



FINANCE COMMITTEE MEETING
FEBRUARY 21, 2024



BOARD OF COMMISSIONERS

Gabriel Lopez
Chair

Gilbert Casillas
Vice Chair

Dalia Contreras
Commissioner

Estrellita Garcia-Diaz
Commissioner

Janet Garcia
Commissioner

Leilah Powell
Commissioner

Vincent Robinson
Commissioner

PRESIDENT & CEO

Ed Hinojosa, Jr.

FINANCE COMMITTEE MEETING *OR SPECIAL BOARD MEETING 1:00 p.m. | Wednesday| February 21, 2024

If this meeting becomes a Special Board Meeting, at least four Commissioners will be physically present at this location and the Presiding Officer will also be present at this location.

MEETING CALLED TO ORDER

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

CITIZENS TO BE HEARD

2. **Citizens to be Heard** at approximately 1:00 p.m. (may be heard after this time) Citizens wishing to speak on any issues, including ones not related to items posted on the agenda, should personally request to be placed on the Citizens to be Heard roster prior to 12:45 p.m. Citizens will be given up to three minutes to speak. Each citizen will be permitted to speak only once. A Spanish/English translator will be available to citizens needing translation.

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

INDIVIDUAL ITEM

3. Consideration and appropriate action regarding Resolution 6503, certifying that Opportunity Home's Investment Policy and investment strategies have been reviewed in accordance with the requirements set forth in Section 2256.005 (E) of the Texas Public Funds Investment Act (Diana Kollodziej Fiedler, Chief Financial Officer)

DISCUSSION ITEMS

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

Posted on: 2/16/2024 1:00 PM

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

These committee meetings may become special board meetings if a quorum of the Board attends. No final action is contemplated at these meetings.

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

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

**BOARD OF COMMISSIONERS
Finance Committee Meeting**

RESOLUTION 6503, CERTIFYING THAT OPPORTUNITY HOME’S INVESTMENT POLICY AND INVESTMENT STRATEGIES HAVE BEEN REVIEWED IN ACCORDANCE WITH THE REQUIREMENTS SET FORTH IN SECTION 2256.005 (E) OF THE TEXAS PUBLIC FUNDS INVESTMENT ACT

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Ed Hinojosa Jr
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Ed Hinojosa, Jr.
President and CEO

DocuSigned by:
Diana Fiedler
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Diana Fiedler
Chief Financial Officer

REQUESTED ACTION:

Consideration and appropriate action regarding Resolution 6503, certifying that Opportunity Home’s Investment Policy and investment strategies have been reviewed in accordance with the requirements set forth in Section 2256.005 (E) of the Texas Public Funds Investment Act.

SUMMARY:

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

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

There are no proposed changes to the Investment Policy at this time.

STRATEGIC OUTCOMES:

Supports all strategic outcomes.

ATTACHMENTS:

- Resolution 6503
- 2024 Investment Policy

**CERTIFICATE FOR RESOLUTION
RESOLUTION 6503**

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

1. In accordance with Chapter 551, Texas Government Code, as amended (the “Open Meetings Act”), and the bylaws of Opportunity Home San Antonio, the Board of Commissioners of Opportunity Home San Antonio (the “Board”) held a meeting on March 6, 2024, (the “Meeting”) of the duly constituted officers and members of the Board, at which a duly constituted quorum was present. Whereupon among other business transacted at the Meeting, a written

**RESOLUTION 6503, CERTIFYING THAT OPPORTUNITY HOME’S
INVESTMENT POLICY AND INVESTMENT STRATEGIES HAVE BEEN
REVIEWED IN ACCORDANCE WITH THE REQUIREMENTS SET FORTH IN
SECTION 2256.005 (E) OF THE TEXAS PUBLIC FUNDS INVESTMENT ACT**

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

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

SIGNED AND SEALED this 6th day of March 2024.



Ed Hinojosa, Jr.
President and CEO

**Opportunity Home San Antonio
Resolution 6503**

RESOLUTION 6503, CERTIFYING THAT OPPORTUNITY HOME'S INVESTMENT POLICY AND INVESTMENT STRATEGIES HAVE BEEN REVIEWED IN ACCORDANCE WITH THE REQUIREMENTS SET FORTH IN SECTION 2256.005 (E) OF THE TEXAS PUBLIC FUNDS INVESTMENT ACT

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

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

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

WHEREAS, there are no proposed changes to the Investment Policy at this time.

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

- 1) Approves Resolution **6503**.
- 2) Authorizes the President and CEO or designee to execute all necessary documents and extensions.

Passed and approved the 6th day of March 2024.

Gabriel Lopez

Chair, Board of Commissioners

Attested and approved as to form:

Ed Hinojosa, Jr.

President and CEO

INVESTMENT POLICY

March 6, 2024

1.0 POLICY:

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

2.0 SCOPE:

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

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

3.0 OBJECTIVE:

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

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

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

4.0 PRUDENCE:

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

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

5.0 DELEGATION OF AUTHORITY:

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

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

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

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

6.0 ETHICS AND CONFLICTS OF INTEREST:

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

7.0 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS:

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

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

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

8.0 AUTHORIZED AND SUITABLE INVESTMENTS:

8.1 HUD Funds: Opportunity Home is required to invest HUD sourced funds in investments approved by the U.S. Department of Housing and Urban Development. These investments must be fully collateralized. ATTACHMENT A is applicable to HUD funds and contains a listing and description of approved investments.

8.2 Non-HUD Funds: Funds in excess of HUD funds, unrestricted funds, reserves, partnership funds, bond proceeds, foundation funds, and other funds are not subject to ATTACHMENT A; however, these funds shall be invested in accordance with the Public Funds Investment Act.

9.0 COLLATERALIZATION:

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

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

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

10.0 DIVERSIFICATION:

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

11.0 MAXIMUM MATURITIES:

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

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

12.0 INTERNAL CONTROL:

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

13.0 PERFORMANCE STANDARDS AND REPORTING:

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

14.0 INVESTMENT POLICY ADOPTION:

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

15.0 EXEMPTION:

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

ATTACHMENT A

INVESTMENT INSTRUMENTS APPROVED BY HUD

1. DIRECT OBLIGATION OF THE FEDERAL GOVERNMENT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES

- a. U.S. Treasury Bills

- b. U. S. Treasury Notes and Bonds
 - (1) U.S. Treasury Notes

 - (2) U.S. Treasury Bonds

2. OBLIGATIONS OF FEDERAL GOVERNMENT AGENCIES

- a. Federal Financing Bank (FFB)

- b. Government National Mortgage Association (GNMA). Mortgage-Backed Securities (GNMA I and GNMA II)

- c. GNMA Participation Certifies

- d. Maritime Administration Merchant Marine Bonds, Notes, and Obligations

- e. Small Business Administration (SBA). Small Business Investment Corporation (SBIC) Debentures

- f. Tennessee Valley Authority (TVA) Power Bonds and Notes

3. SECURITIES OF GOVERNMENT-SPONSORED AGENCIES

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

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

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

SLMA issues obligations comprises of guaranteed student loans as follows:

- (1) Floating Rate and Master Notes

(2) The Series E and F Floating Rate Notes

(3) Zero Coupon Notes

4. DEMAND AND SAVINGS DEPOSITS

5. MONEY-MARKET DEPOSIT ACCOUNT

6. MUNICIPAL DEPOSITORY FUND

7. SUPER NOW ACCOUNTS

8. CERTIFICATES OF DEPOSIT

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

9. REPURCHASE AGREEMENTS

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

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

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

10. SWEEP ACCOUNTS

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

12. MUTUAL FUNDS

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

- a. Mutual Fund Criteria: The Fund shall be organized as a no-load, open-end, diversified management company and its shares shall be registered under the Securities Act of 1933. The Fund shall be under the control of the Securities Exchange Act of 1934, Investment Adviser Act of 1940 and the Investment Company Act of 1940. The investment objective of the Fund shall be to obtain as much income as possible consistent with the preservation, conservation and stability of capital. The mutual fund objective cannot be changed without the prior approval of fund shareholders.
- b. The securities purchased by the Fund shall be on the HUD-approved list of investment securities. The fund will not engage in options or financial futures. The HA shall limit the amount of funds invested in the Fund to no more than 20 percent of the HA's available investment funds. The Fund shall disclose clearly the basis of earnings and how they are distributed. The HA shall obtain a statement of potential default and risk. The HA's invested funds shall be accessible to the HA daily. It shall be demonstrated that any limitations on withdrawals will not impair the HA's day-to-day cash management needs.
- c. The management fee shall be fixed at a reasonable amount. The Fund shall disclose the relationships of the investment advisor, manager, trustee, custodian and transfer agent. The Fund shall clearly state all services (such as wire transfers and check writing privileges) and charges.
- d. Investment in the Fund shall be authorized by a Board Resolution. A certified copy of the resolution shall accompany the initial application for the Fund.

13. EFFECT OF LOSS OF REQUIRED RATING

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

OPPORTUNITY HOME SAN ANTONIO**February 21, 2024****MEMORANDUM**

To: Finance Committee

From: Ed Hinojosa, Jr., President and CEO

Presented by: Diana Kollodziej Fiedler, Chief Financial Officer

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

SUMMARY:**Financial Performance Highlights**

The Quarterly Financial Report for Opportunity Home San Antonio for the six months ended December 31, 2023 is attached. The Financial Performance Report provides separate condensed statements of revenue and expenses, one for Opportunity Home's core business activities of housing, management, and resident services ("Operations"); and another for the Capital Fund and Real Estate Services lines of business ("Capital"). The results for the six months ended December 31, 2023 reflect a Surplus Before Non-Cash Items of \$5.2 million for Operations (\$5.3 million above budget) and a Surplus Before Non-Cash Items of \$12.8 million for Capital (\$3.3 million above budget). It is essential to emphasize that the surplus of \$5.2 million in Operations was mainly attributable to the utilization of \$24.1 million HUD-Held MTW funds. These funds were used to pay off Beacon debt in the amount of \$7.8 million, to cover operating expenses in the amount of \$1.8 million and \$5.0 million respectively for the Beacon and Public Housing portfolios. The remaining balance of the HUD-Held MTW funds were used to support the development costs of the 100 Labor and Snowden projects.

