conducted and coordinated by the Internal Audit department for the agency to monitor grant compliance.

● 4.1. O. Other roles and responsibilities for the Administering Department: (v) Monitor In-kind match or letters of commitment a. Periodically through the life of the grant (annually/bi-annually) the value of the services provided will be updated by the service provider.