

# BOARD OF COMMISSIONERS



Finance Committee Meeting  
May 18, 2017



*Creating Dynamic Communities Where People Thrive*

**BOARD OF COMMISSIONERS**

|                                      |                                   |                                    |                                     |                               |                                  |                                |
|--------------------------------------|-----------------------------------|------------------------------------|-------------------------------------|-------------------------------|----------------------------------|--------------------------------|
| Chairman<br>Morris A. Stribling, DPM | Vice-Chairman<br>Charles R. Muñoz | Commissioner<br>Thomas F. Adkisson | Commissioner<br>Francesca Caballero | Commissioner<br>Charles Clack | Commissioner<br>Marie R. McClure | Commissioner<br>Jessica Weaver |
|--------------------------------------|-----------------------------------|------------------------------------|-------------------------------------|-------------------------------|----------------------------------|--------------------------------|

**Finance Committee**

Thomas F. Adkisson, Chair, Jessica Weaver, Member, Francesca Caballero, Member

**President and CEO**

David Nisivoccia

**San Antonio Housing Authority  
Finance Committee Meeting or  
\*\*Special Board Meeting  
3:30 p.m., Thursday, May 18, 2017**

**The Board of Commissioners will convene for a Committee, or Special Board meeting, at the Central Office of the San Antonio Housing Authority, 818 S. Flores St., San Antonio, TX, 78204, for discussion on the following matters:**

1. Meeting called to order
2. Consideration and appropriate action regarding Resolution 5724, approving the Consolidated Operating Budget for the San Antonio Housing Authority and its affiliated Non-Profits for the fiscal year ending June 30, 2018 (Ed Hinojosa, Chief Financial Officer; Diana Kollodziej Fiedler, Director of Finance and Accounting)
3. Update and discussion regarding the Rental Assistance Demonstration (RAD) program (Ed Hinojosa, Chief Financial Officer; Diana Kollodziej Fiedler, Director of Finance and Accounting)
4. Update and discussion regarding the Quarterly Financial Report for the San Antonio Housing Authority (Ed Hinojosa, Chief Financial Officer; Diana Kollodziej Fiedler, Director of Finance and Accounting)
5. Update and Discussion regarding the Internal Audit Department (Helen Madison, Acting Director of Internal Audit)
6. Adjournment

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

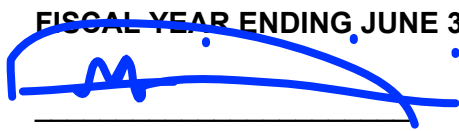
\*\* Note: If a quorum of the Board of Commissioners attends the Committee Meeting, this meeting becomes a Special Meeting of the Board, but no Board action will be taken other than recommendations to the full Board, unless the full Board is present.

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

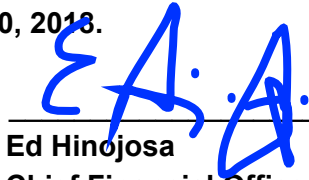
“Pursuant to § 30.07, Penal Code, (trespass by holder license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a handgun that is carried openly.”

**BOARD OF COMMISSIONERS**  
**Finance Committee**

**RESOLUTION 5724, APPROVING THE CONSOLIDATED OPERATING BUDGET THE FOR SAN ANTONIO HOUSING AUTHORITY AND ITS AFFILIATED NON-PROFITS FOR THE FISCAL YEAR ENDING JUNE 30, 2018.**



**David Nisivoccia**  
**President and CEO**



**Ed Hinojosa**  
**Chief Financial Officer**



**Diana Kollodziej Fielder**  
**Director of Finance and Accounting**

**Requested Action:**

Consideration and appropriate action regarding Resolution 5724, approving the Consolidated Operating Budget for the San Antonio Housing Authority and its affiliated Non-Profits for the fiscal year ending June 30, 2018.

**Summary:**

The budget is to help the agency plan operational activities, while considering established goals with respect to the current and future funding environment. The budget has been developed in support of the San Antonio Housing Authority's following strategic goals:

- 1) Empower and equip families to improve their quality of life and achieve economic stability.
- 2) Invest in our greatest resource – our employees – and establish a track record for integrity, accountability, collaboration and strong customer service.
- 3) Preserve and improve existing affordable housing resources and opportunities.
- 4) Strategically expand the supply of affordable housing.
- 5) Transform core operations to be a high performing and financially strong organization.
- 6) Develop a local and national reputation for being an effective leader, partner, and advocate for affordable housing and its residents.

All departmental and operational budgets were prepared in accordance with the following directives:

- All SAHA budgets are based on Agency priorities and established strategic goals as reflected in PlanBase.
- Section 8 HAP is projected to be funded at 95 percent proration and is budgeted at our Target Utilization of 12,140 vouchers with adjustments for known allocations of Tenant Relocation or Special Programs.
- For Section 8 Administration, we anticipate funding at 77 percent proration. Section 8 Administration includes continued efforts for efficiency improvement and cost reduction.
- Public Housing property budgets anticipate subsidy funding at 84% proration, accordingly, all cost budgets are consistent with this projected funding level. Target occupancy is 98 percent.
- Beacon properties target occupancy is 95 percent.
- Development Services budgets are consistent with the 5-year development plan.

- COCC and Service Departments will experience continued pressure on funding and fees. The COCC funding restrictions are partially supported by efficiency improvements and other cost reduction efforts.

Staff has been working on the Fiscal Year 2017-18 budget process since October 2016. While staff continues to monitor the federal funding news, budgets were prepared using conservative estimates based on available information. Staff is pleased to present an overall balanced budget for the 2017-2018 fiscal year.

Following are some of the financial highlights comparing fiscal year 2016-2017 to fiscal year 2017-2018:

Revenues decreased from \$184 million to \$176 million, primarily due to cuts in Section 8 HAP, Capital grants, and Operating Fund. Additionally, since there will be less development, there are fewer developer fees budgeted.

The Public Housing Operating subsidy for the 2017 Calendar Year is currently being funded at 85 percent of our original request of \$23.4 million, although these figures are not finalized at this point. Unfortunately, we have no indication of what the 2018 funding will be, so we have projected an average funding of 84 percent for the 2017-2018 fiscal year.

The budgets include merit increases to accommodate employee increases of up to 3 percent. We have budgeted approximately 5 percent for the implementation of the Classification and Compensation Study results.

Managers worked diligently to produce operating budgets for their areas of responsibility. Officers and Directors have met with the Executive team to present their budgets and have made all appropriate adjustments.

Staff has focused on making prudent departmental and budgetary decisions, especially during this very challenging and changing funding environment. The agency will also continue identifying and implementing solutions that will build on existing strengths and deliver services effectively and efficiently, while being innovative, ethical and nimble.

Following review by the Finance Committee, the budget will be presented to the full Board of Commissioners for consideration and approval at the June 1, 2017, meeting.

**Financial Impact:**

The proposed budget will be implemented for the Fiscal Year starting July 1, 2017, and ending June 30, 2018. Financial performance versus budget will be reported back to the Finance Committee on a periodic basis throughout the year.

