Housing Authority of the City of San Antonio

Financial Report and Compliance Report
June 30, 2022

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of the Housing Authority of the City of San Antonio (the "Authority") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Authority as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Plan were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated March 31, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.
Charlotte, North Carolina

CohnReznick LLP

Charlotte, North Carolina
March 31, 2023

This section of the Housing Authority of the City of San Antonio's (the Authority) annual financial report presents management's discussion and analysis (MD&A) of the Authority's financial performance during the fiscal year (FY) ended June 30, 2022, related to its business-type activities, as compared to the FY ended June 30, 2021. The business-type activities of the Authority include the following: Public Housing Programs, Section 8 Voucher Programs, Capital Fund Programs, Community Development Initiatives Programs, Beacon Communities and the San Antonio Housing Facility Corporation. The MD&A is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position and identify individual fund issues or concerns.

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

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

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

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

Highlights

- The Authority's total net position increased by $13.6 million, a 4.4% increase from the prior year.

- During FY 2022, the Authority increased its net capital assets by $34.8 million, attributable to land additions from two new ground lease transactions and a donated land parcel; capitalization of significant construction projects in both the Beacon and Public Housing portfolios; and the purchase of San Juan Square II, which added 144 units to the Beacon portfolio.

- The Authority was the recipient of 14 Merit Awards from the National Association of Housing and Redevelopment Officials (NAHRO), the nation's leading affordable housing trade association. Five of the Merit Awards were nominated for Awards of Excellence, the highest accolade for housing authorities demonstrating innovative solutions in affordable housing. In March 2022, NAHRO presented the Authority with two Awards of Excellence for Project Design at Artisan at Ruiz and East Meadows II:

Artisan at Ruiz
The Artisan at Ruiz is an entirely affordable 102-unit housing development, with a mix of two- and three-bedroom units targeted specifically at families living on the Westside of San Antonio, Texas. This community is designed as walkable, sustainable and inter-generational with improved connections to the surrounding neighborhood. A collaborative process with residents, community leaders, city partners, the Authority and other stakeholders was key to developing a plan to provide a highest quality of life and long-term sustainability.

East Meadows II
East Meadows II is the third phase of development for an overall master plan community known as Wheatley Courts. Wheatley was a 248-unit public housing development built in 1940. Over time, the cinder block-styles development negatively impacted the neighborhood as its structure and unit design became obsolete and deteriorated beyond repair. East Meadows II added 119 multi-family units, 23 of which are three-to-four bedroom townhomes. Thoughtful design consideration enhanced the streetscape and livability of the East Meadows community, but to further magnify the diversity of the streetscape, multiple color schemes were painstakingly chosen to create the sense of an extension of the neighborhood.

- The Authority's current ratio that measures liquidity was 3.26 at June 30, 2022. The ratio is an indicator of the Authority's strong capacity to meet its short-term financial obligations and demonstrates that it has over three dollars of current assets covering each dollar of total current liabilities.

- The Authority's debt-to-net position ratio was 0.45 at June 30, 2022, demonstrating the Authority's strong long-term solvency position. The ratio means the Authority has 45 cents of debt for every dollar of equity.

Overview of the Financial Statements

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

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

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

Basic Financial Statements
As provided for under accounting principles generally accepted in the United States of America, the Authority uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation and amortization, are recognized in the period in which they are incurred. All assets, liabilities, deferred outflows and deferred inflows associated with the operation of the Authority are included in the statement of net position. The Authority presents its activities as a single enterprise proprietary fund. The basic financial statements begin on page 16 of this report.

Opportunity Home San Antonio
The Authority operates the following programs:

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

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

- **Public Housing Program**—a HUD-funded program under which the Authority manages and maintains 6,070 public housing rental units for eligible low-income families, seniors and individuals with disabilities.

Pension Plan Trust Fund—Fiduciary Fund
The Housing Authority of the City of San Antonio Employees' Money Purchase Pension Plan and Trust, a component unit of the Authority, is accounted for as fiduciary activity in the fiduciary fund financial statements. The basic fiduciary fund financial statements begin on page 22 of this report.

Notes to Financial Statements
The notes to financial statements provide additional information that is essential to the full understanding of the data provided in the fund financial statements. The notes to financial statements begin on page 25 of this report.

Financial Analysis

General
Over time, net position may serve as a useful indicator of a government's financial position. At June 30, 2022, the Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $323,546,785. By far, the largest portion of net position is the Authority's investment in capital assets (e.g., land, buildings, furniture and equipment and construction in progress) less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services and housing to its clients. Consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Statements of Net Position Information

Presented below is the Authority's condensed statements of net position for FY 2022 compared to FY 2021. This information reflects the economic resources of the Authority, as well as its economic obligations at the end of the FYs shown. See notes to financial statements.

Condensed Statements of Net Position

	FY 2022	FY 2021	Increase (Decrease)	Percentage Change
Assets:				
Unrestricted current assets	$ 77,713,780	$ 76,161,947	$ 1,551,833	2.0%
Restricted current assets	34,197,754	39,274,129	(5,076,375)	(12.9%)
Net capital assets	341,797,627	307,032,587	34,765,040	11.3%
Other assets	67,703,740	67,258,504	445,236	0.7%
Total assets	521,412,901	489,727,167	31,685,734	6.5%
Deferred outflows of resources:				
Deferred charges on refunding	268,949	383,159	(114,210)	(29.8%)
Deferred swap outflows	55,761	1,893,930	(1,838,169)	(97.1%)
Total deferred outflows of resources	324,710	2,277,089	(1,952,379)	(85.7%)
Liabilities:				
Current liabilities	26,702,114	31,121,388	(4,419,274)	(14.2%)
Current liabilities payable from restricted assets	7,612,876	1,616,908	5,995,968	370.8%
Noncurrent liabilities	111,834,454	149,340,301	(37,505,847)	(25.1%)
Total liabilities	146,149,444	182,078,597	(35,929,153)	(19.7%)
Deferred inflows of resources:				
Leased assets	51,854,931	-	51,854,931	N/A
Deferred swap inflows	186,451	-	186,451	N/A
Total deferred inflows of resources	52,041,382	-	52,041,382	N/A
Net position:				
Net investment in capital assets	218,095,740	201,749,769	16,345,971	8.1%
Restricted net position	36,052,094	38,240,104	(2,188,010)	(5.7%)
Unrestricted net position	69,398,951	69,935,786	(536,835)	(0.8%)
Total net position	$ 323,546,785	$ 309,925,659	$ 13,621,126	4.4%

Assets

The Authority's total assets at June 30, 2022 and 2021, amounted to $521.4 million and $489.7 million, respectively, representing an increase of 6.5%. Unrestricted current assets increased by $1.6 million, or 2.0%, due primarily to a $1.1 million increase in HUD receivables. The $5.1 million, or 12.9%, decrease in restricted current assets resulted chiefly from a decrease in cash and cash equivalents–modernization and development. The most significant attributors to this decrease were Energy Performance Contract funds which decreased by $2.0 million due to loan draws; remaining Mirasol settlement funds of $1.5 million which were expended for Villa de Fortuna construction costs; and a $1.5 million decrease in Burning Tree loan proceeds used to fund capital improvements at the property. Net capital assets increased by $34.8 million, or 11.3%, due largely to an increase in buildings of $21.0 million which resulted from the acquisition of the San Juan Square II property and capitalization of various Beacon and Public Housing projects. Additionally, land increased by $10.1 million due to two new ground lease transactions entered into for the Palo Alto and Potranco Crossing developments and a land donation associated with the Bethel Place development. Construction in progress also increased by $24.8 million, of which $15.8 million was attributable to the 100 Labor development. Partially offsetting the overall increase in net capital assets was an increase in accumulated depreciation of $21.4 million. Other assets increased by $0.4 million, or 0.7%, due primarily to GASB 87 recognition of leases receivable of $2.8 million, offset by intercompany elimination of the San Juan II HOME Loan since the property was acquired.

Liabilities

Total liabilities of the Authority were $146.1 million and $182.1 million at June 30, 2022 and 2021, respectively, a decrease of 19.7%. Current liabilities decreased by $4.4 million, or 14.2%, mainly due to a $3.8 million decrease in accounts payable. Additionally, the current portion of unearned ground leases of $0.6 million was reclassed to deferred inflows of resources as result of GASB 87 implementation. Current liabilities payable from restricted assets increased by $6.0 million, or 370.8%, attributable to the long-term debt for Woodhill Public Facility Corporation (PFC) being reclassified to current debt because the entire debt is scheduled to mature within 12 months. Noncurrent liabilities decreased by $37.5 million, or 25.1%, due primarily to the reclass of the noncurrent portion of unearned ground leases totaling $44.3 million to deferred inflows of resources. Partially offsetting the overall decrease was a net increase of $7.3 million in long-term debt resulting from 100 Labor Street construction loan draws of $14.8 million and the Costa Valencia acquisition which added $3.5 million in long-term debt. These increases were partially offset by scheduled principal payments of $4.9 million and the $6.1 million reclass of Woodhill PFC long-term debt to current debt.

Net Position

The Authority's net position totaled $323.5 million at June 30, 2022, and is comprised of net investment in capital assets of $218.1 million; restricted net position of $36.0 million and unrestricted net position of $69.4 million. Total net position increased by $13.6 million, or 4.4%, as a result of operations for the FY. The balance in unrestricted net position represents resources available to meet the Authority's ongoing obligations to tenants, citizens and creditors.

Statements of Revenues, Expenses and Changes in Net Position Information

Presented on the following page is the statements of revenues, expenses and changes in net position information for FY 2022 compared to FY 2021. The information reflects the results of operations for the Authority and displays the sources of revenue, the nature of expenses for the year and the resulting change in net position. All revenues and expenses are accounted for on an accrual basis. See notes to financial statements.

Statements of Revenues, Expenses and Changes in Net Position

	FY 2022	FY 2021	Increase (Decrease)	Percentage Change
Operating revenues:				
Tenant	$ 37,570,220	$ 35,453,458	$ 2,116,762	6.0%
HUD operating subsidy and grant revenue	143,926,693	158,070,507	(14,143,814)	(8.9%)
Other revenue	17,842,312	8,257,946	9,584,366	116.1%
Total operating revenues	199,339,225	201,781,911	(2,442,686)	(1.2%)
Operating expenses:				
Administrative	36,188,403	32,868,528	3,319,875	10.1%
Tenant services	1,979,018	4,215,119	(2,236,101)	(53.0%)
Utilities	9,392,137	8,347,068	1,045,069	12.5%
Ordinary maintenance and operations	34,787,542	28,229,345	6,558,197	23.2%
Protective services	1,402,659	1,366,130	36,529	2.7%
Insurance	3,604,657	3,132,985	471,672	15.1%
Bad debts	(229,254)	(18,418)	(210,836)	1144.7%
Other	2,351,149	2,760,359	(409,210)	(14.8%)
Housing assistance payments	90,892,973	100,494,411	(9,601,438)	(9.6%)
Depreciation	15,649,837	12,869,852	2,779,985	21.6%
Total operating expenses	196,019,121	194,265,379	1,753,742	0.9%
Operating income (loss)	3,320,104	7,516,532	(4,196,428)	(55.8%)
Nonoperating revenues (expenses):				
Investment income	32,061	36,130	(4,069)	(11.3%)
Interest income—leases	92,051	-	92,051	N/A
Mortgage interest income	1,187,682	1,168,292	19,390	1.7%
Recovery of Section 8 funds	2,644	11,008	(8,364)	(76.0%)
Interest expense	(5,168,791)	(4,397,095)	(771,696)	17.6%
Gain (loss) on disposition/retirement of capital assets	(301,026)	1,866,130	(2,167,156)	(116.1%)
Purchase of limited partnership interests	(900,000)	(300,000)	(600,000)	200.0%
Donations—land	3,800,000	-	3,800,000	N/A
Insurance recoveries, net	1,200,056	1,877,068	(677,012)	(36.1%)
Gain (loss) on investments	-	1,915	(1,915)	(100.0%)
Refinancing and closing costs	(134,647)	(1,103,892)	969,245	(87.8%)
Trustee and swap advisor fees	(26,040)	(18,693)	(7,347)	39.3%
Total nonoperating revenues (expenses)	(216,010)	(859,137)	643,127	(74.9%)
Increase (decrease) in net position before capital contributions	3,104,094	6,657,395	(3,553,301)	(53.4%)
Capital contributions	6,907,457	7,556,449	(648,992)	(8.59%)
Equity transfers	(84,363)	(3,367,327)	3,282,964	(97.5%)
Change in net position	9,927,188	10,846,517	(919,329)	(8.5%)
Net position at beginning of year	309,925,659	299,732,001	10,193,658	3.4%
Change in reporting entity	3,693,938	(652,859)	4,346,797	665.8%
Net position at end of year	$ 323,546,785	$ 309,925,659	$ 13,621,126	4.4%

