

# **Housing Authority of the City of San Antonio**

Financial Report and Compliance Report  
June 30, 2024

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

*Opinions*

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of the Housing Authority of the City of San Antonio (the "Authority") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Authority as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

*Basis for Opinions*

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

*Responsibilities of Management for the Financial Statements*

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

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

### *Required Supplementary Information*

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

*Supplementary Information*

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

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Charlotte, North Carolina  
April 4, 2025

## **Housing Authority of the City of San Antonio**

### **Management's Discussion and Analysis—Unaudited Year Ended June 30, 2024**

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This section of the Housing Authority of the City of San Antonio's (the Authority) annual financial report presents management's discussion and analysis (MD&A) of the Authority's financial performance during the fiscal year (FY) ended June 30, 2024, related to its business-type activities, as compared to the FY ended June 30, 2023. The business-type activities of the Authority include the following: Public Housing Program, Section 8 Housing Choice Voucher Program, Capital Fund Program, Community Development Initiatives, Affordable Housing Communities, and the San Antonio Housing Facility Corporation. The MD&A is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position, and identify individual fund issues or concerns.

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

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

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

The Authority is one of 138 public housing authorities nationwide with a Moving to Work (MTW) designation from the United States Department of Housing and Urban Development (HUD). The Authority received its MTW designation from HUD in 1999 and approved a restated MTW agreement in June 2009, which extended the program for 10 additional years. During FY 2016, HUD issued a letter to all participating MTW agencies modifying and extending their existing contracts through 2028. The MTW agreement grants the Authority flexibility to develop policies outside the limitations of certain HUD regulations and provisions. As an MTW agency, the Authority's three primary goals are to promote and increase self-sufficiency among public housing and Section 8 residents, to increase housing choices for low-income families, and to achieve programmatic efficiencies and reduce costs. Every year, an MTW plan is developed, describing how flexibilities will be applied to best meet community needs with input from stakeholders, residents, and landlords. The MTW agreement also allows for funding fungibility by pooling the Public Housing operating subsidy, Section 8 Housing Choice Voucher subsidy, and Capital Funds.

#### **Highlights**

- The Authority's total net position increased by \$0.9 million, a 0.3% increase from the prior year.
- The Authority increased its net capital assets by \$5.5 million, or 1.5%, attributable to land additions from two new ground leases and the acquisition of Midcrowne Senior Pavilion, which added 196 units to the Affordable Housing Communities portfolio.
- The Authority's current liabilities decreased by \$6.9 million, a 19.9% decrease from the prior year.
- The Authority's tenant revenue increased by \$6.4 million, a 16.6% rise from the previous year.
- The Authority was the recipient of seven Merit Awards from the National Association of Housing and Redevelopment Officials (NAHRO), the nation's leading affordable housing trade association. In

## Housing Authority of the City of San Antonio

### Management's Discussion and Analysis—Unaudited Year Ended June 30, 2024

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October 2023, NAHRO presented the Authority with two Awards of Excellence for Legacy at Alazán, recognizing it in both the Project Design and Community Revitalization categories.

#### **Legacy at Alazán**

Legacy at Alazán is a modern affordable housing development that replaces distressed public housing units with higher quality units, at the same or increased density. This 88-unit development offers 40 public housing units, 40 affordable housing units, and eight market-rate units aimed at residents earning at or below 60% of Area Median Income. The development consists of a four-story elevator building and two two-story walk-up properties. It features a community and fitness center, an activity and community room with a kitchen, a business center, and a leasing office.

- The Authority's current ratio that measures liquidity was 4.00 at June 30, 2024. The ratio is an indicator of the Authority's strong capacity to meet its short-term financial obligations and demonstrates that it has four dollars of current assets covering each dollar of current liabilities.
- The Authority's debt-to-net position ratio was 0.44 at June 30, 2024, demonstrating the Authority's strong long-term solvency position. The ratio means the Authority has 44 cents of debt for every dollar of equity.

#### **Overview of the Financial Statements**

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

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

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



## Housing Authority of the City of San Antonio

### Management's Discussion and Analysis—Unaudited Year Ended June 30, 2024

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#### ***Basic Financial Statements***

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

#### **Opportunity Home San Antonio**

The Authority operates the following programs:

- **Housing Choice Voucher (HCV) Program**—a HUD-funded program that provides rent subsidies to families residing in privately owned rental properties.
- **Capital Improvement Programs**—HUD-funded programs that include the Capital Fund Program and the Capital Fund Financing Program, which provide funds for new construction and the rehabilitation of existing housing units.
- **Public Housing Program**—a HUD-funded program under which the Authority manages and maintains 6,070 public housing rental units for eligible low-income families, seniors and individuals with disabilities.

#### ***Pension Plan Trust Fund—Fiduciary Fund***

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

#### ***Notes to Financial Statements***

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

#### **Financial Analysis**

##### ***General***

Over time, net position may serve as a useful indicator of a government's financial position. At June 30, 2024, the Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$363,288,068. By far, the largest portion of net position is the Authority's investment in capital assets (e.g., land, buildings, furniture and equipment and construction in progress) less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services and housing to its clients. Consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## Housing Authority of the City of San Antonio

### Management's Discussion and Analysis—Unaudited Year Ended June 30, 2024

#### Condensed Statements of Net Position Information

Presented below is the Authority's condensed statements of net position for FY 2024 compared to FY 2023. This information reflects the economic resources of the Authority, as well as its economic obligations at the end of the FYs shown. See notes to financial statements.

#### Condensed Statements of Net Position

	FY 2024	FY 2023	Increase (Decrease)	Percentage Change
<b>Assets:</b>				
Unrestricted current assets	\$ 65,693,139	\$ 76,151,002	\$ (10,457,863)	(13.7%)
Restricted current assets	45,434,253	51,574,933	(6,140,680)	(11.9%)
Net capital assets	376,862,942	371,320,922	5,542,020	1.5%
Other assets	100,408,614	86,578,341	13,830,273	16.0%
<b>Total assets</b>	<b>588,398,948</b>	<b>585,625,198</b>	<b>2,773,750</b>	<b>0.5%</b>
<b>Deferred outflows of resources:</b>				
Deferred charges on refunding	139,656	183,001	(43,345)	(23.7%)
Deferred swap outflows	78,722	121,765	(43,043)	(35.3%)
<b>Total deferred outflows of resources</b>	<b>218,378</b>	<b>304,766</b>	<b>(86,388)</b>	<b>(28.3%)</b>
<b>Liabilities:</b>				
Current liabilities	23,144,732	26,447,671	(3,302,939)	(12.5%)
Current liabilities payable from restricted assets	4,670,876	8,297,884	(3,627,008)	(43.7%)
Noncurrent liabilities	132,775,447	128,034,042	4,741,405	3.7%
<b>Total liabilities</b>	<b>160,591,055</b>	<b>162,779,597</b>	<b>(2,188,542)</b>	<b>(1.3%)</b>
<b>Deferred inflows of resources:</b>				
Leased assets	64,161,427	60,222,069	3,939,358	6.5%
Deferred swap inflows	576,776	563,802	12,974	2.3%
<b>Total deferred inflows of resources</b>	<b>64,738,203</b>	<b>60,785,871</b>	<b>3,952,332</b>	<b>6.5%</b>
<b>Net position:</b>				
Net investment in capital assets	238,896,650	232,672,000	6,224,650	2.7%
Restricted net position	50,424,695	45,824,008	4,600,687	10.0%
Unrestricted net position	73,966,723	83,868,488	(9,901,765)	(11.8%)
<b>Total net position</b>	<b>\$ 363,288,068</b>	<b>\$ 362,364,496</b>	<b>\$ 923,572</b>	<b>0.3%</b>

#### Assets

The Authority's total assets at June 30, 2024 and 2023, amounted to \$588.4 million and \$585.6 million, respectively, reflecting an increase of 0.5%. Unrestricted current assets declined by \$10.5 million, or 13.7%, mainly due to a reduction in unrestricted cash used to fund partnership operating and disposition deficits, as well as note advances to limited partnerships. The \$6.1 million, or 11.9%, decrease in restricted current assets was primarily due to a reduction in replacement reserves. Net capital assets increased by \$5.5 million, or 1.5%, primarily due to a \$44.9 million increase in buildings from the acquisition of Midcrowne Senior Pavilion and the capitalization of various projects within the Affordable Housing Communities and Public Housing portfolios. Additionally, land increased by \$4.7 million due to two new ground lease transactions entered into for the Vista at Reed and Fiesta Trails developments. Partially offsetting the overall increase in net capital assets was an increase in accumulated depreciation of \$21.1 million and a decrease in construction in progress of \$24.1 million. Other assets increased by \$13.8 million, or 16.0%, due primarily to new note issuances totaling \$13.6 million.

## Housing Authority of the City of San Antonio

### Management's Discussion and Analysis—Unaudited Year Ended June 30, 2024

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#### ***Liabilities***

Total liabilities of the Authority were \$160.6 million and \$162.8 million at June 30, 2024 and 2023, respectively, a decrease of 1.3%. Current liabilities totaled \$23.1 million and experienced a decrease of \$3.3 million, or 12.5%, from the prior year due to decreases in unearned revenue and other current liabilities. Current liabilities payable from restricted assets decreased by \$3.6 million, or 43.7%, primarily due to the \$7.3 million payoff of the Sendero bonds. This decrease was partially offset by the \$4.3 million reclassification of Converse Ranch II debt from noncurrent to current, as the debt was scheduled to mature in November 2024. Noncurrent liabilities increased by \$4.7 million, or 3.7%, due primarily to the previously mentioned reclassification.

#### ***Net Position***

The Authority's net position totaled \$363.3 million at June 30, 2024, and is comprised of net investment in capital assets of \$238.9 million; restricted net position of \$50.4 million; and unrestricted net position of \$74.0 million. Total net position increased by \$0.9 million, or 0.3%, as a result of operations for the FY. The balance in unrestricted net position represents resources available to meet the Authority's ongoing obligations to tenants, citizens, and creditors.

#### **Statements of Revenues, Expenses and Changes in Net Position Information**

Presented on the following page is the statements of revenues, expenses and changes in net position information for FY 2024 compared to FY 2023. The information reflects the results of operations for the Authority and displays the sources of revenue, the nature of expenses for the year and the resulting change in net position. All revenues and expenses are accounted for on an accrual basis. See notes to financial statements.

## Housing Authority of the City of San Antonio

### Management's Discussion and Analysis—Unaudited Year Ended June 30, 2024

#### Statements of Revenues, Expenses and Changes in Net Position

	FY 2024	FY 2023	Increase (Decrease)	Percentage Change
Operating revenues:				
Tenant	\$ 44,834,309	\$ 38,454,200	\$ 6,380,109	16.6%
HUD operating subsidy and grant revenue	205,287,757	181,858,671	23,429,086	12.9%
Other revenue	17,100,963	24,823,667	(7,722,704)	(31.1%)
Total operating revenues	<u>267,223,029</u>	<u>245,136,538</u>	<u>22,086,491</u>	<u>9.0%</u>
Operating expenses:				
Administrative	52,122,201	40,770,012	11,352,189	27.8%
Tenant services	6,329,594	4,327,773	2,001,821	46.3%
Utilities	10,764,689	9,657,461	1,107,228	11.5%
Ordinary maintenance and operations	57,041,453	43,827,411	13,214,042	30.2%
Protective services	4,196,173	2,649,505	1,546,668	58.4%
Insurance	4,857,083	4,580,288	276,795	6.0%
Bad debts (recovery)	3,310,932	(546,490)	3,857,422	(705.9%)
Other	5,902,499	2,782,778	3,119,721	112.1%
Housing assistance payments	112,762,343	93,592,130	19,170,213	20.5%
Depreciation	16,537,267	14,534,494	2,002,773	13.8%
Total operating expenses	<u>273,824,234</u>	<u>216,175,362</u>	<u>57,648,872</u>	<u>26.7%</u>
Operating income (loss)	<u>(6,601,205)</u>	<u>28,961,176</u>	<u>(35,562,381)</u>	<u>(122.8%)</u>
Nonoperating revenues (expenses):				
Investment income	4,069,211	2,907,716	1,161,495	39.9%
Interest income—leases	150,376	121,605	28,771	23.7%
Mortgage interest income	1,296,502	1,155,344	141,158	12.2%
Recovery of Section 8 funds	3,651	25	3,626	14504.0%
Interest expense	(6,165,638)	(5,494,879)	(670,759)	12.2%
Amortization expense	(437,827)	(322,532)	(115,295)	35.7%
Gain (loss) on disposition/retirement of capital assets	2,582,068	(167,602)	2,749,670	(1640.6%)
Purchase of limited partnership interests	(350,000)	(883,819)	533,819	(60.4%)
Other acquisition costs	-	(700,824)	700,824	(100.0%)
Donations—land	-	5,196,753	(5,196,753)	(100.0%)
Insurance recoveries, net	620,407	1,553,696	(933,289)	(60.1%)
Refinancing and closing costs	-	(998,969)	998,969	(100.0%)
Trustee and swap advisor fees	(8,710)	(14,210)	5,500	(38.7%)
Total nonoperating revenues (expenses)	<u>1,760,040</u>	<u>2,352,304</u>	<u>(592,264)</u>	<u>(25.2%)</u>
Increase (decrease) in net position before capital contributions	(4,841,165)	31,313,480	(36,154,645)	(115.5%)
Capital contributions	10,085,839	8,339,837	1,746,002	20.9%
Equity transfers	(7,051,615)	(1,165,243)	(5,886,372)	505.2%
Change in net position	<u>(1,806,941)</u>	<u>38,488,074</u>	<u>(40,295,015)</u>	<u>(104.7%)</u>
Net position at beginning of year	362,364,496	323,546,785	38,817,711	12.0%
Change in reporting entity	<u>2,730,513</u>	<u>329,637</u>	<u>2,400,876</u>	<u>728.3%</u>
Net position at end of year	<u>\$ 363,288,068</u>	<u>\$ 362,364,496</u>	<u>\$ 923,572</u>	<u>0.3%</u>

## Housing Authority of the City of San Antonio

### Management’s Discussion and Analysis—Unaudited Year Ended June 30, 2024

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#### **Operating Revenues and Expenses**