**Attachments:**

Resolution 5724  
HUD form 52574  
Budget presentation

**San Antonio Housing Authority  
Resolution 5724**

**Resolution 5724, APPROVING THE CONSOLIDATED OPERATING BUDGET FOR THE SAN ANTONIO HOUSING AUTHORITY AND ITS AFFILIATED NON-PROFITS FOR THE FISCAL YEAR ENDING JUNE 30, 2018**

**WHEREAS**, the fiscal year of the San Antonio Housing Authority and its Affiliated Non-Profits runs from July 1 through June 30; and

**WHEREAS**, the Commissioners of the San Antonio Housing Authority are responsible for the adoption of its operating budget under its Rules of Governance; and

**WHEREAS**, the U.S. Department of Housing and Urban Development requires the San Antonio Housing Authority adopt a public housing budget for its approval; and

**WHEREAS**, the San Antonio Housing Authority has prepared a Consolidated Operating Budget that maintains the long-term financial health of the agency and the ability to provide quality housing and services; and

**WHEREAS**, the proposed budget contains a provision for a merit increase to accommodate employee increases of up to 3 percent.

**WHEREAS**, SAHA Moving-to-Work (MTW) funds are obligated consistent with the MTW Plan for the following:

- 1) Section 8 funding shortfall - \$1.4 million
- 2) Choice implementation matching grant for Wheatley Courts transformation - \$5 million
- 3) Development of Chavez Multifamily Property - \$8.5 million
- 4) Capital Planning - \$400 thousand
- 5) Funding for the Rehabilitation of Victoria Plaza - \$10 million
- 6) Additional Funding for East Meadows Development - \$600 thousand
- 7) Preservation and expansion of affordable and public housing - \$7.2 million
- 8) Program administration and implementation of MTW initiatives - \$1.1 million

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Commissioners of SAHA hereby:

- 1) Reviewed the Consolidated Budget and has found that the final plan is reasonable in that it indicates a source of funding adequate to cover proposed expenditures; and
- 2) Approves Resolution 5724, approving the Consolidated Operating Budget for the San Antonio Housing Authority and its affiliated Non-Profits for the Fiscal Year Ending June 30, 2018, and the obligation of funds as described in this Resolution and included in the referenced Consolidated Operating Budget; and

- 3) Authorizes the CEO to submit and sign the HUD forms related to this Operating Budget.

**Passed and approved the 1st day of June, 2017.**

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**Morris A. Stribling, DPM**  
**Chair, Board of Commissioners**

**Attested and approved as to form:**

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**David Nisivoccia**  
**President and CEO**

PHA Board Resolution  
Approving Operating Budget

U.S. Department of Housing  
and Urban Development  
Office of Public and Indian Housing -  
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026  
(exp. 07/31/2019)

Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: .....PHA Code:

PHA Fiscal Year Beginning: .....Board Resolution Number:

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

- Operating Budget approved by Board resolution on:
- Operating Budget submitted to HUD, if applicable, on:
- Operating Budget revision approved by Board resolution on:
- Operating Budget revision submitted to HUD, if applicable, on:

I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, if applicable, is true and accurate.

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

|                                 |            |       |
|---------------------------------|------------|-------|
| Print Board Chairperson's Name: | Signature: | Date: |
|---------------------------------|------------|-------|

***Proposed Goals and Budget  
Fiscal Year 2017-2018***



**SAHA** | SAN ANTONIO  
HOUSING AUTHORITY  
Opportunity Lives Here

**SAHA Board of Commissioners  
Budget Workshop  
May 18, 2017**



# Agenda

## **I. Background**

- A. SAHA Significant Accomplishments in FY 2016-2017
- B. Guiding Principles and Strategic Plan Alignment
- C. Key Agency Budget Priorities

## **II. Funding Environment**

- A. Who We Serve
- B. Federal Funding Trend

## **III. SAHA FY 2017-2018 Budget**

- A. FY 2017-2018 Consolidated Budget - Revenues and Expenses
- B. MTW Proposed Uses
- C. SAHA Staffing Count and Organizational Chart
- D. Agency Goals and Priorities

# SAHA and Partner FY 16-17 Accomplishments

- ▶ **Celebrated the opening of the first phase of East Meadows Apartments**, part of the community-wide revitalization effort enhancing the Eastside of San Antonio with a sustainable mixed-income neighborhood.
- ▶ **Partnered with Workforce Solutions Alamo and Alamo Colleges to introduce the Workforce on Wheels (WOW Bus)**, a new mobile application center that helps people in the community find and apply for jobs, get training, gain work certifications, or apply to college and request financial aid.
- ▶ **Received 18 Awards of Merit** from the National Association of Housing and Redevelopment Officials (NAHRO) for various innovative programs and initiatives.
- ▶ **Raised nearly \$10,000 at the Education Investment Foundation Benefit Show & Art Auction**, with the proceeds benefiting young SAHA residents through college scholarships and academic incentive awards.
- ▶ **Presented more than 200 R.E.A.C.H. (Rewarding Educational Achievement, Cultivating Hope) Awards** to SAHA students for achieving Perfect Attendance and/or A-B Honor Roll. In addition, 43 SAHA youth received college scholarships.
- ▶ **Voted to accept \$1.5 million in tax increment funding from the City of San Antonio**, which will be used for public improvements such as utilities, streets, and sidewalks at the Victoria Commons area southeast of downtown. City Council will vote on it in August.

# Budget Guiding Principles & Goals

## I. Budget Guiding Principles

- Improve Quality of Life for Residents
- Preserve and Expand Affordable Housing
- Strengthen SAHA's basic internal services, systems and staff capacity

## II. Goals Consistent with Strategic Plan:

- 1) Empower and equip families to improve their quality of life and achieve economic stability.
- 2) Invest in our greatest resource -our employees- and establish a track record for integrity, accountability, collaboration and strong customer service.
- 3) Preserve and improve existing affordable housing resources and opportunities.
- 4) Strategically expand the supply of affordable housing.
- 5) Transform core operations to be a high performing and financially strong organization.
- 6) Develop a local and national reputation for being an effective leader, partner, and advocate for affordable housing and its residents.

# Key Agency Budget Priorities

- **Operations:** Focus on operational excellence, High performer
- **Choice Neighborhood:** Full implementation of People, Neighborhood, and Housing goals
- **Moving to Work:** Focus on client success and people outcomes
- **5-year Asset Management Plan** for capital improvements and new construction
- **Public Scorecard** for SAHA strategic plan

# Who We Serve

**97%** occupancy in Public Housing, and **96%** of vouchers are assisting families.

Nearly **25%** of San Antonio renters spend more than half of their income on housing.

**65,000**  
individuals housed,  
including  
**33,000**  
children

**50,657**  
Households  
on the waiting list

African American  
**18%**

Other  
**<1%**

## Race/Ethnicity

Hispanic/Latino  
**75%**

White  
**6%**

**97%** of families served are very low income (50% of area median income and below)

Over **53%** of households live on a fixed income and are elderly and/or disabled

Nearly **51%** of families include children

Average income of  
**\$12,310**  
(average San Antonio family makes \$61,459)