Operating Revenues and Expenses

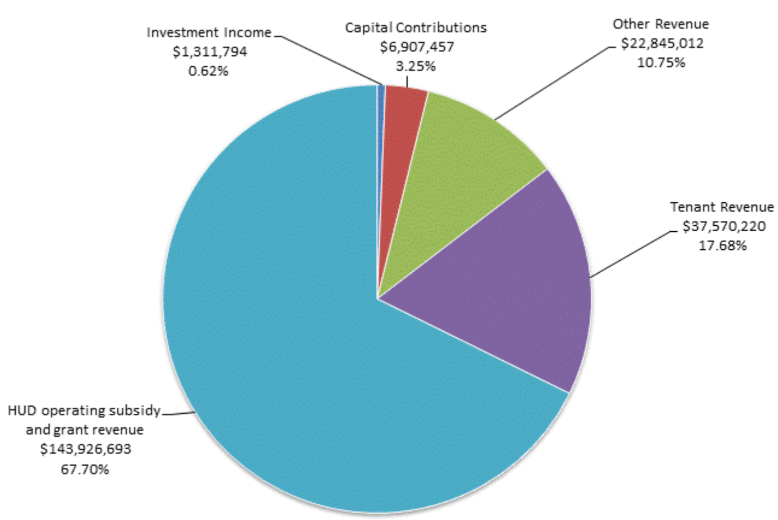
Operating revenues decreased by $2.4 million, or 1.2%, over the previous year and operating expenses increased by $1.8 million, or 0.9%. HUD operating subsidy and grant revenue was $14.1 million, or 8.9%, lower compared to FY 2021 primarily due to a decrease in Section 8 Housing Assistance Payments ("HAP") revenue. Section 8 HAP was $95.7 million in FY 2022 versus $107.8 million in FY 2021. This decrease was caused by a reduction in leasing and also resulted in Section 8 HAP expense declining from $100.5 million in FY 2021 to $90.9 million in FY 2022. The primary source of revenue, other than HUD funding, is tenant revenue, which increased by $2.1 million, or 6.0%, over the prior year. The increase resulted primarily from the Costa Valencia acquisition executed during the last month of the previous year, which added 230 units to the Beacon Communities portfolio. The $9.6 million, or 116.1%, increase in other revenue was chiefly due to the Las Varas Public Facility Corporation's receipt of cash flow and capital event distributions from the Costa Almadena, ARDC San Marcos, and Primrose SA IV Housing limited partnerships. The most significant increase in operating expenses was ordinary maintenance and operations expense which increased $6.6 million, or 23.2%, due to amplified efforts to address a backlog of maintenance and repairs, some of which had been deferred during the COVID-19 pandemic. Administrative expenses increased by $3.3 million, or 10.1%, largely due to an increase in administrative staff salaries. Depreciation expense, which does not require cash expenditures, but impacts the total operating expenses, totaled $15.6 million.

Nonoperating Revenues, Expenses and Changes in Net Position

The change in net position from FY 2021 to FY 2022 was an increase of $9.9 million compared to an increase of $10.8 million from FY 2020 to FY 2021. Capital contributions, which decreased by $0.6 million compared to the previous year, was comprised of HUD capital grants totaling $6.9 million. During FY 2022, the Authority recognized a land donation of $3.8 million related to the Bethel Place limited partnership. Partially offsetting the overall increase in net position was interest expense, which increased by $0.8 million as a result of assumed debt on various properties acquired in FY 2021 and 2022.

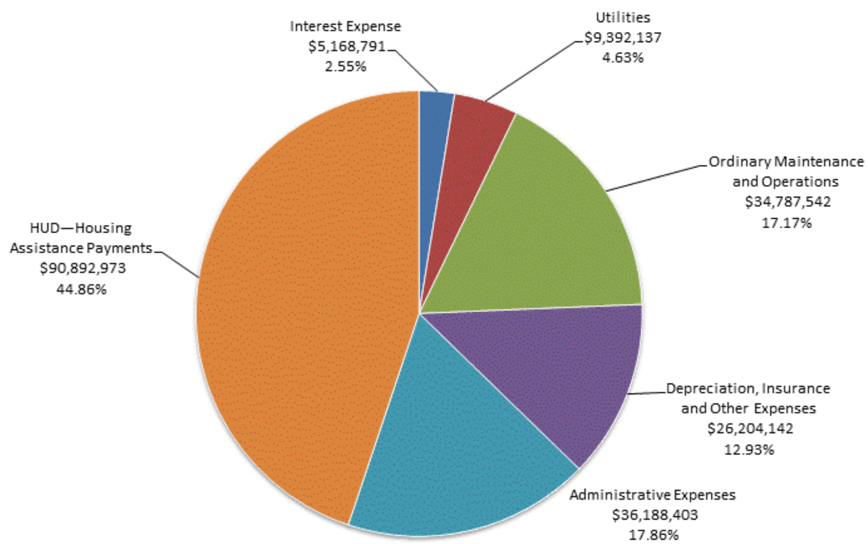
Revenue by Source—Business-Type Activities

Total Revenue—$212,561,176



Expenses by Use—Business-Type Activities

Total Expenses—$202,633,988



Capital Assets and Debt Administration

Net Capital Assets

At the end of FY 2022, the Authority had invested $341,797,627 in a broad range of capital assets, including land, buildings, furniture, equipment, vehicles and construction in progress. The schedule below reflects the changes in capital assets, net of depreciation, during FY 2022:

Schedule of Changes in Capital Assets—FY 2022

Beginning net capital assets	$ 307,032,587
Additions and transfers in/out	54,297,907
Deletions, net	(3,883,030)
Depreciation	(15,649,837)
Ending net capital assets	$ 341,797,627

Net capital assets increased by $34.8 million in FY 2022 when compared to FY 2021. Additions and transfers totaled $54.3 million, while deletions totaled $3.9 million. Total depreciation expense for FY 2022 was $15.6 million. The majority of the additions were attributable to buildings, land, and construction in progress. Additional information on the Authority's capital assets can be found in Note 7 of the notes to financial statements.

Long-Term Debt
At the end of FY 2022, the Authority had total long-term debt of $124.9 million. Of this amount, $40.5 million represents bonds that were issued to purchase or rehabilitate properties owned by component units of the Authority. The Authority's debt increased by $13.7 million when compared to FY 2021.

Additional information on the Authority's long-term debt can be found in Note 9 of the notes to financial statements.

Economic Factors and Next Year's Budget

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

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

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

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

The operating budgets for the Authority's 2022-2023 FY were approved by the Board of Commissioners on June 1, 2022, and became effective July 1, 2022. The Authority's budget is balanced, with estimated revenues of $220.6 million, with these funds being used primarily for Section 8 payments to landlords, public housing operations, salaries and benefits, upgrades, repairs and maintenance of the Authority's housing communities, as well as other operating costs.

The Authority's goal remains to continue to provide housing to over 57,000 children, adults, and senior citizens served through its three core housing programs: Section 8, Public Housing, and Beacon Communities. In FY 2023, the Authority looks forward to developing additional high-quality affordable housing units; significantly enhancing property management and housing operations; expanding educational, job training and health services to residents and implementing additional efficiencies across the Authority.

Requests for Information

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

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

Basic Financial Statements

Housing Authority of the City of San Antonio

Statement of Net Position
June 30, 2022

Assets and Deferred Outflows of Resources

Assets:	
Current assets:	
Unrestricted assets:	
Cash and cash equivalents:	
Unrestricted	$ 60,395,250
Tenant security deposits	275,829
Accounts receivable–HUD	3,110,452
Accounts receivable–miscellaneous	3,123,846
Accounts receivable–tenants	6,776,081
Allowance for doubtful accounts—tenants	(4,832,597)
Notes and mortgages receivable	758,414
Accrued interest receivable	462
Leases receivable	195,112
Assets held for sale	258,005
Prepaid expenses and other assets	7,652,926
Total unrestricted assets	77,713,780
Restricted assets:	
Cash and cash equivalents—modernization and development	16,374,695
Cash and cash equivalents—payment of current liabilities	1,676,046
Cash and cash equivalents—held by lender and trustee	9,414,571
Cash and cash equivalents—other	6,732,442
Total restricted assets	34,197,754
Total current assets	111,911,534
Noncurrent assets:	
Capital assets:	
Land	104,807,481
Buildings and improvements	578,563,076
Furniture and equipment—dwellings	2,658,028
Furniture and equipment—administration	5,279,262
Leasehold improvements	1,649,904
Construction in progress	76,491,979
	769,449,730
Less accumulated depreciation	(427,652,103)
Net capital assets	341,797,627
Other noncurrent assets:	
Notes and mortgages receivable	44,208,801
Accrued interest receivable	12,471,908
Leases receivable	2,828,153
Other assets and developer fees receivable	2,088,116
Allowance for doubtful accounts—developer fees	(959,701)
Noncurrent receivable—insurance holdback	154,578
Interest rate swap assets	186,451
Equity in partnership investments	6,725,434
Total noncurrent assets	67,703,740
Total assets	521,412,901
Deferred outflows of resources:	
Deferred charges on refunding	268,949
Deferred swap outflows	55,761
Total deferred outflows of resources	324,710

Housing Authority of the City of San Antonio

Statement of Net Position
June 30, 2022

Liabilities, Deferred Inflows of Resources, and Net Position

Liabilities:	
Current liabilities:	
Unrestricted current liabilities:	
Accounts payable	$ 6,619,893
Construction payable	2,353,509
Accrued wages and payroll taxes	1,904,618
Accrued compensated absences	199,835
Accrued contingencies	566,054
Accounts payable—HUD PHA projects	493
Tenant security deposits	1,933,687
Unearned revenue—tenants	1,345,542
Unearned revenue—other	1,683,922
Current portion of long-term debt	9,284,114
Other current liabilities	532,355
Accrued interest payable	144,409
Accrued liabilities	133,683
Total unrestricted current liabilities	26,702,114
Current liabilities payable from restricted assets:	
Long-term debt—current portion	7,062,701
Accrued interest payable	117,911
Family Self-Sufficiency (FSS) escrow	432,264
Total current liabilities payable from restricted assets	7,612,876
Total current liabilities	34,314,990
Noncurrent liabilities:	
Long-term debt	108,596,494
FSS escrow payable	1,281,113
Accrued compensated absences	1,901,086
Interest rate swap liabilities	55,761
Total noncurrent liabilities	111,834,454
Total liabilities	146,149,444
Deferred inflows of resources:	
Leased assets	51,854,931
Deferred swap inflows	186,451
Total deferred inflows of resources	52,041,382
Net position:	
Net investment in capital assets	218,095,740
Restricted net position	36,052,094
Unrestricted net position	69,398,951
Total net position	$ 323,546,785

See notes to financial statements.

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Housing Authority of the City of San Antonio

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022

Operating revenues:	
Net tenant rental revenue	$ 36,264,147
Tenant revenue—other	1,306,073
HUD operating subsidy and grant revenue	142,498,523
Other government grants	1,428,170
Other revenue	17,842,312
Total operating revenues	199,339,225
Operating expenses:	
Administrative	36,188,403
Tenant services	1,979,018
Utilities	9,392,137
Ordinary maintenance and operations	34,787,542
Protective services	1,402,659
Insurance	3,604,657
Bad debts (recovery)	(229,254)
Other	2,351,149
Housing assistance payments	90,892,973
Depreciation	15,649,837
Total operating expenses	196,019,121
Operating income	3,320,104
Nonoperating revenues (expenses):	
Investment income—unrestricted	17,663
Investment income—restricted	14,398
Interest income—leases	92,051
Mortgage interest income	1,187,682
Recovery of Section 8 funds	2,644
Interest expense	(5,168,791)
Loss on disposition/retirement of capital assets	(301,026)
Purchase of limited partnership interests	(900,000)
Donations—land	3,800,000
Insurance recoveries, net	1,200,056
Refinancing and closing costs	(134,647)
Trustee and swap advisor fees	(26,040)
Total nonoperating revenues (expenses)	(216,010)
Increase in net position before capital contributions	3,104,094
Capital contributions	6,907,457
Equity transfers	(84,363)
Change in net position	9,927,188
Net position at beginning of year	309,925,659
Change in reporting entity	3,693,938
Net position at end of year	$ 323,546,785

See notes to financial statements.