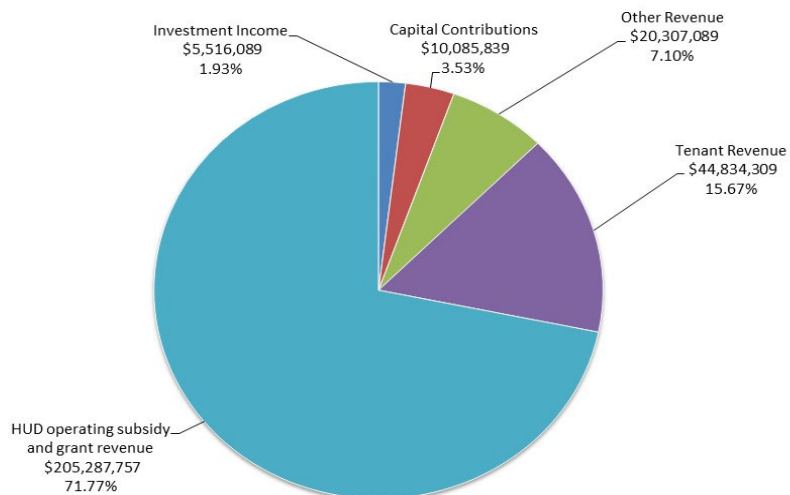
Operating revenues increased by \$22.1 million, or 9.0%, over the previous year and operating expenses increased by \$57.6 million, or 26.7%. HUD operating subsidy and grant revenue was \$23.4 million, or 12.9%, higher compared to FY 2023 primarily due to an increase in Section 8 Housing Assistance Payments (“HAP”) revenue. Section 8 HAP totaled \$145.2 million in FY 2024, compared to \$129.6 million in FY 2023, driven by increased leasing activity and higher payment standards. The primary source of revenue, other than HUD funding, is tenant revenue, which increased by \$6.4 million, or 16.6%, over the prior year. The \$7.7 million, or 31.1%, decrease in other revenue was chiefly due to a decrease in development fee revenue. Contributing to the \$57.6 million increase in total operating expenses was ordinary maintenance and operations expense, which increased by \$13.2 million, or 30.2%, reflecting efforts to address a maintenance backlog and the impact of inflation. Administrative expenses increased by \$11.4 million, or 27.8%, due to higher salaries, reflecting salary adjustments and new positions, as well as increased consulting fees. In response to rising maintenance, repair, and operational costs in FY 2024, management will focus on right-sizing services in FY 2025 to ensure financial sustainability. Key initiatives include prioritizing essential maintenance, deferring non-urgent repairs, and optimizing resource allocation to align with available funding. Additionally, management will implement efficiency improvements, cost-reduction measures, and alternative maintenance strategies to effectively manage expenses while maintaining safe and quality housing for residents. Depreciation expense, which does not involve cash outflows but impacts total operating expenses, totaled \$16.5 million.

#### **Nonoperating Revenues, Expenses and Changes in Net Position**

The change in net position from FY 2023 to FY 2024 showed a decrease of \$1.8 million, compared to an increase of \$38.5 million from FY 2022 to FY 2023. Investment income in FY 2024 rose by \$1.2 million, driven by favorable interest rates. The Authority also recognized a \$2.6 million gain on the disposition/retirement of capital assets related to the Victoria Commons redevelopment. Capital contributions, which increased by \$1.7 million compared to the previous year, was comprised of HUD capital grants totaling \$10.1 million. Equity transfers of \$7.1 million were mainly due to the conveyance of public improvements at East Meadows and Wheatley Park Senior Living to the City of San Antonio.

#### **Revenue by Source—Business-Type Activities**

Total Revenue—\$286,031,083

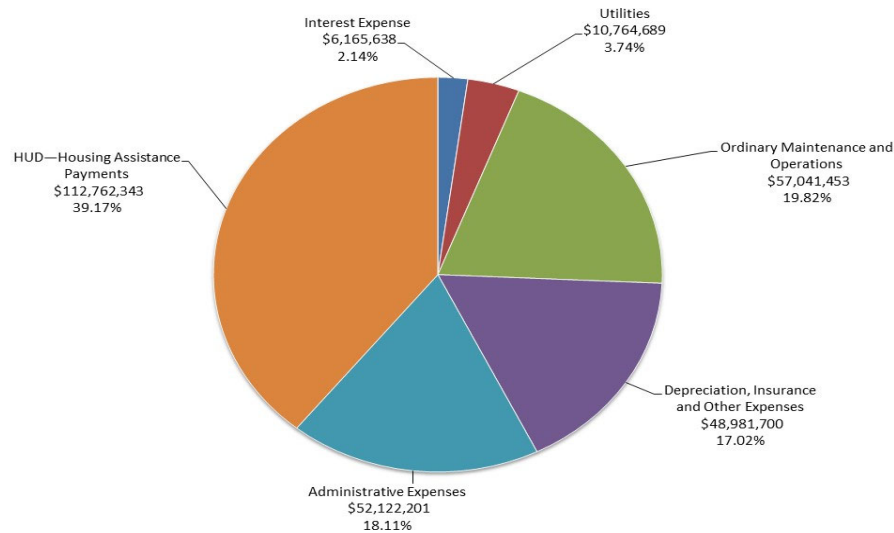


**Housing Authority of the City of San Antonio**

**Management’s Discussion and Analysis—Unaudited  
Year Ended June 30, 2024**

**Expenses by Use—Business-Type Activities**

Total Expenses—\$287,838,024



**Capital Assets and Debt Administration**

**Net Capital Assets**

At the end of FY 2024, the Authority had invested \$376,862,942 in a broad range of capital assets, including land, buildings, furniture, equipment, vehicles and construction in progress. The schedule below reflects the changes in capital assets, net of depreciation, during FY 2024:

**Schedule of Changes in Capital Assets—FY 2024**

Beginning net capital assets	\$ 371,320,922
Additions and transfers in/out	34,650,105
Deletions, net	(12,570,818)
Depreciation	(16,537,267)
Ending net capital assets	<u>\$ 376,862,942</u>

Net capital assets increased by \$5.5 million in FY 2024 when compared to FY 2023. Additions and transfers totaled \$34.7 million, while deletions totaled \$12.6 million. Total depreciation expense for FY 2024 was \$16.5 million. The majority of the additions were attributable to buildings, land, and construction in progress. Additional information on the Authority’s capital assets can be found in Note 8 of the notes to financial statements.

## Housing Authority of the City of San Antonio

### Management's Discussion and Analysis—Unaudited Year Ended June 30, 2024

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#### ***Long-Term Debt***

At the end of FY 2024, the Authority had total long-term debt of \$135.9 million. Of this amount, \$42.7 million represents the remaining principal balance of bonds that were issued to purchase or rehabilitate properties owned by component units of the Authority. The Authority's debt decreased by \$0.9 million when compared to FY 2023.

Additional information on the Authority's long-term debt can be found in Note 10 of the notes to financial statements.

#### **Economic Factors and Next Year's Budget**

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

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

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

The operating budgets for the Authority's 2024-2025 FY were approved by the Board of Commissioners on June 12, 2024, and became effective July 1, 2024. The Authority's budget is balanced, with estimated revenues of \$259.9 million, with these funds being used primarily for Section 8 payments to landlords, public housing operations, salaries and benefits, upgrades, repairs and maintenance of the Authority's housing communities, as well as other operating costs.

The Authority's goal remains to continue to provide housing to over 57,000 children, adults, and senior citizens served through its three core housing programs: Section 8, Public Housing, and Affordable Housing Communities. In FY 2025, the Authority looks forward to developing additional high-quality affordable housing units; significantly enhancing property management and housing operations; expanding educational, job training and health services to residents, and implementing additional efficiencies across the Authority.

**Housing Authority of the City of San Antonio**

**Management's Discussion and Analysis—Unaudited  
Year Ended June 30, 2024**

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**Requests for Information**

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

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



## **Basic Financial Statements**

## Housing Authority of the City of San Antonio

### Statement of Net Position June 30, 2024

#### Assets and Deferred Outflows of Resources

##### Assets:

##### Current assets:

##### Unrestricted assets:

##### Cash and cash equivalents:

##### Unrestricted

##### Tenant security deposits

##### Accounts receivable—HUD

##### Accounts receivable—miscellaneous

##### Accounts receivable—tenants

##### Allowance for doubtful accounts—tenants

##### Notes and mortgages receivable

##### Accrued interest receivable

##### Leases receivable

##### Assets held for sale

##### Prepaid expenses and other assets

##### **Total unrestricted assets**

##### Restricted assets:

##### Cash and cash equivalents—modernization and development

##### Cash and cash equivalents—payment of current liabilities

##### Cash and cash equivalents—held by lender and trustee

##### Cash and cash equivalents—other

##### **Total restricted assets**

##### **Total current assets**

##### Noncurrent assets:

##### Capital assets:

##### Land

##### Buildings and improvements

##### Furniture and equipment—dwellings

##### Furniture and equipment—administration

##### Leasehold improvements

##### Construction in progress

##### Less accumulated depreciation

##### **Net capital assets**

##### Other noncurrent assets:

##### Notes and mortgages receivable

##### Accrued interest receivable

##### Leases receivable

##### Subscription assets, net of accumulated amortization

##### Other assets and developer fees receivable

##### Allowance for doubtful accounts—developer fees

##### Interest rate swap assets

##### Equity in partnership investments

##### **Total noncurrent assets**

##### **Total assets**

##### Deferred outflows of resources:

##### Deferred charges on refunding

##### Deferred swap outflows

##### **Total deferred outflows of resources**

	\$	43,366,584
		296,877
		3,574,328
		5,690,679
		6,926,039
		(4,374,172)
		5,820
		207,121
		127,988
		247,137
		<u>9,624,738</u>
		<u>65,693,139</u>
		15,771,279
		2,153,033
		9,444,426
		<u>18,065,515</u>
		<u>45,434,253</u>
		<u>111,127,392</u>
		123,711,699
		662,482,610
		2,750,997
		8,116,163
		2,229,448
		<u>52,549,521</u>
		851,840,438
		<u>(474,977,496)</u>
		<u>376,862,942</u>
		63,777,088
		10,722,519
		3,156,299
		2,104,491
		16,309,489
		(3,245,769)
		576,776
		<u>7,007,721</u>
		<u>100,408,614</u>
		<u>588,398,948</u>
		139,656
		<u>78,722</u>
		<u>218,378</u>

# Housing Authority of the City of San Antonio

## Statement of Net Position

June 30, 2024

### Liabilities, Deferred Inflows of Resources, and Net Position

Liabilities:

Current liabilities:

Unrestricted current liabilities:

Accounts payable	\$ 8,606,597
Construction payable	1,888,703
Accrued wages and payroll taxes	1,518,255
Accrued compensated absences	175,102
Accrued contingencies	980,425
Accounts payable—HUD PHA projects	445,628
Tenant security deposits	2,028,143
Unearned revenue—tenants	591,165
Unearned revenue—other	968,417
Current portion of long-term debt	4,823,336
Subscription liability	377,047
Other current liabilities	340,704
Accrued interest payable	198,285
Accrued liabilities	202,925
<b>Total unrestricted current liabilities</b>	<b>23,144,732</b>

Current liabilities payable from restricted assets:

Long-term debt—current portion	4,217,527
Accrued interest payable	96,365
Family Self-Sufficiency (FSS) escrow	356,984
<b>Total current liabilities payable from restricted assets</b>	<b>4,670,876</b>

**Total current liabilities**

**27,815,608**

Noncurrent liabilities:

Long-term debt	126,904,419
FSS escrow payable	2,173,415
Subscription liability	1,417,588
Accrued compensated absences	2,201,303
Interest rate swap liabilities	78,722
<b>Total noncurrent liabilities</b>	<b>132,775,447</b>

**Total liabilities**

**160,591,055**

Deferred inflows of resources:

Leased assets	64,161,427
Deferred swap inflow	576,776
<b>Total deferred inflows of resources</b>	<b>64,738,203</b>

Net position:

Net investment in capital assets	238,896,650
Restricted net position	50,424,695
Unrestricted net position	73,966,723
<b>Total net position</b>	<b>\$ 363,288,068</b>

See notes to financial statements.

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## Housing Authority of the City of San Antonio

### Statement of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2024

Operating revenues:	
Net tenant rental revenue	\$ 43,281,251
Tenant revenue—other	1,553,058
HUD operating subsidy and grant revenue	205,251,989
Other government grants	35,768
Other revenue	17,100,963
<b>Total operating revenues</b>	<u>267,223,029</u>
Operating expenses:	
Administrative	52,122,201
Tenant services	6,329,594
Utilities	10,764,689
Ordinary maintenance and operations	57,041,453
Protective services	4,196,173
Insurance	4,857,083
Bad debts	3,310,932
Other	5,902,499
Housing assistance payments	112,762,343
Depreciation	16,537,267
<b>Total operating expenses</b>	<u>273,824,234</u>
<b>Operating loss</b>	<u>(6,601,205)</u>
Nonoperating revenues (expenses):	
Investment income—unrestricted	2,875,473
Investment income—restricted	1,193,738
Interest income—leases	150,376
Mortgage interest income	1,296,502
Recovery of Section 8 funds	3,651
Interest expense	(6,165,638)
Amortization expense	(437,827)
Gain on disposition/retirement of capital assets	2,582,068
Purchase of limited partnership interests	(350,000)
Insurance recoveries, net	620,407
Trustee fees	(8,710)
<b>Total nonoperating revenues (expenses)</b>	<u>1,760,040</u>
<b>Decrease in net position before capital contributions</b>	(4,841,165)
Capital contributions	10,085,839
Equity transfers	(7,051,615)
<b>Change in net position</b>	<u>(1,806,941)</u>
Net position at beginning of year	362,364,496
Change in reporting entity	2,730,513
Net position at end of year	<u>\$ 363,288,068</u>

See notes to financial statements.

