



**VIRTUAL****Number:** (346) 248-7799**Meeting ID:** 93839434337#**Passcode:** 654170#**IN PERSON**

818 S. Flores St.

San Antonio, TX 78204

**BOARD OF COMMISSIONERS**Dr. Ana "Cha" Guzmán  
ChairGabriel Lopez  
Vice ChairGilbert Casillas  
CommissionerDalia Contreras  
CommissionerLoren D. Dantzler  
CommissionerOlga Kauffman  
CommissionerIgnacio Perez  
Commissioner**PRESIDENT & CEO**

Ed Hinojosa, Jr.

## FINANCE COMMITTEE MEETING

### \*OR SPECIAL BOARD MEETING

### 1 p.m. | Wednesday | March 15, 2023

If this meeting becomes a Special Board Meeting, at least four Commissioners will be physically present at this location, and up to three other Commissioners may attend by videoconferencing, as permitted by Tex. Gov't Code Section 551.127, and the Presiding Officer will also be present at this location.

**MEETING CALLED TO ORDER**

1. The Board of Commissioners or its Committee may hold a closed meeting pursuant to Texas Government Code § 551.071-076 for consultation concerning attorney-client matters, real estate, litigation, personnel, and security matters. The Board or Committee reserves the right to enter into closed meeting at any time during the course of the meeting.

**PUBLIC COMMENT**

2. **Public Comment** - Citizens are provided up to three minutes each to speak to any agenda items. Citizens wishing to speak to items posted on the agenda should access Phone Number: **(346) 248-7799** and enter Meeting ID: **93839434337#** and Passcode: **654170#**, prior to 12:45 p.m. A Spanish/English translator will be available to citizens needing translation.

Now is the time for public comments. The Board asks the public to address concerns related to Opportunity Home matters and policy and not include statements that may be considered defamatory of any individual. The Board encourages members of the public to direct specific concerns or problems to Opportunity Home staff for more prompt resolution. The Board will not discuss the comments of speakers or respond to speakers during the public comment portion of the agenda.

**PRESENTATION**

3. Independent Auditor's report for the year ending June 30, 2022 (Diana Kollodziej Fiedler, Chief Financial Officer; CohnReznick LLP)

**INDIVIDUAL ITEMS**

4. Consideration and appropriate action regarding Resolution 6319, certifying that Opportunity Home's Investment Policy and investment strategies have been reviewed in accordance with the requirements set forth in section 2256.005 (E) of the Texas Public Funds Investment Act (Diana Kollodziej Fiedler, Chief Financial Officer)

**DISCUSSION ITEMS**

5. Update and discussion regarding the Quarterly Financial Report (Diana Kollodziej Fiedler, Chief Financial Officer)
6. Update and discussion regarding the Quarterly Internal Audit Report (Allison Schlegel, Director of Internal Audit)



7. Updated and discussion regarding the 2023-2024 Risk Assessment (Allison Schlegel, Director of Internal Audit)

8. Adjournment

\*Note: Whenever the Texas Open Meetings Act (Section 551.001 et seq. of the Texas Government Code) provides for a closed meeting in matters concerning legal advice, real estate, contracts, personnel matters, or security issues, the Board may find a closed meeting to be necessary. For convenience of the citizens interested in an item preceded by an asterisk, notice is given that a closed meeting is contemplated. However, the Board reserves the right to go into a closed meeting on any other item, whether it has an asterisk, when the Board determines there is a need and a closed meeting is permitted.

"Pursuant to § 30.06, Penal Code, (trespass by holder license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a concealed handgun."

"Pursuant to § 30.07, Penal Code, (trespass by holder license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a handgun that is carried openly."

# **OPPORTUNITY HOME SAN ANTONIO AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

**Presented to: Opportunity Home Finance Committee**


**March 15, 2023**

**CohnReznick LLP**



# AGENDA

- Audit Status and Summary of Audit Procedures and Results
- Separately Audited Entities
- New Accounting Updates



# **AUDIT STATUS AND SUMMARY OF AUDIT PROCEDURES AND RESULTS**





# AUDIT STATUS AND RESULTS

- Audited financial statements due to HUD REAC and Federal Audit Clearinghouse by 3/31/2023
- Testing required by Auditing Standards Generally Accepted in the United States of America
  - To provide an opinion on financial statement balances and footnote disclosures
  - Risk based approach to test significant items on Statement of Net Position (balance sheet) and Statement of Revenues, Expenses, and Changes in Net Position (income statement)
  - Reliance on other auditors for amounts related to the Housing Authority of the City of San Antonio Employees' Money Purchase Pension Plan and Trust
  - Unmodified opinion on the financial statements



# AUDIT STATUS AND RESULTS

- Testing required by Government Auditing Standards
  - To report results of testing on internal control over financial reporting
  - To report any noncompliance impacting financial statement amounts
  - No items to be reported
- Testing required by Uniform Guidance
  - To provide an opinion on compliance over major federal programs and to report results of testing on internal control over financial reporting
  - Gain understanding of internal controls to perform tests of controls and compliance
  - Major federal programs: Moving to Work Demonstration Program and Housing Voucher Cluster
  - Unmodified opinion on compliance and no internal control items to be reported





# SEPARATELY AUDITED ENTITIES



# SEPARATELY AUDITED ENTITIES

- Separately audited with unmodified opinions on the following entities:
  - San Antonio Housing Facility Corporation
  - Sendero I Public Housing Facility Corporation
  - Springhill/Courtland Heights Public Facility Corporation
  - Woodhill Public Facility Corporation
  - Converse Ranch, LLC





# NEW ACCOUNTING UPDATES



# NEW ACCOUNTING UPDATES

- Current year adoption of GASB 87 - Leases
- Audit reports impact by Statement on Auditing Standards 134
- Future period GASB pronouncements
  - GASB 96 – Subscription-Based Information Technology Arrangements (FY '23)
  - GASB 101 – Compensated Absences (FY '25)



# CONTACT

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**BOARD OF COMMISSIONERS  
Finance Committee Meeting**

**RESOLUTION 6319, CERTIFYING THAT OPPORTUNITY HOME'S INVESTMENT POLICY AND INVESTMENT STRATEGIES HAVE BEEN REVIEWED IN ACCORDANCE WITH THE REQUIREMENTS SET FORTH IN SECTION 2256.005 (E) OF THE TEXAS PUBLIC FUNDS INVESTMENT ACT**

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**Ed Hinojosa, Jr.**  
President and CEO

DocuSigned by:  
  
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**Diana Kollodziej Fiedler**  
Chief Financial Officer

**REQUESTED ACTION**

Consideration and appropriate action regarding Resolution 6319, certifying that Opportunity Home's Investment Policy and investment strategies have been reviewed in accordance with the requirements set forth in section 2256.005 (E) of the Texas Public Funds Investment Act.

**SUMMARY**

Section 2256.005 (E) of the Texas Public Funds Investment Act requires that the governing body of each covered entity review its Investment Policy and investment strategies not less than annually and adopt a written instrument by rule, order, ordinance, or resolution stating such.

The Investment Policy denotes the allowed investment activities, which must conform to all federal, state, and local statutes governing the investment of public and non-public funds. The policy contains relevant information to guide responsible personnel regarding authorized investment activities.

The only proposed change to the Investment Policy is to replace instances of "San Antonio Housing Authority" with "Opportunity Home."

**STRATEGIC OUTCOME**

Supports all strategic outcomes.

**ATTACHMENTS**

Resolution 6319  
2023 Investment Policy



**CERTIFICATE FOR RESOLUTION  
RESOLUTION 6319**

The undersigned officer of the Housing Authority of the City of San Antonio, Texas, a Texas housing authority created pursuant to the laws of the State of Texas ("Opportunity Home"), hereby certifies as follows:

1. In accordance with Chapter 551, Texas Government Code, as amended (the "Open Meetings Act"), and the bylaws of Opportunity Home San Antonio, the Board of Commissioners of Opportunity Home San Antonio (the "Board") held a meeting on April 3, 2023, (the "Meeting") of the duly constituted officers and members of the Board, at which a duly constituted quorum was present. Whereupon among other business transacted at the Meeting, a written

**RESOLUTION 6319, CERTIFYING THAT OPPORTUNITY HOME'S  
INVESTMENT POLICY AND INVESTMENT STRATEGIES HAVE BEEN  
REVIEWED IN ACCORDANCE WITH THE REQUIREMENTS SET FORTH IN  
SECTION 2256.005 (E) OF THE TEXAS PUBLIC FUNDS INVESTMENT ACT**

(the "Resolution") was duly introduced for the consideration of the Board and discussed. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of the Resolution, prevailed and carried by a majority vote of the Board.

2. A true, full, and correct copy of the Resolution adopted at the Meeting is attached to and follows this Certificate; the Resolution has been duly recorded in the Board's minutes of the Meeting; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting; and the Meeting was held and conducted in accordance with the Open Meetings Act and the Bylaws of Opportunity Home San Antonio.

**SIGNED AND SEALED this 3rd day of April 2023.**



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**Ed Hinojosa, Jr.**  
President and CEO

**Opportunity Home San Antonio  
Resolution 6319**

**RESOLUTION 6319, CERTIFYING THAT OPPORTUNITY HOME'S INVESTMENT POLICY AND INVESTMENT STRATEGIES HAVE BEEN REVIEWED IN ACCORDANCE WITH THE REQUIREMENTS SET FORTH IN SECTION 2256.005 (E) OF THE TEXAS PUBLIC FUNDS INVESTMENT ACT**

**WHEREAS**, the State of Texas has passed legislation requiring written Investment Policies for all public agencies; and

**WHEREAS**, the State requires the governing body of an investing entity review its Investment Policy and investment strategies not less than annually and adopt a resolution stating such; and

**WHEREAS**, staff of Opportunity Home has previously prepared the Investment Policy to meet the requirements of the State of Texas Law; and

**WHEREAS**, the only proposed change to the Investment Policy is to replace instances of "San Antonio Housing Authority" with "Opportunity Home."

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Commissioners of Opportunity Home San Antonio hereby:

- 1) Approves Resolution 6319, certifying that Opportunity Home's Investment Policy and investment strategies have been reviewed in accordance with the requirements set forth in section 2256.005 (E) of the Texas Public Funds Investment Act.
- 2) Authorizes the President and CEO or designee to execute all necessary documents and extensions.

**Passed and approved the 3rd day of April 2023.**

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**Ana M. "Cha" Guzman**  
Chair, Board of Commissioners

**Attested and approved as to form:**

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**Ed Hinojosa, Jr.**  
President and CEO

## **INVESTMENT POLICY**

### **April 3, 2023**

#### **1.0 POLICY:**

It is the policy of the Housing Authority of the City of San Antonio, Texas (known as “Opportunity Home”) to invest all funds in a manner that will provide the highest investment return with the maximum security while ensuring sufficient liquidity to meet the daily cash flow demands of Opportunity Home. Investment activities must conform to all federal, state and local statutes governing the investment of public and non-public funds.

#### **2.0 SCOPE:**

This investment policy applies to all financial assets of Opportunity Home and related entities. These funds are accounted for in Opportunity Home’s annual audit reports and include:

- 2.1 Operating Funds and Reserves for Public Housing, Section 8, and all programs
- 2.2 Development Reserves, Bond Proceeds, and Escrow Accounts
- 2.3 Any newly acquired or special funds
- 2.4 Non-Profit and Partnership Funds

#### **3.0 OBJECTIVE:**

As required by the Act, the investment of funds shall be governed by the following investment objectives, in order of preference:

- 3.1 Preservation and safety of principal: Investment decisions of Opportunity Home shall be undertaken in a manner that seeks to ensure the preservation and safety of capital in the overall portfolio. To obtain this goal, adequate diversification is required to assure that potential losses on individual investments do not exceed the income generated from the remainder of the portfolio. There shall be a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis.
- 3.2 Liquidity: The investment portfolio will remain sufficiently liquid to enable Opportunity Home to meet all operating requirements that might be reasonably anticipated. Investment in securities with an active secondary market are preferred investments.



- 3.3 Yield and Return on Investment: Opportunity Home's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with Opportunity Home's investment risk constraints and cash flow characteristics of the portfolio.
- 3.4 Legal Limitations: Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code and the U. S. Department of Housing and Urban Development Public and Indian Housing Notice 95-27 issued May 11, 1995.
- 3.5 Administrative Cost: In choosing an investment, Opportunity Home shall consider the administrative work involved, particularly with regards to investments of short duration.