Housing Authority of the City of San Antonio

Statement of Cash Flows
Year Ended June 30, 2022

Cash flows from operating activities:	
Dwelling rent receipts	$ 36,743,807
Operating subsidy and grant receipts	142,988,162
Other income receipts	16,458,681
Cash received from developers	2,442,223
Total receipts	198,632,873
Payments to suppliers for goods and services	(55,679,721)
Payments to employees	(36,891,842)
Housing assistance payments	(90,892,973)
Total disbursements	(183,464,536)
Net cash provided by operating activities	15,168,337
Cash flows from noncapital financing activities:	
Recovery of Section 8 funds	2,644
Net cash provided by noncapital financing activities	2,644
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(41,297,115)
Refinancing and closing costs	(134,647)
Trustee and swap advisor fees	(26,040)
Proceeds from insurance on capital assets	2,148,472
Proceeds from capital grants	6,907,457
Proceeds from collection of leases receivable	63,857
Receipt of prepaid ground leases	6,346,357
Net proceeds from acquisition of debt	15,576,877
Principal payments on mortgage and notes payable	(4,892,408)
Interest paid on long-term debt and line of credit	(4,997,536)
Homeownership and FSS escrow	(154,628)
Equity transfers	(84,366)
Proceeds from sale of capital assets	2,069,028
Net cash used in capital and related financing activities	(18,474,692)
Cash flows from investing activities:	
Collections on notes receivable	326,701
Issuance of notes receivable	(1,341,183)
Investment income received	32,284
Purchase of limited partnership interests	(900,000)
Proceeds from acquisition of limited partnership interests	462,038
Interest on notes and mortgages receivable	7,915
Net contributions to joint ventures	(125,962)
Net cash used in investing activities	(1,538,207)
Net decrease in cash and cash equivalents	(4,841,918)
Cash and cash equivalents at beginning of year	99,710,751
Cash and cash equivalents at end of year	$ 94,868,833
Supplementary schedule of non-cash investing, capital and financing transactions:	
Net change in payable for the acquisition of capital assets	$ (684,682)
Unpaid interest capitalized into long-term debt	$ 4,579
Assumed debt in exchange for acquisition of capital assets	$ 5,609,047
Capital assets acquired in exchange for assumption of debt	$ 8,678,900

(Continued)

Housing Authority of the City of San Antonio

Statement of Cash Flows
Year Ended June 30, 2022

Reconciliation to statement of net position:	
Unrestricted cash and cash equivalents	$ 60,395,250
Tenant security deposits	275,829
Restricted cash and cash equivalents—modernization and development	16,374,695
Restricted cash and cash equivalents—payment of current liabilities	1,676,046
Restricted cash and cash equivalents—held by lender and trustee	9,414,571
Restricted cash and cash equivalents—other	6,732,442
	$ 94,868,833
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 3,320,104
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	15,649,837
Lease revenue/amortization of deferred inflows of resources—leased assets	(1,063,195)
Expensed debt issuance costs	75,540
Ground lease expense	67,000
Bad debt expense	319,281
Post-acquisition expenses	19,987
Net changes in assets and liabilities:	
Tenants receivable, net	(204,833)
HUD receivable	(1,108,946)
Miscellaneous receivables	(69,444)
Other assets and developer fees receivable	1,321,674
Allowance for doubtful accounts—other	(545,991)
Prepaid expenses and other assets	274,622
Accounts payable	(3,119,903)
Accrued wages and payroll taxes	48,408
Accrued compensated absences	126,083
Accrued contingencies	279,781
Tenant security deposits	23,754
Unearned revenue—tenants	273,005
Unearned revenue—other	210,771
Other current liabilities	(540,454)
Accrued liabilities	(188,744)
Net cash provided by operating activities	$ 15,168,337

See notes to financial statements.

Housing Authority of the City of San Antonio

Statement of Plan Net Position—Fiduciary Fund
December 31, 2021

Assets:	
Cash and cash equivalents	$ 38,190
Investments:	
Mutual funds—equity	41,149,224
Mutual funds—fixed income	18,416,211
Total investments	59,565,435
Receivables:	
Employee contributions	37,618
Employer contributions	56,144
Total receivables	93,762
Total assets	59,697,387
Liabilities:	
Accrued investment manager expenses	70,823
Total liabilities	70,823
Net position restricted for pension	$ 59,626,564

See notes to financial statements.

Housing Authority of the City of San Antonio

Statement of Changes in Plan Net Position—Fiduciary Fund
Year Ended December 31, 2021

Additions:		
Contributions:		
Employee	$	991,602
Employer		1,909,979
Total contributions		2,901,581
Investment income (expenses):		
Interest and dividends		267,774
Net appreciation in fair value of investments		7,477,186
Net investment income		7,744,960
Total additions		10,646,541
Deductions:		
Benefits paid to participants		(5,384,143)
Administrative expenses		(254,572)
Total deductions		(5,638,715)
Net increase in fiduciary net position		5,007,826
Net position restricted for pension at beginning of year		54,618,738
Net position restricted for pension at end of year	$	59,626,564

See notes to financial statements.

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Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Net Position (Deficit)
June 30, 2022

	San Antonio Housing Facility Corporation	San Antonio Housing Development Corporation	San Antonio Housing Finance Corporation	San Antonio Homeownership Opportunities Corporation	Las Varas PFC
Assets:					
Current assets	$ 12,231,832	$ 1,516,185	$ 387,067	$ 108,759	$ 12,533,799
Restricted current assets	12,379,474	1,237,668	-	-	-
Net capital assets	124,605,835	29,533,488	236,789	12,509	16,777,912
Other assets	40,600,732	6,952,109	-	119,248	1,534,560
Total assets	189,817,873	39,239,450	623,856	240,516	30,846,271
Deferred outflows of resources:					
Deferred charges on refunding	-	-	-	-	-
Deferred swap outflow	55,761	-	-	-	-
Total deferred outflows of resources	55,761	-	-	-	-
Liabilities:					
Unrestricted current liabilities	15,147,210	3,374,587	123	5,461	28,316
Liabilities payable from restricted assets	194,728	174,982	-	-	-
Long-term debt	67,193,600	32,569,510	-	-	1,466,667
Other long-term liabilities	55,761	-	-	-	-
Total liabilities	82,591,299	36,119,079	123	5,461	1,494,983
Deferred inflows of resources:					
Leased assets	51,487,067	-	-	-	-
Deferred swap inflow	136,651	-	-	-	-
Total deferred inflows of resources	51,623,718	-	-	-	-
Net position (deficit):					
Net investment (deficit) in capital assets	73,703,548	290,606	236,789	12,509	16,777,913
Restricted	8,475,949	1,237,668	-	-	-
Unrestricted (deficit)	(26,520,880)	1,592,097	386,944	222,546	12,573,375
Total net position (deficit)	$ 55,658,617	$ 3,120,371	$ 623,733	$ 235,055	$ 29,351,288

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Net Position (Deficit)
June 30, 2022

	Springhill/ Courtland Heights PFC	Woodhill PFC	Refugio Street PFC	Sendero I PFC	Vera Cruz Redevelopment Partnership, Ltd.
Assets:					
Current assets	$ 2,429,120	$ 4,728,581	$ 44,501	$ 2,506,274	$ 114,494
Restricted current assets	1,023,941	217,033	1,030,637	132,426	-
Net capital assets	6,622,680	13,411,272	-	6,298,643	588,321
Other assets	49,800	-	9,748,842	-	-
Total assets	10,125,541	18,356,886	10,823,980	8,937,343	702,815
Deferred outflows of resources:					
Deferred charges on refunding	-	5,652	-	110,848	-
Deferred swap outflow	-	-	-	-	-
Total deferred outflows of resources	-	5,652	-	110,848	-
Liabilities:					
Unrestricted current liabilities	871,798	758,412	-	208,226	28,309
Liabilities payable from restricted assets	-	6,375,392	-	354,358	-
Long-term debt	4,864,407	-	-	7,438,734	983,590
Other long-term liabilities	-	-	-	-	-
Total liabilities	5,736,205	7,133,804	-	8,001,318	1,011,899
Deferred inflows of resources:					
Leased assets	-	-	-	-	-
Deferred swap inflow	49,800	-	-	-	-
Total deferred inflows of resources	49,800	-	-	-	-
Net position (deficit):					
Net investment (deficit) in capital assets	1,568,296	7,041,532	-	(1,355,743)	125,869
Restricted	1,023,941	198,969	1,030,637	104,568	-
Unrestricted (deficit)	1,747,299	3,988,233	9,793,343	2,298,048	(434,953)
Total net position (deficit)	$ 4,339,536	$ 11,228,734	$ 10,823,980	$ 1,046,873	$ (309,084)

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Net Position (Deficit)
June 30, 2022

	Homestead Redevelopment Partnership, Ltd.	Converse Ranch, LLC	Converse Ranch II, LLC	Sunshine Plaza Apartments, Inc.	Pecan Hill Apartments, Inc.	Education Investment Foundation, Inc.
Assets:						
Current assets	$ 267,821	$ 975,260	$ 37,099	$ 2,223,282	$ 749,329	$ 2,644
Restricted current assets	-	506,952	243,549	30,039	-	30,036
Net capital assets	301,958	5,861,619	5,485,475	3,132,167	1,985,175	-
Other assets	-	-	-	-	19,995	-
Total assets	569,779	7,343,831	5,766,123	5,385,488	2,754,499	32,680
Deferred outflows of resources:						
Deferred charges on refunding	-	152,449	-	-	-	-
Deferred swap outflow	-	-	93,296	-	-	-
Total deferred outflows of resources	-	152,449	93,296	-	-	-
Liabilities:						
Unrestricted current liabilities	297,435	237,895	309,639	373,281	73,140	23,769
Liabilities payable from restricted assets	-	-	185,826	2,416,317	-	-
Long-term debt	3,896,601	6,305,392	4,210,369	-	-	-
Other long-term liabilities	-	-	-	-	-	-
Total liabilities	4,194,036	6,543,287	4,705,834	2,789,598	73,140	23,769
Deferred inflows of resources:						
Deferred swap inflow	-	-	93,296	-	-	-
Total deferred inflows of resources	-	-	93,296	-	-	-
Net position (deficit):						
Net investment (deficit) in capital assets	212,843	(420,073)	1,089,280	640,815	1,985,175	-
Restricted	-	506,952	234,647	30,039	-	30,036
Unrestricted (deficit)	(3,837,100)	866,114	(263,638)	1,925,036	696,184	(21,125)
Total net position (deficit)	$ (3,624,257)	$ 952,993	$ 1,060,289	$ 2,595,890	$ 2,681,359	$ 8,911

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position (Deficit)
Year Ended June 30, 2022

	San Antonio Housing Facility Corporation	San Antonio Housing Development Corporation	San Antonio Housing Finance Corporation	San Antonio Homeownership Opportunities Corporation	Las Varas PFC
Operating revenues (expenses):					
Net tenant rental revenue	$ 11,590,346	$ 5,569,722	$ -	$ -	$ -
Tenant revenue—other	425,095	204,639	-	-	-
HUD operating grants and housing assistance payments	-	-	-	-	-
Other government grants	234,125	30,679	-	-	-
Other revenue	3,909,987	328,188	82,500	66,674	13,684,307
Operating expenses	(11,697,589)	(7,781,022)	(35,960)	(87,753)	(204,607)
Depreciation expense	(1,383,345)	(2,963,015)	-	-	-
Total operating revenues (expenses)	3,078,619	(4,610,809)	46,540	(21,079)	13,479,700
Nonoperating revenues (expenses):					
Investment income	10,595	289	26	8	2,045
Interest income–leases	54,556	-	-	-	-
Mortgage interest income	453,455	368,779	32	7,683	-
Interest expense	(3,221,549)	(1,673,238)	-	-	-
Financing and trustee fees	(140,477)	(23,710)	-	-	-
Other	505	(897,051)	-	(633)	3,819,034
Total nonoperating revenues (expenses)	(2,842,915)	(2,224,931)	58	7,058	3,821,079
Transfers in (out)	1,327,714	3,031,673	-	-	(1,701,000)
Change in net position	1,563,418	(3,804,067)	46,598	(14,021)	15,599,779
Net position (deficit) at beginning of year	54,095,199	3,230,500	577,135	249,076	13,751,509
Change in reporting entity	-	3,693,938	-	-	-
Net position (deficit) at end of year	$ 55,658,617	$ 3,120,371	$ 623,733	$ 235,055	$ 29,351,288

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position (Deficit)
Year Ended June 30, 2022