## Housing Authority of the City of San Antonio

### Statement of Cash Flows Year Ended June 30, 2024

Cash flows from operating activities:	
Dwelling rent receipts	\$ 44,573,137
Operating subsidy and grant receipts	206,718,340
Other income receipts	14,386,004
Cash received from developers	<u>2,997,982</u>
Total receipts	<u>268,675,463</u>
Payments to suppliers for goods and services	(97,018,918)
Payments to employees	(49,803,583)
Housing assistance payments	<u>(112,762,343)</u>
Total disbursements	<u>(259,584,844)</u>
<b>Net cash provided by operating activities</b>	<u>9,090,619</u>
Cash flows from noncapital financing activities:	
Recovery of Section 8 funds	<u>3,651</u>
<b>Net cash provided by noncapital financing activities</b>	<u>3,651</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(16,894,857)
Trustee and swap advisor fees	(1,210)
Proceeds from insurance on capital assets	696,851
Proceeds from capital grants	10,085,839
Proceeds from collection of leases receivable	283,615
Subscription payments	(488,310)
Receipt of prepaid ground leases	5,400,000
Proceeds from long-term borrowings	11,218,703
Principal payments on mortgage and notes payable	(17,920,225)
Interest paid on long-term debt	(5,584,985)
Loan extension fees	(354,602)
Homeownership and FSS escrow	554,727
Equity transfers	(7,051,616)
Proceeds from sale of capital assets	<u>4,396,412</u>
<b>Net cash used in capital and related financing activities</b>	<u>(15,659,658)</u>
Cash flows from investing activities:	
Collections on notes receivable	1,293,303
Issuance of notes receivable	(13,637,866)
Investment income received	4,071,014
Purchase of limited partnership interests	(350,000)
Interest on notes and mortgages receivable	5,201
Net distributions from joint ventures	52,884
Other investing activities	<u>493,523</u>
<b>Net cash used in investing activities</b>	<u>(8,071,941)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(14,637,329)</u>
Cash and cash equivalents at beginning of year	<u>103,735,043</u>
Cash and cash equivalents at end of year	<u>\$ 89,097,714</u>
Supplementary schedule of non-cash investing, capital and financing transactions:	
Net change in payable for the acquisition of capital assets	<u>\$ 125,242</u>
Capital assets acquired in exchange for assumption of debt	<u>\$ 7,051,946</u>
Assumed debt in exchange for acquisition of capital assets	<u>\$ 5,789,594</u>

(Continued)

**Statement of Cash Flows**  
**Year Ended June 30, 2024**

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Reconciliation to statement of net position:

Unrestricted cash and cash equivalents	\$ 43,366,584
Tenant security deposits	296,877
Restricted cash and cash equivalents—modernization and development	15,771,279
Restricted cash and cash equivalents—payment of current liabilities	2,153,033
Restricted cash and cash equivalents—held by lender and trustee	9,444,426
Restricted cash and cash equivalents—other	18,065,515
	<u>89,097,714</u>
	<u>\$ 89,097,714</u>

Reconciliation of operating loss to net cash provided by operating activities:

Operating loss	\$ (6,601,205)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	16,537,267
Lease revenue/amortization of deferred inflows of resources—leased assets	(1,352,221)
Expensed debt issuance costs	232,653
Bad debt expense	516,853
Net changes in assets and liabilities:	
Tenants receivable, net	(367,982)
HUD receivable	3,734,052
Miscellaneous receivables	90,278
Other assets and developer fees receivable	(1,154,442)
Allowance for doubtful accounts—other	2,794,048
Prepaid expenses and other assets	(1,416,850)
Accounts payable	(240,855)
Accrued wages and payroll taxes	414,823
Accrued compensated absences	97,832
Accrued contingencies	146,438
Tenant security deposits	45,460
Unearned revenue—tenants	(87,780)
Unearned revenue—other	(2,303,472)
Other current liabilities	(2,014,738)
Accrued liabilities	20,460
	<u>9,090,619</u>
<b>Net cash provided by operating activities</b>	<u>\$ 9,090,619</u>

See notes to financial statements.

**Housing Authority of the City of San Antonio**

**Statement of Plan Net Position—Fiduciary Fund  
December 31, 2023**

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Assets:

Cash and cash equivalents \$ 1,608,035

Investments:

Mutual funds—equity 37,803,121

Mutual funds—fixed income 17,128,949

**Total investments** 54,932,070

Receivables:

Employee contributions 66,167

Employer contributions 145,236

**Total receivables** 211,403

**Total assets** 56,751,508

Liabilities:

Accrued investment manager expenses 69,340

**Total liabilities** 69,340

**Net position restricted for pension** \$ 56,682,168

See notes to financial statements.



Housing Authority of the City of San Antonio

Statement of Changes in Plan Net Position—Fiduciary Fund  
Year Ended December 31, 2023

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Additions:

Contributions:

Employee	\$ 1,619,591
Employer	3,399,342
<b>Total contributions</b>	<u>5,018,933</u>

Investment income (expenses):

Interest and dividends	104,383
Net appreciation in fair value of investments	8,179,303
Less investment expense	<u>(87,408)</u>
<b>Net investment income</b>	<u>8,196,278</u>

**Total additions**

13,215,211

Deductions:

Benefits paid to participants	(4,392,048)
Administrative expenses	<u>(111,176)</u>
<b>Total deductions</b>	<u>(4,503,224)</u>

**Net increase in fiduciary net position**

8,711,987

Net position restricted for pension at beginning of year 47,970,181

Net position restricted for pension at end of year \$ 56,682,168

See notes to financial statements.

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## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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#### Note 1. Summary of Significant Accounting Policies

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

##### A. Reporting Entity

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

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

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

##### **Blended Component Units—Enterprise Funds**

The following component units are combined with the Authority's activities.

###### *San Antonio Housing Facility Corporation (SAHFAC)*

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

###### *San Antonio Housing Development Corporation (SAHDC)*

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

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### *San Antonio Housing Finance Corporation (SAHFC)*

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

##### *SP II Limited Partnership (SP II)*

SP II (a Texas limited partnership) is an investment of SAHDC (as general partner). SP II was formed in October 2001 to acquire, construct, develop, and operate a 120-unit apartment project known as Legacy at Science Park in San Antonio, Texas. In December 2019, SAHFAC acquired a 99.99% interest in the partnership. The partnership is now a wholly owned entity of an Authority affiliate.

##### *O'Connor Road Limited Partnership (O'Connor)*

O'Connor (a Texas limited partnership) is an investment of SAHDC (as general partner). O'Connor was formed in October 2001 to acquire, construct, develop, and operate a 150-unit apartment project known as Legacy at O'Connor Road in San Antonio, Texas. In December 2019, SAHFAC acquired a 99.99% interest in the partnership. The partnership is now a wholly owned entity of an Authority affiliate.

##### *Refugio Street Limited Partnership (Refugio)*

Refugio (a Texas limited partnership) is an investment of RSPFC (as general partner). Refugio was formed in November 2002 to acquire, construct, develop, and operate a 210-unit apartment project known as Refugio Place Apartment Homes in San Antonio, Texas. In December 2019, SAHFAC acquired a 99.99% interest in the partnership. The partnership is now a wholly owned entity of an Authority affiliate.

##### *San Antonio Homeownership Opportunities Corporation*

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

##### *Las Varas PFC (LVPFC)*

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

##### *Springhill/Courtland Heights (Springhill/Courtland Heights) Public Facility Corporation (PFC)*

Springhill/Courtland Heights PFC, created in 1998, is a Texas nonprofit public corporation and public instrumentality under section 103 of the IRC. It was organized to act on behalf of the Authority, as provided by the Texas PFC Act, as amended, for financing the acquisition, rehabilitation, renovation, repair, equipping and furnishing of three multi-family apartment complexes with 505 units.

Springhill/Courtland Heights PFC receives rental subsidies pursuant to a Housing Assistance Payment (HAP) contract with HUD for persons of low-to-moderate income.

##### *Woodhill PFC*

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

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### *Refugio Street PFC (RSPFC)*

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

##### *Sendero I PFC*

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

##### *Vera Cruz Redevelopment Partnership, Ltd. (Vera Cruz)*

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

##### *Homestead Redevelopment Partnership, Ltd. (Homestead)*

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

##### *Converse Ranch, LLC*

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

##### *Converse Ranch II, LLC*

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

##### *Sunshine Plaza Apartments, Inc.*

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

##### *Pecan Hill Apartments, Inc.*

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

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

#### Note 1. Summary of Significant Accounting Policies (Continued)

##### *Education Investment Foundation, Inc.*

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

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

#### Condensed Statements of Net Position (Deficit) June 30, 2024

	San Antonio Housing Facility Corporation	San Antonio Housing Development Corporation	San Antonio Housing Finance Corporation	SP II Limited Partnership	O'Connor Road Limited Partnership	Refugio Street Limited Partnership
<b>Assets:</b>						
Current assets	\$ 20,078,435	\$ 7,254,037	\$ 530,243	\$ 237,388	\$ 198,958	\$ 1,013,770
Restricted current assets	12,157,369	1,808,719	-	882,384	1,040,872	2,007,569
Net capital assets	158,194,599	44,459,753	154,983	3,085,254	4,050,384	8,344,014
Other assets	59,700,625	4,464,354	-	223	-	-
<b>Total assets</b>	<b>250,131,028</b>	<b>57,986,863</b>	<b>685,226</b>	<b>4,205,249</b>	<b>5,290,214</b>	<b>11,365,353</b>
<b>Deferred outflows of resources:</b>						
Deferred charges on refunding	-	-	-	-	-	-
Deferred swap outflow	-	78,722	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>78,722</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities:</b>						
Unrestricted current liabilities	8,613,278	11,621,529	371	122,980	306,424	446,679
Liabilities payable from restricted assets	4,018,241	199,286	-	-	-	-
Long-term debt	80,927,612	47,534,988	-	4,454,276	5,550,673	13,882,678
Other long-term liabilities	176,513	245,174	-	-	-	-
<b>Total liabilities</b>	<b>93,735,644</b>	<b>59,600,977</b>	<b>371</b>	<b>4,577,256</b>	<b>5,857,097</b>	<b>14,329,357</b>
<b>Deferred inflows of resources:</b>						
Leased assets	64,090,668	-	-	-	-	-
Deferred swap inflow	256,320	146,693	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>64,346,988</b>	<b>146,693</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position (deficit):</b>						
Net investment (deficit) in capital assets	87,906,771	356,376	154,983	(1,437,594)	(1,585,739)	(5,681,913)
Restricted	9,371,553	1,902,501	-	882,385	1,040,873	1,964,576
Unrestricted (deficit)	(5,229,928)	(3,940,962)	529,872	183,202	(22,017)	753,333
<b>Total net position (deficit)</b>	<b>\$ 92,048,396</b>	<b>\$ (1,682,085)</b>	<b>\$ 684,855</b>	<b>\$ (372,007)</b>	<b>\$ (566,883)</b>	<b>\$ (2,964,004)</b>

Housing Authority of the City of San Antonio

Notes to Financial Statements  
Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Net Position (Deficit)  
June 30, 2024

	San Antonio Homeownership Opportunities Corporation		Las Varas PFC	Springhill/ Courtland Heights PFC	Woodhill PFC	Refugio Street PFC	Sendero I PFC
<b>Assets:</b>							
Current assets	\$ 25,251	\$ 11,040,224	\$ 2,385,312	\$ 1,148,167	\$ 727,560	\$ 3,039,762	
Restricted current assets	307,182	-	1,085,237	-	8,170,568	-	
Net capital assets	-	16,943,591	6,243,343	12,159,825	-	5,716,673	
Other assets	94,117	602,563	273,680	120,812	2,931,061	44,482	
<b>Total assets</b>	<b>426,550</b>	<b>28,586,378</b>	<b>9,987,572</b>	<b>13,428,804</b>	<b>11,829,189</b>	<b>8,800,917</b>	
<b>Deferred outflows of resources:</b>							
Deferred charges on refunding	-	-	-	-	-	-	
Deferred swap outflow	-	-	-	-	-	-	
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Liabilities:</b>							
Unrestricted current liabilities	119,044	134,059	1,613,086	705,318	-	294,426	
Liabilities payable from restricted assets	-	-	-	-	-	-	
Long-term debt	-	1,466,667	4,466,210	-	-	-	
Other long-term liabilities	-	-	55,843	70,875	-	25,722	
<b>Total liabilities</b>	<b>119,044</b>	<b>1,600,726</b>	<b>6,135,139</b>	<b>776,193</b>	<b>-</b>	<b>320,148</b>	
<b>Deferred inflows of resources:</b>							
Leased assets	-	-	-	-	-	-	
Deferred swap inflow	-	-	173,763	-	-	-	
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>173,763</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net position (deficit):</b>							
Net investment (deficit) in capital assets	-	16,943,591	1,574,656	12,159,825	-	5,716,673	
Restricted	307,182	-	1,085,238	-	8,170,568	-	
Unrestricted (deficit)	324	10,042,061	1,018,776	492,786	3,658,621	2,764,096	
<b>Total net position (deficit)</b>	<b>\$ 307,506</b>	<b>\$ 26,985,652</b>	<b>\$ 3,678,670</b>	<b>\$ 12,652,611</b>	<b>\$ 11,829,189</b>	<b>\$ 8,480,769</b>	

Housing Authority of the City of San Antonio

Notes to Financial Statements  
Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Net Position (Deficit)  
June 30, 2024