Households pay an average of  
**\$237** a month in rent

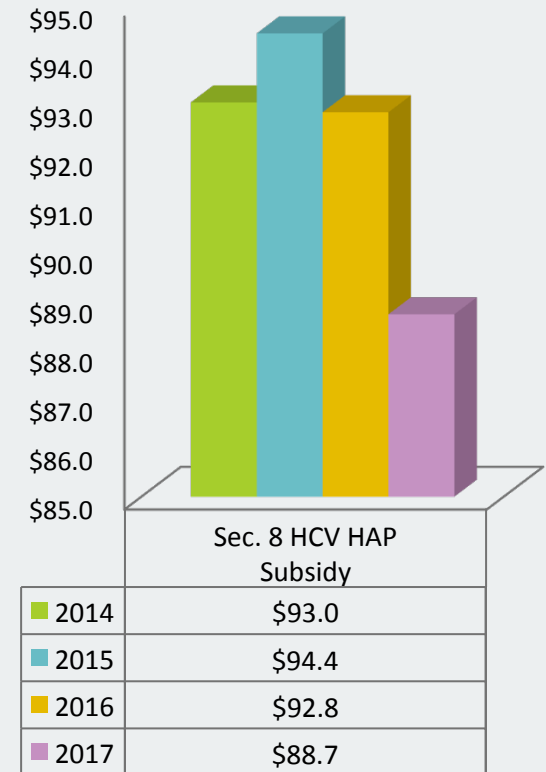
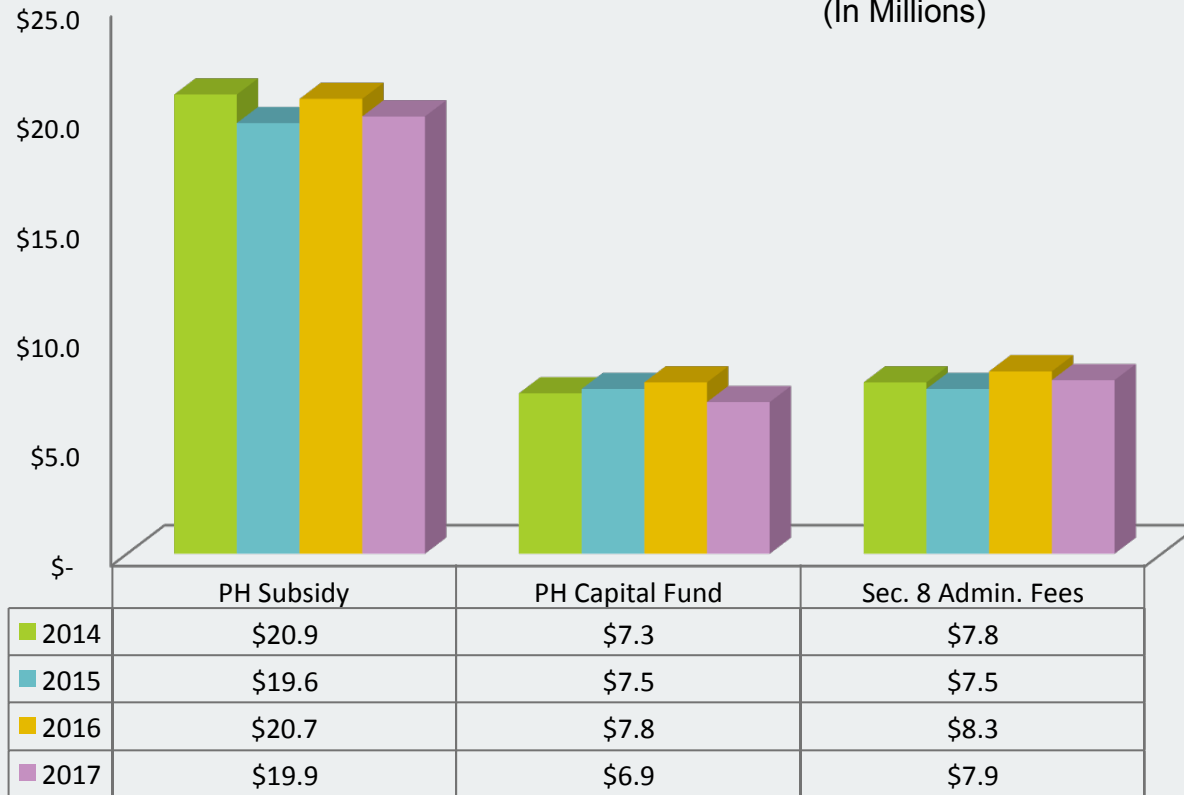
**1,144**  
Families and individuals served through homeless programs with supportive services



# Federal Funding Trend

## 2017 HUD CY Program Funding

(In Millions)



Percentage Change  
2017 vs 2016

-3.86%

-11.54%

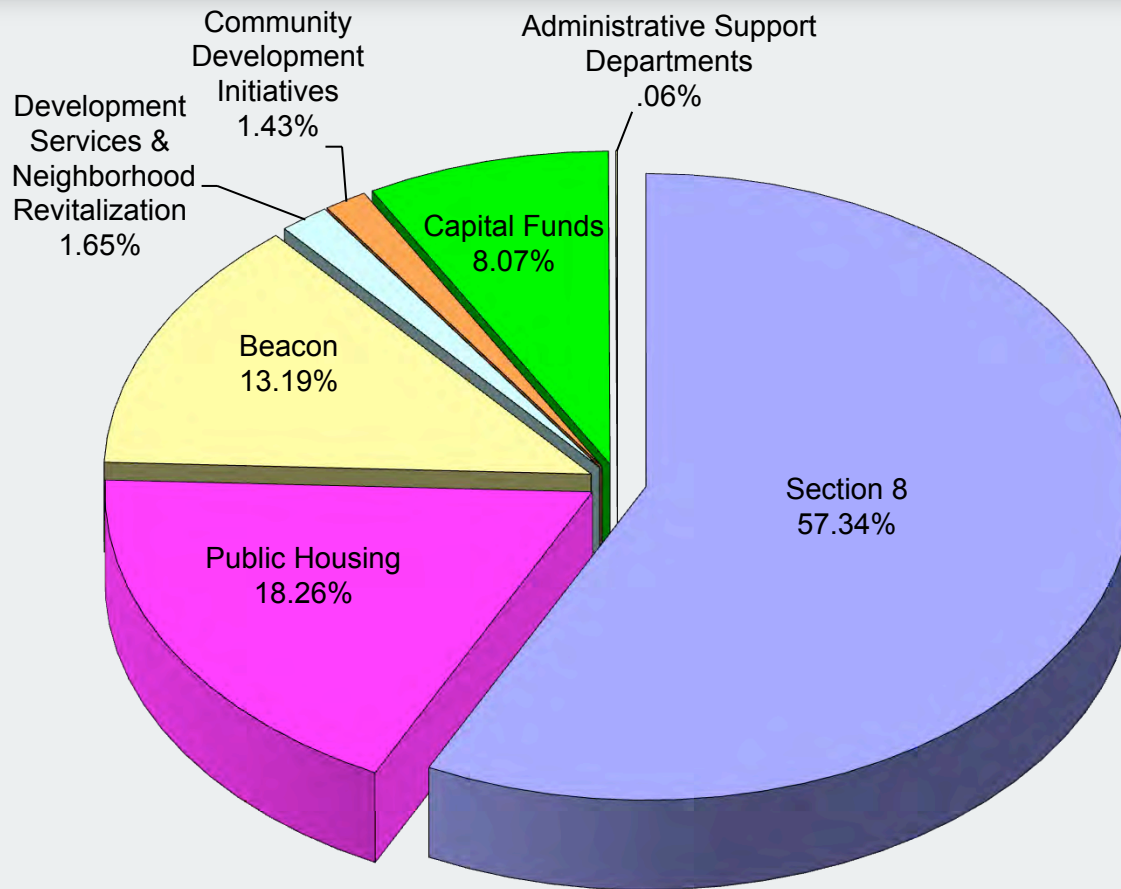
-4.82%

-4.42%

- Sec. 8 Housing Choice Voucher information indicated above does not include any Sec. 8 special programs
- Sec. 8 Housing Choice Voucher proration was 101% in 2015 , 99% in 2016 and 95% in 2017