Total Operating Revenue for the Operations segment was approximately \$12.8 million below budget. Tenant revenue was \$5.8 million below budget, mainly due to unfavorable variances in the Beacon and Public Housing sectors. The Beacon sector's unfavorable variance was caused by several properties including Woodhill, 100 Labor, Costa Valencia, Cottage Creek, and Rosemont at Highland Park experiencing lower than anticipated occupancy levels. The portfolio's annual average occupancy was 84%; however, the rate for the aforementioned struggling properties ranged between 67% and 80% (excluding 100 Labor). Grant revenue exceeded the budget by \$1.0 million, primarily driven by favorable variances in Section 8 administrative fees and project-based Housing Assistance Payment (HAP) subsidies. The overall favorable variance in Grant revenue was partially offset by an unfavorable variance in Public Housing operating subsidy. Section 8 HAP Revenue ended the period with an unfavorable variance of \$8.3 million and HAP Expense ended the period with a favorable variance of \$3.5 million. HAP expenses were lower than budgeted for the HCV program due to lower-than-expected voucher utilization. Miscellaneous Revenue ended the period with a favorable variance of \$0.3 million and was composed of a performance dividend from the Housing Authority Risk Retention Group and Family Self-Sufficiency Program escrow forfeitures.

Total Operating Expenses ended the period \$1.1 million above budget for Operations. Salaries and Benefits ended the period \$1.0 million below budget, attributed to the Central Office,

OPPORTUNITY HOME SAN ANTONIO**February 21, 2024**

Resident Services, and Beacon segments offset by unfavorable variances in the Public Housing and Section 8 segments. Most employees experienced a salary increase due to the recent classification and compensation study and as staffing levels rise, we expect to see an unfavorable variance in this line item. It is worth noting that \$2.4 million was included as an approved use of MTW funds to defray the increase in salaries and benefits we anticipate for the remaining quarters of the fiscal year. Ordinary Maintenance and Repairs ended the period \$6.9 million above budget, mainly due to unfavorable variances in Public Housing and Beacon. Public Housing expenses were adversely affected by unit make ready and major repairs, while Beacon expenses increased by the above-mentioned items and materials. Utilities ended the period \$0.2 million below budget due to favorable variances for electricity and gas expenses in the Public Housing and Beacon segments. Other Expenses ended the period \$1.1 million below budget, primarily driven by lower-than-expected technology/licensing costs across the organization.

Total Operating Revenue for the Capital segment was approximately \$4.4 million above budget. Grant revenue was above budget by \$3.5 million. Revenue related to CFP soft costs, specifically to support public housing operating expenses, has historically been budgeted at 10% of the grant amount although HUD permits the use of up to 20% of CFP funds for this purpose. To help offset a portion of the Public Housing operating loss, staff made draws of an additional 10% for three open CFP grants. Miscellaneous Revenue exceeded the budget by \$0.9 million as a result of bond issuer fees earned by Las Varas Public Facility Corporation.

Total Operating Expenses ended the period \$0.7 million above budget for the Capital segment. Salaries and Benefits were \$0.3 million below budget, mainly due to a favorable variance in the Real Estate Services sector. Other Expenses were \$0.7 million above budget due to an unfavorable variance in the Real Estate Services sector caused by higher consulting fees related to pre-development for the Alazan Courts Expansion project and the establishment of an allowance for an operating deficit loan to the Artisan at Salado partnership.

Total Assets and Deferred Outflows of Resources increased by \$34.9 million, or 6.44 percent. The \$8.2 million decrease in Current Assets resulted largely from a decrease in unrestricted cash. During the period, Las Varas Public Facility Corporation loaned \$4.0 million to the Hub which was used to fund payroll, payments to vendors, and ongoing capital projects at various Beacon and Public Housing properties. Additionally, Las Varas PFC made operating transfers of \$4.7 million and \$1.3 million to the Real Estate Services segment and San Juan Square partnership, respectively. The \$28.4 million increase in Fixed Assets resulted primarily from an increase of \$53.3 million in land, buildings, and site improvements, related to the acquisition of The Ravello Apartments property in the Beacon portfolio, as well as the capitalization of projects in both the Beacon and Public Housing portfolios. These amounts were offset by the routine recording of depreciation. Additionally, there was an increase of \$4.3 million in construction in progress related to ongoing modernization projects.

Total Liabilities and Deferred Inflows of Resources decreased by \$6.0 million, or 2.82 percent. The decrease of \$12.6 million in Total Liabilities resulted from a significant paydown of debt, which was partially offset by new debt additions. The Ravello acquisition and refinance resulted in \$11.7 million of new debt and construction draws related to 100 Labor added \$9.3 million of new debt. Debt reductions included \$12.7 million debt payoff for nine Beacon properties: Bella Claire, Churchill Estates, Claremont, Homestead, Towering Oaks, Monterrey Park, La Providencia,

OPPORTUNITY HOME SAN ANTONIO**February 21, 2024**

Castle Point, and Warren House; and scheduled principal payments of \$4.5 million. Additionally, Sendero bonds payable of \$7.3 million scheduled to mature in January 2024 were paid off in December. Also contributing was a reduction of \$3.3 million in trade payables and accruals. Leased Assets, which includes prepaid ground leases, increased by \$6.3 million due primarily to San Antonio Housing Facility Corporation entering into three ground leases with the Bristol at Somerset, Horizon Pointe, and Vista at Reed limited partnerships.

The Comparative Balance Sheet reflects an overall increase in Total Net Position of \$40.9 million from December 31, 2022 to December 31, 2023 as a result of the changes described above.

Supplemental Information–Funding Environment

On January 18, both chambers of Congress passed a continuing resolution (CR) to avert a partial government shutdown. The new CR maintains the “laddered” approach of the prior resolution, and sets the deadline for passing four appropriations bills – including the one funding HUD programs – to March 1, 2024. The remaining eight appropriations bills have a funding deadline of March 8. If Congress does not pass full-year appropriations by those dates, a full-year CR is likely, which would likely trigger substantial cuts to both defense and non-defense spending.

PROPOSED ACTION:

None.

STRATEGIC OUTCOMES:

Supports all strategic outcomes.

ATTACHMENTS:

Financial Performance Report
Cash and Investment Summary
Grants Report
Slides

Opportunity Home San Antonio
Financial Performance Report
Condensed Statement of Revenue and Expenses - Operations
(For the Six Months Ended 12/31/2023)
(Unaudited)

	OPERATIONS ACTUAL 12/31/2023	OPERATIONS BUDGET 12/31/2023	OPERATIONS Variance	%	Highlights Section
Operating Revenue					
Tenant Revenue	\$ 21,454,596	\$ 27,227,250	\$ (5,772,654)	-21.20%	I(a)(1)
Grants	25,546,218	24,556,149	990,069	4.03%	I(a)(2)
HAP Revenue	54,538,388	62,817,783	(8,279,395)	-13.18%	I(a)(3)
Miscellaneous Revenue	887,202	620,602	266,600	42.96%	I(a)(4)
Total Operating Revenue	<u>\$ 102,426,404</u>	<u>\$ 115,221,784</u>	<u>\$ (12,795,381)</u>	<u>-11.11%</u>	
Operating Expenses					
Salaries and Benefits	\$ 24,968,752	\$ 25,971,085	\$ (1,002,333)	-3.86%	I(b)(1)
Ordinary Maintenance and Repairs	17,943,606	11,004,133	6,939,473	63.06%	I(b)(2)
Utilities	5,314,580	5,500,898	(186,318)	-3.39%	
Other Expenses	8,721,522	9,818,150	(1,096,628)	-11.17%	I(b)(3)
HAP Expense	54,538,388	58,009,842	(3,471,453)	-5.98%	I(a)(3)
Management Fees	96,622	176,756	(80,134)	-45.34%	
Total Operating Expenses	<u>\$ 111,583,471</u>	<u>\$ 110,480,864</u>	<u>\$ 1,102,606</u>	<u>1.00%</u>	
Net Operating Income	\$ (9,157,067)	\$ 4,740,920	\$ (13,897,987)	-293.15%	
Non-Operating Income (Expenses)					
Interest Expense	\$ (2,694,427)	\$ (3,049,527)	\$ 355,100	-11.64%	I(d)(1)
Interest Income	1,791,448	597,651	1,193,797	199.75%	I(d)(1)
Other Income (Expenses)	(8,804,184)	(2,948,565)	(5,855,619)	198.59%	I(c)(1)
HUD-Held Fund Draws	24,112,200	625,000	23,487,200	3757.95%	I(c)(1)
Total Non-Operating Income (Expenses)	<u>\$ 14,405,037</u>	<u>\$ (4,775,440)</u>	<u>\$ 19,180,477</u>	<u>-401.65%</u>	
Surplus (Deficit) Before Non-Cash Items	\$ 5,247,970	\$ (34,520)	\$ 5,282,490	-15302.74%	
Non-Cash Items					
Depreciation and Amortization	\$ (7,514,499)	\$ (7,435,450)	\$ (79,048)	1.06%	
Non-Operating Income (Expense)	10,872,291	8,718,173	2,154,118	24.71%	I(d)(1)
Total Non-Cash Items	<u>\$ 3,357,792</u>	<u>\$ 1,282,722</u>	<u>\$ 2,075,070</u>	<u>161.77%</u>	
Change in Net Position	<u>\$ 8,605,762</u>	<u>\$ 1,248,202</u>	<u>\$ 7,357,560</u>	<u>589.45%</u>	I(d)(1)

**Opportunity Home San Antonio
Financial Performance Report
Condensed Statement of Revenue and Expenses - Capital Activities**
(For the Six Months Ended 12/31/2023)
(Unaudited)