	Springhill/ Courtland Heights PFC	Woodhill PFC	Refugio Street PFC	Sendero I PFC	Vera Cruz Redevelopment Partnership, Ltd.
Operating revenues (expenses):					
Net tenant rental revenue	$ 2,317,161	$ 3,509,670	$ -	$ 2,059,805	$ 172,423
Tenant revenue—other	54,851	258,091	-	141,311	3,157
HUD operating grants and housing assistance payments	1,061,588	-	-	-	-
Other government grants	-	-	-	-	-
Other revenue	11,210	6,050	-	26,204	3,897
Operating expenses	(2,899,229)	(3,103,105)	(3,154)	(1,337,100)	(215,304)
Depreciation expense	(374,307)	(1,004,839)	-	(287,589)	(45,675)
Total operating revenues (expenses)	171,274	(334,133)	(3,154)	602,631	(81,502)
Nonoperating revenues (expenses):					
Investment income	196	2,169	106	1,255	12
Mortgage interest income	-	-	450,349	-	-
Interest expense	(201,978)	(258,685)	-	(419,176)	(9,818)
Financing and trustee fees	-	(6,000)	-	(5,500)	-
Other	615,703	-	-	-	-
Total nonoperating revenues (expenses)	413,921	(262,516)	450,455	(423,421)	(9,806)
Transfers in (out)	-	(31,512)	-	(239,049)	-
Change in net position	585,195	(628,161)	447,301	(59,839)	(91,308)
Net position (deficit) at beginning of year	3,754,341	11,856,895	10,376,679	1,106,712	(217,776)
Change in reporting entity	-	-	-	-	-
Net position (deficit) at end of year	$ 4,339,536	$ 11,228,734	$ 10,823,980	$ 1,046,873	$ (309,084)

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position (Deficit)
Year Ended June 30, 2022

	Homestead Redevelopment Partnership, Ltd.	Converse Ranch, LLC	Converse Ranch II, LLC	Sunshine Plaza Apartments, Inc.	Pecan Hill Apartments, Inc.	Education Investment Foundation, Inc.
Operating revenues (expenses):						
Net tenant rental revenue	$ 1,044,412	$ 923,834	$ 901,949	$ 287,193	$ 318,945	$ -
Tenant revenue—other	157,093	13,918	7,973	(282)	46,987	-
HUD operating grants and housing assistance payments	-	-	-	555,600	644,720	-
Other government grants	-	-	37,433	-	-	-
Other revenue	615	88,046	1,985	-	-	23,731
Operating expenses	(1,428,385)	(788,098)	(637,774)	(542,087)	(685,724)	(58,387)
Depreciation expense	(135,996)	(222,923)	(204,140)	(77,462)	(121,089)	(2,140)
Total operating revenues (expenses)	(362,261)	14,777	107,426	222,962	203,839	(36,796)
Nonoperating revenues (expenses):						
Investment income	36	222	214	970	78	5
Mortgage interest income	-	-	-	-	-	-
Interest expense	(246,776)	(193,764)	(110,361)	(73,657)	-	-
Financing and trustee fees	-	-	-	-	-	-
Other	400	-	-	-	-	-
Total nonoperating revenues (expenses)	(246,340)	(193,542)	(110,147)	(72,687)	78	5
Transfers in (out)	-	-	(1,837)	-	-	(1,343)
Change in net position	(608,601)	(178,765)	(4,558)	150,275	203,917	(38,134)
Net position (deficit) at beginning of year	(3,015,656)	1,131,758	1,064,847	2,445,615	2,477,442	47,045
Change in reporting entity	-	-	-	-	-	-
Net position (deficit) at end of year	$ (3,624,257)	$ 952,993	$ 1,060,289	$ 2,595,890	$ 2,681,359	$ 8,911

Note 1. Summary of Significant Accounting Policies (Continued)

Fiduciary Component Units

Housing Authority of the City of San Antonio Employees' Money Purchase Pension Plan and Trust (the Plan)

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

The Plan is included as a component unit since the primary government has fiduciary responsibility for the Plan and the Plan serves only the Authority's employees or retirees. The Plan's fiscal year-end is December 31, 2021.

Separately Issued Financial Statements

Separate financial statements have been issued for the following component units:

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

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

Limited Partnerships—Joint Ventures

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

San Juan Square, Ltd.

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

Primrose SA IV Housing, LP

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Various component units of the Authority serve as general partner for 20 other limited partnerships that are listed in the schedule to Note 5. For those partnerships, the general partner was not required to make a capital contribution at inception.

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

Public Housing
The Authority manages and maintains 6,070 public housing rental units for eligible low-income families, seniors and people with disabilities. The rental units are located in 38 developments for families, 37 developments for seniors and disabled persons and a number of scattered site single-family homes throughout the City of San Antonio.

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

B. Basic Financial Statements—Fund Financial Statements

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

On July 1, 2021, the Authority adopted GASB Statement No. 87, Leases ("GASB 87"). GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

As a result of the adoption of GASB 87, on July 1, 2021, initial leases receivable in the amount of $2,029,566 and deferred inflows of resources of $2,029,566 were recognized. Additionally, two new leases were executed in 2022 which resulted in an increase to leases receivable totaling $965,503 and deferred inflows of resources of $965,503. For additional information, see Note 4 to the financial statements.

GASB 87 adoption also resulted in the reclassification of numerous prepaid ground leases which had been previously recognized as unearned revenue. Unearned revenue associated with prepaid ground leases totaling $49,776,554 was reclassified to deferred inflows of resources. The Authority will continue to amortize these prepayments over the remaining periods of the lease terms on a straight-line basis.

D. Deposits and Investments

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

Plan Investments

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

Purchases and sales of investments in the Plan are recorded on a trade-date basis and, accordingly, the related receivable and payable for any unsettled trades are recorded. At December 31, 2021, there were no unsettled trades.

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

E. Interprogram Receivables and Payables

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

F. Accounts Receivable

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

G. Notes and Mortgages Receivable

The majority of notes and mortgages receivable are due from tax credit partnerships in which the Authority serves as the general partner. The Authority evaluates the collectibility of the notes and mortgages receivable by reading the various tax credit partnerships' financial statements and determining projections for future cash flows. It has been the Authority's experience that once the tax credits expire, the limited partners will withdraw from the partnership and the Authority will become the sole owner. If a note payable remains outstanding at the time a partnership becomes wholly owned by the Authority, the amounts are still paid from the partnership to the Authority until they are fully paid. The Authority also has the ability to modify the terms of the notes once the Authority becomes the sole owner of the entire partnership. Thus, all amounts due under notes and mortgages receivable are considered collectible, and no allowance was recorded at June 30, 2022. A schedule of notes and mortgages receivable is provided in Note 3 to the financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

H. Other Assets and Developer Fees Receivable

The Authority has several developer fees receivable from various tax credit partnerships. The developer fees generally include repayment terms based on excess cash flows from the developed property, which makes estimates of any potential allowance for uncollectible amounts difficult. The Authority evaluates the collectibility of these receivables on an annual basis using several methods, which include reading the developments' financial statements and projecting estimated cash flows to future periods, among others. As part of this process, the Authority compares the previous-year projections to the current-year collections in order to assure the allowance for uncollectible amounts is reasonable and reflects the latest cash flow trends. For additional information, see Note 5 to the financial statements.

I. Restricted Assets

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

J. Capital Assets

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

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

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

K. Compensated Absences

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

As of June 30, 2022, the current portion of accrued compensated absences was comprised of PTO totaling $199,835 and the long-term portion of accrued compensated absences was comprised of PTO totaling $1,901,086.

Note 1. Summary of Significant Accounting Policies (Continued)

L. Capital Contributions

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

M. Net Position

Net position is classified into three components:

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

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

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

N. Use of Estimates

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

O. Restricted and Unrestricted Resources

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

P. Equity in Partnership Investments

Investments by certain component units in limited partnerships are accounted for as equity investments. The component units of the Authority recognize their share of the operating results of the limited partnerships based on their ownership share of the limited partnerships and the partnership agreements. Under this method, the investment is initially recorded at cost and then increased or decreased by the proportionate share of the partnerships’ net earnings or losses. The Authority is not obligated to fund capital deficits; therefore, any total capital deficits related to the Authority are only recognized to the extent of the Authority’s contributed capital. A schedule of equity in partnership investments is provided in Note 6.

Note 1. Summary of Significant Accounting Policies (Continued)

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has two items that qualify for reporting in this category, which are deferred charges on refunding and deferred swap outflows. A deferred charge on refunding results from the difference in the carrying value of refunded debt and the re-acquisition price. Each deferred charge is amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. The deferred swap outflows are described in a subsequent paragraph.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Authority has two items that qualify for reporting in this category, which are leased assets and deferred swap inflows. The leased assets are composed of various ground and rooftop leases described in Note 4 and prepaid ground leases described in Note 8.

The deferred swap outflows and inflows mentioned previously are recognized in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The Authority recognizes the fair value of the swap agreements as either an asset or liability on its statement of net position with the offsetting gain or loss as either a deferred inflow or outflow of resources, if deemed an effective hedge. The Authority has applied the synthetic instrument method to determine its swap agreements constitute effective cash flow hedges.

As of June 30, 2022, the Authority's deferred outflows/inflows of resources were comprised of the following:

Deferred charges on refunding:	
Sendero I PFC	$ 110,848
Converse Ranch I, LLC	152,449
Woodhill Apartments PFC	5,652
Total deferred charges on refunding	268,949
Deferred swap outflows:	
San Antonio Housing Facility Corporation (Burning Tree and Encanta Villa)	55,761
Total deferred swap outflows	55,761
Total deferred outflows of resources	$ 324,710
Leased assets	$ 51,854,931
Deferred swap inflows:	
Converse Ranch II, LLC	93,296
San Antonio Housing Facility Corporation (Castle Point Apartments)	33,200
Springhill/Courtland Heights PFC	49,800
San Antonio Housing Facility Corporation (Monterrey Park and La Providencia)	10,155
Total deferred swap inflows	186,451
Total deferred inflows of resources	$ 52,041,382

R. Unearned Revenue

Current unearned revenue consists of prepaid tenant rent of $1,345,542, HUD Housing Choice Vouchers grant revenue of $668,109, deferred development fee revenue of $751,138, deferred operating subsidy revenue of $132,143, and other deferred revenue of $132,532.

Note 1. Summary of Significant Accounting Policies (Continued)

S. Leases Receivable

Leases receivable are measured at the present value of the lease payments expected to be received during the lease term. Management concluded the discount rates implicit in the lease contracts could not be readily determined. Therefore, management elected to utilize the Authority's incremental borrowing rate at the commencement date of each lease in order to determine the present value of each lease receivable.

T. Regulated Leases

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases which are twelve months in length are regulated by HUD as to rent, unit size, household composition, and tenant income. For the year ended June 30, 2022, rental revenue earned under the aforementioned leases totaled $36,264,147.

Note 2. Cash, Cash Equivalents, and Investments

A. Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Unrestricted:		
Cash and cash equivalents	$	60,395,250
Tenant security deposits		275,829
Restricted:		
Cash and cash equivalents—modernization and development		16,374,695
Cash and cash equivalents—payment of current liabilities		1,676,046
Cash and cash equivalents—held by lender, trustee, and escrow agent		9,414,571
Cash and cash equivalents—other		6,732,442
Total cash, cash equivalents, and investments	$	94,868,833

Cash, cash equivalents, and investments as of June 30, 2022, consist of the following:

Petty cash	$	1,125
Deposits with financial institutions		85,453,137
Funds held by lender, trustee, and escrow agent		9,414,571
Total cash, cash equivalents, and investments	$	94,868,833

Investments Authorized by the Authority

Investment types that are authorized by the Authority include direct obligations of the federal government backed by the full faith and credit of the United States, including United States Treasury bills, notes and bonds; obligations of federal government agencies; securities of government-sponsored agencies; various types of deposits, demand and sweep accounts and certificates of deposit (CDs); municipal depository funds; certain types of repurchase agreements; certain separate trading of registered interest and principal securities and certain types of mutual fund investments. Each authorized investment has a maximum maturity of three years, a maximum portfolio percentage of 50% and is limited to a maximum

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

investment of 50% in any one issuer. None of the specified limits have been exceeded. In addition, the Authority does not hold any unauthorized investments.

Investments Authorized by Debt Agreements

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

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

Investments Held by Lenders

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

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

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

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

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

Fair Value Classification

The Authority categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

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

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

The Authority has investments in money market funds held with its bond trustee of $1,101,357 that are recorded at amortized cost and has the following investments and other items requiring recurring fair value measurements as of June 30, 2022:

- **Investment derivative instruments**—Interest rate swaps resulted in a total positive fair value of $130,690 and were valued using a market approach that considers benchmark interest rates (Level 2 inputs).