# FY 2018 Consolidated Revenue (Sources)

## \$ 176 Million



| Line of Business                   | Projected Revenue (Mil) \$176 |
|------------------------------------|-------------------------------|
| Section 8 (HAP & Admin. Fee)       | \$100.9                       |
| Public Housing                     | \$ 32.1                       |
| Beacon                             | \$ 23.2                       |
| DSNR                               | \$ 3.0                        |
| Community Initiatives              | \$ 2.5                        |
| Capital Funds                      | \$ 14.2                       |
| Administrative Support Departments | \$ 0.10                       |

- Revenue above reflects Fiscal Year funding as opposed to Slide 7, which reflects HUD Calendar Year funding
- Section 8 Revenue includes all special programs
- Capital Funds include CFP and Choice Neighborhood Implementation Grant

# FY 2018 Consolidated Revenue Trend

*Projected revenue in FY 2018 will decrease by \$ 8 Million*

| Description                       | FYE 6/30/16 | FYE 6/30/16 | FYE 6/30/17 | FYE 6/30/18 | Variance<br>2018 Budget<br>vs 2017<br>Budget<br>Increase/<br>(Decrease) |
|-----------------------------------|-------------|-------------|-------------|-------------|---|
|                                   | Actual      | Budget      | Budget      | Budget      |   |
| <b>Rental Revenue</b>             | \$ 28.7     | \$ 29.6     | \$ 31.4     | \$ 31.9     | \$ 0.5  |
| <b>Grant Revenue</b>              |             |             |             |             |   |
| Section 8 - HAP                   | 100.1       | 96.5        | 96.3        | 92.4        | (3.9)   |
| Section 8 - Admin.                | 9.0         | 7.7         | 8.6         | 8.4         | (0.2)   |
| Operating Subsidy                 | 19.9        | 19.6        | 20.1        | 19.7        | (0.4)   |
| Capital Grants <sup>1</sup>       | 14.9        | 27.9        | 19.9        | 14.2        | (5.7)   |
| Other Grants                      | 3.7         | 4.5         | 3.2         | 4.8         | 1.6   |
| <b>Total Grant Revenue</b>        | \$ 147.6    | \$ 156.2    | \$ 148.1    | \$ 139.5    | \$ (8.6)  |
| <b>Other Revenue</b> <sup>2</sup> | 5.9         | 4.8         | 4.5         | 4.6         | 0.1   |
| <b>Total Revenue</b>              | \$ 182.2    | \$ 190.6    | \$ 184.0    | \$ 176.0    | \$ (8.0)  |
|                                   |             |             |             |             |   |

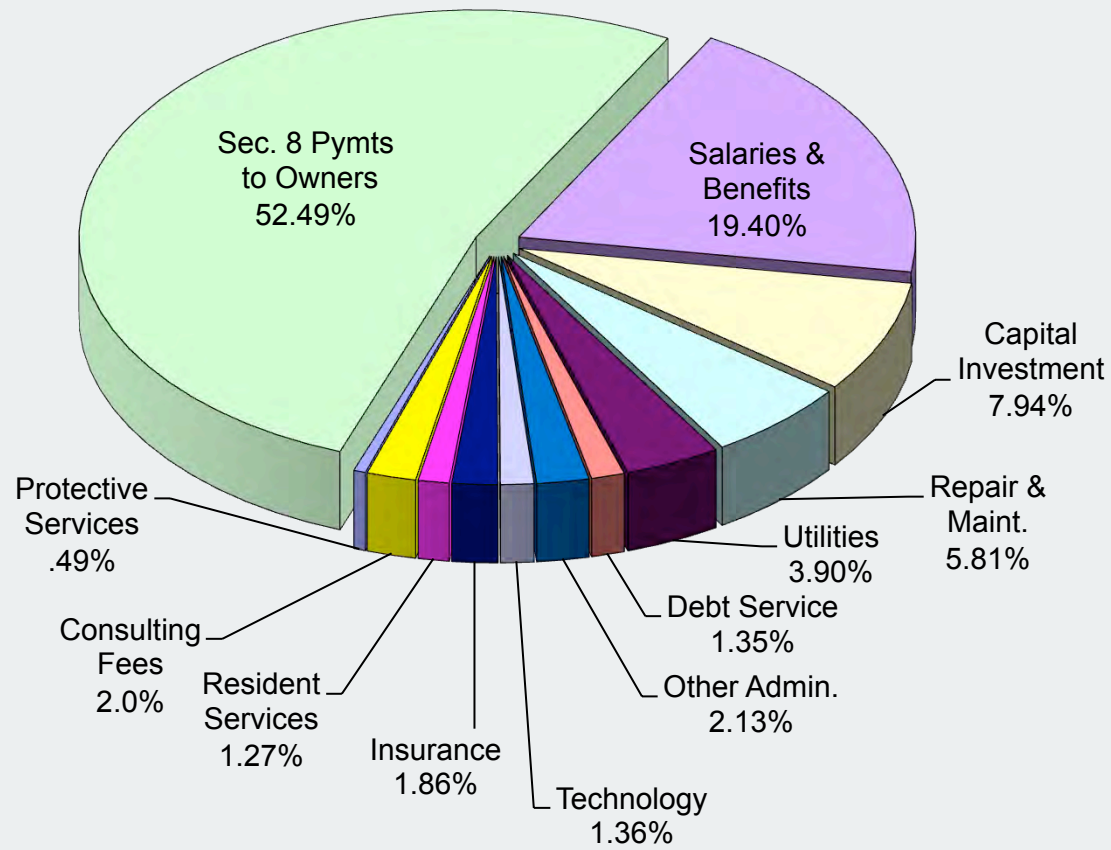
<sup>1</sup> Capital Grants include CFP and the Choice Neighborhood Implementation Grant

<sup>2</sup> Includes such Revenue as Lease Payments, Cash Donations, Compliance Monitoring Fees, Other Income, Deposit Forfeitures and Interest Income.



# FY 2018 Consolidated Uses of Funds

## \$ 176 Million



| Budget Line Item                | Projected Expenses (Mil) \$176 |
|---------------------------------|--------------------------------|
| □ Sec. 8 Pymts to Owners        | \$92.39                        |
| □ Salaries & Benefits           | \$34.16                        |
| □ Capital Investment            | \$13.97                        |
| □ Repair & Maint. (Non-Capital) | \$10.23                        |
| ■ Utilities                     | \$6.85                         |
| ■ Debt Service Interest         | \$2.38                         |
| ■ Other Admin.*                 | \$3.74                         |
| □ Technology                    | \$2.38                         |
| ■ Insurance                     | \$3.27                         |
| ■ Resident Services             | \$2.24                         |
| ■ Consulting Fees               | \$3.53                         |
| ■ Protective Services           | \$0.86                         |