	CAPITAL ACTUAL 12/31/2023	CAPITAL BUDGET 12/31/2023	CAPITAL Variance	%	Highlights Section
Operating Revenue					
Grants	\$ 13,525,855	\$ 10,064,741	\$ 3,461,114	34.39%	II(a)(1)
Miscellaneous Revenue	2,847,062	1,911,696	935,367	48.93%	II(a)(2)
Total Operating Revenue	\$ 16,372,917	\$ 11,976,436	\$ 4,396,481	36.71%	
Operating Expenses					
Salaries and Benefits	\$ 1,143,900	\$ 1,470,387	\$ (326,487)	-22.20%	I(b)(1)
Ordinary Maintenance and Repairs	432,036	133,558	298,478	223.48%	I(b)(2)
Utilities	798	1,296	(498)	-38.42%	
Other Expenses	1,205,257	519,518	685,739	132.00%	I(b)(3)
Management Fees	3,828	2,358	1,470	62.32%	
Total Operating Expenses	\$ 2,785,819	\$ 2,127,117	\$ 658,702	30.97%	
Net Operating Income	\$ 13,587,098	\$ 9,849,319	\$ 3,737,779	37.95%	
Non-Operating Income (Expenses)					
Interest Expense	\$ (116,943)	\$ (116,943)	\$ -	0.00%	
Interest Income	961,780	91,805	869,976	947.64%	II(c)(1)
Other Income (Expenses)	(1,635,521)	(310,918)	(1,324,603)	426.03%	II(c)(1)
Total Non-Operating Income (Expenses)	\$ (790,683)	\$ (336,056)	\$ (454,627)	135.28%	
Surplus (Deficit) Before Non-Cash Items	\$ 12,796,415	\$ 9,513,263	\$ 3,283,152	34.51%	
Non-Cash Items					
Depreciation and Amortization	\$ (77,335)	\$ (75,477)	\$ (1,859)	2.46%	
Non-Operating Income (Expense)	(4,042,996)	(7,937,912)	3,894,915	-49.07%	II(c)(1)
Total Non-Cash Items	\$ (4,120,331)	\$ (8,013,388)	\$ 3,893,057	-48.58%	
Change in Net Position	\$ 8,676,083	\$ 1,499,875	\$ 7,176,208	478.45%	II(c)(1)

*Capital Fund column includes Capital Fund and Real Estate Services

**Opportunity Home San Antonio
Financial Performance Report
Comparative Balance Sheet
As of December 31, 2023
(Unaudited)**

	12/31/2023	12/31/2022	Increase (Decrease)	%	Highlights Section
Assets					
Current Assets	\$ 117,033,495	\$ 125,225,343	\$ (8,191,848)	-6.54%	
Fixed Assets	375,902,435	347,513,360	28,389,075	8.17%	
Other Non-Current Assets	84,011,611	69,169,559	14,842,052	21.46%	
Total Assets	\$ 576,947,541	\$ 541,908,262	\$ 35,039,279	6.47%	
Deferred Outflows of Resources					
Deferred Charges on Refunding	\$ 142,854	\$ 223,149	\$ (80,295)	-35.98%	
Deferred Swap Outflows	-	55,761	(55,761)	-100.00%	
Total Deferred Outflows of Resources	\$ 142,854	\$ 278,910	\$ (136,056)	-48.78%	
Total Assets and Deferred Outflows of Resources	\$ 577,090,395	\$ 542,187,172	\$ 34,903,223	6.44%	III(a)
Liabilities					
Current Liabilities	\$ 17,534,177	\$ 21,147,692	\$ (3,613,515)	-17.09%	
Non-Current Liabilities	128,811,655	137,782,037	(8,970,382)	-6.51%	
Total Liabilities	\$ 146,345,832	\$ 158,929,729	\$ (12,583,897)	-7.92%	
Deferred Inflows of Resources					
Leased Assets	\$ 58,108,379	\$ 51,854,931	\$ 6,253,448	N/A	
Deferred Swap Inflows	556,976	186,451	370,525	N/A	
Total Deferred Inflows of Resources	\$ 58,665,355	\$ 52,041,382	\$ 6,623,973	N/A	
Total Liabilities and Deferred Inflows of Resources	\$ 205,011,187	\$ 210,971,111	\$ (5,959,924)	-2.82%	III(b)
Net Position					
Net Investment in Capital Assets	\$ 247,395,924	\$ 214,768,759	\$ 32,627,165	15.19%	
Restricted Net Position	47,777,740	44,478,681	3,299,059	7.42%	
Unrestricted Net Position	76,905,544	71,968,621	4,936,923	6.86%	
Total Net Position	\$ 372,079,208	\$ 331,216,061	\$ 40,863,147	12.34%	III(c)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 577,090,395	\$ 542,187,172	\$ 34,903,223	6.44%	

**Opportunity Home San Antonio
Financial Performance Report
As of December 31, 2023
(Unaudited)**

HIGHLIGHTS

For the six months ended December 31, 2023, the Operations segment generated a surplus before non-cash items of \$5.2 million, which was \$5.3 million above budget. Total Operating Revenue was below budget by \$12.8 million, or 11.11 percent, and Total Operating Expenses were above budget by \$1.1 million, or 1.00 percent.

For the six months ended December 31, 2023, the Capital segment produced a surplus before non-cash items of \$12.8 million, which was \$3.3 million above budget. Total Operating Revenue was above budget by \$4.4 million, or 36.71 percent, and Total Operating Expenses were above budget by \$0.7 million, or 30.97 percent.

Total Assets and Deferred Outflows of Resources increased by \$34.9 million, or 6.44 percent. Total Liabilities and Deferred Inflows of Resources decreased by \$6.0 million, or 2.82 percent. Presented below are explanations which summarize the results of operations (Operations and Capital segments) and the combined changes in financial condition.

I. Income Statement (Operations)

Total Operating Revenue was below budget by \$12.8 million and Total Operating Expenses were above budget by \$1.1 million.

(a) **Operating Revenue**

- (1) Tenant revenue was below budget by \$5.8 million due to unfavorable variances in the Beacon and Public Housing sectors of \$5.2 million and \$0.6 million, respectively. The primary properties contributing to the unfavorable variance for the Beacon sector were Woodhill, 100 Labor, Costa Valencia, Cottage Creek, and Rosemont at Highland Park. Occupancy remains an ongoing challenge with fiscal year-to-date occupancy for these properties ranging between 67 and 80 percent (excluding 100 Labor which we only began leasing up in October). Average occupancy for the overall Beacon portfolio was 84 percent.
- (2) Grant revenue was above budget by \$1.0 million primarily due to favorable variances of \$1.4 million in Section 8 and \$0.3 million in Beacon. The \$1.4 million favorable variance consisted of Section 8 administrative fees and the \$0.3 million favorable variance was the result of higher project-based Section 8 HAP subsidies reflecting contract rent increases. Partially offsetting this was an unfavorable variance in Public Housing operating subsidy of \$0.8 million.
- (3) Section 8 Housing Assistance Payment (HAP) Revenue ended the period with an unfavorable variance of \$8.3 million. HAP Revenue was unfavorable primarily due to the Housing Choice Voucher (HCV) and Mainstream programs receiving \$8.6 million less than budgeted. HAP Expense was \$3.5 million lower than budgeted, driven mainly by lower-than-anticipated HAP Expense for the HCV Program. As more HAP contracts are

**Opportunity Home San Antonio
Financial Performance Report
As of December 31, 2023
(Unaudited)**

executed throughout the remainder of the fiscal year, the variances in both HAP Revenue and Expense are expected to decrease.

- (4) Miscellaneous Revenue ended the period with a favorable variance of \$0.3 million and was composed of a performance dividend received from the Housing Authority Risk Retention Group and Family Self-Sufficiency Program escrow forfeitures.

(b) **Operating Expenses**

- (1) Salaries and Benefits ended the period \$1.0 million below budget. Staffing levels have increased in Public Housing and Section 8 resulting in an unfavorable variance of \$0.5 million. The Central Office, Resident Services and Beacon segments combined for a favorable variance of \$1.5 million. Most employees experienced a salary increase due to the recent classification and compensation study and as staffing levels rise, we expect to see an unfavorable variance in this line item. It is worth noting that \$2.4 million was included as an approved use of MTW funds to defray the increase in salaries and benefits we anticipate for the remaining quarters of the fiscal year.
- (2) Ordinary Maintenance and Repairs ended the period \$6.9 million above budget primarily due to unfavorable variances of \$4.4 million and \$2.6 million in Public Housing and Beacon, respectively. For Public Housing, significant unfavorable expenses arose from unit make ready and major repairs. For Beacon, significant unfavorable expenses resulted from unit make ready, supplies and materials, and other contract costs.
- (3) Utilities ended the period \$0.2 million below budget due to favorable variances for electricity and gas expenses realized in the Public Housing and Beacon segments.
- (4) Other Expenses ended the period \$1.1 million below budget primarily due to technology/licensing fees savings of \$0.7 million across all segments and \$0.4 million in landlord incentive savings in the Section 8 segment.

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

- (1) Change in Net Position ended the period \$7.4 million above budget. Net Operating Income was below budget by \$13.9 million. Interest Expense ended the period \$0.4 million below budget due to the elimination of interest on mortgages for nine properties. Interest Income performed \$1.2 million better than budgeted due to a rise in interest rates. Other Income (Expenses) was unfavorable by \$5.9 million primarily due to MTW funding of various Snowden construction draws totaling \$5.4 million which were unbudgeted. Additionally, there was a \$0.8 million unfavorable variance in the Beacon Segment for appliance and flooring replacement. HUD-Held Fund Draws were \$24.1 million over budget and a listing of the MTW expenditures is provided in Section IV of the report.

**Opportunity Home San Antonio
Financial Performance Report
As of December 31, 2023
(Unaudited)**

II. Income Statement (Capital)

Total Operating Revenue was above budget by \$4.4 million and Total Operating Expenses were above budget by \$0.7 million.

(a) **Operating Revenue**

- (1) Grant revenue was above budget by \$3.5 million in the Capital Fund Program (CFP). Revenue related to CFP soft costs, specifically for operations, has historically been budgeted at 10% of the grant amount. HUD allows the use of 20% of CFP funds for Public Housing operating costs. To help cover a portion of the Public Housing operating loss, staff made draws of an additional 10% for the 2021, 2022, and 2023 CFP grants, which created a favorable variance of \$6.4 million. This was partially offset by a \$2.9 million unfavorable variance in CFP hard costs due to timing of CFP grant expenditures.
- (2) Miscellaneous Revenue was above budget by \$0.9 million due primarily to bond issuer fees earned by Las Varas Public Facility Corporation.