	Vera Cruz Redevelopment Partnership, Ltd.	Homestead Redevelopment Partnership, Ltd.	Converse Ranch, LLC	Converse Ranch II, LLC	Sunshine Plaza Apartments, Inc.	Pecan Hill Apartments, Inc.	Education Investment Foundation, Inc.
<b>Assets:</b>							
Current assets	\$ 1,631	\$ 38,190	\$ 534,694	\$ 55,633	\$ 2,417,779	\$ 1,645,531	\$ -
Restricted current assets	-	-	448,958	238,392	32,541	-	-
Net capital assets	492,366	123,064	5,408,721	5,076,635	3,113,943	1,687,118	-
Other assets	7,386	38,324	33,034	63,508	25,173	25,599	-
<b>Total assets</b>	<b>501,383</b>	<b>199,578</b>	<b>6,425,407</b>	<b>5,434,168</b>	<b>5,589,436</b>	<b>3,358,248</b>	<b>-</b>
<b>Deferred outflows of resources:</b>							
Deferred charges on refunding	-	-	139,656	-	-	-	-
Deferred swap outflow	-	-	-	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>139,656</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities:</b>							
Unrestricted current liabilities	73,697	625,521	294,740	895,979	180,374	82,985	-
Liabilities payable from restricted assets	-	-	-	4,018,241	-	-	-
Long-term debt	-	4,215,576	6,036,443	-	2,259,739	-	-
Other long-term liabilities	3,929	21,305	20,211	11,612	14,168	15,495	-
<b>Total liabilities</b>	<b>77,626</b>	<b>4,862,402</b>	<b>6,351,394</b>	<b>4,925,832</b>	<b>2,454,281</b>	<b>98,480</b>	<b>-</b>
<b>Deferred inflows of resources:</b>							
Leased assets	-	-	-	-	-	-	-
Deferred swap inflow	-	-	-	43,029	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,029</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position (deficit):</b>							
Net investment (deficit) in capital assets	492,366	123,064	(624,375)	1,058,394	774,683	1,687,118	-
Restricted	-	-	448,958	230,255	32,541	-	-
Unrestricted (deficit)	(68,609)	(4,785,888)	389,086	(823,342)	2,327,931	1,572,650	-
<b>Total net position (deficit)</b>	<b>\$ 423,757</b>	<b>\$ (4,662,824)</b>	<b>\$ 213,669</b>	<b>\$ 465,307</b>	<b>\$ 3,135,155</b>	<b>\$ 3,259,768</b>	<b>\$ -</b>



## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

#### Note 1. Summary of Significant Accounting Policies (Continued)

#### Condensed Statements of Revenues, Expenses and Changes in Net Position (Deficit) Year Ended June 30, 2024

	San Antonio Housing Facility Corporation	San Antonio Housing Development Corporation	San Antonio Housing Finance Corporation	SP II Limited Partnership	O'Connor Road Limited Partnership	Refugio Street Limited Partnership
Operating revenues (expenses):						
Net tenant rental revenue	\$ 12,301,836	\$ 10,566,626	\$ -	\$ 1,132,249	\$ 1,420,064	\$ 1,919,639
Tenant revenue—other	491,340	410,059	-	4,026	7,606	81,672
HUD operating grants and housing assistance payments	-	-	-	-	-	-
Other government grants	277,215	333,243	-	-	-	232,145
Other revenue	15,248,382	61,495	75,000	5,725	6,414	49,835
Operating expenses	(19,821,471)	(16,503,186)	(17,115)	(847,550)	(1,142,093)	(1,896,294)
Depreciation expense	(1,770,129)	(2,232,059)	-	(151,717)	(194,966)	(367,616)
<b>Total operating revenues (expenses)</b>	<b>6,727,173</b>	<b>(7,363,822)</b>	<b>57,885</b>	<b>142,733</b>	<b>97,025</b>	<b>19,381</b>
Nonoperating revenues (expenses):						
Investment income	779,953	293,381	17,286	6,926	7,298	68,421
Interest income—leases	69,777	-	-	-	-	-
Mortgage interest income	383,180	1,758	-	-	-	-
Interest expense	(2,847,932)	(2,556,491)	-	(175,058)	(218,148)	(707,212)
Financing and trustee fees	(419,212)	(86,581)	-	-	-	-
Other	(81,294)	(349,990)	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>(2,115,528)</b>	<b>(2,697,923)</b>	<b>17,286</b>	<b>(168,132)</b>	<b>(210,850)</b>	<b>(638,791)</b>
Transfers in (out)	34,360	5,027,888	-	-	-	-
<b>Change in net position</b>	<b>4,646,005</b>	<b>(5,033,857)</b>	<b>75,171</b>	<b>(25,399)</b>	<b>(113,825)</b>	<b>(619,410)</b>
Net position (deficit) at beginning of year	87,402,391	621,259	609,684	(346,608)	(453,058)	(2,344,594)
Change in reporting entity	-	2,730,513	-	-	-	-
Net position (deficit) at end of year	<b>\$ 92,048,396</b>	<b>\$ (1,682,085)</b>	<b>\$ 684,855</b>	<b>\$ (372,007)</b>	<b>\$ (566,883)</b>	<b>\$ (2,964,004)</b>

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

#### Note 1. Summary of Significant Accounting Policies (Continued)

#### Condensed Statements of Revenues, Expenses and Changes in Net Position (Deficit) Year Ended June 30, 2024

	San Antonio Homeownership Opportunities Corporation	Las Varas PFC	Springhill/ Courtland Heights PFC	Woodhill PFC	Refugio Street PFC	Sendero I PFC
Operating revenues (expenses):						
Net tenant rental revenue	\$ -	\$ -	\$ 2,040,341	\$ 3,470,602	\$ -	\$ 2,111,958
Tenant revenue—other	-	-	100,558	231,173	-	111,198
HUD operating grants and housing assistance payments	-	-	1,846,358	-	-	-
Other government grants	-	-	-	-	-	-
Other revenue	237,432	1,296,519	9,824	24,335	-	36,763
Operating expenses	(142,188)	(7,218,752)	(4,026,987)	(5,936,184)	-	(1,743,481)
Depreciation expense	-	-	(391,843)	(991,382)	-	(291,677)
<b>Total operating revenues (expenses)</b>	<b>95,244</b>	<b>(5,922,233)</b>	<b>(421,749)</b>	<b>(3,201,456)</b>	<b>-</b>	<b>224,761</b>
Nonoperating revenues (expenses):						
Investment income	8,057	442,206	143,889	85,537	431,750	95,502
Interest income—leases	-	-	-	-	-	-
Mortgage interest income	5,201	-	-	-	144,881	-
Interest expense	-	-	(193,357)	(6,794)	-	(149,199)
Financing and trustee fees	-	-	(25,746)	(29,679)	-	(47,858)
Other	-	3,843,110	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>13,258</b>	<b>4,285,316</b>	<b>(75,214)</b>	<b>49,064</b>	<b>576,631</b>	<b>(101,555)</b>
Transfers in (out)	(1,009)	(4,029,258)	41,242	30,820	-	7,301,875
<b>Change in net position</b>	<b>107,493</b>	<b>(5,666,175)</b>	<b>(455,721)</b>	<b>(3,121,572)</b>	<b>576,631</b>	<b>7,425,081</b>
Net position (deficit) at beginning of year	200,013	32,651,827	4,134,391	15,774,183	11,252,558	1,055,688
Change in reporting entity	-	-	-	-	-	-
Net position (deficit) at end of year	\$ 307,506	\$ 26,985,652	\$ 3,678,670	\$ 12,652,611	\$ 11,829,189	\$ 8,480,769

Housing Authority of the City of San Antonio

Notes to Financial Statements  
Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position (Deficit)  
Year Ended June 30, 2024

	Vera Cruz Redevelopment Partnership, Ltd.	Homestead Redevelopment Partnership, Ltd.	Converse Ranch, LLC	Converse Ranch II, LLC	Sunshine Plaza Apartments, Inc.	Pecan Hill Apartments, Inc.	Education Investment Foundation, Inc.
Operating revenues (expenses):							
Net tenant rental revenue	\$ 186,779	\$ 941,937	\$ 1,044,342	\$ 899,407	\$ 426,849	\$ 453,604	\$ -
Tenant revenue—other	3,171	188,731	23,934	12,997	2,489	68,724	-
HUD operating grants and housing assistance payments	-	-	-	-	701,562	741,049	-
Other government grants	-	-	85,547	45,069	-	-	-
Other revenue	593	2,000	3,977	3,374	-	-	-
Operating expenses	(271,072)	(1,622,883)	(1,232,406)	(1,037,704)	(803,121)	(833,974)	-
Depreciation expense	(45,681)	(68,770)	(226,668)	(204,700)	(145,503)	(141,125)	-
<b>Total operating revenues (expenses)</b>	<b>(126,210)</b>	<b>(558,985)</b>	<b>(301,274)</b>	<b>(281,557)</b>	<b>182,276</b>	<b>288,278</b>	<b>-</b>
Nonoperating revenues (expenses):							
Investment income	744	995	24,962	16,904	115,003	61,260	42
Interest income—leases	-	-	-	-	-	-	-
Mortgage interest income	-	-	-	-	-	-	-
Interest expense	(4,484)	(2,011)	(187,704)	(102,775)	(70,781)	(1,288)	-
Financing and trustee fees	(2,269)	(9,546)	(13,928)	(5,221)	(6,667)	(5,892)	-
Other	-	10	-	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>(6,009)</b>	<b>(10,552)</b>	<b>(176,670)</b>	<b>(91,092)</b>	<b>37,555</b>	<b>54,080</b>	<b>42</b>
Transfers in (out)	1,007,217	37,880	21,125	18,415	22,090	22,425	1,009
<b>Change in net position</b>	<b>874,998</b>	<b>(531,657)</b>	<b>(456,819)</b>	<b>(354,234)</b>	<b>241,921</b>	<b>364,783</b>	<b>1,051</b>
Net position (deficit) at beginning of year	(451,241)	(4,131,167)	670,488	819,541	2,893,234	2,894,985	(1,051)
Change in reporting entity	-	-	-	-	-	-	-
<b>Net position (deficit) at end of year</b>	<b>\$ 423,757</b>	<b>\$ (4,662,824)</b>	<b>\$ 213,669</b>	<b>\$ 465,307</b>	<b>\$ 3,135,155</b>	<b>\$ 3,259,768</b>	<b>\$ -</b>

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### ***Fiduciary Component Units***

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

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

The Plan is included as a component unit since the primary government has fiduciary responsibility for the Plan and the Plan serves only the Authority's employees or retirees. The Plan's fiscal year-end is December 31, 2023.

##### ***Separately Issued Financial Statements***

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

- Converse Ranch, LLC
- Springhill/Courtland Heights PFC
- Sendero I PFC
- San Antonio Housing Facility Corporation
- SP II Limited Partnership
- O'Connor Road Limited Partnership
- Refugio Street Limited Partnership
- Housing Authority of the City of San Antonio Employees' Money Purchase Pension Plan and Trust

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

##### ***Limited Partnerships—Joint Ventures***

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

##### *San Juan Square, Ltd.*

SAHFAC and SAHDC are partners of a 143-unit multi-family project at the San Juan Square Apartments.

##### *Enclave Gardens, Ltd.*

LVPFC and Hogan Properties Company, Inc. are co-developers of a 228-unit multi-family project at the Elan Gardens Apartments.

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### *The Alhambra Apartments, Ltd.*

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

##### *Midcrowne Senior Pavilion, LP*

SAHFAC and SAHDC are partners of a 196-unit senior apartment project at the Midcrowne Pavilion Apartments.

##### *ARDC Sutton, Ltd.*

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

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

#### **Authority Programs**

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

##### *Public Housing*

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

##### *Section 8—Housing Assistance Payment Programs*

The Housing Assistance Payment Programs provide rent subsidies for approximately 12,000 families residing in privately owned rental properties.

#### **Not-For-Profit Programs**

##### *Section 8—Project Based Management*

Section 8 Project Based Management properties provide housing to low- and moderate-income elderly and nonelderly families. These properties include: Villa de Valencia Apartments, Reagan West Apartments, Sunshine Plaza Apartments, Pecan Hill Apartments and Cottage Creek Apartments.

##### *Other Not-For-Profit Activities*

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

#### **Capital Improvement Programs**

##### *HUD-Funded Capital Fund and Capital Fund Financing Programs*

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

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### *Energy Performance Contracting*

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

##### **Community Development Initiatives**

###### *Resident and Opportunity Supportive Services Program*

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

###### *Jobs Plus Grant*

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

#### **B. Basic Financial Statements—Fund Financial Statements**

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

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

##### ***Measurement Focus and Basis of Accounting***

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

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

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

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### ***Financial Statement Presentation***

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

#### D. Deposits and Investments

##### ***Authority's Deposits and Investments***

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

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

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

##### ***Plan Investments***

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

Purchases and sales of investments in the Plan are recorded on a trade-date basis and, accordingly, the related receivable and payable for any unsettled trades are recorded. At December 31, 2023, there were no unsettled trades.

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

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### E. Interprogram Receivables and Payables

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

##### F. Accounts Receivable

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

##### G. Notes and Mortgages Receivable

The majority of notes and mortgages receivable are due from tax credit partnerships in which the Authority serves as the general partner. The Authority evaluates the collectibility of the notes and mortgages receivable by reading the various tax credit partnerships' financial statements and determining projections for future cash flows. It has been the Authority's experience that once the tax credits expire, the limited partners will withdraw from the partnership and the Authority will become the sole owner. If a note payable is still outstanding when a partnership becomes wholly owned by the Authority, the payments continue to be made from the partnership to the Authority until the note is fully paid. The Authority also has the ability to modify the terms of the notes once the Authority becomes the sole owner of the entire partnership. Thus, all amounts due under notes and mortgages receivable are considered collectible, and no allowance was recorded at June 30, 2024. A schedule of notes and mortgages receivable is provided in Note 3 to the financial statements.

##### H. Other Assets and Developer Fees Receivable

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

##### I. Restricted Assets

Certain proceeds of the Authority's enterprise fund debts, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because the repayment funds are maintained in separate bank accounts and/or maintained by trustees, as established by



## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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#### Note 1. Summary of Significant Accounting Policies (Continued)

indenture agreements. The use of these funds is limited by third parties. The restricted investments include restricted assets to be used for the replacement of property and for other project expenditures or are held in escrow for families who successfully fulfill the FSS program requirements.

#### J. Capital Assets

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

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

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

#### K. Compensated Absences

##### ***Paid Time Off (PTO)***

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

As of June 30, 2024, the current portion of accrued compensated absences was comprised of PTO totaling \$175,102 and the long-term portion of accrued compensated absences was comprised of PTO totaling \$2,201,303.

#### L. Capital Contributions

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

#### M. Net Position

Net position is classified into three components:

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

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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#### Note 1. Summary of Significant Accounting Policies (Continued)

- **Restricted net position**—This component of net position consists of external constraints placed on net position used by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position**—This component of net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted net position.” These funds are available to use for any lawful and prudent purpose of the Authority.

#### N. Use of Estimates

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

#### O. Restricted and Unrestricted Resources

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

#### P. Equity in Partnership Investments

Investments by certain component units in limited partnerships are accounted for as equity investments. The component units of the Authority recognize their share of the operating results of the limited partnerships based on their ownership share of the limited partnerships and the partnership agreements. Under this method, the investment is initially recorded at cost and then increased or decreased by the proportionate share of the partnerships' net earnings or losses. The Authority is not obligated to fund capital deficits; therefore, any total capital deficits related to the Authority are only recognized to the extent of the Authority's contributed capital. A schedule of equity in partnership investments is provided in Note 7.