#### 4.0 PRUDENCE:

The standard of prudence to be used in the investment function shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. Prudence shall be measured by considering the investment of all funds or funds under the entity's control over which the officer had responsibility rather than a consideration as to the prudence of a single investment.

This standard states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived." The investment officer and those delegated with investment authority under this policy, when acting in accordance with the written procedures and this policy in accord with the Prudent Person Rule, shall be relieved of personal responsibility and liability in the management of the portfolio, provided that deviations from expectations for a specific security's credit risk or market price change or portfolio shifts are reported in a timely manner and that appropriate action is taken to control adverse market effects.

#### 5.0 DELEGATION OF AUTHORITY:

The Board of Commissioners of Opportunity Home retains the ultimate responsibility as fiduciaries over the assets of the organization. The Board hereby delegates to the CEO and the CEO's designated staff the day-to-day responsibility of managing Opportunity Home's investment activities. The CEO will report the investment activities to the Board of Commissioners on at least a quarterly basis as required by the Public Funds Investment Act.

The CEO, with assistance from the CEO's designated staff, will establish the system of procedures and controls to regulate the investment activities. No officer or designee may engage in an investment transaction except as provided under the terms of this policy and the procedures established and approved by the President and CEO. The CEO designates

the Chief Financial Officer as responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. The Chief Financial Officer will also oversee all investment activities and assure that appropriate internal controls are in place and being followed.

The CEO also designates the Chief Financial Officer as the Investment Officer of Opportunity Home to be responsible for the day-to-day operating decisions related to investment decisions and activities. In addition, the Investment Officer shall be responsible for all transactions undertaken and together with the CEO, shall establish a system of procedures and controls to regulate the activities of subordinate officials and staff. The CEO and Chief Financial Officer shall be authorized to make investment decisions and place investment orders. All participants in the investment process shall act responsibly as custodians of the public trust.

## 6.0 ETHICS AND CONFLICTS OF INTEREST:

Officers, employees, board members, and investment officials involved in the investment process shall refrain from personal business activity that could conflict, or could reasonably be perceived as a conflict, with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Officers, employees, board members, and investment officials shall disclose to the President and CEO, in writing, any material financial interests in financial institutions that conduct business with Opportunity Home. Officers, employees, board members, and investment officials shall further disclose any large personal financial investment positions that could be related to the investment activities of Opportunity Home, particularly with regard to the time of purchases and sale of investments. All Federal, State of Texas, and Opportunity Home Ethics Policies shall be strictly followed.

## 7.0 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS:

The Investment Officer shall maintain a list of all financial institutions authorized to provide investment services for Opportunity Home.

- 7.1 All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Investment Officer with annual financial statements and certification in writing that the financial institution or the broker/dealer has read and will follow all Federal and State of Texas laws and regulations regarding investments made by Opportunity Home.
- 7.2 An annual review of the financial statements will be completed by the Investment Officer.
- 7.3 A current audited financial statement is required to be on file for each financial institution and broker/dealer with which Opportunity Home transacts business.

- 7.4 The board or designated investment committee of Opportunity Home shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with Opportunity Home.

#### 8.0 AUTHORIZED AND SUITABLE INVESTMENTS:

- 8.1 HUD Funds: Opportunity Home is required to invest HUD sourced funds in investments approved by the U.S. Department of Housing and Urban Development. These investments must be fully collateralized. ATTACHMENT A is applicable to HUD funds and contains a listing and description of approved investments.
- 8.2 Non-HUD Funds: Funds in excess of HUD funds, unrestricted funds, reserves, partnership funds, bond proceeds, foundation funds, and other funds are not subject to ATTACHMENT A; however, these funds shall be invested in accordance with the Public Funds Investment Act.

#### 9.0 COLLATERALIZATION:

Full collateralization is required for all of Opportunity Home's investments. In order to protect Opportunity Home's assets, collateralization of one-hundred percent (100%) is required at all times. All collateral shall conform to those investment instruments listed in ATTACHMENT A of the Public Funds Investment Act.

Collateral will always be held by an independent third party with whom the financial institution or broker/dealer has a current custodial agreement. A clearly marked evidence of ownership or safekeeping receipt must be available to Opportunity Home.

Collateral substitution may be allowed when the substituted collateral is on the approved list of investments listed in ATTACHMENT A or the Public Funds Investment Act.

#### 10.0 DIVERSIFICATION:

Opportunity Home will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized investment pools, no more than 50% of Opportunity Home's total investment portfolio will be invested in a single security type or in securities issued by a single financial institution or broker/dealer.

#### 11.0 MAXIMUM MATURITIES:

- 11.1 Operating Funds: To the extent possible, Opportunity Home will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, Opportunity Home will not directly invest in securities maturing more than three years (3) from the date of purchase. This maximum maturity policy applies to all operating funds.



11.2 Non-operating or excess funds: Funds in excess of operating needs, unrestricted funds, foundation funds, bond proceeds, reserves, escrow funds, and other funds not required for operations may be held in securities without regard to the three year (3) limitation referenced in Section 11.1. The Investment Officer shall assure that sufficient liquidity exists at all times to meeting operating commitments.

12.0 INTERNAL CONTROL:

The Investment Officer shall establish an annual process of independent review as part of the annual audit. This review will provide internal control by assuring compliance with policies and procedures.

13.0 PERFORMANCE STANDARDS AND REPORTING:

As required by Section 2256 of the Public Funds Act, at least quarterly, the Investment Officer or designee will prepare an investment report for Opportunity Home's Board of Commissioners. The report shall contain the name of the financial institution or broker/dealer holding the investment, the investment position, the cost of the investment, the fair market value, the purchase date, maturity date, and any interest accrued. Investment performance will be measured by standards set by the U.S. Department of Housing and Urban Development.

14.0 INVESTMENT POLICY ADOPTION:

Opportunity Home's investment policy shall be adopted by resolution of the Board of Commissioners. The policy shall be reviewed on a periodic basis and revised by the Investment Officer as necessary. It is the intent of Opportunity Home that if any changes of federal or State of Texas laws affect this policy, the new law or change becomes effective as stated and this policy is automatically conformed to existing law.

15.0 EXEMPTION:

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements contained herein. At maturity or liquidation, such funds shall be reinvested only as provided by this policy.

## **ATTACHMENT A**

### **INVESTMENT INSTRUMENTS APPROVED BY HUD**

1. DIRECT OBLIGATION OF THE FEDERAL GOVERNMENT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES
  - a. U.S. Treasury Bills
  - b. U. S. Treasury Notes and Bonds
    - (1) U.S. Treasury Notes
    - (2) U.S. Treasury Bonds
2. OBLIGATIONS OF FEDERAL GOVERNMENT AGENCIES
  - a. Federal Financing Bank (FFB)
  - b. Government National Mortgage Association (GNMA). Mortgage-Backed Securities (GNMA I and GNMA II)
  - c. GNMA Participation Certifies
  - d. Maritime Administration Merchant Marine Bonds, Notes, and Obligations
  - e. Small Business Administration (SBA). Small Business Investment Corporation (SBIC) Debentures
  - f. Tennessee Valley Authority (TVA) Power Bonds and Notes

3. SECURITIES OF GOVERNMENT-SPONSORED AGENCIES

- a. Farm Credit Consolidated System-Wide Discount Notes
- b. Federal Farm Credit Banks Consolidated System-Wide Bonds
- c. Federal Home Loan Banks Consolidated Obligations

These securities are the secured joint and several obligations of the Federal Home Loan Banks comprised of:

- (1) Bonds
  - (2) Notes
  - (3) Discount Notes
- d. FHLMC Mortgage Participation Certificates (PC) (Guaranteed)
  - e. FHLMC Collateralized Mortgage Obligations (CMOs)
  - f. Federal National Mortgage Association (FNMA) Debentures
  - g. FNMA Notes
  - h. FNMA Short-Term Discount Notes
  - i. FNMA Capital Debentures
  - j. Student Loan Marketing Associations (SLMA) Obligations

SLMA issues obligations comprises of guaranteed student loans as follows:

- (1) Floating Rate and Master Notes



(2) The Series E and F Floating Rate Notes

(3) Zero Coupon Notes

4. DEMAND AND SAVINGS DEPOSITS

5. MONEY-MARKET DEPOSIT ACCOUNT

6. MUNICIPAL DEPOSITORY FUND

7. SUPER NOW ACCOUNTS

8. CERTIFICATES OF DEPOSIT

- a. Certificates of Deposit are permitted at depository institutions that are insured by an agency of the Federal Government. Caution must be exercised for certificates exceeding the \$250,000 insurance limit or when the term is longer than 30-90 days. The new FDIC limit of \$250,000 is in effect through December 2013. Although the certificates' rate of return may be attractive for larger amounts and longer terms, U. S. treasury Securities offer superior safety and liquidity for the same amounts and terms. Certificates shall be in the HA's name. In addition a General Depository Agreement must be executed by each financial institution that issues a Certificate of Deposit.
- b. Certificate amounts above \$250,000 are permitted provided that the excess is 100 percent collateralized by clearly identified (not pooled) U.S. Government securities. Possession of the collateral securities and a continuous perfected security interest may be the only sure protection against loss in case of bank failure.
- c. Brokered deposits should be avoided because it is impossible to get \$100,000 federal insurance on a number of deposits placed by brokers.

9. REPURCHASE AGREEMENTS

Repurchase (repos) agreements for a term not to exceed 30 days may be entered into with Federally insured depository institution to purchase and sale of securities identified under subparagraphs b, c and d. A repurchase agreement is an agreement negotiated with a bank usually for a short period (1 to 7 days) wherein securities approved for investment are purchased from that bank at a stated price with the bank agreeing to repurchase them on a

specified date for a specified amount. The minimum may vary, although it is usually \$100,000. There are three main types: (1) fixed term, where both parties are bound to the negotiated time period; (2) demand, where the agreement stays in effect until terminated by either party, and; (3) day-to-day, where daily renewal is by mutual consent and 24-hour notice is required for termination. The HA should review existing and future repos for compliance with the following certifications. Prior approval by HUD is not necessary, however, the repos seller depository or its agency must provide a written certification to HUD, Assistant Secretary for Public and Indian Housing (Office of Finance and Budget), the Area Office, and to the HA.

- a. that the depository's repo program complies with applicable Federal and State statutes and regulations and that the program does not involve sales or loans of Federal securities by securities dealer that are not regulated or that report to the Federal Reserve Board;
- b. that the depository owns the underlying Federal securities (approved for repurchase under HUD guidelines) when the repo interest is sold and that the value of the securities is equal to or greater than the amount the HA pays for the repo;
- c. that the HA has possession of the securities (or the HA will take possession of the securities on behalf of the HA) as a bailee (evidenced by a safe keeping receipt and a written bailment for hire contract), from the time the repo interest is sold to the HA and will be (or is expected to be) maintained for the full term of the repo;
- d. that the repo agreement and any related documents identify specific Federal securities related to the specific repo purchased by the HA;
- e. that the repo interest does not represent any interest in a pool or fund of Federal securities for which registration under the Investment Company Act of 1940 may be required;
- f. that the HA will have a continuous perfected security interest in the underlying Federal securities under State or Federal law for the full term of the repo (disclosing the method by which perfection has or will be accomplished, i.e., by possession, filing, registration of book-entry securities) and/or Federal preemption of State law by Federal regulation;
- g. that the depository or a reporting dealer selling the repo has not received any adverse financial report from a credit reporting agency, State or Federal regulatory agency; and
- h. that the depository will not substitute other securities as collateral, except to increase the value of the repo security to match the repo's purchase price.

#### 10. SWEEP ACCOUNTS

11. SEPARATE TRADING OF REGISTERED INTEREST AND PRINCIPAL OF SECURITIES (STRIPS)

12. MUTUAL FUNDS

A Mutual Fund (Fund) is an investment company that makes investments on behalf of individuals and institutions. The Fund pools the money of the investors and buys various securities that are consistent with the Fund's objective.