Investment Risks

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

Interest Rate Risk

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

Investment	Maturity Dates	Amount
Held by bond trustee:		
BlackRock Liquidity Funds FedFund Institutional Shares—money market fund	N/A	$ 563,923
JPMorgan U.S. Government Money Market Fund	N/A	342,704
Allspring 100% Treasury Money Market Fund	N/A	194,730
Total investments		$ 1,101,357

Credit Risk

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

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

Investment		Amount	Investment Minimum Rating	Moody's Rating
Held by bond trustee:				
BlackRock Liquidity Funds FedFund Institutional Shares— money market fund	$	563,923	Aaa-mf	Aaa-mf
JPMorgan U.S. Government Money Market Fund		342,704	Aaa-mf	Aaa-mf
Allspring 100% Treasury Money Market Fund		194,730	Aaa-mf	Aaa-mf
Total investments	$	1,101,357		

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

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

	Balance Reported on the Authority's Financial Statements	Balance Deposited with Financial Institutions	FDIC Insurance	Uninsured Deposits (Collateralized)	Uninsured and Uncollateralized Deposits
Demand deposits	$ 93,433,779	$ 95,567,265	$ 3,450,947	$ 90,417,146	$ 1,699,172
Money Market Funds	1,101,357	1,022,934	-		1,022,934
United States Treasury Bills	332,572	332,572	-	332,572	-
Total bank deposits	$ 94,867,708	$ 96,922,771	$ 3,450,947	$ 90,749,718	$ 2,722,106

As of June 30, 2022, $90,749,718 of the Authority's deposits with financial institutions were fully collateralized by securities held by the pledging financial institution. Of the $6,173,053 remaining deposits, $3,450,947 were covered by the Federal Deposit Insurance Corporation, and $2,722,106 were uninsured and uncollateralized and were therefore exposed to custodial credit risk.

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

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

As of December 31, 2021, the Plan's portfolio was comprised of the following:

Description	Fair Value
Mutual funds–equity	$ 41,149,224
Mutual funds–fixed income	18,416,211
Total investments	$ 59,565,435

Investment Risks
In accordance with GASB Statement No. 40, the following disclosures address credit risk, concentration of credit risk and interest rate risk at December 31, 2021. The Plan does not hold any foreign securities; therefore, there is no foreign currency risk.

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

Presented below is the actual rating for each investment type as of December 31, 2021:

Investment Type	Fair Value	Not Rated
American Beacon AHL Target Risk R5	$ 1,438,390	$ 1,438,390
BlackRock Strategic Income Opportunities Portfolio Class K	5,111,421	5,111,421
Metropolitan West Total Return Bond Fund	11,866,400	11,866,400
Total fixed income investments	$ 18,416,211	$ 18,416,211

Concentration of Credit Risk
The Plan is required to disclose investments in any one issuer that represent 5% or more of the total investments. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement. The Plan's investment policy limits the investment in securities of any one company to 15% of the total fund, and no more than 30% of the total fund should be invested in any one industry. At December 31, 2021, there were no investments in any one issuer that represent 5% or more of total Plan investments. Additionally, the Plan did not invest more than 15% of the investment portfolio in one company or more than 30% in one industry.

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

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

Presented below are the investments affected by interest rate risk and their applicable weighted-average maturities as of December 31, 2021:

Investment Type	Fair Value	Percentage of Total	Weighted-Average Maturity (Years)
American Beacon AHL Target Risk R5	$ 1,438,390	7.8%	8.00
BlackRock Strategic Income Opportunities Portfolio Class K	5,111,421	27.8%	1.69
Metropolitan West Total Return Bond Fund	11,866,400	64.4%	6.32
Total fixed income investments	$ 18,416,211	100.0%	5.34

Fair Value Measurement
Plan investments at fair value as of December 31, 2021, using fair value measurements are as follows:

	Total Fair Value	Level 1	Level 2	Level 3
Mutual funds—equity	$ 41,149,224	$ 41,149,224	$ -	$ -
Mutual funds—fixed income	18,416,211	18,416,211	-	-
	$ 59,565,435	$ 59,565,435	$ -	$ -

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

Note 3. Notes and Mortgages Receivable

The following summarizes the notes and mortgages receivable and the related accrued interest receivable as of June 30, 2022:

	Due Within One Year	Due After One Year	Total
The Authority			
ARDC Sutton, Ltd.	$ -	$ 6,787,934	$ 6,787,934
Durango Midrise, LP	-	18,048,388	18,048,388
ARDC Sutton II, Ltd.	-	1,606,391	1,606,391
San Juan III, Ltd.	-	4,671,020	4,671,020
Wheatley Family I, LP	-	1,086,831	1,086,831
Wheatley Senior, LP	-	141,615	141,615
Tampico Apartments, LP	-	726,424	726,424
Alazan Lofts Ltd.	-	1,060,875	1,060,875
SAHFAC			
Wheatley Family I, LP	-	11,083,450	11,083,450
Wheatley Family II, LP	-	4,685,506	4,685,506
Wheatley Senior, LP	-	6,375,086	6,375,086
Tampico Apartments, LP	-	231,700	231,700
San Antonio Homeownership Opportunities Corporation			
Real estate sales notes	7,493	118,928	126,421
Secondary lien notes	-	320	320
Home sales notes	921	-	921
Las Varas PFC			
TX Pleasanton Housing, LP	750,000	-	750,000
Second lien notes	-	56,241	56,241
Total	$ 758,414	$ 56,680,709	$ 57,439,123

Note 4. Leases Receivable

On March 2, 2020, the San Antonio Housing Facility Corporation, a blended component unit of the Authority, entered into a lease agreement (the “ground lease”) as a lessor of land to Culebra Commons 2019, LLC. The term of the ground lease is for seventy-five years, commencing on March 2, 2020 and terminating on February 28, 2095. An initial lease receivable was recorded in the amount of $596,473. As of June 30, 2022, the value of the lease receivable was $620,650. At commencement of the ground lease, an advanced rent payment of $3,800,000 was received and administrative rent in the amount of $25,000 is due annually. The discount rate for the ground lease is 3.98%. The value of the deferred inflows of resources as of June 30, 2022 was $588,376. For the year ended June 30, 2022, the Authority recognized lease revenue of $8,097 and interest income of $24,177.

On February 1, 2021, the San Antonio Housing Facility Corporation, a blended component unit of the Authority, entered into a lease agreement (the “ground lease”) as a lessor of land to 120 Josephine 2020 LLC. The term of the ground lease is for seventy-five years, commencing on February 1, 2021 and terminating on February 1, 2096. An initial lease receivable was recorded in the amount of $597,680. As of June 30, 2022, the value of the lease receivable was $621,906. At commencement of the ground lease, an advanced rent payment of $11,737,024 was received and administrative rent in the amount of

Note 4. Leases Receivable (Continued)

$25,000 is due annually. The discount rate for the ground lease is 3.98%. The value of the deferred inflows of resources as of June 30, 2022 was $589,667. For the year ended June 30, 2022, the Authority recognized lease revenue of $8,013 and interest income of $24,226.

On March 31, 2022, the San Antonio Housing Facility Corporation, a blended component unit of the Authority, entered into a lease agreement (the "ground lease") as a lessor of land to Potranco 2021 LLC. The term of the ground lease is for seventy-five years, commencing on March 31, 2022 and terminating on March 30, 2097. An initial lease receivable was recorded in the amount of $534,270. As of June 30, 2022, the value of the lease receivable was $540,423. At commencement of the ground lease, an advanced rent payment of $1,875,000 was received and administrative rent in the amount of $25,000 is due annually. The discount rate for the ground lease is 4.54%. The value of the deferred inflows of resources as of June 30, 2022 was $532,470. For the year ended June 30, 2022, the Authority recognized lease revenue of $1,800 and interest income of $6,153.

On November 21, 2017, the Authority entered into an amended and restated lease agreement (the "rooftop lease") as a lessor of rooftop space at the Parkview Apartments to New Cingular Wireless PCS, LLC (now AT&T). The rooftop lease commenced November 21, 2017 and has an initial five-year term. The rooftop lease may be extended for three successive five-year terms. Annual rent for 2022 was $20,241 and rent is increased annually by two percent. An initial lease receivable was recorded in the amount of $274,565. As of June 30, 2022, the value of the lease receivable was $265,046. The discount rate for the rooftop lease is 3.98%. The value of the deferred inflows of resources as of June 30, 2022 was $257,924. For the year ended June 30, 2022, the Authority recognized lease revenue of $16,640 and interest income of $10,723.

On August 2, 2017, the Authority entered into an amended and restated lease agreement (the "rooftop lease") as a lessor of rooftop space at the Fair Avenue Apartments to New Cingular Wireless PCS, LLC (now AT&T). The rooftop lease commenced January 1, 2017 and has an initial five-year term. The rooftop lease may be extended for three successive five-year terms. Annual rent for 2022 was $19,399 and rent is increased annually by two percent. An initial lease receivable was recorded in the amount of $249,030. As of June 30, 2022, the value of the lease receivable was $239,412. The discount rate for the rooftop lease is 3.98%. The value of the deferred inflows of resources as of June 30, 2022 was $232,964. For the year ended June 30, 2022, the Authority recognized lease revenue of $16,066 and interest income of $9,706.

On November 21, 2017, the Authority entered into a lease agreement (the "rooftop lease") as a lessor of rooftop space at the San Pedro Arms Apartments to Sprint Spectrum Realty Company, LLC (now T-Mobile). The rooftop lease commenced January 1, 2017 and has an initial five-year term. The rooftop lease may be extended for three successive five-year terms. Annual rent for 2022 was $24,290 and rent is increased annually by two percent. An initial lease receivable was recorded in the amount of $311,819. As of June 30, 2022, the value of the lease receivable was $299,681. The discount rate for the rooftop lease is 3.98%. The value of the deferred inflows of resources as of June 30, 2022 was $291,702. For the year ended June 30, 2022, the Authority recognized lease revenue of $20,117 and interest income of $12,152.

On March 25, 2022, the Authority entered into a lease agreement (the "rooftop lease") as a lessor of rooftop space at the Victoria Plaza Apartments to Cellco Partnership (d/b/a Verizon Wireless). The rooftop lease commenced March 25, 2022 and has an initial five-year term. The rooftop lease may be extended for three successive five-year terms. Annual rent for 2022 was $27,180 and rent is increased annually by two percent. An initial lease receivable was recorded in the amount of $431,233. As of June 30, 2022, the value of the lease receivable was $436,146. The discount rate for the rooftop lease is 4.54%. The value

Note 4. Leases Receivable (Continued)

of the deferred inflows of resources as of June 30, 2022 was $425,843. For the year ended June 30, 2022, the Authority recognized lease revenue of $5,390 and interest income of $4,913.

Note 5. Other Assets and Developer Fees Receivable

At June 30, 2022, other assets and developer fees receivable totaled $2,088,116. This amount is made up of developer fees receivable totaling $1,727,093 and other noncurrent receivables of $361,023. Additionally, an allowance for doubtful accounts totaling $959,701 is recorded for developer fees receivable.

Note 6. Equity in Partnership Investments

Various component units of the Authority serve as the general partner of various tax credit limited partnerships in which they have contributed capital. The investments in partnerships are accounted for under the equity method. Under this method, the investment is initially recorded at cost and is then increased or decreased by the proportionate share of the partnerships' net earnings or losses. The Authority is not required to fund capital deficits; therefore, any total capital deficits related to the Authority are only recognized to the extent of the Authority's contributed capital.
The general partners include SAHFAC, SAHDC, LVPFC and RSPFC. The general partners have ownership interests ranging from 0.0045% to 0.0100%.