(b) **Operating Expenses**

- (1) Salaries and Benefits were below budget by \$0.3 million primarily due to a favorable variance in the Real Estate Services sector.
- (2) Other Expenses were above budget by \$0.7 million primarily due to an unfavorable variance in the Real Estate Services sector. An unfavorable variance of \$0.3 million in consulting fees arose related to pre-development for the Alazan Courts Expansion project. Additionally, \$0.4 million was recognized as bad debt expense to establish an allowance for an operating deficit loan to the Artisan at Salado partnership.

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

- (1) Change in Net Position ended the period with a \$7.2 million favorable variance. Net Operating Income was above budget by \$3.7 million. Interest income was favorable by \$0.9 million due to the unexpected increase in interest earnings. The Other Income (Expenses) line item was \$1.3 million unfavorable due primarily to the funding of operating and disposition deficits of \$0.5 million and \$1.0 million, respectively, for the Costa Mirada partnership.

III. Balance Sheet

Total Assets and Deferred Outflows of Resources increased by \$34.9 million, Total Liabilities and Deferred Inflows of Resources decreased by \$6.0 million, and Total Net Position increased by \$40.9 million.

Opportunity Home San Antonio
Financial Performance Report
As of December 31, 2023
(Unaudited)

- (a) Total Assets and Deferred Outflows of Resources increased by \$34.9 million, or 6.44 percent. Current Assets decreased by \$8.2 million while Fixed Assets and Other Non-Current Assets increased by \$28.4 million and \$14.8 million, respectively. The \$8.2 million decrease in Current Assets resulted largely from a decrease in unrestricted cash. During the period, Las Varas Public Facility Corporation loaned \$4.0 million to the Hub which was used to fund payroll, payments to vendors, and ongoing capital projects at various Beacon and Public Housing properties. Additionally, Las Varas PFC made operating transfers of \$4.7 million and \$1.3 million to the Real Estate Services segment and San Juan Square partnership, respectively. The transferred funds were utilized to pay down intercompany balances and to cover predevelopment costs for various construction projects overseen by Real Estate Services. The \$28.4 million increase in Fixed Assets resulted primarily from an increase of \$53.3 million in land, buildings, and site improvements, related to the acquisition of The Ravello Apartments property in the Beacon portfolio, as well as the capitalization of projects in both the Beacon and Public Housing portfolios. These amounts were offset by the routine recording of depreciation. Additionally, there was an increase of \$4.3 million in construction in progress related to ongoing modernization projects.
- (b) Total Liabilities and Deferred Inflows of Resources decreased by \$6.0 million, or 2.82 percent. The decrease of \$12.6 million in Total Liabilities resulted from a significant paydown of debt which was partially offset by new debt additions. The Ravello acquisition and refinance resulted in \$11.7 million of new debt and construction draws related to 100 Labor added \$9.3 million of new debt. Debt reductions included \$12.7 million debt payoff for nine Beacon properties: Bella Claire, Churchill Estates, Claremont, Homestead, Towering Oaks, Monterrey Park, La Providencia, Castle Point, and Warren House; and scheduled principal payments of \$4.5 million. Additionally, Sendero bonds payable of \$7.3 million scheduled to mature in January 2024 were paid off in December. Also contributing was a reduction of \$3.3 million in trade payables and accruals. Leased Assets, which includes prepaid ground leases, increased by \$6.3 million due primarily to San Antonio Housing Facility Corporation entering into three ground leases with the Bristol at Somerset, Horizon Pointe, and Vista at Reed limited partnerships.
- (c) Total Net Position increased by \$40.9 million, or 12.34 percent, as a result of the changes described above.

**Opportunity Home San Antonio
Financial Performance Report
As of December 31, 2023
(Unaudited)**

IV. MTW Expenditures

Projects	Cumulative Expenditure Balance as of 12/31/23
Program Administration and Implementation of MTW Initiatives	\$ 611,048
Public Housing Operating Shortfall	5,000,000
Preservation and Expansion of Affordable and Public Housing:	
Development of Labor Street Multifamily Property	414,291
Investment in MTW Units at Tax Credit/Beacon Properties:	
Costa Valencia and Rosemont at Highland Park Intercompany Paydown	1,808,495
Vera Cruz Loan Payoff	471,762
Snowden Development Funding	5,455,457
Legacy at Crown Meadows (Sendero) Bond Payoff	7,282,680
Total	\$ 21,043,733

Summary of Major Changes in Cash and Investment Balance

For the Quarterly Period Ending December 31, 2023

The overall cash and investment balance decreased by \$4.5 million over the previous quarter primarily due to payments to vendors in connection with operations at various Beacon and Public Housing properties.

Unrestricted Cash and Investments

- **Central Office Cost Center** - There is a net cash increase of \$3.3 million over the previous quarter due to the collection of internal fees of \$6.0 million, \$1.6 million of loan proceeds, offset by payment of intercompany balances of \$4.3 million.
- **Community Development Initiatives** - There is a cash increase of \$0.2 million related to the sale of vacant land near Costa Mirada.
- **Project Based Properties** - There is a cash increase of \$0.3 million due to general operations.
- **Properties under SAHFC** - There is a net cash decrease of \$1.4 million primarily due to operating transfers from Towering Oaks to Rosemont at Highland Park of \$0.9 million, Dietrich Road Apartments and Homestead of \$0.1 million each to fund their operating shortfalls. Additionally, there was a \$0.3 million net cash decrease attributable to settlement of intercompany balances.
- **Development Activities under SAHFC** - There is a net cash increase of \$2.7 million primarily due to the receipt of \$2.0 million of developer fee for four tax credit partnerships including 1604 Lofts, Majestic Ranch, Kitty Hawk and Vista at Reed, \$0.6 million from settlement of intercompany balances and \$0.1 million for administrative lease for Culebra Commons.
- **Development Activities - Las Varas** - There is a net cash decrease of \$3.5 million over the previous quarter due to operating transfers to Real Estate Services of \$1.4 million, funds disbursed to various tax credit partnerships to fund operating and disposition deficits of \$1.8 million and a reclass of cash receipts for 1604 Lofts development fees of \$1.1 million. These decreases were partially offset by bond issuer fees received totaling \$0.4 million, intercompany reimbursements of \$0.3 million and interest income of \$0.1 million.
- **Development Activities - Other Entities** - There is a net cash increase of \$0.5 million due to a combination of transfers from Las Varas of \$0.4 million and interest earned of \$0.1 million.
- **Other Beacon Properties Cash** - There is a net cash decrease of \$1.2 million primarily due to the settlement of intercompany balances due.
- **Other Unrestricted Cash** - There is a net cash decrease of \$2.1 million as a result of the HUB paying down the loan to the Central Office Cost Center.

Restricted Cash and Investments

- **Public Housing** - There is a net cash increase of \$0.3 million due to interest earned.
- **Section 8** - There is a net cash decrease of \$1.2 million due to the funding of Sendero loan of \$7.3 million, Public Housing operating shortfall \$5.0 million, Snowden of \$3.5 million, Vera Cruz loan of \$0.5 million, operating expenses for Moving to Work line of business of \$0.4 million and 100 Street Labor of \$0.1 million. Offsetting this was the receipt of \$17.3 million of MTW funding and an increase of HAP funding of \$0.7 million.
- **Properties under SAHFC** - There is a net cash decrease of \$2.2 million primarily due to the \$1.3 million cash transfers from Monterrey Park and \$0.8 million from Encanta Villa to Rosemont at Highland Park of \$0.5 million, Costa Valencia of \$1.0 million and \$0.7 to San Juan II to fund their operating shortfall.

**Opportunity Home San Antonio
Cash and Investment Summary
December 31, 2023**

	Balance 9/30/2023	Deposits	Withdrawals	Balance 12/31/2023
Cash				
Unrestricted Cash:				
Central Office Cost Center (1)	605,744	9,917,955	6,638,691	3,885,008
Public Housing (1)	708,043	20,450,944	20,598,963	560,024
Section 8 (1)	7,669,403	3,727,961	3,532,249	7,865,115
Community Development Initiatives	204,706	17,486,910	17,265,850	425,766
Central Office- Health Insurance (2)	512,945	2,777,793	2,842,700	448,038
Homeownership	18,977	3,769	4,120	18,626
Project Based Properties (1)	4,796,842	1,789,358	1,522,471	5,063,729
Properties under SAHFC	4,805,930	3,840,924	5,231,238	3,415,616
Education Investment Foundation	(3,438)			(3,438)
Capital Fund Program (1)		5,089,870	5,089,870	-
Development Activities under SAHFC	1,923,451	3,186,418	467,128	4,642,741
Development Activities - Las Varas	6,138,587	1,083,030	4,746,596	2,475,021
Development Activities - Other Entities	9,249,084	1,493,474	1,034,730	9,707,828
Other Beacon Properties Cash	8,051,833	14,551,160	15,724,800	6,878,193
Other Unrestricted Cash	3,479,769	68,111,199	70,163,331	1,427,637
Sub-Total:	48,161,876	153,510,765	154,862,737	46,809,904
Restricted Cash:				
Central Office Cost Center	654,886			654,886
Public Housing	18,631,436	340,887	49,497	18,922,826
Section 8	3,497,074	48,022,478	49,240,597	2,278,955
Project Based Properties	1,687,215	11,616		1,698,831
Properties under SAHFC	10,952,565	563,111	2,807,550	8,708,126
Education Investment Foundation	3,824			3,824
Capital Fund Program	1,301,132	16,674		1,317,806
Development Activities under SAHFC	3,006,059	3,135	195,177	2,814,017
Development Activities - Refugio Street PFC	8,170,568	-	-	8,170,568
Non-Profit-Other Restricted	1,386,756	101,516	2,227	1,486,045
Other Restricted Cash	409,165	100,800	95,959	414,006
Endowment Trust	348,472	3,718	35,247	316,943
Sub-Total:	50,049,152	49,163,935	52,426,254	46,786,833
Total Unrestricted & Restricted Cash:	98,211,028	202,674,700	207,288,991	93,596,737
Investments				
Restricted Investments at Various Banks:				
Central Office Cost Center	935	301,756	226,301	76,390
Other Restricted Investments	885,283	8,137,050	8,107,821	914,512
Sub-Total:	886,218	8,438,806	8,334,122	990,902
Total Cash & Investments:	99,097,246	211,113,506	215,623,113	94,587,639