#### Q. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Authority has two items that qualify for reporting in this category, which are leased assets and deferred swap inflows. The leased assets are composed of various ground and rooftop leases described in Note 4 and prepaid ground leases described in Note 9.

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

As of June 30, 2024, the Authority's deferred outflows/inflows of resources were comprised of the following:

Deferred charges on refunding:	
Converse Ranch I, LLC	\$ 139,656
Total deferred charges on refunding	<u>139,656</u>
Deferred swap outflows:	
Midcrowne Senior Pavilion	78,722
Total deferred swap outflows	<u>78,722</u>
Total deferred outflows of resources	<u>\$ 218,378</u>
Leased assets	\$ 64,161,427
Deferred swap inflows:	
Converse Ranch II, LLC	43,029
San Antonio Housing Facility Corporation (Burning Tree and Encanta Villa)	213,291
Springhill/Courtland Heights PFC	173,763
The Ravello Apartments	146,693
Total deferred swap inflows	<u>576,776</u>
Total deferred inflows of resources	<u>\$ 64,738,203</u>

#### R. Unearned Revenue

Current unearned revenue consists of prepaid tenant rent of \$591,165, HUD Housing Choice Vouchers grant revenue of \$923,812, deferred development fee revenue of \$40,811, and other unearned revenue of \$3,794.

#### S. Leases Receivable

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

#### T. Regulated Leases

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases which are twelve months in length are regulated by HUD as to rent, unit size, household composition, and tenant income. For the year ended June 30, 2024, rental revenue earned under the aforementioned leases totaled \$43,281,251.

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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#### Note 2. Cash, Cash Equivalents, and Investments

##### A. Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

Unrestricted:

Cash and cash equivalents	\$ 43,366,584
Tenant security deposits	296,877

Restricted:

Cash and cash equivalents—modernization and development	15,771,279
Cash and cash equivalents—payment of current liabilities	2,153,033
Cash and cash equivalents—held by lender, trustee, and escrow agent	9,444,426
Cash and cash equivalents—other	18,065,515
Total cash, cash equivalents, and investments	<u>\$ 89,097,714</u>

Cash, cash equivalents, and investments as of June 30, 2024, consist of the following:

Petty cash	\$ 1,050
Deposits with financial institutions	79,652,238
Funds held by lender, trustee, and escrow agent	9,444,426
Total cash, cash equivalents, and investments	<u>\$ 89,097,714</u>

#### ***Investments Authorized by the Authority***

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

#### ***Investments Authorized by Debt Agreements***

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

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

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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

##### **Investments Held by Lenders**

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

- Mortgage companies must determine the institution has a rating consistent at all times with current minimally acceptable ratings as established and published by GNMA.
- Mortgage companies must monitor the institution's ratings no less than on a quarterly basis and change institutions when necessary. The mortgage companies must document the ratings of the institutions where the funds are deposited and maintain the documentation in the administrative record for three years, including the current year.

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

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

##### **Fair Value Classification**

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

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

The Authority has investments in money market funds held with its bond trustee of \$886,894 that are recorded at amortized cost and has the following investments and other items requiring recurring fair value measurements as of June 30, 2024:

- **Investment derivative instruments**—Interest rate swaps resulted in an aggregate positive fair value of \$498,054 and were valued using a market approach that considers benchmark interest rates (Level 2 inputs).

##### **Investment Risks**

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

##### **Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity the investment's fair value is to changes in market interest rates. The Authority manages its exposure to

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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

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

Investment	Maturity Dates	Amount
Held by bond trustee:		
BlackRock Liquidity Funds FedFund Institutional Shares—money market fund	N/A	\$ 206,353
JPMorgan U.S. Government Money Market Fund	N/A	470,974
Allspring 100% Treasury Money Market Fund	N/A	209,567
Total investments		<u>\$ 886,894</u>

#### Credit Risk

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

Investment	Amount	Investment Minimum Rating	Moody's Rating
Held by bond trustee:			
BlackRock Liquidity Funds FedFund Institutional Shares—money market fund	\$ 206,353	Aaa-mf	Aaa-mf
JPMorgan U.S. Government Money Market Fund	470,974	Aaa-mf	Aaa-mf
Allspring 100% Treasury Money Market Fund	209,567	Aaa-mf	Aaa-mf
Total investments	<u>\$ 886,894</u>		

#### Concentration of Credit Risk

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

#### Depository Custodial Credit Risk

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

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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

	Balance Reported on the Authority's Financial Statements	Balance Deposited with Financial Institutions	FDIC Insurance	Uninsured Deposits (Collateralized)	Uninsured and Uncollateralized Deposits
Demand deposits	\$ 88,144,916	\$ 88,541,304	\$ 6,874,688	\$ 76,073,663	\$ 5,592,953
Money Market Funds	886,894	654,617	-	-	654,617
United States Treasury Bills	65,904	65,904	-	65,904	-
Total bank deposits	<u>\$ 89,097,714</u>	<u>\$ 89,261,825</u>	<u>\$ 6,874,688</u>	<u>\$ 76,139,567</u>	<u>\$ 6,247,570</u>

As of June 30, 2024, \$76,139,567 of the Authority's deposits with financial institutions were fully collateralized by securities held by the pledging financial institution. Of the \$13,122,258 remaining deposits, \$6,874,688 were covered by the Federal Deposit Insurance Corporation, and \$6,247,570 were uninsured and uncollateralized and were therefore exposed to custodial credit risk.

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

As of December 31, 2023, \$19,910 of the Plan's deposits with financial institutions were fully collateralized by securities held by the pledging financial institutions. The \$1,588,125 of remaining deposits were uninsured and uncollateralized and were therefore exposed to custodial credit risk.

	Balance Reported on the Plan's Financial Statements	Balance Deposited with Financial Institutions	FDIC Insurance	Uninsured Deposits (Collateralized)	Uninsured and Uncollateralized Deposits
Money Market Funds	\$ 1,588,125	\$ 1,588,125	\$ -	\$ -	\$ 1,588,125
United States Treasury Bills	19,910	19,910	19,910	-	-
Total bank deposits	<u>\$ 1,608,035</u>	<u>\$ 1,608,035</u>	<u>\$ 19,910</u>	<u>\$ -</u>	<u>\$ 1,588,125</u>

As of December 31, 2023, the Plan's portfolio was comprised of the following:

Description	Fair Value
Mutual funds—equity	\$ 37,803,121
Mutual funds—fixed income	17,128,949
Total investments	<u>\$ 54,932,070</u>

#### Investment Risks

In accordance with GASB Statement No. 40, the following disclosures address credit risk, concentration of credit risk and interest rate risk at December 31, 2023. The Plan does not hold any foreign securities; therefore, there is no foreign currency risk.

#### Credit Risk

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

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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

The following is the actual rating for each investment type as of December 31, 2023.

Investment Type	Fair Value	Not Rated
American Beacon AHL Target Risk R5	\$ 1,320,710	\$ 1,320,710
BlackRock Strategic Income Opportunities Portfolio Class K	4,742,143	4,742,143
Metropolitan West Total Return Bond Fund	11,065,969	11,065,969
Fidelity US Bond Index Instl Prem	127	127
Total fixed income investments	<u>\$ 17,128,949</u>	<u>\$ 17,128,949</u>

#### Concentration of Credit Risk

The Plan is required to disclose investments in any one issuer that represent 5% or more of the total investments. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement. The Plan's investment policy limits the investment in securities of any one company to 15% of the total fund, and no more than 30% of the total fund should be invested in any one industry. At December 31, 2023, there were no investments in any one issuer that represent 5% or more of total Plan investments. Additionally, the Plan did not invest more than 15% of the investment portfolio in one company or more than 30% in one industry.

#### Interest Rate Risk

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

Presented below are the investments affected by interest rate risk and their applicable weighted-average maturities as of December 31, 2023:

Investment Type	Fair Value	Percentage of Total	Weighted-Average Maturity (Years)
American Beacon AHL Target Risk R5	\$ 1,320,710	7.7%	7.03
BlackRock Strategic Income Opportunities Portfolio Class K	4,742,143	27.7%	6.38
Metropolitan West Total Return Bond Fund	11,065,969	64.6%	7.97
Fidelity US Bond Index Instl Prem	127	0.0%	8.46
Total fixed income investments	<u>\$ 17,128,949</u>	<u>100.0%</u>	<u>7.46</u>

#### Fair Value Measurement

Plan investments at fair value as of December 31, 2023, using fair value measurements are as follows:

	Total Fair Value	Level 1	Level 2	Level 3
Mutual funds—equity	\$ 37,803,121	\$ 37,803,121	\$ -	\$ -
Mutual funds—fixed income	17,128,949	17,128,949	-	-
	<u>\$ 54,932,070</u>	<u>\$ 54,932,070</u>	<u>\$ -</u>	<u>\$ -</u>

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



## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

#### Note 3. Notes and Mortgages Receivable

The following summarizes the notes and mortgages receivable and the related accrued interest receivable as of June 30, 2024:

	Due Within One Year	Due After One Year	Total
<b>The Authority</b>			
ARDC Sutton, Ltd.	\$ -	\$ 6,993,132	\$ 6,993,132
Durango Midrise, LP	-	19,311,851	19,311,851
ARDC Sutton II, Ltd.	-	1,654,945	1,654,945
San Juan III, Ltd.	-	4,764,908	4,764,908
Wheatley Family I, LP	-	1,147,375	1,147,375
Wheatley Senior, LP	-	144,355	144,355
Tampico Apartments, LP	-	743,228	743,228
Alazan Lofts Ltd.	-	1,091,925	1,091,925
Snowden Apartments, LP	-	9,411,175	9,411,175
<b>SAHFAC</b>			
Wheatley Family I, LP	-	11,296,355	11,296,355
Wheatley Family II, LP	-	4,774,494	4,774,494
Wheatley Senior, LP	-	6,498,135	6,498,135
Tampico Apartments, LP	-	712,404	712,404
Kitty Hawk Flats Ltd.	-	276,353	276,353
Snowden Apartments, LP	-	1,272,850	1,272,850
SAHFC Potranco Lender LLC	-	1,250,000	1,250,000
SAHFC Josephine Lender LLC	-	3,000,000	3,000,000
<b>San Antonio Homeownership Opportunities Corporation</b>			
Real estate sales notes	5,820	94,117	99,937
<b>Las Varas PFC</b>			
Second lien notes	-	62,005	62,005
Total	<u>\$ 5,820</u>	<u>\$ 74,499,607</u>	<u>\$ 74,505,427</u>

#### Note 4. Leases Receivable

On March 2, 2020, the San Antonio Housing Facility Corporation, a blended component unit of the Authority, entered into a lease agreement (the “ground lease”) as a lessor of land to Culebra Commons 2019, LLC. The term of the ground lease is for 75 years, commencing on March 2, 2020 and terminating on February 28, 2095. An initial lease receivable was recorded in the amount of \$596,473. At commencement of the ground lease, an advanced rent payment of \$3,800,000 was received and administrative rent in the amount of \$25,000 is due annually. The discount rate for the ground lease is 3.98%.

On February 1, 2021, the San Antonio Housing Facility Corporation, a blended component unit of the Authority, entered into a lease agreement (the “ground lease”) as a lessor of land to 120 Josephine 2020 LLC. The term of the ground lease is for 75 years, commencing on February 1, 2021 and terminating on February 1, 2096. An initial lease receivable was recorded in the amount of \$597,680. At commencement of the ground lease, an advanced rent payment of \$11,737,024 was received and administrative rent in the amount of \$25,000 is due annually. The discount rate for the ground lease is 3.98%.

On March 31, 2022, the San Antonio Housing Facility Corporation, a blended component unit of the Authority, entered into a lease agreement (the “ground lease”) as a lessor of land to Potranco 2021 LLC. The term of the ground lease is for 75 years, commencing on March 31, 2022 and terminating on March 30, 2097. An initial lease receivable was recorded in the amount of \$534,270. At commencement of the

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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#### Note 4. Leases Receivable (Continued)

ground lease, an advanced rent payment of \$1,875,000 was received and administrative rent in the amount of \$25,000 is due annually. The discount rate for the ground lease is 4.54%.

On November 21, 2017, the Authority entered into an amended and restated lease agreement (the "rooftop lease") as a lessor of rooftop space at the Parkview Apartments to New Cingular Wireless PCS, LLC (now AT&T). The rooftop lease commenced November 21, 2017 and has an initial five-year term. The rooftop lease may be extended for three successive five-year terms. Annual rent for 2024 was \$21,059 and rent is increased annually by two percent. An initial lease receivable was recorded in the amount of \$274,565. The discount rate for the rooftop lease is 3.98%. The term included the extensions as reasonably certain to be exercised.

On August 2, 2017, the Authority entered into an amended and restated lease agreement (the "rooftop lease") as a lessor of rooftop space at the Fair Avenue Apartments to New Cingular Wireless PCS, LLC (now AT&T). The rooftop lease commenced January 1, 2017 and has an initial five-year term. The rooftop lease may be extended for three successive five-year terms. Annual rent for 2024 was \$18,359 and rent is increased annually by two percent. An initial lease receivable was recorded in the amount of \$249,030. The discount rate for the rooftop lease is 3.98%. The term included the extensions as reasonably certain to be exercised.

On November 21, 2017, the Authority entered into a lease agreement (the "rooftop lease") as a lessor of rooftop space at the San Pedro Arms Apartments to Sprint Spectrum Realty Company, LLC (now T-Mobile). The rooftop lease commenced January 1, 2017 and has an initial five-year term. The rooftop lease may be extended for three successive five-year terms. Annual rent for 2024 was \$25,271 and rent is increased annually by two percent. An initial lease receivable was recorded in the amount of \$311,819. The discount rate for the rooftop lease is 3.98%. The term included the extensions as reasonably certain to be exercised.