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

Partnership	General Partner (GP)	GP % of Ownership	Balance at July 1, 2021	Cash Contributions From GP	Cash Distributions to GP	GP's Share of Profit (Loss)	Eliminations	Balance at June 30, 2022
Primrose SA IV Housing, LP	LVPFC	0.01%	$ 77,219	$ -	$ (77,219)	$ -	$ -	$ -
1604 Lofts Ltd.	SAHFAC	0.0051%	51	-	-	-	-	51
ARDC Sutton, Ltd.	SAHFAC	0.005%	1,499,506	-	-	(35)	-	1,499,471
Copernicus Apartments Ltd.	SAHFAC	0.0051%	51	-	-	-	-	51
Majestic SA Apartments, LP	SAHFAC	0.01%	100	-	-	-	-	100
Midcrowne Senior Pavilion, LP	SAHFAC	0.01%	3,263,802	-	-	(34)	-	3,263,768
San Juan Square, Ltd.	SAHFAC	0.01%	1,464,349	-	-	(120)	-	1,464,229
The Alhambra Apartments, Ltd.	SAHFAC	0.01%	294,566	-	-	(33)	-	294,533
Trader Flats Ltd.	SAHFAC	0.0051%	51	-	-	-	-	51
Enclave Gardens, Ltd.	LVPFC	0.01%	-	203,180	-	-	-	203,180
Wheatley Family II, LP*	SAHFAC	0.01%	-	-	-	-	-	-
ARDC Military, Ltd.*	LVPFC	0.01%	-	-	-	-	-	-
ARDC Salado, Ltd.*	LVPFC	0.01%	-	-	-	-	-	-
ARDC San Marcos, Ltd.*	LVPFC	0.005%	-	-	-	-	-	-
Costa Almadena, Ltd.*	LVPFC	0.01%	-	-	-	-	-	-
Costa Mirada, Ltd.*	LVPFC	0.01%	-	-	-	-	-	-
Durango Midrise, LP*	LVPFC	0.01%	-	-	-	-	-	-
The Mirabella, Ltd.*	LVPFC	0.01%	-	-	-	-	-	-
TX Pleasanton Housing, LP*	LVPFC	0.01%	-	-	-	-	-	-
ARDC Sutton II, Ltd.*	SAHFAC	0.005%	-	-	-	-	-	-
Costa Valencia, Ltd.*	SAHFAC	0.01%	-	-	-	-	-	-
New Braunfels 2 Housing, LP*	SAHFAC	0.005%	-	-	-	-	-	-
San Juan III, Ltd.*	SAHFAC	0.01%	-	-	-	-	-	-
San Juan Square II, Ltd.*	SAHFAC	0.0045%	-	-	-	-	-	-
Wheatley Family I, LP*	SAHFAC	0.01%	-	-	-	-	-	-
Wheatley Senior, LP*	SAHFAC	0.01%	-	-	-	-	-	-
			$ 6,599,695	$ 203,180	$ (77,219)	$ (222)	$ -	$ 6,725,434

*For all partnerships marked with an asterisk, the general partner was not required to make a capital contribution at inception. Additionally, as the general partners are not required to fund capital deficits and these entities have cumulative loss positions as of June 30, 2022, the general partners have not

Note 6. Equity in Partnership Investments (Continued)

recorded the related deficit capital positions of these partnerships, as they exceed the general partners' contributed capital.

Note 7. Capital Assets

The Authority's Capital Assets

Capital asset activity for the year ended June 30, 2022, for the business-type activities was as follows:

	Balance at July 1, 2021	Additions	Deletions	Transfers/ Reclass	Balance at June 30, 2022
Capital assets not being depreciated:					
Land	$ 94,661,124	$ 10,146,357	$ -	$ -	$104,807,481
Construction in progress	51,740,183	34,786,096	(3,739,973)	(6,294,327)	76,491,979
Total capital assets not being depreciated	146,401,307	44,932,453	(3,739,973)	(6,294,327)	181,299,460
Capital assets being depreciated:					
Buildings and improvements	557,550,903	15,126,158	(139,851)	6,025,866	578,563,076
Furniture and equipment:					
Dwellings	2,658,028	-	-	-	2,658,028
Administration	4,890,052	533,054	(249,544)	105,700	5,279,262
Leasehold improvements	1,775,942	-	(288,799)	162,761	1,649,904
Total capital assets being depreciated	566,874,925	15,659,212	(678,194)	6,294,327	588,150,270
Less accumulated depreciation:					
Buildings and improvements	(398,196,987)	(21,542,405)	-	-	(419,739,392)
Furniture and equipment:					
Dwellings	(2,540,795)	(30,028)	-	-	(2,570,823)
Administration	(4,251,065)	(288,090)	246,338	-	(4,292,817)
Leasehold improvements	(1,254,798)	(83,072)	288,799	-	(1,049,071)
Total accumulated depreciation	(406,243,645)	(21,943,595)	535,137	-	(427,652,103)
Total capital assets being depreciated, net	160,631,280	(6,284,383)	(143,057)	6,294,327	160,498,167
Business-type activities capital assets, net	$307,032,587	$ 38,648,070	$ (3,883,030)	$ -	$341,797,627

Depreciation expense for the current year totaled $15,649,837.

Note 8. Prepaid Ground Leases

Comprising a significant portion of the deferred inflows of resources are various ground leases in which funds were provided for the purchase of land parcels which, in turn, were leased to project developments for periods ranging from 10 to 99 years. The Authority recognized the funds received for the prepaid leases as deferred inflows of resources and will amortize the prepayments over the initial periods on a straight-line basis. As of June 30, 2022, prepaid ground leases totaled $48,935,985. The book value of the land related to the prepaid ground leases totaled $74,136,017 as of June 30, 2022.

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

Note 8. Unearned Revenue (Continued)

SAHFAC entered into 31 ground lease agreements with various limited partnerships for a period of 52 to 99 years for the lease of land to construct and operate rental projects. The limited partnerships provided a total of $54,872,520 for the purchase of land, which is considered prepayment of annual rents for the initial periods of 10 to 99 years of the lease terms. After the end of the initial period, the limited partnerships will provide annual lease payments of $100.

Las Varas PFC entered into 11 ground lease agreements with various limited partnerships for a period of 55 to 75 years for the lease of land to construct and operate rental projects. The limited partnerships provided a total of $13,081,271 for the purchase of land, which is considered prepayment of annual rents for the initial periods of 10 to 15 years of the lease terms. After the end of the initial period, the limited partnerships will provide annual lease payments of $10 to $100.

Note 9. Bonds and Notes Payable

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

Program	Issue	Original Amount	Due Within One Year	Due After One Year	Balance Outstanding at June 30, 2022
SAHFAC					
Mortgage loan for Towering Oaks payable to Walker & Dunlop. Term is 30 years, with final maturity February 1, 2035. The interest rate is 5.96% with monthly principal and interest payments of $20,476. The loan is secured by a deed of trust on the property.	Mortgage note	3,430,000	119,518	2,052,112	2,171,630
Mortgage loan for Churchill Estates payable to Walker & Dunlop. Term is 30 years, with final maturity February 1, 2035. The interest rate is 5.96% with monthly principal and interest payments of $8,298. The loan is secured by a deed of trust on the property.	Mortgage note	1,390,000	48,435	831,615	880,050
Multifamily Housing Revenue Bonds, Series 2014, issued for Converse Ranch II. Term is 10 years, with final maturity September 30, 2024. The interest rate is fixed by a swap contract at 3.25% with monthly principal and interest payments averaging $27,215. The loan is secured by a deed of trust on the property.	Revenue Bonds—Series 2014	5,600,000	185,826	4,210,369	4,396,195
Mortgage loan for Castle Point payable to Frost Bank. Term is 10 years, with final maturity December 6, 2026. The interest rate is fixed by a swap contract at 3.865% with monthly principal and interest payments averaging $21,043. The loan is secured by a deed of trust on the property.	Mortgage note	4,000,000	126,653	3,242,938	3,369,591
Mortgage loan for Monterrey Park and La Providencia payable to Frost Bank. Term is 10 years, with final maturity December 19, 2027. The interest rate is fixed by a swap contract at 4.102% with monthly principal and interest payments averaging $37,137. The loan is secured by deeds of trust on the properties.	Mortgage note	6,800,000	205,048	5,741,920	5,946,968
Mortgage loan for Burning Tree and Encanta Villa payable to Frost Bank. Term is 10 years, with final maturity December 10, 2028. The interest rate is fixed by a swap contract at 3.935% with monthly principal and interest payments averaging $35,864. The loan is secured by deeds of trust on the properties.	Mortgage note	6,800,000	186,221	6,017,747	6,203,968
Mortgage loan for SP II Limited Partnership payable to ORIX Real Estate Capital, LLC. Term is 18 years, with final maturity June 1, 2022. The interest rate is 7.625% with monthly principal and interest payments of $24,291. The loan is collateralized by the project.	Mortgage note	3,432,000	2,277,578	-	2,277,578
Mortgage loan for O'Connor Road Limited Partnership payable to ORIX Real Estate Capital, LLC. Term is 18 years, with final maturity June 1, 2022. The interest rate is 7.625% with monthly principal and interest payments of $29,430. The loan is collateralized by the project.	Mortgage note	4,158,000	2,759,375	-	2,759,375
Mortgage loan for Refugio Street Limited Partnership payable to ORIX Real Estate Capital, LLC. Term is 30 years, with final maturity August 1, 2035. The interest rate is 6.72% with monthly principal and interest payments of $31,878. The loan is collateralized by the project.	Mortgage note	4,930,000	164,180	3,159,436	3,323,616
Mortgage loans for Claremont and Warren House payable to the Texas Department of Housing and Community Affairs. Both loans have a term of 30 years, with final maturities August 1, 2028. The loans are non-interest bearing, with monthly principal payments of $531 and $729, respectively.	Mortgage note	191,200	6,373	32,929	39,302
The loans are secured by deeds of trust on the properties.	Mortgage note	262,500	8,750	43,749	52,499
Construction loan for 100 Labor Street, LLC. The loan requires interest only payments until conversion to permanent financing. The interest rate is 2.90% Draws are made periodically as the project is constructed. The permanent loan amount is $40,525,900 and principal and interest payments of $142,751 are payable beginning April 1, 2023 through maturity on March 1, 2063.	Construction loan	5,658,955	179,903	21,833,783	22,013,686
Neighborhood Stabilization Program loan for Sutton Oaks payable to the City of San Antonio. Term is 30 years, with final maturity September 30, 2039. The loan is non-interest bearing. Principal payments will be deferred for 30 years until the maturity date and thereafter are forgiven if SAHFAC remains in compliance with all terms and conditions set forth in the loan documents. The note is secured by a subordinate deed of trust on the property.	Sutton NSP note	900,000	-	900,000	900,000
		47,552,655	6,267,860	48,066,598	54,334,458

Note 9. Bonds and Notes Payable (Continued)

Program	Issue	Original Amount	Due Within One Year	Due After One Year	Balance Outstanding at June 30, 2022
SAHDC					
Mortgage loan for Bella Claire payable to Walker & Dunlop. Term is 30 years, with final maturity February 1, 2035. The interest rate is 5.96%, with monthly principal and interest payments of $6,328. The loan is secured by a deed of trust on the property.	Mortgage note	$ 1,060,000	$ 36,936	$ 634,181	$ 671,117
Multifamily Housing Revenue Bonds, Series 2005, issued for Costa Valencia, Ltd. Term is 40 years, with final maturity June 1, 2048. The interest rate is 5.75%, with monthly principal and interest payments of $62,774. The bonds are collateralized by the project.	Revenue Bonds—Series 2005	11,780,000	174,068	9,978,307	10,152,375
Multifamily Housing Revenue Bonds, Series 2005, issued for Clark 05 Housing Limited Partnership. Term is 33 years, with final maturity October 1, 2038. The interest rate is 6.52%, with monthly principal and interest payments averaging $78,421. The bonds are secured by a multifamily fee and leasehold deed of trust, assignment of rents, security agreement and fixture filing.	Revenue Bonds—Series 2005	13,870,000	174,982	11,653,824	11,828,806
Mortgage loan for San Juan Square II payable to Capital One Bank. Term is 15 years, with final maturity December 29, 2025. The interest rate is 7.4%, with monthly principal and interest payments of $29,911. The loan is secured by a deed of trust, assignment of rents, security agreement and fixture filing.	Mortgage note	4,320,000	94,858	3,516,570	3,611,428
		31,030,000	480,844	25,782,882	26,263,726
Section 8 Project Based					
Mortgage loan issued by Springhill/Courtland Heights Public Facility Corporation payable to Frost Bank. Term is 10 years, with final maturity December 6, 2026. The interest rate is fixed by a swap contract at 3.865%, with monthly principal and interest payments averaging $31,515. The loan is secured by deeds of trust on Cottage Creek I, II, and Courtland Heights.	Mortgage note	6,000,000	189,979	4,864,407	5,054,386
Converse Ranch, LLC					
Mortgage loan for Converse Ranch I payable to Walker & Dunlop. Term is 40 years, with final maturity June 1, 2053. The interest rate is 2.98%, with monthly principal and interest payments of $26,562. The loan is secured by a deed of trust on the property.	Mortgage note	7,443,700	128,750	6,305,392	6,434,142
Other Affordable Housing					
Multifamily Housing Revenue Bonds, Series 2013, issued for Sendero I PFC. Term is 10 years, with final maturity January 1, 2024. The interest rate is 4.305%, with monthly principal and interest payments of $54,915. The loan is secured by a deed of trust on the Legacy at Crown Meadows Apartments.	Revenue Bonds—Series 2013	10,000,000	326,500	7,438,734	7,765,234
Multifamily Housing Revenue Bonds, Series 2012, issued for Woodhill PFC. Term is 10 years, with final maturity September 1, 2022. The interest rate is 3.40%, with monthly principal and interest payments of $44,852. The loan is secured by a deed of trust on the Woodhill Apartments.	Revenue Bonds—Series 2012	9,000,000	6,375,393	-	6,375,393
Capital Fund Financing Program (CFFP)					
CFFP loan agreement dated November 9, 2006, with Fannie Mae for the accelerated renovation and rehabilitation of eight public housing developments. Term is 20 years, with final maturity December 1, 2026. The interest rate is 4.85%, with monthly principal and interest payments of $182,721. The loan is secured with pledged Capital Grant Funds. On June 14, 2012, Fannie Mae assigned its interest in the loan and the loan agreement to Deutsche Bank National Trust Company.	CFFP loan	27,828,627	1,889,071	5,228,554	7,117,625
Vera Cruz Redevelopment Partnership, Ltd.					
Mortgage loan payable to San Antonio Housing Trust Foundation. Term is 30 years, with final maturity November 28, 2023. The interest rate is 1.00%, with principal and interest due monthly, as determined by available cash flow. The loan is secured by a subordinate deed of trust on the Villa de San Alfonso Apartments. Accrued interest has been added to the outstanding balance.	Loan	350,000	-	462,452	462,452
Homestead Redevelopment Partnership, Ltd.					
Mortgage loan payable to Texas Department of Housing and Community Affairs. Term is 30 years, with final maturity April 1, 2026. The interest rate is 3.00%, compounded annually, with monthly principal and interest payments of $2,109. The loan is secured by a deed of trust on the Homestead Apartments.	Loan	500,000	22,947	66,168	89,115
Sunshine Plaza Apartments, Inc.					
Mortgage loan for Sunshine Plaza payable to Frost Bank. Term is 10 years, with with final maturity December 30, 2030. The interest rate is fixed at 2.87%, with monthly principal and interest payments averaging $12,212. The loan is secured by a deed of trust on the property.	Loan	2,600,000	75,035	2,416,317	2,491,352
Energy Performance Contract Loan					
Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp. to finance the Authority's Phase II HUD Energy Performance Contract. The interest rate is 2.77%, with monthly principal and interest payments averaging $73,959. The EPC term ends December 31, 2032.	Loan	9,171,558	590,436	7,964,990	8,555,426
		$ 151,476,540	$ 16,346,815	$ 108,596,494	$ 124,943,309