- a. Mutual Fund Criteria: The Fund shall be organized as a no-load, open-end, diversified management company and its shares shall be registered under the Securities Act of 1993. The Fund shall be under the control of the Securities Exchange Act of 1934, Investment Adviser Act of 1940 and the Investment Company Act of 1940. The investment objective of the Fund shall be to obtain as much income as possible consistent with the preservation, conservation and stability of capital. The mutual fund objective cannot be changed without the prior approval of fund shareholders.
- b. The securities purchased by the Fund shall be on the HUD-approved list of investment securities. The fund will not engage in options or financial futures. The HA shall limit the amount of funds invested in the Fund to no more than 20 percent of the HA's available investment funds. The Fund shall disclose clearly the basis of earnings and how they are distributed. The HA shall obtain a statement of potential default and risk. The HA's invested funds shall be accessible to the HA daily. It shall be demonstrated that any limitations on withdrawals will not impair the HA's day-to-day cash management needs.
- c. The management fee shall be fixed at a reasonable amount. The Fund shall disclose the relationships of the investment advisor, manager, trustee, custodian and transfer agent. The Fund shall clearly state all services (such as wire transfers and check writing privileges) and charges.
- d. Investment in the Fund shall be authorized by a Board Resolution. A certified copy of the resolution shall accompany the initial application for the Fund.

13. EFFECT OF LOSS OF REQUIRED RATING

An investment that requires a minimum rating under this section does not qualify as an authorized investment during the period the investment does not have the minimum rating. Management has the authority to waive the minimum portfolio credit quality if the quality decline is due to a downgrade or default of U.S. Government securities. Opportunity Home shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.



**OPPORTUNITY HOME SAN ANTONIO****March 15, 2023****MEMORANDUM**

To: Finance Committee

From: Ed Hinojosa, Jr., President and CEO

Presented by: Diana Kollodziej Fiedler, Chief Financial Officer

RE: Update and discussion regarding the Quarterly Financial Performance Report for Opportunity Home San Antonio

DS  
EHJ

**SUMMARY:****Financial Performance Highlights**

The Quarterly Financial Report for Opportunity Home San Antonio for the six months ended December 31, 2022 is attached. The Financial Performance Report provides separate condensed statements of revenue and expenses, one for Opportunity Home's core business activities of housing, management, and resident services ("Operations"), and another for the Capital Fund and Real Estate Services lines of business ("Capital"). The results for the six months ended December 31, 2022 reflect a Surplus Before Non-Cash Items of \$3.9 million for Operations (\$6.6 million above budget) and \$11.2 million for Capital (\$2.9 million above budget).

Total Operating Revenue for the Operations segment was approximately \$1.8 million below budget due primarily to unfavorable variances of \$4.2 million in Tenant Revenue. This was partially offset by favorable variances of \$1.7 million in Grants revenue, \$0.4 million in Housing Assistance Payment (HAP) Revenue, and \$0.3 million in Miscellaneous Revenue. Tenant Revenue was below budget by \$4.2 million due to unfavorable variances in both the Beacon and Public Housing sectors of \$3.5 million and \$0.7 million, respectively. Grant revenue was above budget by \$1.7 million mainly due to a favorable variance of \$1.1 million in Section 8 administrative fees and \$0.9 million in Public Housing which was offset by \$0.2 million in Jobs Plus Lincoln funds budgeted but not realized. Section 8 HAP Revenue ended the period with a \$0.4 million favorable variance and HAP Expense ended the period with a favorable variance of \$7.1 million. The \$0.4 million favorable variance in Section 8 HAP Revenue was favorable primarily due to the Housing Choice Voucher (HCV) program receiving \$7.2 million to fund the FY22 Public Housing operating shortfall and pay the Woodhill loan that matured September 2022. The \$7.1 million favorable variance in HAP expenses was related to a decrease in leasing. Lastly, the \$0.3 million favorable variance in Miscellaneous Revenue was related to \$0.2 million in Community Initiatives for supportive services provided at various properties and \$0.1 million in Central Office for earnings of insurance dividends.

Total Operating Expenses ended the period \$9.0 million below budget for Operations largely due to favorable variances of \$7.1 million in HAP Expense, \$4.2 million in Salaries and Benefits and \$0.6 million in Other Expenses offset by unfavorable variances of \$3.0 million in Ordinary Maintenance and Operations. Staffing vacancies and positions placed on hold have led to all segments reporting favorably for Salaries and Benefits. The Other Expenses line item ended the period \$0.6 million below budget primarily due to favorable variances in technology licensing,

**OPPORTUNITY HOME SAN ANTONIO****March 15, 2023**

audit expenses, and consulting fees. The Ordinary Maintenance and Operations line item ended the period \$3.0 million above budget primarily due to an unfavorable variance in Public Housing. Unfavorable expenses arose from HVAC and other major repairs as well as increased service costs.

Total Operating Revenue for the Capital segment was approximately \$1.5 million above budget due primarily to a favorable variance of \$2.3 million in Miscellaneous Revenue offset by a shortfall of \$0.8 million in Grants revenue related to the timing of Capital Fund grant expenditures. Miscellaneous Revenue was above budget by \$2.3 million due to a favorable variance of \$5.1 million for various earned fees associated with the closing of capital transactions for co-developed tax credit partnerships which was offset by \$2.8 million in unearned development fees that were budgeted but not realized.

Total Assets and Deferred Outflows of Resources increased by \$41.8 million due to increases of \$11.2 million in Current Assets, \$33.0 million in Fixed Assets, and decreases of Other Non-Current Assets and Deferred Swap Outflows of \$0.5 million and \$1.8 million, respectively. The \$11.2 million increase in Current Assets resulted largely from the receipt of an \$8.4 million general partner distribution paid from net sales proceeds as part of the tax credit resyndication of The Sorento Apartments. Additionally, as a result of the resyndication of Rosemont at University Park, general partner distributions paid from net sales proceeds of \$4.3 million were received and applied toward payment of outstanding partnership loans and development fees. Accounts receivable and prepaid expenses combined for an increase of \$2.2 million. The overall increase in Current Assets was partially offset by EPC-related disbursements of \$1.1 million and payments for ongoing capital projects at various Beacon and Public Housing properties of \$2.6 million. The \$33.0 million upswing in Fixed Assets was due to the addition of buildings and land of \$39.7 million as well as an increase of \$14.9 million related to capital projects offset by the recording of depreciation. The increase in buildings was attributable to Beacon's purchase of the San Juan II property and the capitalization of construction projects in both the Beacon and Public Housing portfolios.

Total Liabilities and Deferred Inflows of Resources increased by \$24.1 million due mainly to a \$12.5 million increase in Non-Current Liabilities resulting from new debt related to the 100 Labor Street project. There was also a net increase of \$7.8 million in unearned revenue of which \$12.3 million resulted from the Facility Corporation entering into ground leases with Palo Alto, Potranco, Horizon Pointe, and Bristol at Somerset partnerships which was offset by a \$4.5 million decrease in Section 8 unearned revenue. Finally, there was \$3.5 million added debt related to the acquisition of San Juan II.

The Comparative Balance Sheet reflects an overall increase in Total Net Position of \$17.7 million from December 31, 2021 to December 31, 2022 as a result of the changes described above.

**Supplemental Information--Funding Environment**

On December 23, 2022, President Biden signed into law the fiscal year (FY) 2023 spending bill funding the government through September 30, 2023. The bill provides significant funding for HUD's affordable housing and homelessness programs. Overall, the spending bill provides HUD programs with \$61.8 billion - an increase of \$8.1 billion over FY22-enacted levels, but \$745

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million less than the Senate proposal, and \$1 billion less than the House proposal. Below are highlights of the bill:

- \$30.2 billion for Tenant-based rental assistance, a \$2.8 billion increase over the 2022 enacted level. Of this amount, \$26.4 billion is for Section 8 Housing Choice Voucher contract renewals, which is \$2.3 billion more than 2022 levels and should be sufficient to fund all renewals.
- \$3.3 billion for Public Housing Capital Fund, a decrease of \$8 million over the 2022 enacted level.
- \$5.1 billion for Public Housing operating subsidies, an increase of \$70 million over the 2022 enacted level.
- \$14.9 billion for Project-Based Rental Assistance, an increase of \$967 million over the 2022 enacted level, which should be sufficient to renew all expiring contracts.
- \$350 million for the Choice Neighborhoods Initiative, level funding compared to the 2022 enacted level.
- \$1.5 billion for the HOME Investment Partnerships, level funding compared to the 2022 enacted level.
- \$3.6 billion for Homeless Assistance Grants, an increase of \$332 million over the 2022 enacted level.

**PROPOSED ACTION:**

None.

**STRATEGIC OUTCOMES:**

Supports all strategic outcomes.

**ATTACHMENTS:**

Financial Performance Report  
Cash and Investment Summary  
Grants Report  
Presentation

**Opportunity Home San Antonio**  
**Financial Performance Report**  
**Condensed Statement of Revenue and Expenses - Operations**  
(For the Six Months Ended 12/31/2022)  
(Unaudited)

	OPERATIONS ACTUAL 12/31/2022	OPERATIONS BUDGET 12/31/2022	OPERATIONS Variance	%	Highlights Section
<b>Operating Revenue</b>					
Tenant Revenue	\$ 18,992,402	\$ 23,154,371	\$ (4,161,969)	-17.97%	I(a)(1)
Grants	23,286,161	21,611,276	1,674,886	7.75%	I(a)(2)
HAP Revenue	52,953,558	52,568,429	385,129	0.73%	I(a)(3)
Miscellaneous Revenue	729,553	474,020	255,533	53.91%	I(a)(4)
<b>Total Operating Revenue</b>	<b>\$ 95,961,675</b>	<b>\$ 97,808,095</b>	<b>\$ (1,846,421)</b>	<b>-1.89%</b>	
<b>Operating Expenses</b>					
Salaries and Benefits	\$ 19,326,671	\$ 23,527,824	\$ (4,201,152)	-17.86%	I(b)(1)
Ordinary Maintenance and Operations	11,533,673	8,526,182	3,007,490	35.27%	I(b)(2)
Utilities	4,738,393	4,813,707	(75,313)	-1.56%	
Other Expenses	6,754,699	7,396,137	(641,438)	-8.67%	I(b)(3)
HAP Expense	45,283,506	52,418,166	(7,134,661)	-13.61%	I(a)(3)
<b>Total Operating Expenses</b>	<b>\$ 87,636,943</b>	<b>\$ 96,682,016</b>	<b>\$ (9,045,074)</b>	<b>-9.36%</b>	
<b>Net Operating Income</b>	<b>\$ 8,324,732</b>	<b>\$ 1,126,079</b>	<b>\$ 7,198,653</b>	<b>639.27%</b>	
<b>Non-Operating Income (Expenses)</b>					
Interest Expense	\$ (3,315,332)	\$ (2,530,710)	\$ (784,622)	31.00%	I(c)(1)
Interest Income	1,098,147	505,331	592,816	117.31%	I(c)(1)
Other Income (Expenses)	(2,247,662)	(1,859,959)	(387,703)	20.84%	I(c)(1)
<b>Total Non-Operating Income (Expenses)</b>	<b>\$ (4,464,846)</b>	<b>\$ (3,885,337)</b>	<b>\$ (579,509)</b>	<b>14.92%</b>	
<b>Surplus (Deficit) Before Non-Cash Items</b>	<b>\$ 3,859,886</b>	<b>\$ (2,759,258)</b>	<b>\$ 6,619,144</b>	<b>-239.89%</b>	
<b>Non-Cash Items</b>					
Depreciation and Amortization	\$ (7,075,551)	\$ (7,541,876)	\$ 466,325	-6.18%	I(c)(1)
Non-Operating Income (Expense)	1,354,285	5,940,600	(4,586,315)	-77.20%	I(c)(2)
<b>Total Non-Cash Items</b>	<b>\$ (5,721,266)</b>	<b>\$ (1,601,276)</b>	<b>\$ (4,119,990)</b>	<b>257.29%</b>	
<b>Change in Net Position</b>	<b>\$ (1,861,381)</b>	<b>\$ (4,360,535)</b>	<b>\$ 2,499,154</b>	<b>-57.31%</b>	I(c)(1)



**Opportunity Home San Antonio**  
**Financial Performance Report**  
**Condensed Statement of Revenue and Expenses - Capital Activities**  
(For the Six Months Ended 12/31/2022)  
(Unaudited)