# FY 2018 Consolidated Expense Trend

| Description                   | FYE 6/30/16     | FYE 6/30/16     | FYE 6/30/17     | FYE 6/30/18     | Variance  |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|---|
|                               | Actual          | Budget          | Budget          | Budget          | 2017 Budget vs 2016 Budget Increase/ (Decrease) |
| Sec. 8 Pymts to Owners        | \$82.5          | \$96.5          | \$96.1          | \$92.4          | (\$3.7)   |
| Salaries & Benefits           | 31.0            | 34.2            | 33.7            | 34.2            | 0.5   |
| Technology <sup>1</sup>       | 1.7             | 1.9             | 1.9             | 2.4             | 0.5   |
| Admin. and Other <sup>2</sup> | 3.5             | 3.2             | 3.6             | 3.7             | 0.1   |
| Consulting Fees <sup>3</sup>  | 3.8             | 5.6             | 2.8             | 3.5             | 0.7   |
| Utilities                     | 6.8             | 6.7             | 6.8             | 6.8             | 0.0   |
| Resident Services             | 1.3             | 1.8             | 1.6             | 2.2             | 0.6   |
| Repair & Maintenance          | 12.9            | 10.9            | 10.3            | 10.2            | (0.1)   |
| Insurance                     | 2.3             | 2.4             | 2.3             | 3.3             | 1.0   |
| Protective Services           | 0.9             | 0.9             | 1.0             | 0.9             | (0.1)   |
| Debt Service Interest         | 3.0             | 2.8             | 2.5             | 2.4             | (0.1)   |
| Capital Investment            | 17.2            | 23.7            | 21.4            | 14.0            | (7.4)   |
| <b>Total Expenses</b>         | <b>\$ 166.9</b> | <b>\$ 190.6</b> | <b>\$ 184.0</b> | <b>\$ 176.0</b> | <b>\$ (8.0)</b>                                 |
|                               |                 |                 |                 |                 |   |

<sup>1</sup> Includes IT telephone, technology/licensing costs and internet.

<sup>2</sup> Includes expenses such as audit, postage, office supplies, dues and fees, advertising, legal fees, training, travel, etc.

<sup>3</sup> Includes \$1.9 million for the Capital Grants.

# Consolidated Budget

## *By Line of Business (Millions)*

### *Balanced Budget*

| Description                      | Public Housing Budget | Section 8 Budget | Beacon Budget | Real Estate Budget | Central Office Budget | CDI/MTW Initiatives Budget | Subtotal |
|----------------------------------|-----------------------|------------------|---------------|--------------------|-----------------------|----------------------------|----------|
| OPERATING REVENUE                | \$ 31.7               | \$ 100.9         | \$ 23.3       | \$ 2.0             | \$ 1.1                | \$ 2.5                     | \$ 161.5 |
| OPERATING EXPENSE                | 25.7                  | 99.2             | 13.6          | 1.7                | 11.7                  | 3.9                        | 155.8    |
| OPERATING INCOME                 | \$ 6.0                | \$ 1.7           | \$ 9.7        | \$ 0.3             | \$ (10.6)             | \$ (1.4)                   | \$ 5.7   |
| INTEREST INCOME                  | \$ 0.4                | 0.0              | 0.2           | 0.9                | 0.0                   | 0.0                        | 1.5      |
| NON-OPERATING INCOME & EXPENSES* | (6.6)                 | (3.1)            | (5.0)         | (0.2)              | 9.5                   | 0.1                        | (5.3)    |
| NET SURPLUS or (DEFICIT)         | \$ (0.2)              | \$ (1.4)         | \$ 4.9        | \$ 1.0             | \$ (1.1)              | \$ (1.3)                   | \$ 1.9   |

\* Management Fee and Interest Expense are the primary sources of the listed Non-Operating Expenses, but also includes Replacement/Extraordinary Items.

# Proposed Uses of SAHA MTW Funds

## Preservation and Expansion of Affordable and Public Housing

| Priority   | Purpose   | MTW Goal   | Amount<br>Mil                                       |
|--|---|--|---|
| <b>Section 8</b>   | To enable Section 8 to continue to serve residents after continued funding cuts   | Strategic Goal # 4 - Strategically expand the supply of affordable housing.                                      | \$1.4   |
| <b>Community Development Initiatives</b>                           | <p>Program administration and implementation of MTW strategic goals:</p> <ul style="list-style-type: none"> <li>Recruit and maintain the number of participants in the PH/HCV FSS, Jobs Plus and the Earned Income Disregard (EID) to over 1,600 participants</li> <li>Ensure over 650 or 40% participants secure/maintain employment</li> <li>Enroll and/or complete 480/30% into training/education</li> <li>Support Staff to host over 250 community events</li> <li>Host 12 Early Engagement Sessions and serve over 2,000 residents</li> <li>Provide more than 3,000 referrals for services to residents on a monthly basis</li> </ul> | Strategic Goal # 1 - Empower and equip families to improve their quality of life and achieve economic stability. | \$1.4   |
| <b>Preservation and Expansion of Affordable and Public Housing</b> | <p>Choice implementation matching grant for Wheatley Courts transformation.</p> <p>Development of Chavez Multifamily Property</p> <p>Capital Planning</p> <p>Funding for the Rehabilitation of Victoria Plaza</p> <p>Additional Funding for East Meadows Development</p> <p>Preservation and expansion of affordable and public housing</p>   | Strategic Goal # 4 - Strategically expand the supply of affordable housing.                                      | \$5.0<br>\$8.5<br>\$0.4<br>\$10.0<br>\$0.4<br>\$7.2 |
| <b>Total Proposed Use of SAHA MTW Funds</b>                        |   |  | <b>\$34.0</b>                                       |

# SAHA Personnel Count

|   | 2017<br>Budgeted<br>Positions | 2018<br>Budgeted<br>Positions | Personnel<br>Distribution<br>by<br>Department |
|---|-------------------------------|-------------------------------|---|
| <b>Public Housing</b>                                 | 199                           | 189                           | 39%   |
| <b>Section 8 &amp; Special Programs</b>               | 90                            | 89                            | 18%   |
| <b>Community Development Initiatives</b>              | 42                            | 51 <sup>1</sup>               | 10%   |
| <b>Beacon</b>   | 36                            | 38                            | 8%  |
| <b>Real Estate Services</b>                           | 20                            | 13 <sup>2</sup>               | 3%  |
| <b>Management &amp; Administrative Support (COCC)</b> |                               |                               |   |
| <b>Property Management</b>                            | 16                            | 13                            | 3%  |
| <b>Other Management &amp; Administrative Support</b>  | 107                           | 96 <sup>3</sup>               | 20%   |
| <b>Total</b>  | <b>510</b>                    | <b>489</b>                    | <b>100%</b>                                   |