Note 9. Bonds and Notes Payable (Continued)

The following table provides the annual principal and interest requirements of the Authority and its component units as of June 30, 2022, for long-term debt outstanding:

	Principal	Interest	Total
Years ending June 30:			
2023	$ 16,346,815	$ 4,559,297	$ 20,906,112
2024	13,103,770	4,938,107	18,041,877
2025	9,278,035	4,431,236	13,709,271
2026	4,492,814	4,148,121	8,640,935
2027	10,208,815	3,859,621	14,068,436
2028-2032	27,220,364	14,961,838	42,182,202
2033-2037	12,126,091	11,058,230	23,184,321
2038-2042	17,290,530	6,934,313	24,224,843
2043-2047	9,383,614	4,541,565	13,925,179
2048-2052	8,016,798	2,895,221	10,912,019
2053-2057	7,046,413	1,810,800	8,857,213
2058-2062	7,811,777	753,259	8,565,036
2063	1,129,687	12,318	1,142,005
Subtotal	143,455,523	64,903,926	208,359,449
Amounts to be drawn in future periods or upon refinance	(18,512,214)	-	(18,512,214)
Total	$ 124,943,309	$ 64,903,926	$ 189,847,235

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Balance at July 1, 2021	Additions	Reductions	Balance at June 30, 2022	Due Within One Year
Mortgages, bonds and notes	$ 111,234,014	$ 18,609,296	$ 4,900,001	$ 124,943,309	$ 16,346,815
Compensated absences	1,974,838	2,609,879	2,483,796	2,100,921	199,835
	$ 113,208,852	$ 21,219,175	$ 7,383,797	$ 127,044,230	$ 16,546,650

Note 10. Derivative Financial Instrument

Interest Rate Swaps

The Authority has five interest rate swap agreements (swaps) with one counterparty as of June 30, 2022. The objective of the agreements was to attain a synthetic fixed interest rate at a cost that was expected to be less than rates associated with fixed-rate debt. The swap agreement terms state the Authority is to make monthly fixed interest rate payments at a specified rate on a notional principal amount and in exchange receive monthly payments based upon a specified percentage of the one-month London InterBank Offered Rate (LIBOR) plus a spread.

The swaps have an aggregate positive fair value of $130,690 at June 30, 2022. The fair value was estimated using a proprietary valuation model developed by a counterparty. The swaps have been determined to constitute an effective hedge at June 30, 2022, by using the synthetic instrument method. The fair value of each swap is classified as an asset and deferred inflow of resources or as a liability and deferred outflow of resources.

Note 10. Derivative Financial Instrument (Continued)

The following contains the terms, fair values and credit ratings issued by Standard & Poor's of the swaps as of June 30, 2022:

Related Debt Issuance	Current Notional Amount	Effective Date of Swap	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
Converse Ranch II, LLC	$ 4,396,195	12/1/2019	3.250%	67.8% of 1-month LIBOR plus 1.380%	$ 93,296	11/01/2024	A-
SAHFAC (Castle Point)	3,369,591	12/06/2016	3.865%	82.4% of 1-month LIBOR plus 1.774%	33,200	12/06/2026	A-
Springhill/Courtland Heights PFC	5,054,386	12/06/2016	3.865%	82.4% of 1-month LIBOR plus 1.774%	49,800	12/06/2026	A-
SAHFAC (Monterrey Park and La Providencia)	5,946,968	12/19/2017	4.102%	82.4% of 1-month LIBOR plus 1.799%	10,155	12/19/2027	A-
SAHFAC (Burning Tree and Encanta Villa)	6,203,968	12/10/2018	3.935%	80.7% of 1-month LIBOR plus 1.480%	(55,761)	12/10/2028	A-
Totals	$ 24,971,108				$ 130,690		

Credit Risk
The Authority was exposed to credit risk on four swaps that had a positive fair value. At June 30, 2022, four swaps had an aggregate positive fair value of $186,451 and one swap had a negative fair value of $55,761. The $186,451 represents the Authority's credit exposure to the related counterparty and the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. Fair value is only a factor upon termination. The swaps' counterparty has guaranteed all payments and is rated A- by Standard & Poor's. The swap agreements provide no collateral by the counterparty.

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

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

Termination Risk
The swaps were issued pursuant to the International Swap Dealers Association Master Agreements, which include standard termination events, such as failure to pay and bankruptcy. The Authority or the counterparty may terminate an interest rate swap if the other party fails to perform under the terms of the contract. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value. As of June 30, 2022, the swaps had an aggregate positive fair value of $130,690.

Note 11. Line of Credit

SAHFAC has a revolving line of credit with Frost Bank for $3,000,000, which may be used for short-term borrowing needs. The line of credit bears interest at the applicable prime rate, as listed in *The Wall Street Journal*, plus 0.25%. As of June 30, 2022, the all-in rate was 5.00%. The line of credit was renewed December 31, 2020, and has a term of three years. There were no borrowings against the line of credit at June 30, 2022.

Note 12. Conduit Debt

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

As of June 30, 2022, there were 14 series of tax-exempt revenue bonds outstanding with an aggregate principal amount payable of $154,746,208, maturing from 2028 to 2053.

Note 13. Defined Contribution Plan

A. Plan Description

Effective June 7, 1948, the Authority established the Plan. The Plan is a defined contribution pension plan established as a public retirement system under the Texas Government Code by the Authority, the Plan sponsor. Under the terms and provisions of the Plan, the Authority has the ability to amend the Plan. Additionally, the Plan covers all full-time employees of the Authority who have completed one year of service and are 21 years old. Eligible employees enter the plan on the first day of January, April, July or October which coincides with or follows the date the eligibility requirements are met. A Plan amendment made effective April 1, 2022 removed the service requirement for eligibility and allows eligible employees to participate in the plan upon their hire date. At December 31, 2021, there were 610 participants.

B. Contributions

Each year, participants must contribute 5.0% and may elect to contribute up to 100.0% of eligible compensation, up to the maximum dollar limitation, as defined in the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. The Plan administrator directs the investment of contributions into various investment options. The Plan may invest in common stock, preferred stock, convertible equities, corporate bonds, debentures, fixed income funds and mutual funds, among others. Prior to a Plan amendment effective June 11, 2022 (as described in Section C which follows), for participants hired before July 1, 2017, the Authority contributes 11.0% of a participant's compensation for the Plan year, plus 5.7% of a participant's compensation for the Plan year that exceeds the social security taxable wage base in effect at the beginning of the Plan year. For participants hired on or after July 1, 2017, the Authority contributes 7.0% of a participant's compensation for the Plan year, plus 5.7% of a participant's compensation for the Plan year that exceeds the social security taxable wage base in effect at the beginning of the Plan year. Contributions are subject to certain limitations. The employer's required contribution of $1,909,979 and the employees' required contributions of $991,602 were made to the Plan during the Plan year ended December 31, 2021. Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the remainder of their accounts is based on years of continuous service. A participant is fully vested after five years of credited service. Plan provisions and contributing requirements are established and may be amended by the Authority's Board.

C. Plan Amendments

Effective December 17, 2021, the Plan was amended to implement a recent contractual obligation of the employer concerning contributions to the Plan. The amendment states that the employer shall make contributions on behalf of the President/Chief Executive Officer in the amount of five percent (5%) of such employee's compensation, and the employee shall be relieved of the obligations of subparagraph 5.1.a which states that as a condition of participating in the Plan, and as a condition of sharing in employer contributions, each particpant is required to make mandatory contributions to the Plan.

Note 13. Defined Contribution Plan (Continued)

Effective April 1, 2022, the Plan was amended to remove the service requirement for eligibility. The amendment states that any eligible employee shall be eligible to participate in accordance with Section 4.2 as of the later of (1) April 1, 2022, or (2) their date of hire.

Effective June 11, 2022, the Plan was amended to increase certain employer contributions to the Plan. The amendment states effective for compensation earned on or after June 11, 2022, the employer shall contribute an amount which equals the sum of the following amounts on behalf of all participants eligible to share in allocations for the Plan year: (A) 11% of the total compensation of such participant, plus (B) 5.7% of the excess compensation of such participant.

D. Forfeitures

Participant forfeitures of nonvested balances will be used to reduce future employer contributions. During the Plan year ended December 31, 2021, employer contributions were reduced by $16,526 from forfeited nonvested accounts. There were no unallocated forfeitures at December 31, 2021.

E. Plan Termination

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

F. Tax Status

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

G. Risks and Uncertainties

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

Note 14. Risk Management

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

Health and Dental Insurance Plan

On August 2, 2007, the Board approved a self-funded health insurance plan and contract with Humana as the third-party administrator for health and dental insurance. The plan went into effect January 1, 2008. The contract with Humana was terminated on December 31, 2017. The Board approved a contract with

Note 14. Risk Management (Continued)

Blue Cross Blue Shield of Texas (BCBS) as the third-party administrator for health and dental insurance on September 7, 2017. BCBS began serving as the third-party administrator on January 1, 2018.

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

The actuarially determined claims liability of $564,005 is based on the requirements of GASB Statement No. 10, as amended by GASB Statement No. 30. The liability includes provisions for medical, dental and prescription drug claim reserves for incurred, but not paid, and incurred, but not reported, claims. No allowance was made for the expense of processing run-out claims, since it is assumed any expense related to run-out claims processing would be included as current administration expenses.

A reconciliation of changes in the liability for health and dental plan expenses for fiscal year 2021 and fiscal year 2022 is presented below:

	Liability at Beginning of Fiscal Year	Claims and Changes in Estimates in Current Year	Claim Payments	Balance at Fiscal Year-End
Years ended June 30:				
2021	$ 229,151	$ 4,326,920	$ 4,269,798	$ 286,273
2022	286,273	6,679,715	6,401,983	564,005

Note 15. Commitments and Contingencies

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

A. Grants

The Authority receives significant financial assistance from federal, state and local agencies in the form of grants and operating subsidies. HUD provided approximately 71% of the Authority's revenue in the current year. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies; therefore, to the extent the Authority has not complied with rules and regulations governing the grants, if any, refunds of any money received may be required. Management believes there are no significant contingent liabilities relating to compliance with grant rules and regulations.

Note 15. Commitments and Contingencies (Continued)

B. Construction Contracts

The Authority entered into construction contracts for the rehabilitation of various low-income and multi-family housing projects that were in progress as of year-end. The unexpended balance of construction contracts is $6,978,548 at June 30, 2022.