	<b>CAPITAL ACTUAL 12/31/2022</b>	<b>CAPITAL BUDGET 12/31/2022</b>	<b>CAPITAL Variance</b>	<b>%</b>	<b>Highlights Section</b>
<b>Operating Revenue</b>					
Grants	\$ 7,510,103	\$ 8,267,478	\$ (757,375)	-9.16%	II(a)(1)
Miscellaneous Revenue	5,748,741	3,466,726	2,282,015	65.83%	II(a)(2)
<b>Total Operating Revenue</b>	<b>\$ 13,258,845</b>	<b>\$ 11,734,204</b>	<b>\$ 1,524,641</b>	<b>12.99%</b>	
<b>Operating Expenses</b>					
Salaries and Benefits	\$ 887,475	\$ 1,231,148	\$ (343,673)	-27.91%	I(b)(1)
Ordinary Maintenance and Operations	220,361	78,885	141,476	179.34%	I(b)(2)
Utilities	985	1,425	(440)	-30.87%	
Other Expenses	837,346	602,958	234,388	38.87%	I(b)(3)
<b>Total Operating Expenses</b>	<b>\$ 1,946,167</b>	<b>\$ 1,914,416</b>	<b>\$ 31,751</b>	<b>1.66%</b>	
<b>Net Operating Income</b>	<b>\$ 11,312,678</b>	<b>\$ 9,819,788</b>	<b>\$ 1,492,890</b>	<b>15.20%</b>	
<b>Non-Operating Income (Expenses)</b>					
Interest Expense	\$ (163,219)	\$ (164,219)	\$ 1,000	-0.61%	
Interest Income	336,740	89,517	247,223	276.17%	II(c)(1)
Other Income (Expenses)	(311,686)	(1,460,716)	1,149,031	-78.66%	II(c)(1)
<b>Total Non-Operating Income (Expenses)</b>	<b>\$ (138,164)</b>	<b>\$ (1,535,417)</b>	<b>\$ 1,397,254</b>	<b>-91.00%</b>	
<b>Surplus (Deficit) Before Non-Cash Items</b>	<b>\$ 11,174,514</b>	<b>\$ 8,284,370</b>	<b>\$ 2,890,144</b>	<b>34.89%</b>	
<b>Non-Cash Items</b>					
Depreciation and Amortization	\$ (4,261)	\$ (4,598)	\$ 337	-7.33%	
Non-Operating Income (Expense)	(1,639,631)	(6,772,329)	5,132,697	-75.79%	II(c)(1)
<b>Total Non-Cash Items</b>	<b>\$ (1,643,893)</b>	<b>\$ (6,776,927)</b>	<b>\$ 5,133,035</b>	<b>-75.74%</b>	
<b>Change in Net Position</b>	<b>\$ 9,530,621</b>	<b>\$ 1,507,443</b>	<b>\$ 8,023,178</b>	<b>532.24%</b>	II(c)(1)

\*Capital Fund column includes Capital Fund and Real Estate Services

**Opportunity Home San Antonio  
Financial Performance Report  
Comparative Balance Sheet  
As of December 31, 2022  
(Unaudited)**

	<b>12/31/2022</b>	<b>12/31/2021</b>	<b>Increase (Decrease)</b>	<b>%</b>	<b>Highlights Section</b>
<b>Assets</b>					
Current Assets	\$ 125,027,294	\$ 113,829,352	\$ 11,197,942	9.84%	
Fixed Assets	347,513,360	314,479,132	33,034,228	10.50%	
Other Non-Current Assets	66,341,406	66,820,102	(478,696)	-0.72%	
<b>Total Assets</b>	<b>\$ 538,882,060</b>	<b>\$ 495,128,586</b>	<b>\$ 43,753,474</b>	<b>8.84%</b>	<b>III(a)</b>
<b>Deferred Outflows of Resources</b>					
Deferred Charges on Refunding	\$ 223,150	\$ 326,055	\$ (102,905)	-31.56%	
Deferred Swap Outflows	55,761	1,893,930	(1,838,169)	-97.06%	
<b>Total Deferred Outflows of Resources</b>	<b>\$ 278,911</b>	<b>\$ 2,219,985</b>	<b>\$ (1,941,074)</b>	<b>-87.44%</b>	<b>III(a)</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 539,160,971</b>	<b>\$ 497,348,571</b>	<b>\$ 41,812,400</b>	<b>8.41%</b>	
<b>Liabilities</b>					
Current Liabilities	\$ 21,809,258	\$ 30,904,437	\$ (9,095,179)	-29.43%	
Non-Current Liabilities	186,056,694	153,031,154	33,025,540	21.58%	
<b>Total Liabilities</b>	<b>\$ 207,865,952</b>	<b>\$ 183,935,591</b>	<b>\$ 23,930,361</b>	<b>13.01%</b>	<b>III(b)</b>
<b>Deferred Inflows of Resources</b>					
Deferred Swap Inflows	\$ 186,451	\$ -	\$ 186,451	0.00%	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 208,052,403</b>	<b>\$ 183,935,591</b>	<b>\$ 24,116,812</b>	<b>13.11%</b>	
<b>Net Position</b>					
Net Investment in Capital Assets	\$ 214,768,759	\$ 200,213,533	\$ 14,555,226	7.27%	
Restricted Net Position	44,475,745	44,598,545	(122,800)	-0.28%	
Unrestricted Net Position	71,864,064	68,600,902	3,263,162	4.76%	
<b>Total Net Position</b>	<b>\$ 331,108,568</b>	<b>\$ 313,412,980</b>	<b>\$ 17,695,588</b>	<b>5.65%</b>	<b>III(c)</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 539,160,971</b>	<b>\$ 497,348,571</b>	<b>\$ 41,812,400</b>	<b>8.41%</b>	

**Opportunity Home San Antonio  
Financial Performance Report  
As of December 31, 2022  
(Unaudited)**

**HIGHLIGHTS**

For the six months ended December 31, 2022, the Operations segment generated a surplus before non-cash items of \$3.9 million, which was \$6.6 million above budget. Total Operating Revenue was below budget by \$1.8 million, or 1.89 percent, and Total Operating Expenses were below budget by \$9.0 million, or 9.36 percent.

For the six months ended December 31, 2022, the Capital segment produced a surplus before non-cash items of \$11.2 million, which was \$2.9 million above budget. Total Operating Revenue was above budget by \$1.5 million, or 12.99 percent, and Total Operating Expenses were above budget by \$32 thousand, or 1.66 percent.

Total Assets and Deferred Outflows of Resources increased by \$41.8 million, or 8.41 percent. Total Liabilities and Deferred Inflows of Resources increased by \$24.1 million, or 13.11 percent. Presented below are explanations which summarize the results of operations (Operations and Capital segments) and the combined changes in financial condition.

**I. Income Statement (Operations)**

Total Operating Revenue was below budget by \$1.8 million and Total Operating Expenses were below budget by \$9.0 million.

(a) **Operating Revenue**

- (1) Tenant revenue was below budget by \$4.2 million due to unfavorable variances in the Beacon and Public Housing sectors of \$3.5 million and \$0.7 million, respectively. The primary properties contributing to the unfavorable variance for the Beacon sector were Woodhill, Rosemont at Highland Park, Cottage Creek, Costa Valencia and Burning Tree. These properties are facing occupancy challenges as well as having 24 units that are offline due to two fires. The fiscal year-to-date occupancy for these properties ranged between 73 and 83 percent with the average occupancy for the portfolio being 87 percent.
- (2) Grant revenue was above budget by \$1.7 million primarily due to favorable variances of \$1.1 million in Section 8 and \$0.9 million in Public Housing. The \$1.1 million variance consisted of Section 8 administrative fees and the \$0.9 million variance consisted of operating subsidy. Offsetting this was an unfavorable variance of \$0.2 million in the Jobs Plus Lincoln grant due to timing of expenditures.
- (3) Section 8 Housing Assistance Payment (HAP) Revenue ended the period with a favorable variance of \$0.4 million and HAP Expense ended the period with a favorable variance of \$7.1 million. HAP Revenue was favorable primarily due to the organization requesting \$7.2 million from HUD-Held MTW funds to support the Public Housing operating shortfall and pay the Woodhill loan which matured in September 2022. HAP expenses were lower for the HCV program compared to what was budgeted related to a decrease in leasing.

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- (4) Miscellaneous Revenue ended the period with a favorable variance of \$0.2 million in Community Initiatives and \$0.1 million in Central Office. The \$0.2 million variance was comprised of other income for supportive services provided to various properties and the \$0.1 million variance was related to the Central Office earning various insurance-related dividends.

(b) **Operating Expenses**

- (1) Salaries and Benefits ended the period \$4.2 million below budget. Staffing vacancies and positions placed on hold have led to all segments reporting favorably for Salaries and Benefits. The Central Office, Public Housing and Beacon segments were the primary contributors to the favorable variance.
- (2) Ordinary Maintenance and Operations ended the period \$3.0 million above budget primarily due to an unfavorable variance in Public Housing of \$3.0 million. Unfavorable expenses arose from HVAC and other major repairs as well as increased service costs.
- (3) The Other Expenses line item ended the period \$0.6 million below budget primarily due to favorable variances in Public Housing, Beacon and Section 8. Favorable expenses arose primarily from technology licensing fees, consulting fees and audit expenses.

(c) **Summary of Changes in Net Position**

- (1) Change in Net Position ended the period \$2.5 million above budget. Net Operating Income was above budget by \$7.2 million. Interest Expense ended the period \$0.8 million above budget due to refinancing fees related to three properties. Interest Income performed \$0.6 million better than budget due to rising interest rates. Other Income (Expenses) was unfavorable by \$0.4 million primarily due to net transfers out exceeding the amount budgeted.
- (2) Non-Operating Income (Expense) ended the period \$4.6 million below budget due to the timing of capitalizing projects.

**II. Income Statement (Capital)**

Total Operating Revenue was above budget by \$1.5 million and Total Operating Expenses were above budget by \$32 thousand.

(a) **Operating Revenue**

- (1) Grant revenue was below budget by \$0.8 million primarily due to the timing of Capital Fund grant expenditures.

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- (2) Miscellaneous Revenue was above budget by \$2.3 million due to a favorable variance of \$5.1 million for various earned fees associated with the closing of capital transactions for co-developed tax credit partnerships of \$4.3 million and \$0.8 million for bond issuer's fees for Las Varas Public Facility Corporation. Partially offsetting the overall favorable variance was \$2.8 million in unearned development fees that were budgeted but not realized.

(b) **Operating Expenses**

- (1) Salaries and Benefits were below budget by \$0.3 million primarily due to a favorable variance in the Real Estate Services sector of \$0.3 million.
- (2) Ordinary Maintenance and Operations were above budget by \$0.1 million primarily due to unfavorable variance in Capital Funds related to major repair and upgrades of \$0.1 million.
- (3) Other Expenses were above budget by \$0.2 million primarily due to an unfavorable variance in the Real Estate Services sector. Unfavorable expenses arose from consulting fees related to Snowden and pre-development for the Alazan expansion project.

(c) **Summary of Changes in Net Position**

- (1) Change in Net Position ended the period with an \$8.0 million favorable variance. Net Operating Income was above budget by \$1.5 million. Interest income was favorable by \$0.2 million due to the unexpected increase in interest earnings. Other Income (Expenses) was favorable by \$1.1 million attributable to timing of recording the Capital Fund Grant management fee. There was a \$5.1 million favorable variance in Non-Operating Income (Expense) related to equity transfers budgeted but not realized.

**III. Balance Sheet**

Total Assets and Deferred Outflows of Resources increased by \$41.8 million, Total Liabilities and Deferred Inflows of Resources increased by \$24.1 million, and Total Net Position increased by \$17.7 million.

- (a) Total Assets and Deferred Outflows of Resources increased by \$41.8 million, or 8.41 percent. Current Assets and Fixed Assets increased by \$11.2 million and \$33.0 million, respectively, and were partially offset by decreases in Other Non-Current Assets and Deferred Swap Outflows of \$0.5 million and \$1.8 million, respectively. The \$11.2 million increase in Current Assets resulted largely from the receipt of an \$8.4 million general partner distribution paid from net sales proceeds as part of the tax credit resyndication of The Sorento Apartments. Additionally, as a result of the resyndication of Rosemont at University Park, general partner distributions paid from net sales proceeds of \$4.3 million were received and applied toward payment of outstanding

**Opportunity Home San Antonio  
Financial Performance Report  
As of December 31, 2022  
(Unaudited)**

partnership loans and development fees. Accounts receivable and prepaid expenses combined for an increase of \$2.2 million. The overall increase in Current Assets was partially offset by EPC-related disbursements of \$1.1 million and payments for ongoing capital projects at various Beacon and Public Housing properties of \$2.6 million. The \$33.0 million increase in Fixed Assets resulted primarily from an increase of \$39.7 million in land, buildings and equipment, related to the purchase of the San Juan II property in the Beacon portfolio, as well as the capitalization of projects in both the Beacon and Public Housing portfolios. These amounts were offset by the routine recording of depreciation. Additionally, there were increases of \$14.9 million in construction in progress related to ongoing modernization projects. The \$1.9 million decrease in Deferred Outflows of Resources was a result of changes in the fair value of various interest rate swaps.