Footnotes:

- (1) Cash and Investments related to federal programs
(2) Cash and Investments related to self insurance program

**Opportunity Home San Antonio
Cash Held for Tax Credit Partnerships
December 31, 2023**

	9/30/2023	Deposits	Withdrawals	12/31/2023
Cash from Tax-Credit Partnerships	2,727,011	4,448,699	4,696,157	2,479,553
Total Cash Held for Partnerships Managed by Beacon:	\$ 2,727,011	\$ 4,448,699	\$ 4,696,157	\$ 2,479,553

**Opportunity Home San Antonio
Collateralization
December 31, 2023**

	Total Deposits	Deposits Covered by FDIC	Deposits Covered by Collateral	Pledged Collateral
Frost National Bank	\$ 86,255,116	\$ 500,000	\$ 86,255,116	\$ 140,186,600
Lument Capital, LLC	\$ 2,754,698	\$ 1,058,416	\$ -	\$ -
US Bank	\$ 850,220	\$ -	\$ -	\$ -
Bank of New York - Sendero	\$ 122,626	\$ -	\$ -	\$ -
Bank of New York - Converse Ranch II	\$ 285,828	\$ -	\$ -	\$ -
Wells Fargo - Rosemont at Highland Park	\$ 122,995	\$ -	\$ -	\$ -
Walker & Dunlop - Converse Ranch I	\$ 577,809	\$ 345,461	\$ -	\$ -
Walker & Dunlop - Bella Claire	\$ -	\$ -	\$ -	\$ -
Walker & Dunlop - SAHFC	\$ -	\$ -	\$ -	\$ -
Berkadia Commercial Mortgage, LLC	\$ 255,831	\$ 255,831	\$ -	\$ -
Total Collateralized deposits:	\$ 91,225,123	\$ 2,159,707	\$ 86,255,116	\$ 140,186,600

FDIC has made permanent the standard coverage - all funds in noninterest-bearing accounts are fully insured up to \$250,000. The accompanying Cash and Investment Summary Report has been prepared in accordance with the compliance requirements of the Texas Public Funds Investment Act, Chapter 2256. As the Investment Officer for the Opportunity Home San Antonio I certify that all investments in our portfolio comply with the investment strategy expressed in Opportunity Home's Investment Policy dated April 14, 2016 and with the relevant provisions of the State of Texas, Government Code, Chapter 2256, Public Funds Investment.



2/6/2024

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

GRANTS REPORT AS OF December 31, 2023

CAPITAL GRANTS										
Grant Number	Obligation End Date	Expenditure End Date	Amount to be Obligated by End Date	LOCCS Authorized	Cumulative PHA Obligated	Unobligated Amount	Obligation Percentage	Cumulative GL PHA Expended	Expended Percentage	LOCCS Disbursement
<div style="border: 1px solid black; padding: 2px;"> CAPITAL GRANTS Unmet expenditure deadline approaching within 6 Months Unmet obligation deadline approaching within 12 Months Grant expenditure is not progressing as planned </div>										
Capital Fund Program (CFP)										
Capital Projects at various PH Properties										
TX59P006501-10	07/14/12	07/14/14	\$ 8,770,114.80	\$ 9,744,572.00	\$ 9,744,572.00	\$ -	100%	\$ 9,744,572.00	100%	\$ 9,744,572.00 (1)
*Major Project: Marie McGuire										
TX59P006501-11	08/02/13	08/02/15	\$ 7,336,199.70	\$ 8,151,333.00	\$ 8,151,333.00	\$ -	100%	\$ 8,151,333.00	100%	\$ 8,151,333.00 (1)
*Major Projects: Blanco, Marie McGuire, Westway										
TX59P006501-12	03/11/14	03/11/16	\$ 6,669,297.00	\$ 7,410,330.00	\$ 7,410,330.00	\$ -	100%	\$ 7,410,330.00	100%	\$ 7,410,330.00 (1)
*Major Projects: Fair Avenue, South San, Sun Park										
TX59P006501-13	09/08/15	09/08/17	\$ 6,472,918.80	\$ 7,192,132.00	\$ 7,192,132.00	\$ -	100%	\$ 7,192,132.00	100%	\$ 7,192,132.00 (1)
*Major Projects: Lewis Chatham, Jewett Circle, Westway										
TX59P006501-14	05/12/16	05/12/18	\$ 6,564,698.10	\$ 7,294,109.00	\$ 7,294,109.00	\$ -	100%	\$ 7,294,109.00	100%	\$ 7,294,109.00 (1)
*Major Projects: Westway, Charles Andrews, Cassiano Homes										
TX59P006501-15	04/12/17	04/12/19	\$ 6,785,826.30	\$ 7,539,807.00	\$ 7,539,807.00	\$ -	100%	\$ 7,539,807.00	100%	\$ 7,539,807.00 (1)
*Major Projects: Charles Andrews, HB Gonzalez										
TX59E006501-11	03/04/13	3/4/14	\$ 225,000.00	\$ 250,000.00	\$ 250,000.00	\$ -	100%	\$ 250,000.00	100%	\$ 250,000.00 (1)
*Safety and Security Grant at Lincoln Heights										
TX59P006501-16	04/12/18	04/12/20	\$ 7,024,842.00	\$ 7,805,380.00	\$ 7,805,380.00	\$ -	100%	\$ 7,805,380.00	100%	\$ 7,805,380.00 (1)
*Major Projects: Westway, WC White										
TX59P006501-17	08/15/19	08/15/21	\$ 7,176,040.20	\$ 7,973,378.00	\$ 7,973,378.00	\$ -	100%	\$ 7,973,378.00	100%	\$ 7,973,378.00 (1)
*Major Projects: Victoria Plaza, Villa Tranchese										
TX59P006501-18	05/28/21	05/28/23	\$ 11,098,890.00	\$ 12,332,100.00	\$ 12,332,100.00	\$ -	100%	\$ 12,332,100.00	100%	\$ 12,332,100.00 (1)
*Major Projects: Victoria Plaza, Fair Avenue										
TX59P006501-19	10/15/22	10/15/24	\$ 11,636,649.90	\$ 12,929,611.00	\$ 12,929,611.00	\$ -	100%	\$ 12,929,611.00	100%	\$ 12,929,611.00 (1)
*Major Projects: Victoria Plaza, Fair Avenue										
TX59P006501-20	03/25/24	03/25/26	\$ 11,827,386.00	\$ 13,141,540.00	\$ 13,141,540.00	\$ -	100%	\$ 10,900,578.73	83%	\$ 10,856,588.86
*Major Projects: Madonna, L.C. Rutledge										
TX59P006501-21	02/22/23	02/22/25	\$ 11,919,903.30	\$ 13,244,337.00	\$ 13,184,301.00	\$ 60,036.00	99%	\$ 13,184,301.00	99%	\$ 13,064,680.60
*Major Projects: Mirasol, Francis Furey										
TX59P006501-22	05/11/24	05/11/26	\$ 14,590,927.80	\$ 16,212,142.00	\$ 13,466,853.80	\$ 2,745,288.20	83%	\$ 10,245,200.06	63%	\$ 8,878,033.10 (2)
*Major Projects: Villa Veramendi, Riverside										
TX59P006501-23	02/16/25	02/16/27	\$ 14,882,453.10	\$ 16,536,059.00	\$ 7,143,089.02	\$ 9,392,969.98	43%	\$ 5,133,159.56	31%	\$ 4,950,438.70
*Major Projects: Fair Avenue, Villa Hermosa										
TX59E006501-18	08/12/21	08/12/22	\$ 225,000.00	\$ 250,000.00	\$ 250,000.00	\$ -	100%	\$ 250,000.00	100%	\$ 250,000.00 (1)
*Safety and Security Grant at Riverside, Villa Veramendi										
TX59E006501-22	09/25/23	09/25/24	\$ 225,000.00	\$ 250,000.00	\$ 233,715.81	\$ 16,284.19	93%	\$ 161,007.90	64%	\$ 139,275.81
*Safety and Security Grant at Springview, Villa Tranchese										
TX59L006501-20	05/10/23	05/10/25	\$ 4,374,949.50	\$ 4,861,055.00	\$ 148,050.00	\$ 4,713,005.00	3%	\$ 131,550.00	3%	\$ 31,760.00 (3)
*Lead Based Paint Grant at Lincoln Heights, Mission Park, Riverside										
TX59L006501-22	09/07/25	09/07/27	\$ 4,288,198.50	\$ 4,764,665.00	\$ -	\$ 4,764,665.00	0%	\$ -	0%	\$ -
*Lead Based Paint Grant at Cassiano										
TX59H006501-22	09/07/25	09/07/27	\$ 4,064,580.00	\$ 4,516,200.00	\$ -	\$ 4,516,200.00	0%	\$ -	0%	\$ -
*Housing-Related Hazards Grant at Blanco, Matt Garcia										
Urban Revitalization Program (Hope 6) (URP)										
Choice Neighborhood Grant										
TX6J006CNG112	09/30/19	09/30/19		\$ 29,652,649.09	\$ 29,652,649.09	\$ -	100%	\$ 29,652,649.09	100%	\$ 29,652,649.09 (1)(4)
*Implementation grant for Wheatley Neighborhood										

(1) These grants are expended and disbursed at 100% however, HUD still requests monthly updates in eLOCCS.
 (2) Grant obligations are approximately \$1.1M short of the required 90% obligation.
 (3) A request to extend the obligation requirement was submitted to HUD.
 (4) Grant close out is pending HUD approval of the planned program income budget.