**Public Safety/Security (Full-Time Equivalents)**

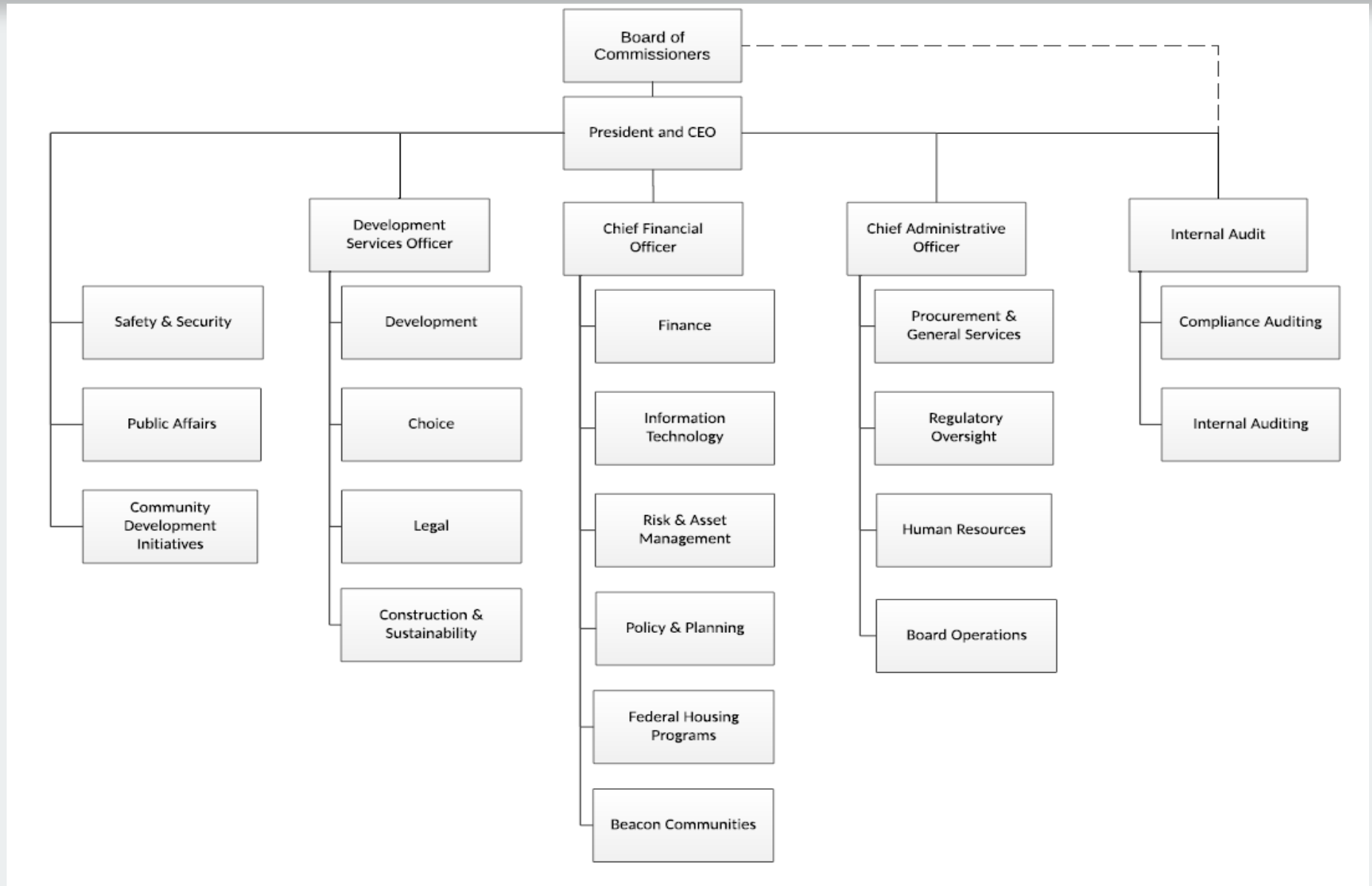
**10**

<sup>1</sup> Includes 35 grant-funded positions for the Jobs Plus, ROSS, Annie E. Casey Foundation, Family Self Sufficiency, HPOG, Endowment, ConnectHome and Choice Implementation Grants

<sup>2</sup> Includes 1 grant-funded position for the Choice Implementation Grant

<sup>3</sup> Includes 1/2 grant-funded position for the Chocie Implementation Grant

# SAHA Organizational Structure





# Goals for Section 8

## **Empower and equip families to improve their quality of life and achieve economic stability**

- Increase current FSS enrollment by 30% by marketing the FSS program to new and existing HCV program participants (June 2018)
- Employ a minimum of 5 youths from the Summer Youth Employment Program (September 2017)
- Implement a Payment Standard schedule based on Small Area Fair Market Rents (February 2018)

## **Invest in our greatest resource - our employees - and establish a track record for integrity, accountability, collaboration, and strong customer service**

- Implement annual training curriculum comprised of monthly trainings to include: Fair Housing procedures; Violence Against Women Act procedures; trainings specific to each job position or workgroup; Housing Quality Standards training for inspectors; and separate customer service training tailored for operations staff and inspections staff (June 2018)

## **Preserve and improve existing affordable housing resources and opportunities**

- Special Programs: Utilize vouchers/certificates at 95% or above (June 2018)
- CoC: Utilize funds at 100%, ensure inspection turnaround within 3 business days, and collaborate with partners to ensure maximum program utilization (June 2018)
- Maintain MTW HCV utilization above 100% (June 2018)
- Commit 36 project-based vouchers to Wheatley Phase II (June 2018)
- Perform all recertifications in a timely fashion within HUD guidelines (June 2018)

## **Transform core operations to be a high performing and financially strong organization**

- Implement Landlord electronic submission of lease contracts through Adobe Sign (June 2017)
- Implement Batch Correspondence and eDocs in Elite (August 2017)
- Transition from paper to electronic participant files (June 2018)
- Investigate and implement a Participant Portal (June 2018)

## **Develop a local and national reputation for being an effective leader, partner, and advocate for affordable housing and its residents.**

- Participate in the UPCS-V Inspection Demonstration Program (June 2018)

# Goals for Public Housing

## **Empower and equip families to improve their quality of life and achieve economic stability**

- With CDI, implement revised Working Family and Restorative Housing Pilot preferences by October 2018
- Present Bullying Classes at all Family and Elderly and Disabled properties by July 2018
- Provide voter outreach to all PH residents through July 2018
- Initiate Credit Building program by January 2018
- Provide Domestic Violence training at Family sites by July 2018
- With CDI & Incarnate Word Medical School, coordinate Family Health Fairs by July 2018

## **Invest in our greatest resource – our employees – and establish a track record for integrity, accountability, collaboration and strong customer service**

- Build culture of excellent customer service by July 2018
- Achieve and maintain Public Housing Manager and Specialist certifications by January 2018
- Work Order Management - implement maintenance tech connectivity through smart phones for better work-order management by January 2018

## **Transform core operations to be a high performing and financially strong organization**

- Performance Ratings - achieve high-performance ratings of 90% on Public Housing Assessment System by July 2018
- Occupancy Rates – Increase occupancy to 98% by January 2018
- Maintain rent delinquency below 3% through June 2018
- Make-Ready Goals - reduce make-ready turnaround time from 17 days to below 13 days by July 2018
- Reposition Scattered Sites by October 2017
- Reduce number of off-line units from 38 to fewer than 25 units by July 2018
- Batch-load Elite forms and become paperless by July 2018

## **Develop a local and national reputation for being an effective leader, partner, and advocate for affordable housing and its residents**

- Produce training videos for maintenance staff to improve quality and consistency and to reduce costs by July 2018
- Introduce computer tablets for maintenance techs and train them for use in work order by January 2018
- Continue to expand ConnectHome through June 2018
- Train staff on Mental Health First Aid by July 2018
- Work with CDI to reduce school truancy by 2%
- Work with City Council offices and residents to complete Bond infrastructure improvements



# Goals for Beacon Communities

**Invest in our greatest resource - our employees and establish a track record for integrity, accountability, collaboration, and strong customer service**

- Increase efforts to pursue training opportunities and foster a team environment.

**Preserve and improve existing affordable housing resources and opportunities**

- Aggressively pursue refinancing opportunities for reinvestment in capital improvements to improve the overall quality of properties.

**Strategically expand the supply of affordable housing**

- Increase the supply of affordable housing by planning the transfer of ownership of tax credit partnerships that are due to expire.

**Transform core operations to be a high performing and financially strong organization**

- Begin 5 year transition of contract managed communities into SAHA managed stock
- Increase occupancy to 96%. A commanding lead over the average market occupancy of 92%.