- (b) Total Liabilities and Deferred Inflows of Resources increased by \$24.1 million, or 13.11 percent, due primarily to an increase of \$7.8 million in unearned revenue, of which \$12.3 million resulted from the Facility Corporation entering into ground leases with the Palo Alto, Potranco, Horizon Pointe and Bristol at Somerset partnerships. Additionally, there was a \$4.5 million increase in earned revenue for Section 8 programs (funds were used for expenditure). Other significant increases in Non-Current Liabilities included \$12.5 million of new debt related to 100 Labor Street construction draws and the addition of \$3.5 million in debt related to the acquisition of the San Juan II property.
- (c) Total Net Position increased by \$17.7 million, or 5.65 percent, as a result of the changes described above.

**IV. MTW Expenditures**

<b>Projects</b>	<b>Cumulative Expenditure Balance as of 12/31/22</b>
Program Administration and Implementation of MTW Initiatives	\$ 363,692
Public Housing Operating Shortfall	2,499,249
Expansion of Public Housing WIFI	145,057
Preservation and Expansion of Affordable and Public Housing:	
Development of Labor Street Multifamily Property	368,908
Alazan Courts Predevelopment Costs	141,638
Woodhill Bonds Pay-off	5,706,866
Investment In MTW units at Tax Credit/Beacon Properties:	
Acquisition of San Juan II	900,000
<b>Total</b>	<b>\$ 10,125,410</b>



## Summary of Major Changes in Cash and Investment Balance

For the Quarterly Period Ending December 31, 2022

The overall cash and investment balance decreased by \$671 thousand over the previous quarter primarily due to payments to vendors in connection with operations as well as ongoing capital projects at various Beacon and Public Housing properties. This was offset by the receipt of bond issuer fees and capital distributions from various tax credit partnerships, the receipt of insurance proceeds at one Beacon community, an MTW request for a bridge loan payment, and an increase in banking interest.

### Unrestricted Cash and Investments

- **Central Office Cost Center** - There is a net cash decrease of approximately \$3.1 million over the previous quarter primarily due to an increase in uncollected internal fees, which will be settled in the next quarter.
- **Section 8** - There is a net cash increase of approximately \$2.0 million primarily due to the outstanding intercompany and internal fees balances that will be settled in the next quarter.
- **Properties Under SAHFC** - There is a net cash increase of approximately \$1.0 million primarily due to the receipt of \$0.4 million insurance proceeds at one Beacon community and \$0.6 million outstanding internal fees that will be settled in the next quarter.
- **Development Activities - Las Varas** - There is a net cash increase of approximately \$1.7 million primarily due to the receipt of \$0.9 million reimbursement from a bridge loan that was established to acquire a tax credit partnership, and \$0.9 million in capital distributions and bond issuer fees from various tax credit partnerships.
- **Other Beacon Properties - Cash** - There is a net cash increase of approximately \$1.0 million primarily due to the disbursement of \$0.4 million from restricted funds held with various banks for four Beacon communities, the increase of \$0.1 million in banking interest, and \$0.5 million outstanding internal fees that will be settled in the next quarter.
- **Other Unrestricted Cash** - There is a net cash decrease of approximately \$3.4 million primarily due to cash disbursements made to vendors for services and ongoing capital projects.

### Restricted Cash and Investments

- **Public Housing** - There is a net cash decrease of approximately \$1.9 million primarily due to the \$2.3 million reclassification of internally restricted cash from Restricted Cash and Investments to Unrestricted Cash and Investments for presentation purposes, and \$0.6 million settlement of intercompany balances in connection with capital work at the Villa de Fortuna subdivision. The activities above were partially offset by \$0.8 million proceeds from various property sales under the Villa de Fortuna subdivision and an increase of \$0.2 million in banking interest.

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Cash and Investment Summary  
December 31, 2022**

	Balance 9/30/2022	Deposits	Withdrawals	Balance 12/31/2022
<b>Cash</b>				
<b>Unrestricted Cash:</b>				
Central Office Cost Center (1)	5,940,294	123,950	3,210,698	2,853,546
Public Housing (1)	2,303,934	12,844,326	12,569,022	2,579,237
Section 8 (1)	5,044,173	3,011,985	1,015,561	7,040,597
Community Development Initiatives	432,968	1,835,467	1,730,212	538,224
Central Office- Health Insurance (2)	2,056,586	1,876,254	2,090,764	1,842,076
Homeownership	100,834	4,844	2,296	103,382
Project Based Properties (1)	3,247,657	1,785,542	1,150,154	3,883,045
Properties under SAHFC	6,541,350	6,162,915	5,129,502	7,574,763
Education Investment Foundation	-	4,218	4,035	182
Capital Fund Program (1)	-	2,774,644	2,774,644	-
Development Activities under SAHFC	1,328,215	2,197,788	1,542,325	1,983,677
Development Activities - Las Varas	15,850,825	2,016,482	249,262	17,618,046
Development Activities - Other Entities	4,435,855	1,653,983	1,339,260	4,750,578
Other Beacon Properties Cash	7,604,273	4,036,774	2,987,765	8,653,282
Other Unrestricted Cash	3,298,972	48,621,621	52,070,413	(149,821)
<b>Sub-Total:</b>	<b>58,185,936</b>	<b>88,950,793</b>	<b>87,865,915</b>	<b>59,270,814</b>
<b>Restricted Cash:</b>				
Central Office Cost Center	1,043,164			1,043,164
Public Housing	19,193,232	1,051,036	2,901,668	17,342,600
Section 8	2,346,041	27,207,891	26,813,230	2,740,702
Project Based Properties	2,053,015	184,830	220,063	2,017,782
Properties under SAHFC	12,119,508	583,003	815,021	11,887,489
Education Investment Foundation	9,931	-	4,035	5,896
Capital Fund Program	1,771,703	17,531	14,000	1,775,233
Development Activities under SAHFC	2,184,627	2,001	-	2,186,627
Development Activities - Refugio Street PFC	8,170,568	-	-	8,170,568
Non-Profit-Other Restricted	1,142,051	129,106	78,592	1,192,565
Other Restricted Cash	109,057	95,872	41,473	163,456
Endowment Trust	428,182	4,115	20,397	411,901
<b>Sub-Total:</b>	<b>50,571,079</b>	<b>29,275,385</b>	<b>30,908,480</b>	<b>48,937,984</b>
<b>Total Unrestricted &amp; Restricted Cash:</b>	<b>108,757,015</b>	<b>118,226,177</b>	<b>118,774,395</b>	<b>108,208,797</b>
<b>Investments</b>				
<b>Restricted Investments at Various Banks:</b>				
Central Office Cost Center	75,719	225,863	225,794	75,788
Other Restricted Investments	808,018	1,065,171	1,188,447	684,742
<b>Sub-Total:</b>	<b>883,737</b>	<b>1,291,034</b>	<b>1,414,241</b>	<b>760,529</b>
<b>Total Cash &amp; Investments:</b>	<b>109,640,751</b>	<b>119,517,212</b>	<b>120,188,636</b>	<b>108,969,327</b>

**Footnotes:**

(1) Cash and Investments related to federal programs

(2) Cash and Investments related to self insurance program

**Opportunity Home San Antonio  
Cash Held for Tax Credit Partnerships  
December 31, 2022**

	9/30/2022	Deposits	Withdrawals	12/31/2022
Cash from Tax-Credit Partnerships	2,367,823	6,390,077	5,384,554	3,373,347
Total Cash Held for Partnerships Managed by Beacon:	\$ 2,367,823	\$ 6,390,077	\$ 5,384,554	\$ 3,373,347

**Opportunity Home San Antonio  
Collateralization  
December 31, 2022**

	Total Deposits	Deposits Covered by FDIC	Deposits Covered by Collateral	Pledged Collateral
Frost National Bank	\$ 101,045,135	\$ 500,000	\$ 101,045,135	\$ 141,669,944
Lument Capital, LLC	\$ 2,348,060	\$ 842,795	\$ -	\$ -
US Bank	\$ 1,009,822	\$ -	\$ -	\$ -
Bank of New York - Sendero	\$ 122,733	\$ -	\$ -	\$ -
Bank of New York - Converse Ranch II	\$ 214,898	\$ -	\$ -	\$ -
Wells Fargo - Rosemont at Highland Park	\$ 197,856	\$ -	\$ -	\$ -
Walker & Dunlop - Converse Ranch I	\$ 517,017	\$ 328,366	\$ -	\$ -
Walker & Dunlop - Bella Claire	\$ 69,562	\$ 69,562	\$ -	\$ -
Walker & Dunlop - SAHFC	\$ 459,654	\$ 459,654	\$ -	\$ -
Berkadia Commercial Mortgage, LLC	\$ 151,075	\$ 151,075	\$ -	\$ -
Total Collateralized deposits:	\$ 106,135,810	\$ 2,351,451	\$ 101,045,135	\$ 141,669,944

FDIC has made permanent the standard coverage - all funds in noninterest-bearing accounts are fully insured up to \$250,000


The accompanying Cash and Investment Summary Report has been prepared in accordance with the compliance requirements of the Texas Public Funds Investment Act, Chapter 2256. As the Investment Officer for the Opportunity Home San Antonio I certify that all investments in our portfolio comply with the investment strategy expressed in Opportunity Home's Investment Policy dated April 14, 2016 and with the relevant provisions of the State of Texas, Government Code, Chapter 2256, Public Funds Investment.