HUD - PROGRAM GRANTS						PROGRAM GRANTS Grant expenditure is not progressing as planned		
Grant Number	Effective Date	Expenditure End Date	LOCCS Authorized	Cumulative Expended	Expended Percentage	Remaining to Expend	LOCCS Disbursement	
Resident Opportunities & Self Sufficiency (ROSS) Funding for Family Self Sufficiency (FSS) Coordinators								
ROSS221724-01-00 *2021 ROSS Service Coordinators	06/01/22	05/31/25	\$ 621,050.50	\$ 291,521.95	47%	\$ 329,528.55	\$ 276,301.89	(5)
FSS23TX5042 *PH & HCV Combined FSS 2022	01/01/23	12/31/23	\$ 1,166,035.00	\$ 1,014,271.77	87%	\$ 151,763.23	\$ 957,160.11	(6)
Jobs Plus Funding for PHAs to develop locally-based approaches to increase earnings and advance employment outcomes for Public Housing residents								
TX006FJP6JPH20 *Jobs Plus - Lincoln Heights	5/14/21		\$ 2,300,000.00	\$ 561,729.46	24%	\$ 1,738,270.54	\$ 399,354.61	(7)
EDI CPF Economic Development Initiative/Community Project Funding grants provide investment in a wide variety of projects such as housing, homelessness prevention, workforce training, public facilities, parks, resilience planning and other critical infrastructure and services								
B-22-CP-TX-0861 EDI CPF - Resident Internet Service	09/30/22	08/30/30	\$ 1,000,000.00	\$ 449,868.60	45%	\$ 550,131.40	\$ 238,126.00	

NON-HUD - PROGRAM GRANTS							
Grant Number	Performance Date	Award Amount	Cumulative Expended	Expended Percentage	Remaining to Expend	Reimbursement Received	
VIA Metropolitan Transit Authority Capital Assistance Program For Elderly Persons and Persons With Disabilities							
TX-2021-010-00 *VIA Grant 2021	09/25/2020 - 09/30/2024	\$ 79,110.00	\$ 61,057.69	77%	\$ 18,052.31	\$ 60,738.00	(8)
Federal Communications Commission Opportunity Home Affordable Connectivity Outreach Grant Program							
ACOGP2340031-00 *ACOGP Grant 2023	06/15/2023 - 06/14/2025	\$ 125,000.00	\$ 24,503.57	20%	\$ 100,496.43	\$ -	(9)(10)

(5) Grant expenditures are approximately \$51K short of the projected average cumulative expended amount or expected percentage of 52.8%
 (6) PH & HCV Combined FSS 2022 grant ended on 12/31/23 and \$151,763.23 will remain unexpended.
 (7) Grant expenditures are approximately \$265K short of the projected average cumulative expended amount or expended percentage of 36.0%.
 (8) Grant expenditures are approximately \$3K short of the projected average cumulative expended amount or expended percentage of 81.3%.
 (9) Grant expenditures are approximately \$7K short of the projected average cumulative expended amount or expended percentage of 25%.
 (10) Grant activities will cease after 02/07/24 due to lack of congressional funding and the program will wind down if funding is not extended.

LIST OF GRANT APPLICATIONS						
Grant Name	Award Amount	Date Submitted	Match Amount	Term of the Grant	Application Status	Description
City of San Antonio FY22 Housing Bond	\$8,227,426	10/03/22	N/A	N/A	Awarded 10/21/22	City of San Antonio Housing Bond - Alazan
FY23 Texas Cavaliers Charitable Foundation Grant	\$6,860	07/21/23	N/A	N/A	Not Awarded	Texas Cavaliers Charitable Foundation
FY23 Capital Fund At-Risk Program	\$2,607,982	08/15/23	N/A	N/A	Pending	HUD Capital Fund At-Risk Grant
FY23 Renew America's Nonprofits	\$3M - \$9M	08/03/23	N/A	N/A	Not Awarded	Department of Energy Grant
FY23 Responsive Grant	\$50,000	08/03/23	N/A	N/A	Awarded 12/08/23	San Antonio Area Foundation Grant
FY23 FSS Renewal	\$1,166,035	09/21/22	N/A	N/A	Awarded 12/26/23	HUD FSS Program Coordinator Grant
FY23 The Nancy Smith Hurd Foundation Grant	\$148,780	09/26/23	N/A	N/A	Awarded 11/20/23	Broadway Bank Wealth Management Grant

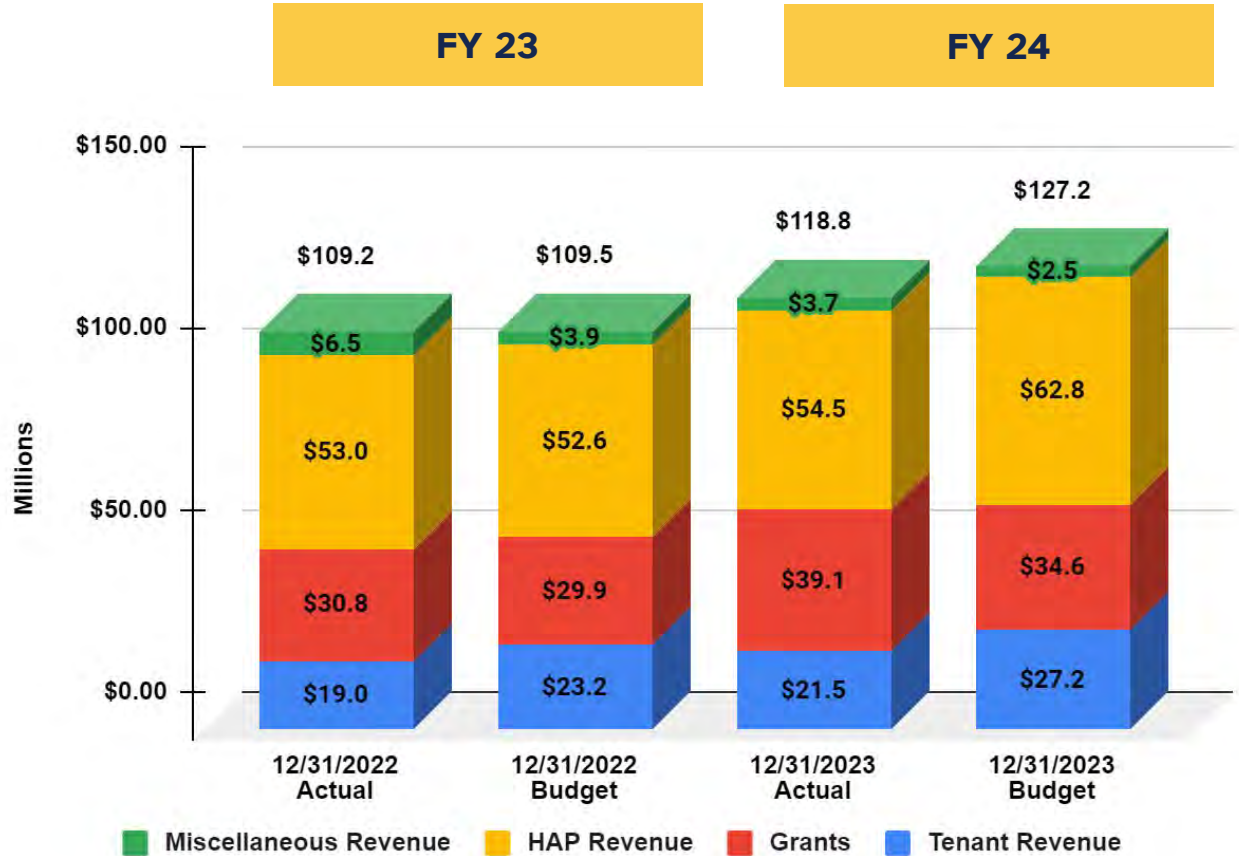
Financial Performance Report

For the Six Months Ended Dec. 31, 2023

Fiscal Year Comparison

Consolidated Operating Revenue

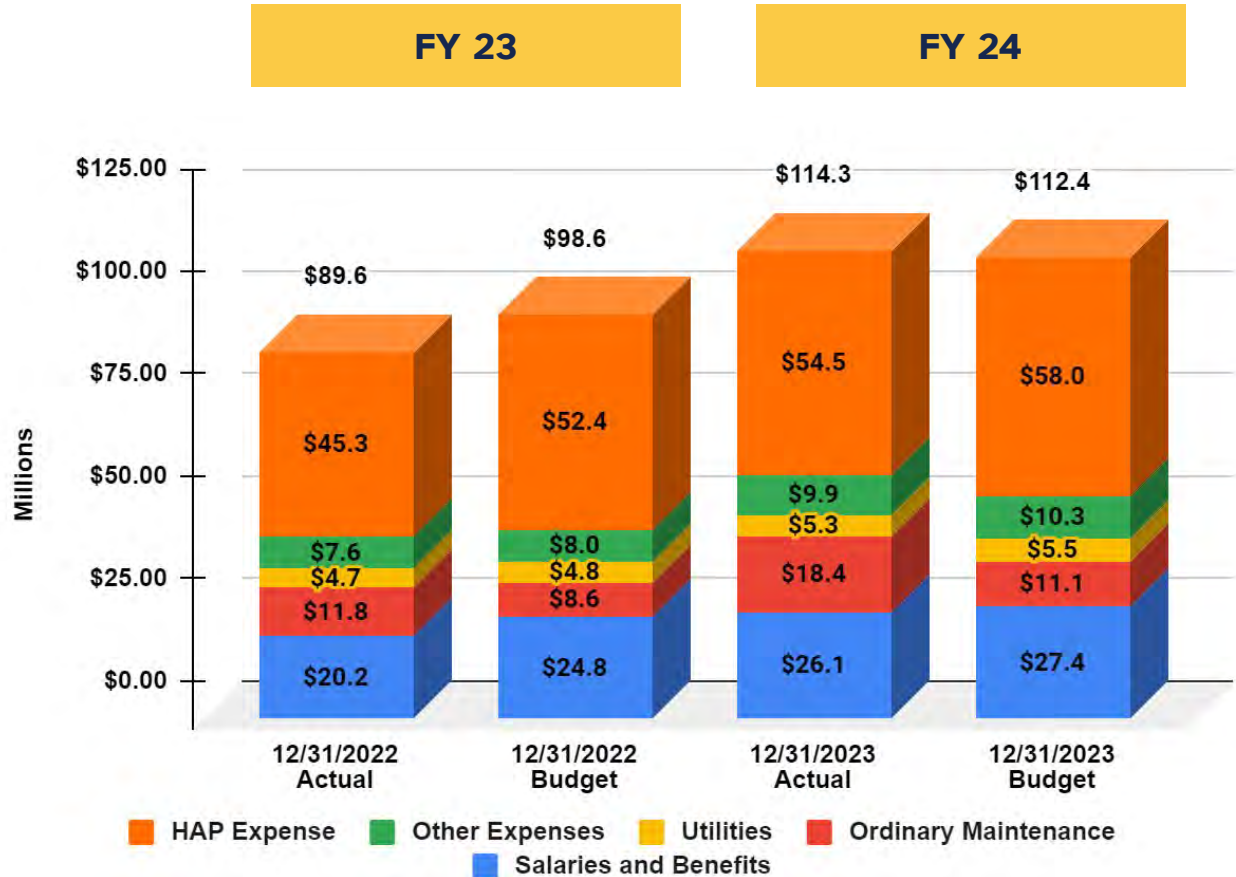
Operating Revenue was approximately **9%** higher compared to the previous year primarily due to an increase in Grants revenue.