# Goals for Real Estate Services

## **Empower and equip families to improve their quality of life and achieve economic stability**

- HomeBuyer Readiness Program will graduate 75 individuals (June 2018)
- 10 HomeBuyer Readiness Graduates will purchase homes (June 2018)

## **Invest in our greatest resource - our employees - and establish track record for integrity, accountability, collaboration, and strong customer service**

- Train Housing Counselor to use HUD approved data collection software (Dec. 2017)
- Establish SAHA as HUD Certified Counseling Agency (Dec. 2017)
- Certify 3 SAHA Staff as Housing Counselors (June 2018)
- Asst. Director: NAHRO/NeighborWorks America Community Revitalization & Development Certification (June 2018)

## **Strategically expand the supply of affordable housing**

- Finalize Gap funding for Victoria Commons for Chavez at Labor St multi-family development (January 2018)
- Sale of the Sutton and Snowden Road tracts (July 2017)
- List 98 Artisan Park townhome lots for sale (Sept 2017)
- Locate new parcels for land banking (July 2018)
- Sell 4 homes and 2 lots from single family scattered site HOPE VI Springview portfolio (June 2018)
- Sell 12 single family homes in HOPE VI Mirasol - Blueridge (June 2018)
- Select General Contractor for new home development in HOPE VI Mirasol (May 2017) and Villas de Fortuna (March 2018)

# Goals for Choice Neighborhood Implementation

## **Empower and equip families to improve their quality of life and achieve economic stability**

- Neighborhood
  - Oversee completion of 9 rehabs of owner-occupied single family homes in EastPoint Choice (June 2018)
  - Award 7 grants for Business Facade Restoration (February 2018)
  - Complete the Samaritan Veterans Outreach and Transitional Center (September 2017)
  - Plant 200 trees in the Choice Neighborhood (August 2017)
  - Launch Urban Farm (December 2017)
- People
  - Transition residents from jobs to careers; increase household income by 20% from 8,604 to 10,325
  - Provide capacity development to ensure returning residents are successful tenants
  - Collect, analyze, adjust education strategies and meet all education metrics

## **Strategically expand the supply of affordable housing**

- Neighborhood
  - In-fill Housing Strategy - secure 12 additional lots in Target Area I and/or II locations in the Choice footprint (June 2018)
- Housing
  - Substantially complete Wheatley Park Senior Living (December 2017)
  - Complete the Public Improvements project (October 2017)
  - Receive 9% tax credit award for East Meadows II (August 2017)
  - Obtain HUD approval and close mixed finance transaction for East Meadows II (March 2018)
  - Substantially lease-up East Meadows I (September 2017)
  - Adopt new SAHA Multi-family construction design standards (June 2018)

# Goals for Construction Services & Sustainability

## Preserve and improve existing affordable housing resources and opportunities

- Obligate Capital Fund 2016 Construction Projects by July 2017:
  - Hail damaged roof repair projects, basements, sprinkler designs
- Expend Capital Fund 2015 Construction Projects by April 2018:
  - H B Gonzalez, Charles Andrews
- Expend Capital Fund 2014 Construction Projects by July 2017:
  - Matt Garcia Offline Units, Charles Andrews, 24 Gus Garcia, Westway
- Obligate MTW Funds for Victoria Plaza Mod. construction by Oct. 2017
- Execute construction contract for Castle Point capital improvements project by end of Q1
- Solicit bids for 2017 PNA by end of Q1
- Earn BSAG Level 2 for 24 Gus Garcia Reconstruction and BSAG Level 1 for Charles Andrews capital improvements project
- Earn and maintain a “no-findings” result on internal audit of files
- HERS Rater certification for construction inspector staff
- Execute one construction contract for high-rise fire sprinkler projects at Fair Avenue and Villa Tranchese in Q2

# Goals for Community Development Initiatives

## To empower and equip families to improve their quality of life and achieve economic stability

- Improve quality of life for residents
  - Host 250 events; 6,000 participants
  - Recruit and maintain 30 resident councils
- Provide access to resources and non-SAHA programs
  - 1,500 households receive food assistance valued at \$100,000
  - 1,000 FSS/ROSS/Jobs Plus referrals for services
  - 40 college scholarships
  - 250 REACH Awards
  - 80 SYEP
- Improve resident capacity
  - FSS – maintain 1,200
  - Jobs Plus - increase Jobs Plus enrollment to: 450
  - FSS/Jobs Plus – 30% of households are in education/training
  - FSS/Jobs Plus – 40% of households are employed
  - Host 4 RC training sessions
  - Host 10 Early Engagement sessions with 2,000 participants
- Facilitate residents to achieve self sufficiency
  - Increase household income by 20% from 9,984 to 12,000
- Improve agency performance
  - Secure over \$1 million in grants
  - Raise \$100,000 for EIF

# Goals for Administrative Departments

## **Asset Management**

- Utilize \$10 million annual tax exempt bank qualified debt allocation to refinance 4 additional Beacon properties and utilize net loan proceeds to fund capital repairs per 5 year plan

## **Risk Management**

- Provide staff training on Defensive Driving, OSHA, CPR, and First Aid and resident training on Fire, Safety, and Health issues

## **Procurement**

- Develop and implement the new Procurement Policy and Procedures

## **Innovative Technology Services**

- Implement new telephone system

## **Finance and Accounting**

- In collaboration with IT, implement accounts payable automation software and the new web-based version of TimeClock Plus

## **Human Resources**

- Reduce yearly turnover on a rolling calendar to 12% and reduce first year turnover (employees leaving within 365 days) to 10%.

## **Internal Audit**

- Develop and implement the 2017-2018 Internal Audit Plan by July 1, 2017, based on a comprehensive risk assessment process

## **Legal**

- Continue to provide training and work with staff in fair housing, reasonable accommodations, and evictions

## **Policy and Planning**

- Work with external partners on key initiatives (AFFH, VIA, SA2020, SACorridors, Urban Renewal). Monitor National, State, and local legislation and policies and take appropriate action, especially around agency priorities

## **Public Affairs**


- Roll out new communications policy to include guidelines for employee communications, media relations and social media use

# Discussion



**Memorandum**

To: Finance Committee

From: David Nisivoccia, President and CEO 

Presented by: Ed Hinojosa, Chief Financial Officer; Diana Kollodziej Fiedler, Director of Finance and Accounting

RE: Update and discussion regarding the Rental Assistance Demonstration (RAD) program

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**Summary:**

In 2012, Congress authorized the U.S. Department of Housing and Urban Development to implement the Rental Assistance Demonstration (RAD) Program as a budget-neutral demonstration program. The program allows Public Housing and Moderate Rehabilitation properties to convert, under a competition, to long-term Section 8 rental assistance contracts based on current funding. Converted units will continue to serve the same economically vulnerable households, who will pay rents that are affordable to them.

RAD is a central part of HUD's rental housing preservation strategy. HUD's vision is that the contract rents would offer a more stable income stream and would allow the property to seek financing opportunities for rehabilitation purposes based on the contract rents.

Under the "current funding" premise of RAD, a public housing property's current income stream is used in determining RAD contract rents. The current income stream is determined by the combination of the property's Operating Fund, Capital Fund and level of tenant rent contributions.

Under RAD, an agency may identify properties which are most suitable for conversion in terms of projected performance under the program and submit an application to HUD for approval.

**Proposed action:**

None at this time. Next steps are to monitor continuing developments of the program and work with consultants.