C. Environmental Remediation

The Authority's revitalization activities for its developments are subject to extensive and evolving environmental laws and regulations. For the year ended June 30, 2022, the Authority has expended $32,188 related to environmental remediation efforts. The annual level of future remediation expenditures is difficult to estimate due to the many uncertainties relating to conditions of individual sites, as well as uncertainties about the status of environmental laws and regulations and developments in remedial technology. Future information and developments will require the Authority to continually reassess the expected impact of these environmental matters.

D. Pending Litigation

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

E. Guarantees

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

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

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

On December 6, 2016, SAHFAC guaranteed the payment of the 10-year, $6,000,000 promissory note issued by Springhill/Courtland Heights PFC, an affiliated entity of SAHFAC. The note matures on December 1, 2026. In the event Springhill/Courtland Heights PFC is unable to make a payment, SAHFAC will be required to make that payment.

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

Note 16. Restricted Net Position

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

Blended component units - lender-held escrows and reserves	$	12,608,723
Blended component units - other restricted cash		83,565
HCV restricted cash		9,473,934
Public Housing - proceeds and settlement funds		10,810,968
Public Housing - restricted for payment of CFFP loan		1,243,290
Public Housing - other restricted cash		1,449,932
Section 8 substantial rehabilitation - residual receipts and reserves		381,682
Total restricted net position	$	36,052,094

Note 17. Related-Party Transactions

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

- Management fees of $63,585 were paid to SAHDC by a component unit—Sunshine Plaza Apartments, Inc.

- Of the total notes receivable outstanding, $60,126,309 is due from various partnerships, which are related parties of the Authority. During the fiscal year, the Authority received payments in the amount of $308,770.

Note 18. Recently Issued Accounting Pronouncements

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

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

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, will be effective for the Authority beginning with its year ending June 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements.

GASB Statement No. 101, *Compensated Absences*, will be effective for the Authority beginning with its year ending June 30, 2025. This statement updates the recognition and measurement guidance for compensated absences.

Note 19. Acquisitions

On May 25, 2022, the limited partners of San Juan Square II, Ltd. transferred their partnership interests to SAHDC in exchange for $900,000. The general partner, which has a 0.0045% ownership interest, is SAHA San Juan Square II, LLC. The sole member of the general partner is SAHFAC. The Special Interest Limited partner was NRP San Juan Square II, LLC, which owned 0.0045% of the partnership.

Note 19. Acquisitions (Continued)

The Investor Limited Partner was Red Stone – Fund 4 Limited Partnership, which owned 99.99% of the partnership. The Special Limited Partner was Red Stone Equity Manager, LLC, which owned 0.001%. As a result of the transfer, SAHDC acquired a 99.99% interest in the San Juan Square II Apartments community which added 144 units to its portfolio. The acquisition resulted in an adjustment to beginning equity of $3,693,938.

Note 20. Subsequent Events

In August 2022, the Authority changed its trade name from the San Antonio Housing Authority to Opportunity Home San Antonio. The name was changed to better reflect the changing affordable housing needs in the local community.

In August 2022, SP II Limited Partnership (an affiliated entity) closed on a 35-year $4,636,700 HUD-insured loan with ORIX Real Estate Capital, LLC. The note bears interest at 3.84 percent. The refinance allowed for settling long term debt and repayment of the land loan owed to the San Antonio Housing Development Corporation, a blended component unit of the Authority.

In August 2022, O'Connor Road Limited Partnership (an affiliated entity) closed on a 35-year $5,778,000 HUD-insured loan with ORIX Real Estate Capital, LLC. The note bears interest at 3.84 percent. The refinance allowed for settling long term debt and repayment of the land loan owed to the San Antonio Housing Development Corporation, a blended component unit of the Authority.

In August 2022, Refugio Street Limited Partnership (an affiliated entity) closed on a 35-year $11,330,100 HUD-insured loan with KeyBank National Association. The note bears interest at 4.65 percent. The refinance allowed for settling long term debt and partial repayment of the loan owed to the Refugio Street Public Facility Corporation, a blended component unit of the Authority.

In September 2022, Woodhill Public Facility Corporation ("Woodhill"), a blended component unit of the Authority, issued a balloon payment of $6,340,850 to extinguish its Multifamily Housing Revenue Refunding Bonds–Series 2012. The payment was funded with cash on hand of $633,984 and cash from the Authority's HUD-held reserve of $5,706,866, which was transferred to Woodhill free and clear of any repayment.

In October 2022, the San Antonio Housing Facility Corporation, a blended component unit of the Authority, closed on the Snowden Senior Apartments tax credit partnership deal with 9 percent tax credits. This 135-unit new construction apartment complex will be for seniors 62 years of age and older. The new development will provide a mix of one- and two-bedroom units with appropriate design considerations for senior living households and is anticipated to be 100 percent affordable with 40 percent of the units subsidized by this new project-based local, non-traditional rental subsidy program.

In February 2023, New Braunfels 2 Housing, LP, an affiliated entity, issued a promissory note to Frost Bank in the amount of $11,750,000 to be secured by a mortgage lien on the Ravello Apartments. The loan proceeds will be used to finance the acquisition of the limited partnership interest and long-term capital repairs and improvements at the Ravello Apartments.

The Authority has evaluated subsequent events through March 31, 2023, the date on which the financial statements were issued. Other than as discussed above, during this period no material subsequent events occurred which would require recognition or disclosure.

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Supplementary Information

Housing Authority of the City of San Antonio

Schedule of Modernization Costs
Year Ended June 30, 2022

HUD Project Number	Approved Funds	Expended Funds	Disbursed Funds	Approved Funds Available to Expend	Expended Funds Available to be Disbursed
TX 59P006501-10	$ 9,744,572	$ 9,744,572	$ 9,744,572	$ -	$ -
TX 59P006501-11	8,151,333	8,151,333	8,151,333	-	-
TX 59P006501-12	7,410,330	7,410,330	7,410,330	-	-
TX 59P006501-13	7,192,132	7,192,132	7,192,132	-	-
TX 59P006501-14	7,294,109	7,294,109	7,294,109	-	-
TX 59P006501-15	7,539,807	7,539,807	7,539,807	-	-
TX 59P006501-16	7,805,380	7,805,380	7,805,380	-	-
TX 59P006501-17	7,973,378	7,973,378	7,973,378	-	-
TX 59P006501-18	12,332,100	12,332,100	12,332,100	-	-
TX 59P006501-19	12,929,611	12,929,611	12,929,611	-	-
TX 59P006501-20	13,141,540	9,923,998	8,207,019	3,217,542	1,716,980
TX 59P006501-21	13,184,301	3,828,503	2,967,727	9,355,798	860,775
TX 59P006501-22	16,156,991	-	-	16,156,991	-
TX 59E006501-18	250,000	250,000	224,396	-	25,604
TX 59L006501-20	4,861,055	29,760	-	4,831,295	29,760
	$ 135,966,639	$ 102,405,013	$ 99,771,894	$ 33,561,626	$ 2,633,119

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Compliance Section

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of the Housing Authority of the City of San Antonio (the "Authority"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 31, 2023. The financial statements of the Authority's aggregate remaining fund information were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the aggregate remaining fund information.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

CohnReznick LLP

Charlotte, North Carolina
March 31, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing Authority of the City of San Antonio's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2022. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

CohnReznick LLP

Charlotte, North Carolina
March 31, 2023

Housing Authority of the City of San Antonio

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

I. Summary of Auditor's Results

<u>Financial Statements</u>

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:	**Unmodified opinion**	
Internal control over financial reporting:		
• Material weakness(es) identified?	______Yes	__X__No
• Significant deficiency(ies) identified?	______Yes	__X__None Reported
Noncompliance material to financial statements noted?	______Yes	__X__No

<u>Federal Awards</u>

Internal control over major federal programs:		
• Material weakness(es) identified?	______Yes	__X__No
• Significant deficiency(ies) identified?	______Yes	__X__None Reported
Type of auditor's report issued on compliance for major federal programs:	**Unmodified opinion**	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	______Yes	__X__No

Identification of major federal programs:

- Moving to Work Demonstration Program (Assistance Listing No. 14.881)
- Housing Voucher Cluster
  - Section 8 Housing Choice Vouchers (Assistance Listing No. 14.871)
  - Mainstream Vouchers Program (Assistance Listing No. 14.879)

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

II. Financial Statement Audit Findings

None.

III. Major Federal Awards Findings and Questioned Costs

None.

Housing Authority of the City of San Antonio

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Number	Expenditures	Amounts Passed Through To Subrecipients
Direct Programs				
United States Department of Housing and Urban Development:				
Section 8 Project-Based Cluster:				
Section 8 Moderate Rehabilitation	14.856	FW-4045K	$ 1,849,608	$ -
Section 8 New Construction/Subs Rehab:				
Villa de Valencia	14.182	TX59E000020	482,708	-
Villa de Valencia	14.182	TX59E000020 - CARES Act Funds	1,057	-
Reagan West	14.182	TX59E000018	63,047	-
Reagan West	14.182	TX59E000018 - CARES Act Funds	541	-
Total Section 8 New Construction/Subs Rehab			547,353	-
Total Section 8 Project-Based Cluster			2,396,961	-
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers:				
Section 8 Veterans Affairs Supportive Housing—VASH	14.871		3,062,699	-
HCV Temporary Vouchers (Non-MTW)	14.871		477,966	-
Emergency Housing Voucher Program	14.EHV		1,158,275	-
Section 8 Mainstream Vouchers Program	14.879	FW-4045DV	2,136,083	-
Total Housing Voucher Cluster			6,835,023	-
Moving to Work (MTW) Demonstration Program:				
MTW—Low Rent Public Housing Authority Owned Housing	14.881	FW-1247	27,887,191	-
MTW—Section 8 Housing Choice Voucher Program	14.881	FW-4045V	98,608,083	-
MTW—2019 Capital Fund Program	14.881	TX59P006501-19	896,666	-
MTW—2020 Capital Fund Program	14.881	TX59P006501-20	3,558,848	-
MTW—2021 Capital Fund Program	14.881	TX59P006501-21	3,675,169	-
MTW—2018 Emergency Safety and Security Grant Program	14.881	TX59E006501-18	250,000	
Total MTW Demonstration Program			134,875,957	-
Lead-Based Paint Capital Fund Program:				
2020 Lead-Based Paint Capital Fund Program	14.888	TX59L006501-20	29,760	-
Total Lead-Based Paint Capital Fund Program			29,760	-
Family Self-Sufficiency Program:				
2020 HCV/PH Combined FSS Grant	14.896	TX006FSS21TX4127	460,831	-
2021 HCV/PH Combined FSS Grant	14.896	TX006FSS22TX4596	442,338	-
Total Family Self-Sufficiency Program			903,169	-
Resident Opportunity and Supportive Services (ROSS)—Service Coordinator Grant:				
2018 ROSS—Service Coordinator	14.870	ROSS191334	168,758	-
2021 ROSS—Service Coordinator	14.870	ROSS221724	12,431	-
Total ROSS—Service Coordinator Grant			181,189	-
Job-Plus Pilot Initiative	14.895	TX006FJP000815	122,200	-
Total United States Department of Housing and Urban Development			145,344,259	-

(Continued)

Housing Authority of the City of San Antonio

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Number	Expenditures	Amounts Passed Through To Subrecipients
Pass-Through Programs				
United States Department of Health and Human Services:				
Alamo Community College District:				
Health Profession Opportunity Grants	93.093	90FX0048-05-00	14,512	-
Total United States Department of Health and Human Services			14,512	-
Total Federal Financial Assistance			$ 145,358,771	$ -

See notes to schedule of expenditures of federal awards.

Housing Authority of the City of San Antonio

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 1. Basis of presentation

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

Note 2. Summary of Significant Accounting Policies

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

Subrecipients: There were no subrecipients in the current year.

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

Section 8 Program expenditures represent the current year earned annual contribution from HUD.

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

A reconciliation of the SEFA to the statement of revenues, expenses and changes in net position for the year ended June 30, 2022, is as follows:

Total federal financial assistance per SEFA		$ 145,358,771
A. Federal assistance per statement of revenues, expenses and changes in net position:		
HUD operating subsidy and grant revenue	$ 142,498,523	
Other government grants	14,512	
Capital contributions	6,907,457	
B. Less grant revenue for multifamily properties separately reported to REAC:		
a. Sunshine Plaza—HUD Project No. 115-94026	(555,600)	
b. Pecan Hill—HUD Project No. 115-94027	(644,720)	
c. Springhill I PFC—HUD Grant No. TX59E000035	(612,306)	
d. Springhill II PFC—HUD Grant No. TX59E000036	(449,282)	
C. Less FY 2022 Capital Fund Financing Program principal payments	(1,799,813)	
		$ 145,358,771

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