2/28/2023

Diana K. Fiedler, CPA, CGMA  
Investment Officer, Chief Financial Officer

## GRANTS REPORT AS OF December 31, 2022

CAPITAL GRANTS											
<div>  <div> <div>CAPITAL GRANTS</div> <div> <div>Unmet expenditure deadline approaching within 6 Months</div> <div>Unmet obligation deadline approaching within 12 Months</div> <div>Grant expenditure is not progressing as planned</div> </div> </div> </div>											
Grant Number	Obligation End Date	Expenditure End Date	Amount to be Obligated by End Date	LOCCS Authorized	Cumulative PHA Obligated	Unobligated Amount	Obligation Percentage	Cumulative GL PHA Expended	Expended Percentage	LOCCS Disbursement	
<b>Capital Fund Program (CFP)</b>											
Capital Projects at various PH Properties											
<b>TX59P006501-10</b>	07/14/12	07/14/14	\$ 8,770,114.80	\$ 9,744,572.00	\$ 9,744,572.00	\$ -	100%	\$ 9,744,572.00	100%	\$ 9,744,572.00	(1)
*Major Project: Marie McGuire											
<b>TX59P006501-11</b>	08/02/13	08/02/15	\$ 7,336,199.70	\$ 8,151,333.00	\$ 8,151,333.00	\$ -	100%	\$ 8,151,333.00	100%	\$ 8,151,333.00	(1)
*Major Projects: Blanco, Marie McGuire, Westway											
<b>TX59P006501-12</b>	03/11/14	03/11/16	\$ 6,669,297.00	\$ 7,410,330.00	\$ 7,410,330.00	\$ -	100%	\$ 7,410,330.00	100%	\$ 7,410,330.00	(1)
*Major Projects: Fair Avenue, South San, Sun Park											
<b>TX59P006501-13</b>	09/08/15	09/08/17	\$ 6,472,918.80	\$ 7,192,132.00	\$ 7,192,132.00	\$ -	100%	\$ 7,192,132.00	100%	\$ 7,192,132.00	(1)
*Major Projects: Lewis Chatham, Jewett Circle, Westway											
<b>TX59P006501-14</b>	05/12/16	05/12/18	\$ 6,564,698.10	\$ 7,294,109.00	\$ 7,294,109.00	\$ -	100%	\$ 7,294,109.00	100%	\$ 7,294,109.00	(1)
*Major Projects: Westway, Charles Andrews, Cassiano Homes											
<b>TX59P006501-15</b>	04/12/17	04/12/19	\$ 6,785,826.30	\$ 7,539,807.00	\$ 7,539,807.00	\$ -	100%	\$ 7,539,807.00	100%	\$ 7,539,807.00	(1)
*Major Projects: Charles Andrews, HB Gonzalez											
<b>TX59P006501-16</b>	04/12/18	04/12/20	\$ 7,024,842.00	\$ 7,805,380.00	\$ 7,805,380.00	\$ -	100%	\$ 7,805,380.00	100%	\$ 7,805,380.00	(1)(2)
*Major Projects: Westway, WC White											
<b>TX59P006501-17</b>	08/15/19	08/15/21	\$ 7,176,040.20	\$ 7,973,378.00	\$ 7,973,378.00	\$ -	100%	\$ 7,973,378.00	100%	\$ 7,973,378.00	(1)(2)
*Major Projects: Victoria Plaza, Villa Tranchese											
<b>TX59P006501-18</b>	05/28/21	05/28/23	\$ 11,098,890.00	\$ 12,332,100.00	\$ 12,332,100.00	\$ -	100%	\$ 12,332,100.00	100%	\$ 12,332,100.00	(1)(2)
*Major Projects: Victoria Plaza, Fair Avenue											
<b>TX59P006501-19</b>	10/15/22	10/15/24	\$ 11,636,649.90	\$ 12,929,611.00	\$ 12,929,611.00	\$ -	100%	\$ 12,929,611.00	100%	\$ 12,929,611.00	(1)(2)
*Major Projects: Victoria Plaza, Fair Avenue											
<b>TX59P006501-20</b>	09/25/23	09/25/25	\$ 11,827,386.00	\$ 13,141,540.00	\$ 12,499,333.36	\$ 642,206.64	95%	\$ 10,086,313.64	77%	\$ 8,692,180.66	(2)
*Major Projects: Madonna, L.C. Rutledge											
<b>TX59P006501-21</b>	02/22/23	02/22/25	\$ 11,865,870.90	\$ 13,184,301.00	\$ 12,097,855.88	\$ 1,086,445.12	92%	\$ 7,942,892.67	60%	\$ 7,584,528.07	(2)
*Major Projects: Mirasol, Francis Furey											
<b>TX59P006501-22</b>	05/11/24	05/11/26	\$ 14,541,291.90	\$ 16,156,991.00	\$ 5,424,048.52	\$ 10,732,942.48	34%	\$ 3,231,398.20	20%	\$ 3,231,398.20	(3)
*Major Projects: Villa Veramendi, Riverside											
<b>TX59E006501-18</b>	08/12/21	08/12/22	\$ 225,000.00	\$ 250,000.00	\$ 250,000.00	\$ -	100%	\$ 250,000.00	100%	\$ 250,000.00	(1)
*Major Projects: Riverside, Villa Veramendi											
<b>TX59E006501-22</b>	09/25/23	09/25/24	\$ 225,000.00	\$ 250,000.00	\$ -	\$ 250,000.00	0%	\$ -	0%	\$ -	
*Major Projects: Springview, Villa Tranchese											
<b>TX59L006501-20</b>	05/10/23	05/10/25	\$ 4,374,949.50	\$ 4,861,055.00	\$ 31,760.00	\$ 4,829,295.00	1%	\$ 31,760.00	1%	\$ 31,760.00	(4)
*Major Projects: Lincoln Heights, Mission Park, Riverside											
<b>Urban Revitalization Program (Hope 6) (URP)</b>											
Choice Neighborhood Grant											
<b>TX6J006CNG112</b>	09/30/19	09/30/19		\$ 29,652,649.09	\$ 29,652,649.09	\$ -	100%	\$ 29,652,649.09	100%	\$ 29,652,649.09	(1)
*Implementation grant for Wheatley Neighborhood											

(1) These grants are expended and disbursed at 100% however, HUD still requests monthly updates in eLOCCS.

(2) A portion of the grant contains DDTF funding. Total DDTF funding has been expended.

(3) A portion of the 2022 CFP grant contains DDTF funding of \$304,850. No DDTF funding has been expended.

(4) Staff is working to procure an alternate vendor for the risk assessment and hazard evaluation to ensure compliance with HUD guidelines. An obligation extension request will be submitted to HUD.

## GRANTS REPORT AS OF December 31, 2022

HUD - PROGRAM GRANTS									PROGRAM GRANTS	
Grant Number	Effective Date	Expenditure End Date	LOCCS Authorized	Cumulative Expended	Grant expenditure is not progressing as planned.		Remaining to Expend	LOCCS Disbursement		
					Expended Percentage					
Resident Opportunities & Self Sufficiency (ROSS)										
Funding for Family Self Sufficiency (FSS) Coordinators										
ROSS221724-01-00	06/01/22	05/31/25	\$ 621,050.50	\$ 83,218.60	13%	\$ 537,831.90	\$ 71,932.47	(5)		
*2021 ROSS Service Coordinators										
FSS22TX4596	01/01/22	12/31/22	\$ 1,064,315.62	\$ 890,499.49	84%	\$ 173,816.13	\$ 752,210.01	(6)		
*PH & HCV Combined FSS 2021										
FSS 2022 Grant	01/01/23	12/31/23	\$ 1,166,035.00	\$ -	0%	\$ 1,166,035.00	\$ -			
*PH & HCV Combined FSS 2022										
Jobs Plus										
Funding for PHAs to develop locally-based approaches to increase earnings and advance employment outcomes for Public Housing residents										
TX006FJP6JPH20	05/14/21	09/30/28	\$ 2,300,000.00	\$ 246,097.30	11%	\$ 2,053,902.70	\$ 217,027.70	(7)		
*Jobs Plus - Lincoln Heights										

NON-HUD - PROGRAM GRANTS								
Grant Number	Performance Date	Award Amount	Cumulative Expended	Expended Percentage	Remaining to Expend	Reimbursement Received		
VIA Metropolitan Transit Authority								
Capital Assistance Program For Elderly Persons and Persons With Disabilities								
TX-2021-010-00	09/25/2020 - 09/30/2022	\$ 79,110.00	\$ -	0%	\$ 79,110.00	\$ -		(8)
*VIA Grant 2021								

(5) Grant expenditures are approximately \$37K short of the projected average cumulative expended amount or expected percentage of 19.4%

(6) PH & HCV Combined FSS 2021 grant ended on 12/31/22 and \$173,816 will remain unexpended.

(7) Grant expenditures are approximately \$250K short of the projected average cumulative expended amount or expended percentage of 21.5%.

(8) The delivery of a vehicle ordered was delayed past the expected delivery date of mid-December. The grant is projected to be expended upon the delivery of the vehicle. CDI Staff will work with VIA to seek an extension.

**GRANTS REPORT AS OF December 31, 2022**

LIST OF GRANT APPLICATIONS						
Grant Name	Award Amount	Date Submitted	Match Amount	Term of the Grant	Application Status	Description
FY22 Capital Fund At Risk	\$1,616,170	07/11/22	N/A	N/A	Not awarded	HUD Capital Fund At Risk / Receivership/ Substandard / Troubled Program
FY22 Special Unsheltered CoC Program	\$171,531	09/20/22	N/A	N/A	Pending	South Alamo Regional Alliance for the Homeless CoC Program
FY22 Family Self-Sufficiency	\$1,166,035	09/21/22	N/A	N/A	Awarded 12/30/22	HUD Family Self Sufficiency Program
City of San Antonio FY22 Housing Bond	\$1,093,276	10/04/22	N/A	N/A	Pending	City of San Antonio Housing Bond - Homeownership Westside
City of San Antonio FY22 Housing Bond	\$9,889,917	10/04/22	N/A	N/A	Not awarded	City of San Antonio Housing Bond - Snowden
City of San Antonio FY22 Housing Bond	\$8,227,426	10/03/22	N/A	N/A	Pending	City of San Antonio Housing Bond - Alazan
City of San Antonio FY22 Housing Bond	\$1,733,659	10/03/22	N/A	N/A	Pending	City of San Antonio Housing Bond - Cottage Creek
City of San Antonio FY22 Housing Bond	\$8,214,400	10/03/22	N/A	N/A	Not awarded	City of San Antonio Housing Bond - Public Housing Elderly Elevators
City of San Antonio FY22 Housing Bond	\$2,277,000	10/03/22	N/A	N/A	Not awarded	City of San Antonio Housing Bond - Victoria Plaza
City of San Antonio FY22 Housing Bond	\$436,250	10/03/22	N/A	N/A	Pending	City of San Antonio Housing Bond - Pecan Hill
City of San Antonio FY22 Housing Bond	\$3,742,700	10/04/22	N/A	N/A	Not awarded	City of San Antonio Housing Bond - Rosemont
City of San Antonio FY22 Housing Bond	\$6,774,078	10/03/22	N/A	N/A	Pending	City of San Antonio Housing Bond - Woodhill
City of San Antonio FY22 Housing Bond	\$235,703	10/03/22	N/A	N/A	Not awarded	City of San Antonio Housing Bond - San Alfonso
FCC FY23 Affordable Connectivity Program	\$142,813	01/09/23	N/A	N/A	Pending	Federal Communications Commission Outreach Grant Program