On March 25, 2022, the Authority entered into a lease agreement (the "rooftop lease") as a lessor of rooftop space at the Victoria Plaza Apartments to Cellco Partnership (d/b/a Verizon Wireless). The rooftop lease commenced March 25, 2022 and has an initial five-year term. The rooftop lease may be extended for three successive five-year terms. Annual rent for 2024 was \$28,278 and rent is increased annually by two percent. An initial lease receivable was recorded in the amount of \$431,233. The discount rate for the rooftop lease is 4.54%. The term included the extensions as reasonably certain to be exercised.

A summary of lease-related revenue for the leases previously described is presented below:

	Year Ended
	<u>June 30, 2024</u>
Lease-related Revenue	
Lease Revenue	
Land	\$ 21,120
Rooftop	87,600
Building	<u>51,966</u>
Total Lease Revenue	\$ 160,686
Interest Revenue	150,376
Total	<u>\$ 311,062</u>

A schedule of future receipts that are included in the lease receivable, showing principal and interest receipts to maturity, is presented on the following page.

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

#### Note 4. Leases Receivable (Continued)

	Principal	Interest	Total Receipts
Years ending June 30:			
2025	\$ 127,988	\$ 136,658	\$ 264,646
2026	122,512	142,848	265,360
2027	130,440	137,454	267,894
2028	84,851	132,587	217,438
2029	80,174	129,293	209,467
2030-2034	500,503	588,263	1,088,766
2035-2039	458,473	468,504	926,977
2040-2044	232,562	373,622	606,184
2045-2049	38,695	336,305	375,000
2050-2054	60,372	314,628	375,000
2055-2059	74,197	300,803	375,000
2060-2064	91,202	283,798	375,000
2065-2069	112,121	262,879	375,000
2070-2074	137,861	237,139	375,000
2075-2079	169,537	205,463	375,000
2080-2084	208,525	166,475	375,000
2085-2089	256,521	118,479	375,000
2090-2094	315,617	59,383	375,000
2095-2099	82,135	5,365	87,500
Total Future Receipts	\$ 3,284,286	\$ 4,399,946	\$ 7,684,232

#### Note 5. Subscription-Based Information Technology Arrangements

The Authority obtains the right to use vendors' information technology software through various long-term contracts. Payments are fixed annually. The subscriptions have been recorded at the present value of the future minimum payments as of the inception dates using internal borrowing rates ranging from 4.52% to 6.24%. As of June 30, 2024, the subscription assets had a cost of \$2,529,111 and accumulated amortization of \$424,620. The total subscription liability amounted to \$1,794,635, with \$377,047 classified as current. A summary of changes in subscription assets and liabilities is presented below:

	Beginning of Year	Additions	Subtractions	End of Year	Amounts Due Within One Year
Subscription Assets					
Electronic signature software	\$ 223,860	\$ -	\$ -	\$ 223,860	
Enterprise application software	147,499	483,947	(147,499)	483,947	
Cloud-based communications software	-	905,647	-	905,647	
Property management software	193,316	722,341	-	915,657	
	\$ 564,675	\$ 2,111,935	\$ (147,499)	\$ 2,529,111	
Less: Accumulated Amortization					
Electronic signature software	\$ (95,940)	\$ (90,831)	\$ -	\$ (186,771)	
Enterprise application software	(12,292)	(148,650)	147,499	(13,443)	
Cloud-based communications software	-	(14,847)	-	(14,847)	
Property management software	(32,219)	(177,340)	-	(209,559)	
	\$ (140,451)	\$ (431,668)	\$ 147,499	\$ (424,620)	
Total Subscription Assets, net	\$ 424,224	\$ 1,680,267	\$ -	\$ 2,104,491	
Subscription Liabilities	\$ 115,774	\$ 2,115,426	\$ (436,565)	\$ 1,794,635	\$ 377,047

**Housing Authority of the City of San Antonio**

**Notes to Financial Statements**  
**Year Ended June 30, 2024**

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**Note 5. Subscription-Based Information Technology Arrangements (Continued)**

A summary of principal and interest payments for the subscription liabilities is presented below:

	Principal	Interest	Total Payments
Years ending June 30:			
2025	\$ 377,047	\$ 99,714	\$ 476,761
2026	551,048	70,227	621,275
2027	417,831	40,264	458,095
2028	218,881	17,079	235,960
2029	229,828	6,133	235,961
Total Future Payments	<u>\$ 1,794,635</u>	<u>\$ 233,417</u>	<u>\$ 2,028,052</u>

**Note 6. Other Assets and Developer Fees Receivable**

At June 30, 2024, other assets and developer fees receivable totaled \$16,309,489. This amount is made up of developer fees receivable totaling \$15,750,679 and other noncurrent receivables of \$558,810. Additionally, an allowance for doubtful accounts totaling \$3,245,769 is recorded for developer fees receivable.

**Note 7. Equity in Partnership Investments**

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

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

A reconciliation of changes in the equity in partnership investments is presented on the following page.

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

#### Note 7. Equity in Partnership Investments (Continued)

Partnership	General Partner (GP)	GP % of Ownership	Balance at July 1, 2023	Cash Contributions From GP	Cash Distributions to GP	GP's Share of Profit (Loss)	Eliminations	Balance at June 30, 2024
1604 Lofts Ltd.	SAHFAC	0.0051%	\$ 51	\$ -	\$ -	\$ -	\$ -	\$ 51
ARDC Sutton, Ltd.	SAHFAC	0.0050%	1,499,435	-	-	(39)	-	1,499,396
Copernicus Apartments Ltd.	SAHFAC	0.0051%	51	-	-	-	-	51
Majestic SA Apartments, LP	SAHFAC	0.0100%	100	-	-	-	-	100
Midcrowne Senior Pavilion, LP	SAHFAC	0.0100%	3,618,519	-	-	(159)	-	3,618,360
San Juan Square, Ltd.	SAHFAC	0.0100%	1,464,053	-	-	(1,570)	-	1,462,483
The Alhambra Apartments, Ltd.	SAHFAC	0.0100%	294,496	-	-	(35)	-	294,461
Trader Flats Ltd.	SAHFAC	0.0051%	51	-	-	-	-	51
Snowden Apartments GP, LLC	SAHFAC	0.0100%	100	-	-	-	-	100
Enclave Gardens, Ltd.	LVPFC	0.0100%	185,552	-	(52,884)	-	-	132,668
Alazan Lofts, Ltd.*	SAHFAC	0.0051%	-	-	-	-	-	-
ARDC Ruiz, Ltd.*	SAHFAC	0.0050%	-	-	-	-	-	-
ARDC Sutton II, Ltd.*	SAHFAC	0.0050%	-	-	-	-	-	-
Costa Valencia, Ltd.*	SAHFAC	0.0100%	-	-	-	-	-	-
Fiesta Trails, Ltd.*	SAHFAC	0.0051%	-	-	-	-	-	-
Horizon Pointe Apartments, LP*	SAHFAC	0.0100%	-	-	-	-	-	-
Kitty Hawk Flats, Ltd*	SAHFAC	0.0051%	-	-	-	-	-	-
Mira Vista SA Apartments, LP*	SAHFAC	0.0100%	-	-	-	-	-	-
New Braunfels 2 Housing, LP*	SAHFAC	0.0050%	-	-	-	-	-	-
SAHFC Arroyo Seco, LLC*	SAHFAC	0.0100%	-	-	-	-	-	-
SAHFC Marshall Meadows, LLC*	SAHFAC	0.0100%	-	-	-	-	-	-
SAHFC Mission Del Rio, LLC*	SAHFAC	0.0100%	-	-	-	-	-	-
SAHFC Port Royal, LLC*	SAHFAC	0.0100%	-	-	-	-	-	-
San Juan III, Ltd.*	SAHFAC	0.0100%	-	-	-	-	-	-
San Juan Square II, Ltd.*	SAHFAC	0.0045%	-	-	-	-	-	-
Somerset SA Apartments, LP*	SAHFAC	0.0090%	-	-	-	-	-	-
SOSA at Palo Alto, LP*	SAHFAC	0.0100%	-	-	-	-	-	-
Tampico Apartments, Ltd*	SAHFAC	0.0050%	-	-	-	-	-	-
Vista at Everest, LP*	SAHFAC	0.0051%	-	-	-	-	-	-
Vista at Interpark, LP*	SAHFAC	0.0051%	-	-	-	-	-	-
Watson Road Apartments Ltd.*	SAHFAC	0.0051%	-	-	-	-	-	-
Wheatley Family I, LP*	SAHFAC	0.0100%	-	-	-	-	-	-
Wheatley Family II, LP*	SAHFAC	0.0100%	-	-	-	-	-	-
Wheatley Senior, LP*	SAHFAC	0.0100%	-	-	-	-	-	-
ARDC Military, Ltd.*	LVPFC	0.0100%	-	-	-	-	-	-
ARDC Salado, Ltd.*	LVPFC	0.0100%	-	-	-	-	-	-
ARDC San Marcos, Ltd.*	LVPFC	0.0050%	-	-	-	-	-	-
Costa Almadena, Ltd.*	LVPFC	0.0100%	-	-	-	-	-	-
Costa Mirada, Ltd.*	LVPFC	0.0100%	-	-	-	-	-	-
Durango Midrise, LP*	LVPFC	0.0100%	-	-	-	-	-	-
Fairfield Bethel Place LP*	LVPFC	0.0100%	-	-	-	-	-	-
Fairfield Sorento LP*	LVPFC	0.0100%	-	-	-	-	-	-
The Mirabella, Ltd.*	LVPFC	0.0100%	-	-	-	-	-	-
TX Pleasanton Housing, LP*	LVPFC	0.0100%	-	-	-	-	-	-
			<u>\$ 7,062,408</u>	<u>\$ -</u>	<u>\$ (52,884)</u>	<u>\$ (1,803)</u>	<u>\$ -</u>	<u>\$ 7,007,721</u>

For all partnerships marked with an asterisk, the general partner was not required to make a capital contribution at inception. Additionally, as the general partners are not required to fund capital deficits and these entities have cumulative loss positions as of June 30, 2024, the general partners have not recorded the related deficit capital positions of these partnerships, as they exceed the general partners' contributed capital.

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

#### Note 8. Capital Assets

##### *The Authority's Capital Assets*

Capital asset activity for the year ended June 30, 2024, for the business-type activities was as follows:

	Balance at July 1, 2023	Additions	Deletions	Transfers/ Reclass	Balance at June 30, 2024
Capital assets not being depreciated:					
Land	\$ 119,004,871	\$ 5,400,009	\$ (693,181)	\$ -	\$ 123,711,699
Construction in progress	76,612,344	21,524,835	(10,663,752)	(34,923,906)	52,549,521
Total capital assets not being depreciated	195,617,215	26,924,844	(11,356,933)	(34,923,906)	176,261,220
Capital assets being depreciated:					
Buildings and improvements	617,539,266	13,089,436	(2,490,508)	34,344,416	662,482,610
Furniture and equipment:					
Dwellings	2,750,997	-	-	-	2,750,997
Administration	7,600,643	646,462	(130,888)	(54)	8,116,163
Leasehold improvements	1,649,904	-	-	579,544	2,229,448
Total capital assets being depreciated	629,540,810	13,735,898	(2,621,396)	34,923,906	675,579,218
Less accumulated depreciation:					
Buildings and improvements	(444,376,952)	(21,763,051)	1,290,596	-	(464,849,407)
Furniture and equipment:					
Dwellings	(2,610,252)	(47,348)	-	-	(2,657,600)
Administration	(5,728,707)	(643,562)	116,915	-	(6,255,354)
Leasehold improvements	(1,121,192)	(93,943)	-	-	(1,215,135)
Total accumulated depreciation	(453,837,103)	(22,547,904)	1,407,511	-	(474,977,496)
Total capital assets being depreciated, net	175,703,707	(8,812,006)	(1,213,885)	34,923,906	200,601,722
Business-type activities capital assets, net	\$ 371,320,922	\$ 18,112,838	\$ (12,570,818)	\$ -	\$ 376,862,942

Depreciation expense for the current year totaled \$16,537,267.

#### Note 9. Prepaid Ground Leases

Comprising a significant portion of the deferred inflows of resources are various ground leases in which funds were provided for the purchase of land parcels which, in turn, were leased to project developments for periods ranging from 10 to 99 years. The Authority recognized the funds received for the prepaid leases as deferred inflows of resources and will amortize the prepayments over the initial periods on a straight-line basis. As of June 30, 2024, prepaid ground leases totaled \$62,533,704. The book value of the land related to the prepaid ground leases totaled \$72,379,257 as of June 30, 2024.

SAHFAC entered into 31 ground lease agreements with various limited partnerships for a period of 52 to 99 years for the lease of land to construct and operate rental projects. The limited partnerships provided a total of \$65,291,830 for the purchase of land, which is considered prepayment of annual rents for the initial periods of 10 to 99 years of the lease terms. After the end of the initial period, the limited partnerships will provide annual lease payments of \$100.

Las Varas PFC entered into 11 ground lease agreements with various limited partnerships for a period of 55 to 99 years for the lease of land to construct and operate rental projects. The limited partnerships provided a total of \$13,081,271 for the purchase of land, which is considered prepayment of annual rents

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

#### Note 9. Prepaid Ground Leases (Continued)

for the initial periods of 10 to 15 years of the lease terms. After the end of the initial period, the limited partnerships will provide annual lease payments of \$10 to \$100.