Fiscal Year Comparison

Consolidated Operating Expenses

Operating Expenses increased by **28%** compared to the previous year. HAP Expense, Ordinary Maintenance, and Salaries and Benefits experienced significant increases.

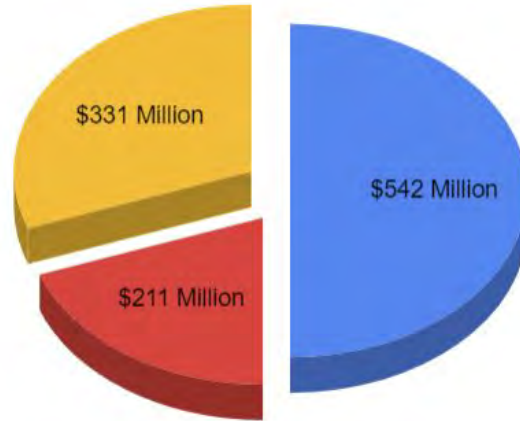


Financial Ratios

Financial Strength

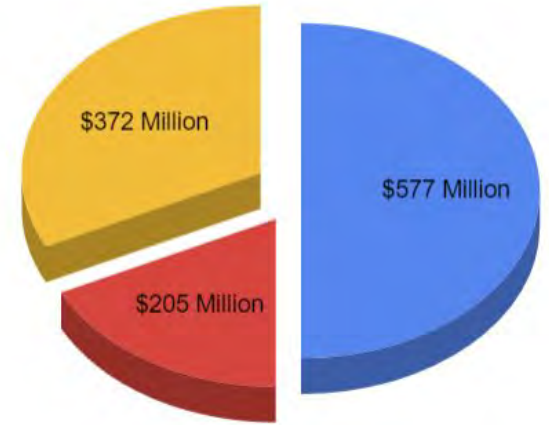
The debt-to-equity ratio decreased from **.45 to .39** and signifies a strong solvency position.

December 31, 2022



● Assets ● Debt ● Equity

December 31, 2023



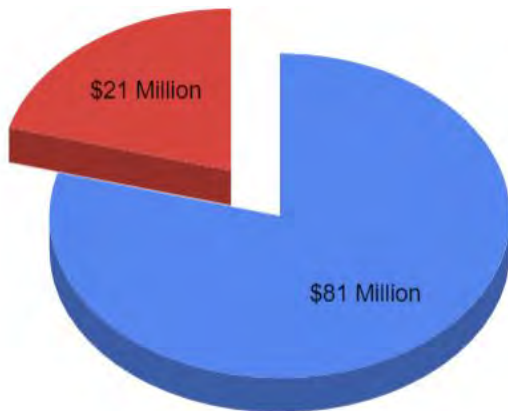
● Assets ● Debt ● Equity

Financial Ratios

Financial Liquidity

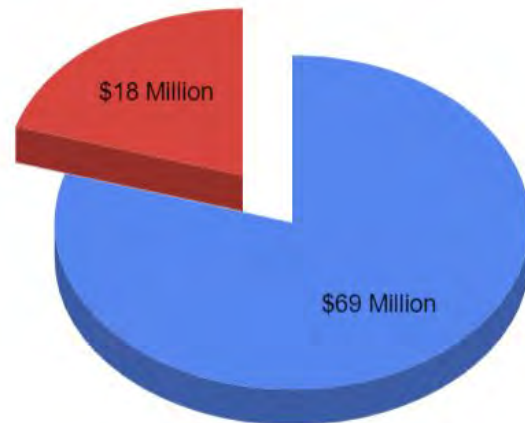
The current ratio decreased from **3.86 to 3.83** and remains an indicator of Opportunity Home's strong capacity to meet its short-term financial commitments.

December 31, 2022



● Current Assets ● Current Liabilities

December 31, 2023



● Current Assets ● Current Liabilities

Moving to Work Uses

Project	Moving to Work Uses as of 12/31/2023
Program Administration and Implementation of MTW Initiatives	\$611,048
Public Housing Operating Shortfall	\$5,000,000
Preservation and Expansion of Affordable and Public Housing:	
Development of Labor Street Multifamily Property	\$414,291
Investment in MTW Units at Tax Credit/Beacon Properties:	
Costa Valencia and Highland Park Intercompany Paydown	\$1,808,495
Vera Cruz Loan Payoff	\$471,762
Snowden Development Funding	\$5,455,457
Legacy at Crown Meadows (Sendero) Bond Payoff	\$7,282,680
Total	\$21,043,733

Questions?

MEMORANDUM

To: Finance Committee

From: Ed Hinojosa, Jr., President and CEO

Presented by: Allison Schlegel, Director of Internal Audit

RE: Update and Discussion Regarding Internal Audit

DS
EH

SUMMARY:

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

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

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

This update provides the required communication, as follows:

- Internal Audit Department Update
- Internal Audit Plan Status - FY 2023-2024 Quarter 3
- Summary and Status of Management Corrective Action Plans (related to Internal Audit reporting)

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

PROPOSED ACTION:

None at this time.

STRATEGIC OUTCOMES:

Supports all strategic outcomes

ATTACHMENTS:

Status of Management Corrective Action Plan
Slides

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

Audit Plan Year	Final Report Date	Audit Title	Finding Type	Finding Number and Title	Finding / Condition Description and Recommendation	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Resp. Officer's Initials	Comments
Fiscal Year 2021-2022											
FY 21-22	3/8/23	Audit of the Redevelopment/Modernization Process of Victoria Plaza Draft Final Report	Observation	Observation 3 - Missing a Relocation Directive or Standard Operating Procedure (SOP) for Public Housing Specific to Redevelopment Projects	Recommendation Develop an SOP for the relocation of residents due to redevelopment or significant modernization of a community. The SOP should be written clearly, providing step-by-step instructions to guide staff through the process based on HUD Regulations and from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. The guidance should also cover the end of a modernization project, and steps to bring residents back to their original community.	Operations Support will collaborate with Public Housing management to establish a Relocation SOP for future redevelopment and modernization projects.	3/31/23	7/1/24	In Progress	BP	The completion of the Relocation SOP has been moved to July 2024 due to HUD mandates scheduled to be implemented in 2024.
Fiscal Year 2022-2023											
FY 22-23	8/3/23	Audit of the AHP Waitlist, Eligibility and Admissions Process	Significant Deficiencies	Finding 4 - Missing EIV existing and former tenant search.	Recommendation Ensure procedures are reviewed and reinforced with staff to ensure all required documents are pulled and maintained in the tenant file.	Operations Support will retrain relevant staff on how to correctly pull EIV former and existing, and reinforce this role's importance and expectation.	9/1/23	02/29/2024	In Progress	BP	Training for staff was unable to be scheduled for the December timeframe; however, training is scheduled to be completed by 02/29/2024.
FY 22-23	8/3/23	Audit of the AHP Waitlist, Eligibility and Admissions Process	Other Internal Control Deficiencies	Finding 1 - Staff signatures and dates were missing in the Registered Sex Offender (RSO) section of the Pre-Eligibility Application.	Recommendation Review and reinforce procedures with staff to ensure all required signatures and dates are submitted on HUD required documents.	Operations Support will update affected forms to ensure the RSO section is consistently completed, and retrain relevant staff members to reinforce procedures and expectations.	10/1/23	02/29/2024	In Progress	BP	Revisions to the multiple eligibility forms have been made and are pending review. Implementation is scheduled for 02/29/2024.
FY 22-23	8/3/23	Audit of the AHP Waitlist, Eligibility and Admissions Process	Other Internal Control Deficiencies	Finding 2 - Missing verifying and signing the citizenship or eligible immigration status on the Declaration of Section 214 Status form. Missed providing proof of immigration status and missing Verification Consent form.	Recommendation Review Declaration of Section 214 Status to ensure the form is filled out, signed, and dated in its entirety. Create a Verification Consent Form to attach the Declaration of Section 214 Status.	Operations Support will update forms to ensure verification consent is consistently completed. Training will be provided once forms are updated.	9/1/23	02/29/24	In Progress	BP	Staff were provided a reminder/refreshers on the Declaration 214. The emphasis that boxes must be filled out in entirety, that selection should be made and that all household members needed to have a completed form. The forms are in process of being updated, and are scheduled for implementation for 02/29/2024.
FY 22-23	10/16/23	Audit of Public Housing (PH Repayment Agreements)	Significant Deficiency	Finding 1 - The family's rent combined with the repayment agreement (RPA) amount exceeded 40 percent of the family's monthly adjusted income.	Recommendation Management should reemphasize to staff the importance of proper calculations and the significance of ensuring conformity with program requirements.	Follow up with reminder to staff at the next Community Mngner and CSS meetings about how to correctly use RPA calculation sheets.	2/1/24	3/31/24	In Progress	BP	Training will be provided to staff by March 2024.
FY 22-23	10/16/23	Audit of Public Housing (PH Repayment Agreements)	Observation	Observation 1 - Internal Audit was not provided, and was unable to locate, a Standard Operating Procedure (SOP) for Repayment Agreements.	Recommendation Create a Standard Operating Procedure to include the required steps, necessary forms required to complete a Repayment Agreement, and how to accurately document the resident file.	A Repayment Agreement SOP has been reprioritized and will be completed in accordance with the SOP priority list set by the PH department.	3/31/24		In Progress	BP	Staff have prioritized the Repayment Agreement SOP and set an expected date of March 2024 for the completion of the SOP with training to staff.