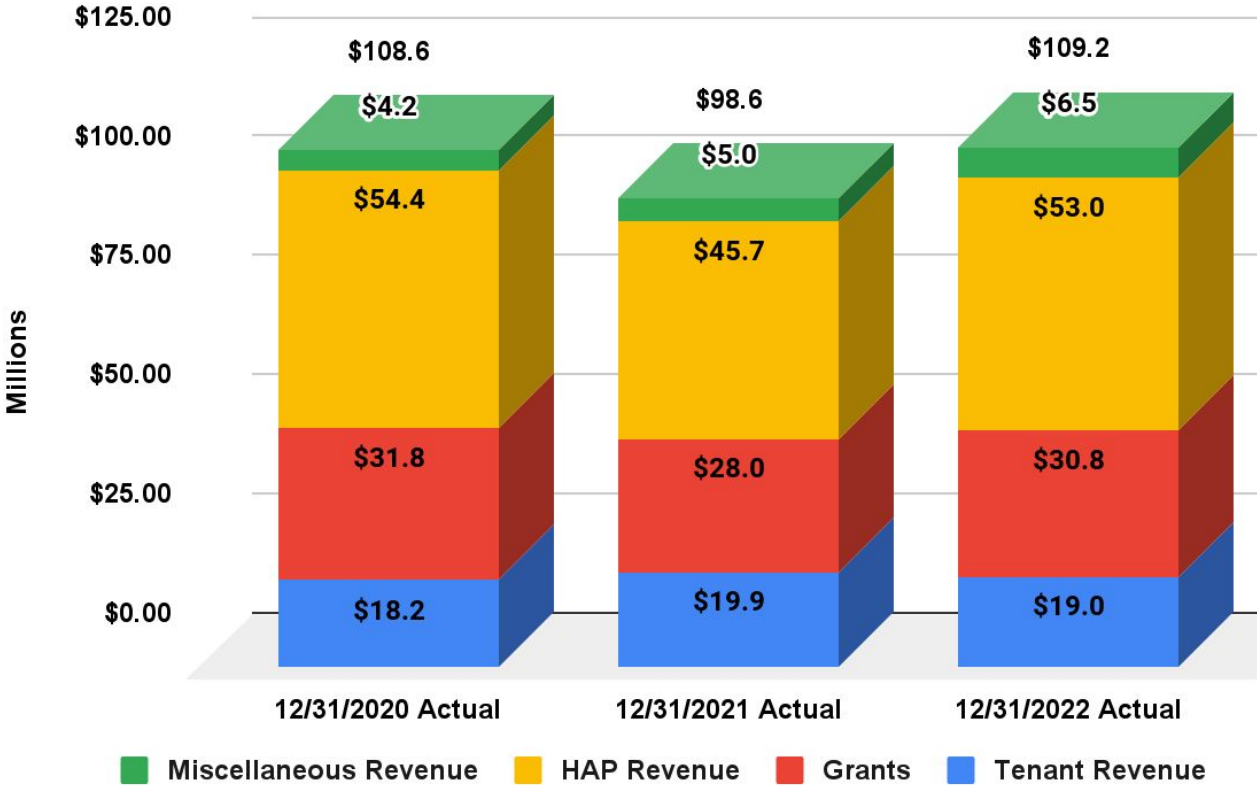
# Financial Performance Report

For the Six Months Ended December 31, 2022

Fiscal Year Comparison

# Consolidated Revenue

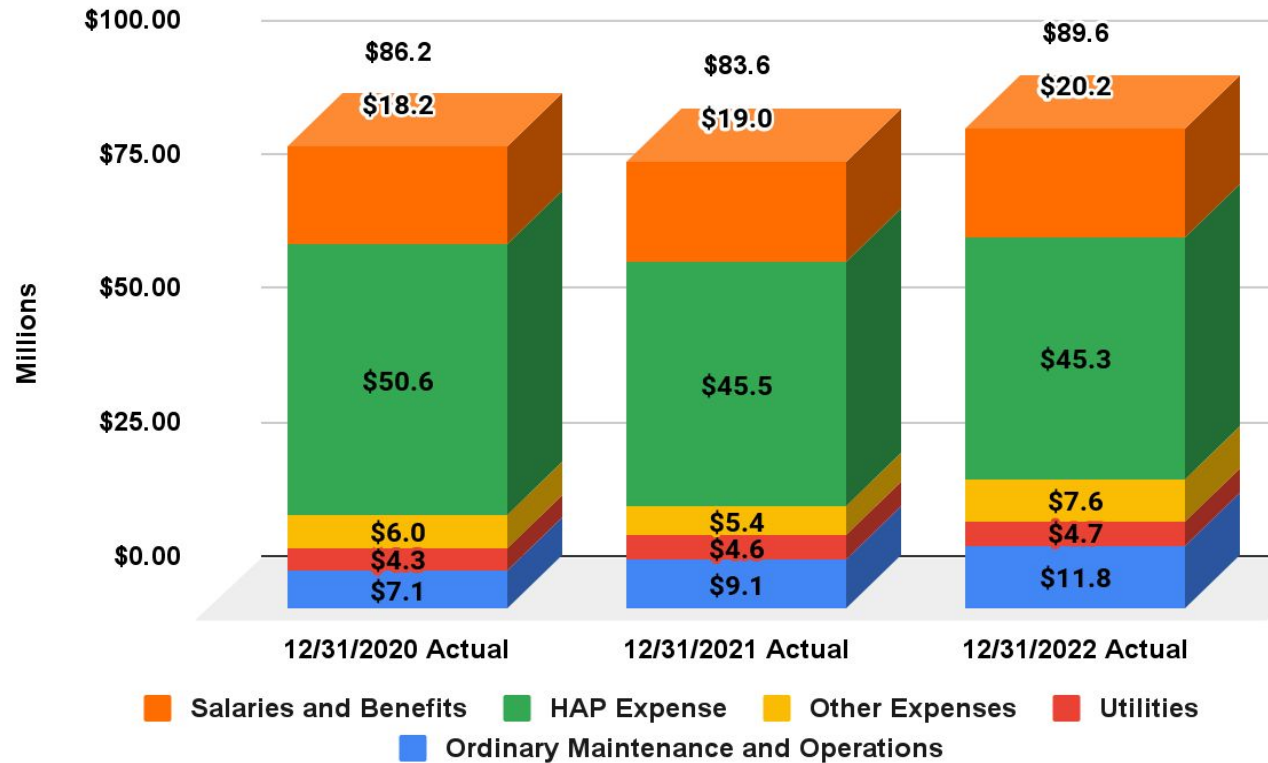
The Total Revenue was approximately **11% greater** compared to the previous year primarily due to an increase in HAP Revenue.



Fiscal Year Comparison

# Consolidated Expenses

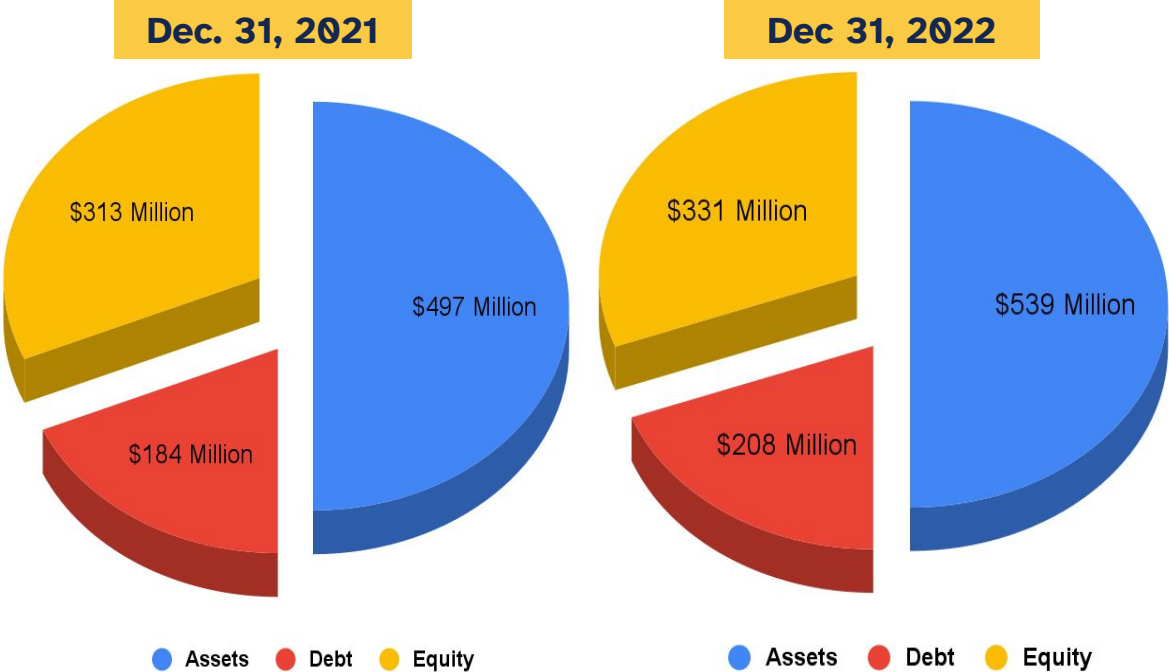
Total Expenses increased slightly compared to the previous year. Ordinary Maintenance and Operations experienced the **largest percentage increase of 29%.**



Financial Ratios

# Financial Strength

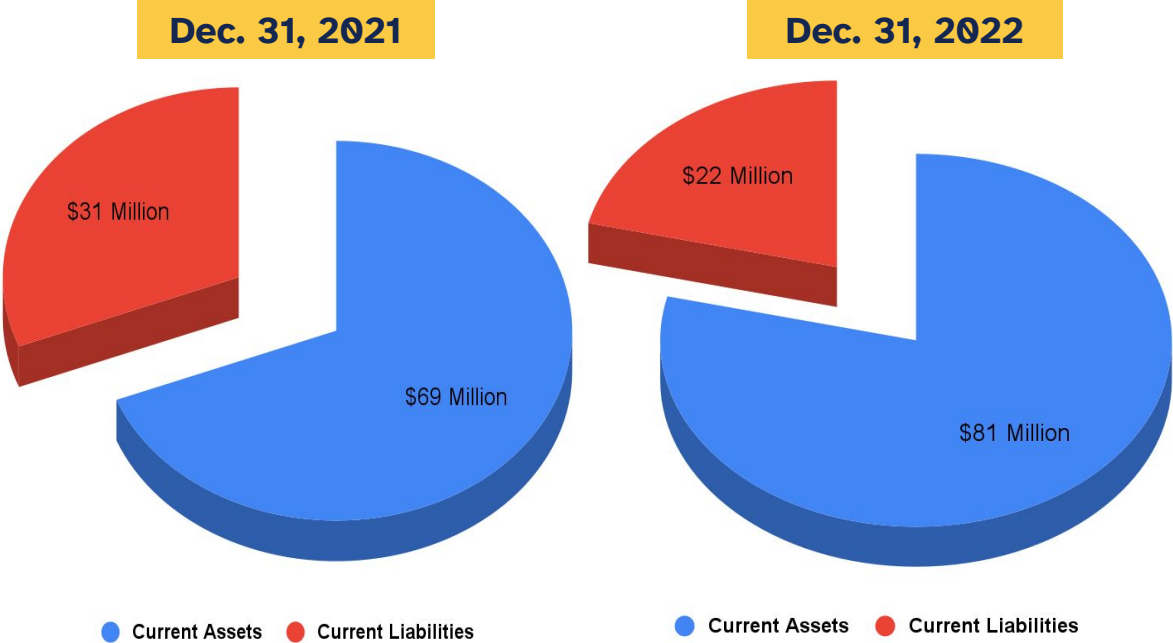
The debt-to-equity ratio increased from **.42 to .45** and continues to signify a strong solvency position.



Financial Ratios

# Financial Liquidity

The current ratio increased from **2.23 to 3.68** and remains an indicator of Opportunity Home’s strong capacity to meet its short-term financial commitments.



# Moving to Work Uses

## Project

**Moving to Work Uses  
as of 12/31/2022**

Program Administrative and Implementation of MTW Initiatives	<b>\$363,692</b>
Public Housing Operating Shortfall	<b>\$2,499,249</b>
Expansion of Public Housing Wi-Fi	<b>\$145,057</b>
Development of Labor Street Multifamily Property	<b>\$368,908</b>
Alazan Courts Predevelopment Costs	<b>\$141,638</b>
Payment of matured Woodhill Bond Debt	<b>\$5,706,866</b>
San Juan II Las Varas Bridge Loan	<b>\$900,000</b>

**Total**

**\$10,125,410**



# Questions?

**Opportunity Home San Antonio****March 15, 2023****MEMORANDUM**

**To** Finance Committee

**From** Ed Hinojosa, Jr., President and CEO

**Presented by** Allison Schlegel, Director of Internal Audit

**RE** Update and Discussion Regarding Internal Audit

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DS  
EHJ

**SUMMARY**

Internal Audit provides independent and objective assurance, auditing, and consulting services to add value, improve internal controls, and strengthen the organization's operations. The function helps the organization accomplish its objectives by using a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. In addition to its oversight activities, internal audit serves as a resource for identifying opportunities for best practices and efficiencies. The mission of the Opportunity Home San Antonio's Internal Audit Department is to:

- Ensure the organization remains a good steward of the public trust by working with all levels of management and staff, as well as the Board of Commissioners, to identify significant risk areas and the internal controls in place to mitigate those risks;
- Provide continuous quality improvement through the review of processes and procedures to identify operational efficiencies and best practices; and,
- Perform all assurance and consulting activities with the highest level of integrity and objectivity.

In accordance with the approved Internal Audit Charter, the Director of Internal Audit (i.e., the Chief Audit Executive), is required to communicate any significant deviation from the approved internal audit plan to the Audit Committee, the President and CEO, and the Legal and Compliance Officer, or equivalent, through periodic activity reports.

This update provides the required communication, as follows:

- Internal Audit Department Update
- Internal Audit Plan Status - FY 2022-2023 Quarter 3
- Summary and Status of Management Corrective Action Plans (related to Internal Audit reporting)

Management Corrective Action Plans resulting from internal audits are entered into a spreadsheet to allow for easier tracking of the status of open items. A copy of the spreadsheet is attached. Each of the action items are color-coded to indicate their status as follows: green indicates the action has a due date 30 days or more in the future; red indicates that the action is behind schedule; and yellow indicates the action has a due date less than 30 days in the future.

**PROPOSED ACTION**

**Opportunity Home San Antonio**

**March 15, 2023**

None at this time.

**STRATEGIC OUTCOME**

Supports all strategic outcomes.

**ATTACHMENTS**

Presentation

Status of Management Corrective Action Plans

# Internal Audit Update

Presentation to Finance Committee

March 15, 2023

# Internal Audit Q3 Activities in Support of Opportunity Home Strategic Outcomes

## *Internal Audit activities that support all strategic outcomes:*

- Continuing to work with CDI Family Self-Sufficiency program on escrow review process, and streamlining review to meet the changes in the FSS program direction
  - 20 escrows over \$5,000 were reviewed and approved for graduation in FY 2022-2023
    - A total of \$187,609.05
    - Average escrow: \$9,380.45
- Audit of New Construction Process (Legacy at Alazan)
- Audit of Redevelopment and Modernization Process (Victoria Plaza)
- Standard Operations Compliance Audits of Public Housing, Assisted Housing Programs, and Beacon Communities
- Support of Resident Leadership Coordinator in development of Resident Councils

## Status of 2021-2022 Audit Plan

### ■ **Audit of New Construction Process (Legacy at Alazan)**

- Audit has been completed and was final on February 22, 2023.
  - ❑ Methodology for conducting this audit consisted of a review of:
    - ❑ Development Services and Neighborhood Revitalization (DSNR)
    - ❑ Procurement
    - ❑ Public Housing/Operations Support
- There were no Findings or Observations as a result of this audit.

### ■ **Audit of Redevelopment and Modernization Process (Victoria Plaza)**

- Auditor has completed the Draft Final report. Pending follow-up meeting to final.