#### Note 10. Bonds and Notes Payable

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

Program	Issue	Original Amount	Due Within One Year	Due After One Year	Balance Outstanding at June 30, 2024
<b>SAHFAC</b>					
Multifamily Housing Revenue Bonds, Series 2014, issued for Converse Ranch II. Term is 10 years, with final maturity September 30, 2024. The interest rate is fixed by a swap contract at 2.43%, with monthly principal and interest payments averaging \$27,215. The loan is secured by a deed of trust on the property.	Revenue Bonds— Series 2014	\$ 5,600,000	\$ 4,018,241	\$ -	\$ 4,018,241
Mortgage loan for Burning Tree and Encanta Villa payable to Frost Bank. Term is 10 years, with final maturity December 10, 2028. The interest rate is fixed by a swap contract at 3.935%, with monthly principal and interest payments averaging \$35,864. The loan is secured by deeds of trust on the properties.	Mortgage note	6,800,000	201,636	5,622,973	5,824,609
Mortgage loan for SP II Limited Partnership payable to ORIX Real Estate Capital, LLC DBA Lument Capital. Term is 35 years, with final maturity September 1, 2057. The interest rate is 3.84%, with monthly principal and interest payments of \$20,088. The loan is collateralized by the project.	Mortgage note	4,636,700	68,571	4,454,276	4,522,847
Mortgage loan for O'Connor Road Limited Partnership payable to ORIX Real Estate Capital, LLC DBA Lument Capital. Term is 35 years, with final maturity September 1, 2057. The interest rate is 3.84%, with monthly principal and interest payments of \$25,032. The loan is collateralized by the project.	Mortgage note	5,778,000	85,450	5,550,673	5,636,123
Mortgage loan for Refugio Street Limited Partnership payable to KeyBank National Association. Term is 35 years, with final maturity September 1, 2057. The interest rate is 4.65%, with monthly principal and interest payments of \$54,678. The loan is collateralized by the project.	Mortgage note	11,330,100	143,249	10,951,618	11,094,867
Construction loan for 100 Labor Street, LLC. The loan requires interest only payments until conversion to permanent financing. The interest rate is 2.90%. Draws are made periodically as the project is constructed. The permanent loan amount is \$40,525,900 and principal and interest payments of \$142,751 are payable beginning April 1, 2023 through maturity on March 1, 2063.	Construction loan	5,658,955	565,054	37,510,614	38,075,668
Neighborhood Stabilization Program loan for Sutton Oaks payable to the City of San Antonio. Term is 30 years, with final maturity September 30, 2039. The loan is non-interest bearing. Principal payments will be deferred for 30 years until the maturity date and thereafter are forgiven if SAHFAC remains in compliance with all terms and conditions set forth in the loan documents. The note is secured by a subordinate deed of trust on the property.	Sutton NSP note	900,000	-	900,000	900,000
		<u>40,703,755</u>	<u>5,082,201</u>	<u>64,990,154</u>	<u>70,072,355</u>
<b>SAHDC</b>					
Multifamily Housing Revenue Bonds, Series 2005, issued for Costa Valencia, Ltd. Term is 40 years, with final maturity June 1, 2048. The interest rate is 5.75%, with monthly principal and interest payments of \$62,774. The bonds are collateralized by the project.	Revenue Bonds— Series 2005	11,780,000	195,229	9,598,733	9,793,962
Multifamily Housing Revenue Bonds, Series 2005, issued for Clark 05 Housing Limited Partnership. Term is 33 years, with final maturity October 1, 2038. The interest rate is 6.52%, with monthly principal and interest payments averaging \$78,421. The bonds are secured by a multifamily fee and leasehold deed of trust, assignment of rents, security agreement and fixture filing.	Revenue Bonds— Series 2005	13,870,000	199,286	11,267,797	11,467,083
Mortgage loan for San Juan Square II payable to Capital One Bank. Term is 15 years, with final maturity December 29, 2025. The interest rate is 7.4%, with monthly principal and interest payments of \$29,911. The loan is secured by a deed of trust, assignment of rents, security agreement and fixture filing.	Mortgage note	4,320,000	109,938	3,304,570	3,414,508
Multifamily Housing Revenue Note, Series 2023, issued for New Braunfels 2 Housing, LP ("The Ravello"). Term is 10 years, with final maturity February 14, 2033. The interest rate is fixed by a swap contract at 4.84%, with monthly principal and interest payments averaging \$63,379. The loan is secured by a deed of trust on the property.	Revenue Note— Series 2023	11,750,000	191,263	11,495,964	11,687,227
Multifamily Housing Revenue Note, Series 2023, issued for Midcrown Senior Apartments. Term is 10 years, with final maturity November 30, 2033. The interest rate is fixed by a swap contract at 4.93%, with monthly principal and interest payments averaging \$31,143. The loan is secured by a deed of trust on the property.	Revenue Note— Series 2023	5,800,000	88,248	5,662,323	5,750,571
		<u>47,520,000</u>	<u>783,964</u>	<u>41,329,387</u>	<u>42,113,351</u>

# Housing Authority of the City of San Antonio

## Notes to Financial Statements Year Ended June 30, 2024

### Note 10. Bonds and Notes Payable (Continued)

Program	Issue	Original Amount	Due Within One Year	Due After One Year	Balance Outstanding at June 30, 2024
<b>Section 8 Project Based</b>					
Mortgage loan issued by Springhill/Courtland Heights Public Facility Corporation payable to Frost Bank. Term is 10 years, with final maturity December 6, 2026. The interest rate is fixed by a swap contract at 3.865%, with monthly principal and interest payments averaging \$31,515. The loan is secured by deeds of trust on Cottage Creek I, II, and Courtland Heights.	Mortgage note	6,000,000	202,479	4,466,210	4,668,689
<b>Converse Ranch, LLC</b>					
Mortgage loan for Converse Ranch I payable to Walker & Dunlop. Term is 40 years, with final maturity June 1, 2053. The interest rate is 2.98%, with monthly principal and interest payments of \$26,562. The loan is secured by a deed of trust on the property.	Mortgage note	7,443,700	136,309	6,036,444	6,172,753
<b>Capital Fund Financing Program (CFFP)</b>					
CFFP loan agreement dated November 9, 2006, with Fannie Mae for the accelerated renovation and rehabilitation of eight public housing developments. Term is 20 years, with final maturity December 1, 2026. The interest rate is 4.85%, with monthly principal and interest payments of \$182,721. The loan is secured with pledged Capital Grant Funds. On June 14, 2012, Fannie Mae assigned its interest in the loan and the loan agreement to Deutsche Bank National Trust Company.	CFFP loan	27,828,627	2,081,086	1,164,713	3,245,799
<b>Sunshine Plaza Apartments, Inc.</b>					
Mortgage loan for Sunshine Plaza payable to Frost Bank. Term is 10 years, with final maturity December 30, 2030. The interest rate is fixed at 2.87%, with monthly principal and interest payments averaging \$12,212. The loan is secured by a deed of trust on the property.	Loan	2,600,000	79,521	2,259,739	2,339,260
<b>Energy Performance Contract Loan</b>					
Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp. to finance the Authority's Phase II HUD Energy Performance Contract. The interest rate is 2.77%, with monthly principal and interest payments averaging \$73,959. The EPC term ends December 31, 2032.	Loan	9,171,558	675,303	6,657,772	7,333,075
		<u>\$ 141,267,640</u>	<u>\$ 9,040,863</u>	<u>\$ 126,904,419</u>	<u>\$ 135,945,282</u>



## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

#### Note 10. Bonds and Notes Payable (Continued)

The following table provides the annual principal and interest requirements of the Authority and its component units as of June 30, 2024, for long-term debt outstanding:

	Principal	Interest	Total
Years ending June 30:			
2025	\$ 9,040,863	\$ 5,456,007	\$ 14,496,870
2026	4,250,067	5,188,482	9,438,549
2027	7,276,978	4,968,068	12,245,046
2028	3,167,242	4,763,580	7,930,822
2029	8,059,386	4,525,634	12,585,020
2030-2034	31,568,023	19,281,984	50,850,007
2035-2039	19,493,713	13,151,093	32,644,806
2040-2044	12,825,851	8,495,308	21,321,159
2045-2049	13,135,245	6,024,482	19,159,727
2050-2054	12,042,854	3,758,751	15,801,605
2055-2059	10,771,747	1,685,383	12,457,130
2060-2064	6,763,544	343,919	7,107,463
Subtotal	138,395,513	77,642,691	216,038,204
Amounts to be drawn in future periods or upon refinance	(2,450,231)	-	(2,450,231)
Total	<u>\$ 135,945,282</u>	<u>\$ 77,642,691</u>	<u>\$ 213,587,973</u>

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Balance at July 1, 2023	Additions	Reductions	Balance at June 30, 2024	Due Within One Year
Mortgages, bonds and notes	\$ 136,857,208	\$ 11,218,702	\$ 12,130,628	\$ 135,945,282	\$ 9,040,863
Compensated absences	2,278,573	2,551,905	2,454,073	2,376,405	175,102
	<u>\$ 139,135,781</u>	<u>\$ 13,770,607</u>	<u>\$ 14,584,701</u>	<u>\$ 138,321,687</u>	<u>\$ 9,215,965</u>

#### Note 11. Derivative Financial Instrument

##### Interest Rate Swaps

The Authority has five interest rate swap agreements (swaps) with one counterparty as of June 30, 2024. The objective of the agreements was to attain a synthetic fixed interest rate at a cost that was expected to be less than rates associated with fixed-rate debt. The swap agreement terms state the Authority is to make monthly fixed interest rate payments at a specified rate on a notional principal amount and in exchange receive monthly payments based upon the Secured Overnight Financing Rate (SOFR) plus a spread.

The swaps have an aggregate positive fair value of \$498,054 at June 30, 2024. The fair value was estimated using a proprietary valuation model developed by a counterparty. The swaps have been determined to constitute an effective hedge at June 30, 2024, by using the synthetic instrument method. The fair value of each swap is classified as an asset and deferred inflow of resources or as a liability and deferred outflow of resources.

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

#### Note 11. Derivative Financial Instrument (Continued)

The following contains the terms, fair values, and credit ratings issued by S&P Global Ratings of the swaps as of June 30, 2024:

Related Debt Issuance	Current Notional Amount	Effective Date of Swap	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
				87.4% of 1-month CME Term SOFR plus 1.580%			
New Braunfels 2 Housing, LP ("The Ravello")	\$ 11,687,227	2/14/2023	4.840%		\$ 146,693	02/14/2033	A-
Converse Ranch II, LLC	4,018,241	3/1/2023	2.430%	67.8% of SOFR* plus 1.417%	43,029	11/01/2024	A-
Springhill/Courtland Heights PFC	4,668,689	3/1/2023	3.865%	82.4% of SOFR* plus 1.840%	173,763	12/06/2026	A-
Midcrown Senior	5,750,571	11/30/2023	4.930%	80.4% of SOFR* plus 1.580%	(78,722)	11/30/2033	A-
SAHFAC (Burning Tree and Encanta Villa)	5,824,609	3/1/2023	3.935%	80.7% of SOFR* plus 1.560%	213,291	12/10/2028	A-
Totals	<u>\$ 31,949,337</u>				<u>\$ 498,054</u>		

\*The Secured Overnight Financing Rate (SOFR) is determined by using a weighted average of rates for the five U.S. Government Securities business days preceding each monthly reset date

#### **Credit Risk**

The Authority was exposed to credit risk on four swaps that had a positive fair value. At June 30, 2024, four swaps had an aggregate positive fair value of \$576,776 and one swap had a negative fair value of \$78,722. The amount of \$576,776 represents the Authority's credit exposure to the related counterparty and the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. Fair value is only a factor upon termination. The swaps' counterparty has guaranteed all payments and is rated A- by S&P Global Ratings. The swap agreements provide no collateral by the counterparty.

#### **Interest Rate Risk**

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

#### **Basis Risk**

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

#### **Termination Risk**

The swaps were issued pursuant to the International Swap Dealers Association Master Agreements, which include standard termination events, such as failure to pay and bankruptcy. The Authority or the counterparty may terminate an interest rate swap if the other party fails to perform under the terms of the contract. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value. As of June 30, 2024, the swaps had an aggregate positive fair value of \$498,054.

#### Note 12. Line of Credit

SAHFAC has a revolving line of credit with Frost Bank for \$3,000,000, which may be used for short-term borrowing needs. The line of credit bears interest at the applicable prime rate, as listed in *The Wall Street Journal*, plus 0.25%. As of June 30, 2024, the all-in rate was 8.75%. The line of credit was renewed with an effective date of October 14, 2023, and has a term of three years. There were no borrowings against the line of credit at June 30, 2024.

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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#### **Note 13. Conduit Debt**

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

As of December 31, 2024, there were 26 series of tax-exempt revenue bonds outstanding with an aggregate principal amount payable of \$640,561,741, maturing from 2025 to 2063.

#### **Note 14. Defined Contribution Plan**

##### **A. Plan Description**

Effective June 7, 1948, the Authority established the Plan. The Plan is a defined contribution pension plan established as a public retirement system under the Texas Government Code by the Authority, the Plan sponsor. Under the terms and provisions of the Plan, the Authority has the ability to amend the Plan. Additionally, the Plan covers all full-time employees of the Authority who have completed one year of service and are 21 years old. Eligible employees enter the plan on the first day of January, April, July or October which coincides with or follows the date the eligibility requirements are met. A Plan amendment made effective April 1, 2022 removed the service requirement for eligibility and allows eligible employees to participate in the plan upon their hire date. At December 31, 2023, there were 847 participants.

##### **B. Contributions**

Each year, participants must contribute 5.0% and may elect to contribute up to 100.0% of eligible compensation, up to the maximum dollar limitation, as defined in the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. The Plan administrator directs the investment of contributions into various investment options. The Plan may invest in common stock, preferred stock, convertible equities, corporate bonds, debentures, fixed income funds and mutual funds, among others. The Plan was amended, effective July 1, 2022, so the Authority now contributes 11.0% for all employees. Contributions are subject to certain limitations. The employer's required contribution of \$3,399,342 and the employees' required contributions of \$1,619,591 were made to the Plan during the Plan year ended December 31, 2023. Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the remainder of their accounts is based on years of continuous service. A participant is fully vested after five years of credited service. Plan provisions and contributing requirements are established and may be amended by the Authority's Board.

##### **C. Plan Amendments**

The Plan was amended on October 9, 2024. In this amendment, effective for employees hired on or after November 1, 2024, any eligible employee who has completed one year of service shall be eligible to participate in the Plan. Further, an eligible employee shall become a participant effective as of the first day of the month which coincides with or next follows the date on which eligibility requirements were met. Employees who are participants in the Plan on or before November 1, 2024, shall continue to participate in the Plan. Also included in the amendment, the Authority shall make contributions ("Employer Contributions") on the following basis. For each Plan year, the Authority shall contribute an amount which equals the sum of the following amounts on behalf of all participants eligible to share in allocations for such Plan year: (A) 11% of the total compensation of such participant, if hired before November 1, 2024, and continuously employed since such hire date, or 7% of the total compensation of such participant, if hired or rehired on or after November 1, 2024 (the "Base Contribution"), plus (B) 5.7% of the compensation which is in excess of the taxable wage base of such participant (the "Excess Contribution").