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

Audit Plan Year	Final Report Date	Audit Title	Finding Type	Finding Number and Title	Finding / Condition Description and Recommendation	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Resp. Officer's Initials	Comments
Fiscal Year 2021-2022											
FY 21-22	3/8/23	Audit of the Redevelopment/Modernization Process of Victoria Plaza Draft Final Report	Other Internal Control Deficiency	Finding 1 - Missing the updated Certificates of Insurance (COI)	Recommendation Develop a clear and defined written procedure of who is responsible for ensuring, collecting, and saving the updated Certificate of Insurance in the file or folder.	The Procurement Department will work with Risk Management to develop procedures for obtaining updated insurance certificates after the award stage.	11/17/2022	12/1/23	Completed	MR	The completion of the SOP is dependent on the hiring of a Contract Manager. The new manager will oversee the COI process. Due to the complexity of the software, the process of acquiring MyCOI took longer than anticipated. Estimated launch date of MyCOI is 11/1/23, which will push the SOP completion date to 12/1/23.
Fiscal Year 2022-2023											
FY 22-23	8/3/23	Audit of the AHP Waitlist, Eligibility and Admissions Process	Significant Deficiencies	Finding 2 - Issued incorrect voucher unit sizes, and the initial voucher term is less than 60 calendar days.	Recommendation Review and reinforce the procedures found in the Admin Plan, Section 5.2.B: Determining Family Unit (Voucher) Size, and Section 5.2.E: Voucher Term and Extension to ensure staff has reviewed the voucher contents for accurate information. Management should consider updating the Admin Plan to include a process in which senior management will QC voucher contents for accuracy prior to the staff reviewing the contents with the family.	Staff will be retrained on Voucher and URE procedures in order to ensure staff understands Voucher and UREs should match for size, and voucher dates should be 60 or 120 days depending on the program	9/30/23		Completed	BP	Staff were provided a reminder in the 8/31/2023 Department meeting on Voucher size, initial voucher dates, the unit rent estimate and the briefing summary requirements when issuing to ensure the size, time frame and amounts matched on the voucher and unit rent estimate.
FY 22-23	8/3/23	Audit of the AHP Waitlist, Eligibility and Admissions Process	Observation	Observation 1 - Eligibility Status Notification (ESN) letters are missing signatures of applicants, and supervisors. Missed selecting a waiting list status option in one of the status boxes.	Recommendation Provide a review and reinforcement of procedures to ensure staff complete all required documentation when issuing the ESN letter and/or deactivating a denied applicant in Elite.	Staff will be retrained on the ESN letter requirements, and the form will also be reviewed for efficiency.	9/1/23		Completed	BP	Staff were provided a reminder/refresher about the Eligibility status letter in the 8/31/2023 department meeting; the importance of the eligibility status notice being filled out correctly to include signature lines. Form revisions are currently underway based on new logo updating as well.
FY 22-23	10/16/23	Audit of Public Housing (PH Repayment Agreements)	Other Internal Control Deficiency	Finding 1 - Unmatched ledger balance, down payments missing, missing HUD required documents.	Recommendation Management should take steps to ensure that all forms required to be included in the resident files are current and completed in their entirety.	Send staff a reminder of steps and instructions for receipting in Elite and ensuring amounts are noted on the ledger, and provide instructions on how to correctly accept and log down payments. Remind staff of HUD forms required for repayment agreements to ensure all files are completed in their entirety.	11/1/23		Completed	BP	Directive will be sent out by 11/1/23 11/1/23: Directive sent out to all PH Staff with the following: RPA form RPA Calculation Worksheet How to Process an RPA in Elite guide Receipting RPA's in Elite guide

Internal Audit Update

February 21, 2024

Internal Audit Quarter 3 Activities

Support Strategic Outcomes

Internal Audit activities that support all strategic outcomes

- Continuing to work with CDI Family Self-Sufficiency (FSS) program on escrow review process, and streamlining review to meet the changes in the FSS program direction
 - 4 escrows over \$5,000 were reviewed and approved for graduation in FY 2023-2024
 - A total of \$31,553.52
 - Average escrow: \$7,888.38
 - 2 port-out escrow reviews were completed, for a total amount of \$8,580
- Audit of Public Housing Waitlist, Eligibility, and Admissions Process
- Audit of Procurement: Oversight of Vendor Compliance for Section 3 and Small Minority and Women Owned Business Enterprises (SWMBE)
- Audit of Asset Management: Financing and Refinancing of Real Estate Assets
- Audit of Human Resources: Recruitment Process
- Compliance Audits of Public Housing, Assisted Housing Programs, Beacon Communities and Partnership Properties

Status

2022-2023 Audit Plan

Audit of the Public Housing Waitlist, Eligibility, and Admissions Process

- Audit kick-off was held on April 5, 2023, and fieldwork is complete.
 - Internal Audit reviewed the waitlist process for the most current waitlist opened on July 2022, as well as the eligibility and admissions process through a sample of the February 2023 waitlist.
 - The Draft Report has been completed and the exit conference is scheduled for February 29, 2024.

Status

2023-2024 Audit Plan

Audit of Procurement: Oversight of Vendor Compliance for Section 3 and Small Minority and Women Owned Business Enterprises (SWMBE)

- Audit kick-off was held on August 28, 2023, and fieldwork is complete.
 - Internal Audit reviewed service contracts executed and renewed between April 1, 2023 through July 31, 2023.
 - The Draft Report has been completed and the exit conference was held on February 9, 2024.
 - IA is awaiting management responses on eight (8) Findings and four (4) Observations identified during this audit.

Status

2023-2024 Audit Plan

Audit of Asset Management: Financing and Refinancing of Real Estate Assets

- The Board-approved Internal Audit Plan for FY 2023-2024 included the audit of Asset Management - Financing and Refinancing of Real Estate Assets; however, due to management changes in the Asset Management department, it was deemed necessary to first conduct an Asset Management Control Self-Assessment (CSA) for the Financing and Refinancing of Assets prior to conducting the audit.
 - The CSA will facilitate the creation of Standard Operating Procedures that include internal control processes related to financing and refinancing of assets.
- The CSA will include a series of workshops, which have been scheduled to begin on February 27, 2024.
- The Internal Audit department will revisit the completion of an audit at a later date.

Status

2023–2024 Audit Plan

Audit of Human Resources: Recruitment Process

- Audit kick-off was held on February 5, 2024, and fieldwork is underway.
 - Internal Audit is reviewing the Marketing, Interviewing, Selection Documentation, and Background Check processes and procedures through a 10% applicant sample size from January 1, 2023 through December 31, 2023.
 - Audit will contain a review for Equity, Diversity and Inclusion; working with Policy and Planning and Director of EDI.

Status

2023–2024 Audit Plan

Compliance Audits | Focus on permanent documents, rent determination, and calculation

Assisted Housing Program (*Ongoing*)

- Files reviewed were all digital
- Completed a total of 455 file reviews from July 1, 2023 - January 31, 2024

Public Housing (*Ongoing*)

- 10% of occupied units with no less than 5 files reviewed per community
- All files are physical, follow-up of corrections is digitally reviewed
- Completed 29 PH and Mixed Income Communities (316 files)

Beacon Communities and Partnership Properties (*Ongoing*)

- 10% of occupied units with no less than 5 files reviewed per community
- Completed 24 Beacon Communities (376 files)
- Completed 3 Partnership Properties (60 files)

Action Items

Status of Corrective Action Items resulting from Internal Audits

Currently, there are six (6) open action items

- Two action items are pending review and approval of an SOP
 - One is pending the establishment of a Relocation SOP for future redevelopment and modernization projects. The completion date has been rescheduled to July 1, 2024, to allow Operations Support the ability to focus on HUD mandates being implemented.
 - One is pending the creation of a Repayment Agreement (RPA) SOP. The completion date had been set for March 31, 2024, in accordance with the SOP priority list set by the PH department.

- Two are pending the retraining of staff to ensure all policies and procedures are followed. Training is expected to be completed by February 29, 2024 (dependent on availability of AHP staff) and March 31, 2024 (for PH Repayment Agreements).
 - Enterprise Income Verification (EIV) training has been rescheduled for February 29, 2024, depending on AHP staff availability.
 - Repayment Agreement calculation training is scheduled with PH staff for March 31, 2024.

Action Items

Status of Corrective Action Items resulting from Internal Audits

- One is pending the update of the Pre-Eligibility Application to ensure the Registered Sex Offender (RSO) portion of the application is consistently completed. Revisions to the forms have been made and are pending review. Implementation is scheduled for February 29, 2024.
- One is pending updated verification consent forms. The updates to the verification consent forms are in process and scheduled for implementation on February 29, 2024.

Status of Third Party Audits

Comprehensive Compliance Review

- HUD will be onsite from May 13-17, 2024, to complete the 2024 Opportunity Home San Antonio Comprehensive Compliance Review
 - The review will include:
 - PHA operations
 - Management
 - Financial Condition
 - Physical Condition
 - Governance
 - HUD staff will assess the PHA's program performance in compliance with HUD requirements and regulations by setting monitoring priorities for onsite and remote reviews.

Status of Third Party Audits

Emergency Housing Voucher Program (EHV) Financial and Program Review

- The Quality Assurance Division of HUD will kick off the audit on June 24, 2024.
 - HUD will be onsite beginning June 24, and will conclude the audit on June 28, 2024.
 - Opportunity Home will be required to provide financial and program data related to the operation of the EHV program.

Questions?