# Status of the 2022-2023 Audit Plan

## Audit of the Assisted Housing Waitlist, Eligibility, and Admissions Process

- Audit kick-off was held on September 22, 2022, and fieldwork is underway.
  - Internal Audit is reviewing the waitlist process for the most current waitlist opened on July 2022, and will review the eligibility and admissions process through a sample of the September 2021 waitlist.
    - ❑ Sample size will be 50 applicants approved for a voucher and 15 applicants who were denied.
- Audit will contain a review for Equity, Diversity and Inclusion; working with Policy and Planning and Director of EDI.

# Status of the 2022-2023 Audit Plan

**Compliance Audits** - Focus on permanent documents, rent determination, and calculation

❑ **Assisted Housing Program** (*Ongoing*)

- Files reviewed are all digital; however, physical file is reviewed for permanent documentation if the digital file is a recertification or interim certification
- Completed the review of 455 digital files and 219 physical files from July 1, 2022 - January 31, 2023

❑ **Public Housing** (*Ongoing*)

- 10% of occupied units with no less than 5 files reviewed per community
- All files are physical, follow-up of corrections is digitally reviewed
- Completed 31 PH Communities (366 files), and 6 Mixed Income Communities (60 files)

❑ **Beacon Communities** (*Ongoing*)

- 10% of occupied units with no less than 5 files reviewed per community
- Completed 16 Beacon Communities (272 files)

# Action Items

## Status of Corrective Action Items resulting from Internal Audits

- Currently, there are thirteen (13) open action items
- The thirteen (13) action items are pending review and approval of an SOP, and are expected to be completed this fiscal year
  - One (1) is pending Resident Leadership Coordinator (RLC) completion of the *Resident Council* (RC) manual, with approval from the Assistant Director of CDI and the Director of Resident Services. The development of the *Tenant Participation Funds* SOP will begin March 1, for completion by March 10. Approval from the Assistant Director of CDI and Director of Resident Services is scheduled for March 24, 2023.
  - 12 are pending final approval of the *Move Out* SOP, with training and rollout scheduled for the week of April 3, 2023.

# Status of Third Party Audits

**None.**

# Questions?

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 8/1/22

Audit Plan Year	Final Report Date	Audit Title	Finding Type	Finding Number and Title	Finding / Condition Description and Recommendation	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Resp. Officer's Initials	Comments
<b><u>Fiscal Year 2016-2017</u></b>											
FY 16-17	4/16/19	Audit of Tenant Participation Funds at Parkview Apartments	Significant Deficiency	Finding 3 - Check Disbursements	<b>Recommendation</b> Internal Audit recommends that the Property Manager or Case Management Specialist assist the RC with establishing a bank account that will conform to the requirements set forth in the RC Manual. including the requirement for dual signatures, with the Treasurer being one of the signatories on each disbursement. Additionally, either the Property Manager or the Case Management Specialist should be on the bank account.	<i>CDI Management will meet with PH Management to determine the best course of action for supporting RC with establishing bank accounts. An SOP will be developed to provide guidance for Opportunity Home staff who have expressed concerns with adding their names to the RC bank account.</i>	5/8/2019	3/24/2023	<b><i>In Progress</i></b>	BP	The Resident Council (RC) manual timeline is as follows: 1.The Resident Leadership Council (RLC) will complete the RC manual edits no later than March 15, at which time the manual will be sent for approval by the Asst. Director of CDI and then the Director of Resident Services. 2. The development for a Tenant Participation Funds SOP will begin March 1. The target date for completion is March 10, at which time the SOP will be submitted for review and approval by the Asst. Director of CDI and then the Director of Resident Services
<b><u>Fiscal Year 2019-2020</u></b>											
FY 19-20	10/30/20	Audit of Rent Calculation and Collection Processes at Public Housing Communities	Significant Deficiency	Finding 3 - Incorrect Account Settlement in Elite	<b>Recommendation</b> Management should reemphasize to staff the importance of calculating prorated rent and verifying that they have been appropriately accounted for in the tenant ledger.	<i>Move Out SOP is being updated and training is scheduled for February 2021.</i>	2/28/2021	4/7/2023	<b><i>In Progress</i></b>	BP	Final review and approval scheduled for Wednesday, March 22. Training and rollout scheduled for the week of April 3.
FY 19-20	10/30/20	Audit of Rent Calculation and Collection Processes at Public Housing Communities	Significant Deficiency	Finding 4 - Inconsistent move-out procedures	<b>Recommendation</b> Written procedures should be established specifically for the move-out process that is separate from the eviction process. The procedures should address the processing time required to close-out tenant accounts, collections process, EIV module notification, as well as standardize usage of entering information into Elite for tenant ledgers, tenant notes, and entity alerts.	<i>The Move Out SOP is being updated and training is scheduled for February 2021.</i>	2/28/2021	4/7/2023	<b><i>In Progress</i></b>	BP	Final review and approval scheduled for Wednesday, March 22. Training and rollout scheduled for the week of April 3.
FY 19-20	10/30/20	Audit of Rent Calculation and Collection Processes at Public Housing Communities	Observation	Observation 1 - Electronic Documentation in Shared Google Drive.	<b>Recommendation</b> Tenant documents, to include forms and letters should be “backed up” or copied as a pdf to a shared Public Housing folder in the Opportunity Home Google shared drive. This prevents the need to obtain the physical file when it is not possible, and allows for any Opportunity Home staff person to access this document in the future if the creator of the document is no longer a Opportunity Home employee.	<i>Management is not currently expecting to move to a digital file system. Move Out SOP is being updated and training is scheduled for February 2021</i>	2/28/2021	4/7/2023	<b><i>In Progress</i></b>	BP	Final review and approval scheduled for Wednesday, March 22. Training and rollout scheduled for the week of April 3.

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 8/1/22

Audit Plan Year	Final Report Date	Audit Title	Finding Type	Finding Number and Title	Finding / Condition Description and Recommendation	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Resp. Officer's Initials	Comments
FY 19-20	12/18/20	Audit of Resident and Program Participant Termination Process in Federal Housing Programs	Significant Deficiency	Finding 1 - Outstanding debt owed to Opportunity Home	<b>Recommendation</b> Ensure every effort is made to recoup monies owed to Opportunity Home to include reporting any bad debt to Opportunity Home's third-party collection agency.	<i>Assisted Housing Programs has removed the policy to send bad debt to Opportunity Home's third-party collection agency effective July 1, 2020. The change was made due to the concern that the collection reporting would have on the client's credit history. An applicant will not be housed in the future, as all debts will show and they must make arrangements before continuing in the process. Management is currently reviewing current AHP policies / procedures on recoupment of monies for bad debts owed, including performing collections within Opportunity Home. The Public Housing Move Out SOP is being updated to include specific procedures and timeline for collections in order to provide reinforcement of collection policies and procedures for property managers to abide by in collecting debt. Staff training is scheduled for February 2021. Management has followed up with the appropriate property managers to send the monies to collections in PH, and with appropriate action (depending on whether for participant / owner) for AHP cases.</i>	2/28/2021	4/7/2023	<b>In Progress</b>	BP	Final review and approval scheduled for Wednesday, March 22. Training and rollout scheduled for the week of April 3.
FY 19-20	12/18/20	Audit of Resident and Program Participant Termination Process in Federal Housing Programs	Significant Deficiency	Finding 2 - Court fees not charged on Public Housing tenant ledgers	<b>Recommendation</b> Ensure all charges to include judgments and or evictions are documented and applied consistently to each file.	<i>Monthly Quality Control for eviction reports will be run for Property manager review. Move Out SOP is being updated to include move out reason definitions and training is scheduled for February 2021.</i>	2/28/2021	4/7/2023	<b>In Progress</b>	BP	Final review and approval scheduled for Wednesday, March 22. Training and rollout scheduled for the week of April 3.
FY 19-20	12/18/20	Audit of Resident and Program Participant Termination Process in Federal Housing Programs	Significant Deficiency	Finding 3 - Terminations not entered into Enterprise Income Verification (EIV)	<b>Recommendation</b> Ensure this process is part of the termination/move out checklist and create a standard operating procedure to ensure terminations are entered into the EIV DOTM.	<i>A reminder will be issued to AHP and PH staff responsible for entering information into EIV. The AHP Terminations SOP will be updated to include the EIV reporting process. PH Move Out SOP being updated will include the EIV reporting process. Will establish a procedure to ensure EIV/PIC Analyst sends out email to Property Managers when submissions are complete to remind properties to enter termination into EIV. Property Manager will QC information entered. Move Out SOP is being updated and training is scheduled for February 2021.</i>	2/28/2021	4/7/2023	<b>In Progress</b>	BP	Final review and approval scheduled for Wednesday, March 22. Training and rollout scheduled for the week of April 3.
FY 19-20	12/18/20	Audit of Resident and Program Participant Termination Process in Federal Housing Programs	Internal Control Deficiency	Finding 4 - Termination report discrepancy	<b>Recommendation</b> Ensure management confirms all information in Elite is entered properly and any system generated reports reflect accurate information	<i>Move Out SOP is being updated to include move out reason definitions and training is scheduled for February 2021. A reminder will be issued to staff on termination reasons and reporting.</i>	2/28/2021	4/7/2023	<b>In Progress</b>	BP	Final review and approval scheduled for Wednesday, March 22. Training and rollout scheduled for the week of April 3.
FY 19-20	12/18/20	Audit of Resident and Program Participant Termination Process in Federal Housing Programs	Internal Control Deficiency	Finding 5 - Delay in reviewing files for termination	<b>Recommendation</b> Ensure staff and management are aware of the importance of sending files through the termination process in a timely manner. Include a time frame to specify how long both staff and management have to review the file prior to sending the file for review of termination	<i>A reminder will be issued to staff and a report for expired vouchers will be established to notify staff of when to move forward with termination. Move Out SOP is being updated to include move out reason definitions and training is scheduled for February 2021. The Move Out SOP will include clarification on timelines for Public Housing.</i>	2/28/2021	4/7/2023	<b>In Progress</b>	BP	Final review and approval scheduled for Wednesday, March 22. Training and rollout scheduled for the week of April 3.
FY 19-20	12/18/20	Audit of Resident and Program Participant Termination Process in Federal Housing Programs	Internal Control Deficiency	Finding 6 - Notice to Vacate and/or Final Notice to Vacate (FNTV)	<b>Recommendation</b> Ensure procedures are reviewed and reinforced with staff to ensure all required documents are maintained in the program file.	<i>Move Out SOP is being updated and will include timelines for Notice to Vacates. File Order SOP will be updated to clarify the process for termination / evicted files.</i>	7/1/2021	4/7/2023	<b>In Progress</b>	BP	Final review and approval scheduled for Wednesday, March 22. Training and rollout scheduled for the week of April 3.



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FY 19-20	12/18/20	Audit of Resident and Program Participant Termination Process in Federal Housing Programs	Observation	Observation 1 - No abandonment policy	<b>Recommendation</b> Recommend adding steps to the PH Eviction SOP regarding when to use the abandonment policy vs court eviction proces	<i>Move Out SOP is being updated and will include Texas Property Law sections on handling Abandonment of units and related Opportunity Home Policy.</i>	2/28/2021	4/7/2023	<b>In Progress</b>	BP	Final review and approval scheduled for Wednesday, March 22. Training and rollout scheduled for the week of April 3.
FY 19-20	12/18/20	Audit of Resident and Program Participant Termination Process in Federal Housing Programs	Observation	Observation 2 - Inconsistent use of Public Housing termination end date	<b>Recommendation</b> Ensure an SOP is created to assist staff in clarifying which date to use for the end of participation depending on situations for termination.	<i>Move Out SOP is being updated and will include effective dates and timelines.</i>	2/28/2021	4/7/2023	<b>In Progress</b>	BP	Final review and approval scheduled for Wednesday, March 22. Training and rollout scheduled for the week of April 3.
<b><i>Fiscal Year 2020-2021</i></b>											
FY 20-21	4/9/21	Public Housing Midyear Modified Compliance Audit	Significant Deficiency	Finding 1- Incorrect security deposit charged and/or collected	<b>Recommendation</b> Management should reemphasize to staff that a security deposit must be collected in full, and applied to the ledger correctly.	<i>Revised reponse from Managment, "Monthly Quality Control for Security deposit collection Reports have been occurring since July 2020 for Property manager review. Move Out SOP is being updated and training is scheduled for June 2021."</i>	6/30/2021	4/7/2023	<b>In Progress</b>	BP	Final review and approval scheduled for Wednesday, March 22. Training and rollout scheduled for the week of April 3.