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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#### **Note 14. Defined Contribution Plan (Continued)**

##### **D. Forfeitures**

Participant forfeitures of nonvested balances will be used to reduce future employer contributions. During the Plan year ended December 31, 2023, employer contributions were reduced by \$126,583 from forfeited nonvested accounts. There were no unallocated forfeitures at December 31, 2023.

##### **E. Plan Termination**

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

##### **F. Tax Status**

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

##### **G. Risks and Uncertainties**

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

#### **Note 15. Risk Management**

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

##### ***Health and Dental Insurance Plan***

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

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

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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#### Note 15. Risk Management (Continued)

The actuarially determined claims liability of \$980,425 is based on the requirements of GASB Statement No. 10, as amended by GASB Statement No. 30. The liability includes provisions for medical, dental and prescription drug claim reserves for incurred, but not paid, and incurred, but not reported, claims. No allowance was made for the expense of processing run-out claims, since it is assumed any expense related to run-out claims processing would be included as current administration expenses.

A reconciliation of changes in the liability for health and dental plan expenses for fiscal year 2023 and fiscal year 2024 is presented below:

Years ended June 30:	Liability at Beginning of Fiscal Year	Claims and Changes in Estimates in Current Year	Claim Payments	Balance at Fiscal Year-End
2023	\$ 566,054	\$ 7,448,604	\$ 7,180,671	\$ 833,987
2024	833,987	9,850,818	9,704,380	980,425

#### Note 16. Commitments and Contingencies

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

##### A. Grants

The Authority receives significant financial assistance from federal, state and local agencies in the form of grants and operating subsidies. HUD provided approximately 75% of the Authority's revenue in the current year. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies; therefore, to the extent the Authority has not complied with rules and regulations governing the grants, if any, refunds of any money received may be required. Management believes there are no significant contingent liabilities relating to compliance with grant rules and regulations.

##### B. Construction Contracts

The Authority entered into construction contracts for the rehabilitation of various low-income and multi-family housing projects that were in progress as of year-end. The unexpended balance of construction contracts is \$8,606,237 at June 30, 2024.

##### C. Environmental Remediation

The Authority's revitalization activities for its developments are subject to extensive and evolving environmental laws and regulations. For the year ended June 30, 2024, the Authority has expended \$92,181 related to environmental remediation efforts. The annual level of future remediation expenditures is difficult to estimate due to the many uncertainties relating to conditions of individual sites, as well as uncertainties about the status of environmental laws and regulations and developments in remedial technology. Future information and developments will require the Authority to continually reassess the expected impact of these environmental matters.

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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#### Note 16. Commitments and Contingencies (Continued)

##### D. Pending Litigation

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

##### E. Guarantees

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

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

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

#### Note 17. Restricted Net Position

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

Blended component units - lender-held escrows and reserves	\$	10,641,509
Blended component units - other restricted cash		379,305
Blended component units - program income restricted for affordable housing purposes		10,369,850
HCV restricted cash		12,434,782
Public Housing - proceeds and settlement funds		14,122,191
Public Housing - restricted for payment of CFFP loan		1,350,421
Public Housing - other restricted cash		737,364
Section 8 substantial rehabilitation - residual receipts and reserves		389,273
		<hr/>
Total restricted net position	\$	<u>50,424,695</u>

#### Note 18. Related-Party Transactions

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

- Of the total notes receivable outstanding, \$74,343,484 is due from various partnerships, which are related parties of the Authority. During the fiscal year, the Authority received payments in the amount of \$1,285,627.

## Housing Authority of the City of San Antonio

### Notes to Financial Statements Year Ended June 30, 2024

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#### **Note 19. Recently Issued Accounting Pronouncements**

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

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

GASB Statement No. 102, *Certain Risk Disclosures*, will be effective for the Authority beginning with its year ending June 30, 2025. This statement requires disclosures regarding certain concentrations or constraints that make a government vulnerable to substantial impact.

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the Authority beginning with its fiscal year ending June 30, 2026. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

#### **Note 20. Acquisitions**

On August 31, 2023, the Investor Limited Partner and Special Limited Partner of Midcrowne Senior Pavilion, LP transferred their partnership interests to SAHDC Midcrowne Senior SLP, LLC in exchange for \$350,000. The sole member of SAHDC Midcrowne Senior SLP, LLC is San Antonio Housing Development Corporation, a blended component unit of the Authority. The General Partner, which retains a 0.01% interest, is Midcrowne Senior GP, LLC and the San Antonio Housing Facility Corporation, a blended component unit of the Authority, serves as its sole member. The Class B Limited Partner, Midcrowne Senior SLP, LLC, retains a 0.01% interest as of March 31, 2024. The Investor Limited Partner was AMTAX Holdings 400, LLC, which owned 99.98% of the partnership. The Special Limited Partner was Tax Credit Holdings III, LLC, which owned 0.00%. As a result of the transfer, SAHDC Midcrowne Senior SLP, LLC acquired a 99.98% interest in the partnership and the Authority added 196 apartment units to its Affordable Housing Communities portfolio. The acquisition resulted in an adjustment to beginning equity of \$2,730,513.

#### **Note 21. Subsequent Events**

On September 4, 2024, the Authority's Board of Commissioners authorized the refinancing of the San Antonio Housing Facility Corporation Multifamily Housing Revenue Bonds (Converse Ranch II Apartments Project) Series 2014, through a tax-exempt loan of approximately \$4,250,000, secured by mortgage liens on the project and additional collateral. However, due to external factors, the refinancing could not be completed before the maturity date of November 1, 2024. To avoid penalties, the Authority provided a \$3,952,656 bridge loan to SAHFAC, using unencumbered funds. SAHFAC utilized these funds to fully pay off the 2014 Bonds. On March 6, 2025, the Board of Commissioners approved using up to \$4,100,000 in Moving to Work funds to refinance the bridge loan, discharge the related bond documents, and cover associated costs.

The Authority has evaluated subsequent events through March 31, 2025, the date on which the financial statements were issued. Other than as discussed above, during this period no material subsequent events occurred which would require recognition or disclosure.

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## Supplementary Information

Housing Authority of the City of San Antonio

Schedule of Modernization Costs  
Year Ended June 30, 2024

HUD Project Number	Approved Funds	Expended Funds	Disbursed Funds	Approved Funds Available to Expend	Expended Funds Available to be Disbursed
TX 59P006501-17	\$ 7,973,378	\$ 7,973,378	\$ 7,973,378	\$ -	\$ -
TX 59P006501-18	12,332,100	12,332,100	12,332,100	-	-
TX 59P006501-19	12,929,611	12,929,611	12,929,611	-	-
TX 59P006501-20	13,141,540	12,129,152	11,389,339	1,012,388	739,814
TX 59P006501-21	13,244,337	13,244,337	13,142,868	-	101,469
TX 59P006501-22	16,212,142	13,128,992	12,297,985	3,083,150	831,007
TX 59P006501-23	16,536,059	6,343,708	5,520,838	10,192,351	822,870
TX 59P006501-24	16,969,519	-	-	16,969,519	-
TX 59E006501-18	250,000	250,000	250,000	-	-
TX 59E006501-22	250,000	240,557	162,337	9,443	78,220
TX 59E006501-24	117,256	-	-	117,256	-
TX 59L006501-20	4,861,055	142,550	142,550	4,718,505	-
TX 59L006501-22	4,764,665	42,250	-	4,722,415	42,250
TX 59H006501-22	4,516,200	-	-	4,516,200	-
	\$ 124,097,862	\$ 78,756,635	\$ 76,141,006	\$ 45,341,227	\$ 2,615,629

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## **Compliance Section**

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**Single Audit Section**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the aggregate remaining fund information of the Housing Authority of the City of San Antonio (the "Authority"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 31, 2025. Our report includes a reference to other auditors who audited the financial statements of the aggregate remaining fund information, as described in our report on the Authority's financial statements. The financial statements of the Authority's aggregate remaining fund information were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the aggregate remaining fund information.

#### Report on Internal Control over Financial Reporting

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

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

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

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those

provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

*CohnReznick LLP*

Charlotte, North Carolina  
April 4, 2025



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

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

Report on Compliance for the Major Federal Program

*Opinion on the Major Federal Program*

We have audited the Housing Authority of the City of San Antonio's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2024. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

*Basis for Opinion on the Major Federal Program*

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

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

*Responsibilities of Management for Compliance*

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

*Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from

fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

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

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

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

#### Report on Internal Control over Compliance

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

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

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

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

*CohnReznick LLP*

Charlotte, North Carolina  
April 4, 2025

Housing Authority of the City of San Antonio

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

I. Summary of Auditor's Results

**Financial Statements**

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

**Unmodified opinion**

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Type of auditor's report issued on compliance for major federal programs:

**Unmodified opinion**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)  Yes  No

Identification of major federal programs:

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

Dollar threshold used to distinguish type A and B programs: \$3,000,000

Auditee qualified as a low-risk auditee?  Yes  No

II. Financial Statement Audit Findings

None.

III. Major Federal Awards Findings and Questioned Costs

None.

# Housing Authority of the City of San Antonio

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Number	Expenditures	Amounts Passed Through To Subrecipients
<b>Direct Programs</b>				
United States Department of Housing and Urban Development:				
Section 8 Project-Based Cluster:				
Section 8 Moderate Rehabilitation	14.856	FW-4045K	\$ 1,833,587	\$ -
<b>Total Section 8 Project-Based Cluster</b>			<u>1,833,587</u>	<u>-</u>
Section 8 New Construction/Subs Rehab:				
Villa de Valencia	14.182	TX59E000020	294,957	-
Reagan West	14.182	TX59E000018	60,954	-
<b>Total Section 8 New Construction/Subs Rehab</b>			<u>355,911</u>	<u>-</u>
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers:				
Section 8 Veterans Affairs Supportive Housing—VASH	14.871		2,882,055	-
Emergency Housing Voucher Program	14.EHV		2,673,630	-
Stability Voucher Program	14.871		104,266	-
Section 8 Mainstream Vouchers Program	14.879	FW-4045DV	2,235,087	-
<b>Total Housing Voucher Cluster</b>			<u>7,895,038</u>	<u>-</u>
Family Unification Program				
Foster Youth to Independence	14.880		53,307	-
<b>Total Family Unification Program</b>			<u>53,307</u>	<u>-</u>
Moving to Work (MTW) Demonstration Program:				
MTW—Low Rent Public Housing Authority Owned Housing	14.881	FW-1247	30,941,253	-
MTW—Section 8 Housing Choice Voucher Program	14.881	FW-4045V	149,299,903	-
MTW—2020 Capital Fund Program	14.881	TX59P006501-20	1,521,297	-
MTW—2021 Capital Fund Program	14.881	TX59P006501-21	1,836,427	-
MTW—2022 Capital Fund Program	14.881	TX59P006501-22	7,315,459	-
MTW—2023 Capital Fund Program	14.881	TX59P006501-23	6,174,788	-
MTW—2022 Emergency Safety and Security Grant Program	14.881	TX59E006501-22	240,557	-
<b>Total MTW Demonstration Program</b>			<u>197,329,684</u>	<u>-</u>
Lead-Based Paint Capital Fund Program:				
2020 Lead-Based Paint Capital Fund Program	14.888	TX59L006501-20	110,790	-
2022 Lead-Based Paint Capital Fund Program	14.888	TX59L006501-22	42,250	-
<b>Total Lead-Based Paint Capital Fund Program</b>			<u>153,040</u>	<u>-</u>
Family Self-Sufficiency Program:				
2022 HCV/PH Combined FSS Grant	14.896	TX006FSS23TX5042	565,135	-
2023 HCV/PH Combined FSS Grant	14.896	TX006FSS23TX504201	605,105	-
<b>Total Family Self-Sufficiency Program</b>			<u>1,170,240</u>	<u>-</u>
Resident Opportunity and Supportive Services (ROSS)—Service Coordinator Grant:				
2021 ROSS—Service Coordinator	14.870	ROSS221724	221,485	-
<b>Total ROSS—Service Coordinator Grant</b>			<u>221,485</u>	<u>-</u>
Job-Plus Pilot Initiative	14.895	TX006FJP6JPH20	506,852	-
Economic Development Initiative - Community Project Funding	14.251	B-22-CP-TX-0861	546,959	-
<b>Total United States Department of Housing and Urban Development</b>			<u>210,066,103</u>	<u>-</u>

(Continued)

## Housing Authority of the City of San Antonio

### Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Number	Expenditures	Amounts Passed Through To Subrecipients
Federal Communications Commission:				
Affordable Connectivity Outreach Grant Program	32.011	ACOGP2340031-00	34,471	-
<b>Total Federal Communications Commission</b>			<u>34,471</u>	<u>-</u>
<b>Pass-Through Programs</b>				
United States Department of Transportation:				
VIA Metropolitan Transit Authority Grant				
Transit Services Programs Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX-2021-010-00	1,297	-
Total Transit Services Programs Cluster			<u>1,297</u>	<u>-</u>
<b>Total United States Department of Transportation</b>			<u>1,297</u>	<u>-</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 210,101,871</u>	<u>\$ -</u>

See notes to schedule of expenditures of federal awards.

## Housing Authority of the City of San Antonio

### Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

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#### Note 1. Basis of presentation

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

#### Note 2. Summary of Significant Accounting Policies

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

**Subrecipients:** There were no subrecipients in the current year.

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

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

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

A reconciliation of the SEFA to the statement of revenues, expenses and changes in net position for the year ended June 30, 2024, is as follows:

Total federal financial assistance per SEFA	<u><u>\$ 210,101,871</u></u>
A. Federal assistance per statement of revenues, expenses and changes in net position:	
HUD operating subsidy and grant revenue	\$ 205,251,989
Other government grants	35,768
Capital contributions	10,085,839
B. Less grant revenue for multifamily properties separately reported to REAC:	
a. Sunshine Plaza—HUD Project No. 115-94026	(701,562)
b. Pecan Hill—HUD Project No. 115-94027	(741,049)
c. Springhill I PFC—HUD Grant No. TX59E000035	(940,595)
d. Springhill II PFC—HUD Grant No. TX59E000036	(905,763)
C. Less FY 2024 Capital Fund Financing Program principal payments	<u>(1,982,756)</u>
	<u><u>\$ 210,101,871</u></u>

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