**Financial Impact:**

None

**Attachments:**

RAD Presentation





**SAHA** | SAN ANTONIO  
HOUSING AUTHORITY  
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# Rental Assistance Demonstration

# RAD Overview

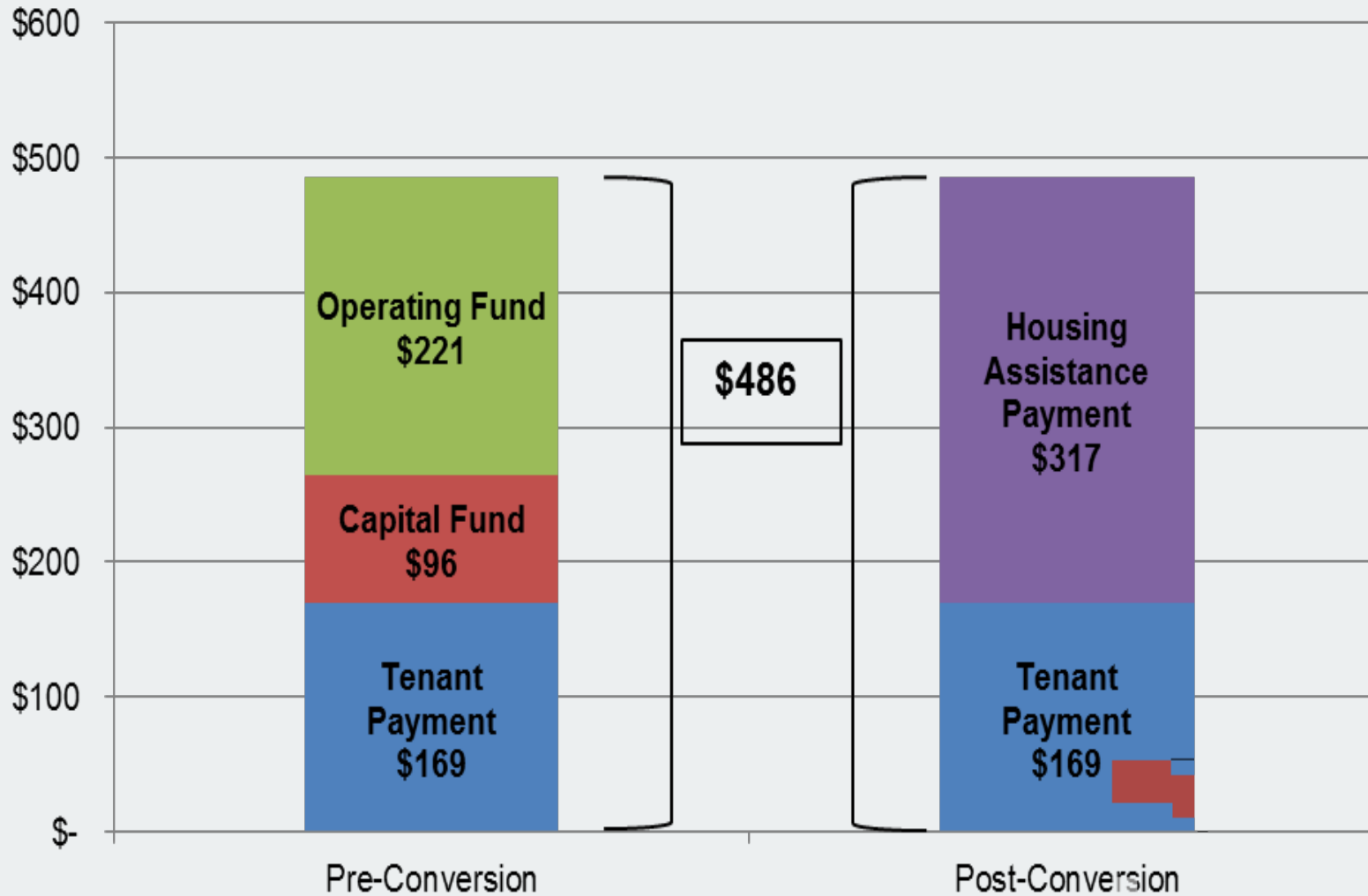
- The Rental Assistance Demonstration (RAD), authorized by Congress in 2012, is a voluntary HUD program which seeks to preserve public housing units
- The 1.2 million units in the Public Housing program have a documented capital needs backlog of nearly \$26 billion and are largely inhibited from accessing non-federal sources to help address this need
- Under RAD, Public Housing Agencies (PHAs) are offered the option to convert the current form of assistance on these properties to long-term, project-based Section 8 rental assistance contracts
- Conversion to long-term Section 8 rental assistance contracts allows PHAs to borrow funds and leverage sources of private and public capital in order to rehabilitate the aging public housing properties

# Key Features of RAD

- A property would be funded at the same level in terms of dollars as Public Housing, but would receive a HAP Payment instead of Operating Subsidy and Capital Fund
- Residents would continue to pay 30% of adjusted gross income towards the rent and maintain the same basic rights as they possess in the Public Housing program
- A contract rent adjustment would be made annually via an Operating Cost Adjustment Factor (rents would never decrease)
- It is expected that under a stable funding platform that owners will be able to leverage public and private funding to address critical capital needs
- The RAD program is cost-neutral and does not increase HUD's budget, it simply shifts units from the Public Housing program to the Section 8 program
- RAD is not part of the MTW program

# Sample RAD Conversion

**Per Unit Monthly**  
SAHA Public Housing Averages



RAD combines the operating subsidy and capital fund into one payment for the property

# PHA demand exceeds RAD's current authority

- The current cap on Public Housing conversions is 185,000 (15% of the Public Housing stock) and the deadline for PHAs to apply for RAD conversion is September 30, 2018
- As of February 16, 2017, HUD has a waiting list of 18,291 public housing units that could be considered for RAD conversion if some of the projects with preliminary approval are withdrawn or revoked
- HUD's FY 2017 Budget Request included an elimination of the cap on the number of public housing units that could convert under RAD
- The Senate Appropriations Committee approved an increase of the cap on the number of public housing units that could convert under RAD to 250,000. Final legislation will be determined by the Senate and House in the formulation of the final FY 2017 budget bill for HUD
- As of December 31, 2016, 57,489 public housing units have converted to Section 8 through RAD

# RAD Conversion - Pros and Cons

## Pros

- RAD is an alternative funding platform which utilizes HAP contracts, which may provide insulation against volatility of public housing funding appropriations because they have historically proven to be a more stable funding source
- Ability to borrow against the property for immediate capital improvements, rather than waiting for CFP funds spread out over years
- A system of replacement reserve funding is developed that will allow the property to preserve its assets over the long-term

## Cons

- A RAD conversion is not simply a switch in HUD funding streams – it is a formal real estate closing that may be complex and costly (legal fees, surveys, Physical Needs Assessment, financing, consulting, etc.)
- There is no guarantee that RAD will be fully funded in the future as funding is subject to annual appropriations (however, Congress has never failed to renew a PBRA contract)
- Properties with significant capital needs are unable to use RAD because the “numbers don’t work”

# Does RAD work for SAHA?

- External consultants (Rod Solomon of Hawkins Delafield & Wood LLP; Eric Olson of CSG Advisors; and Stan Waterhouse of the Housing Authority of the City of El Paso) have expressed beliefs that RAD works better for properties that require little or no capital investment
- The necessary long-term needs provided by Asset Management indicate the majority of our public housing properties need substantially more work beyond fulfilling their critical needs. The 2013 Physical Needs Assessment shows the estimated necessary 5-year long-term needs total over \$146 million or \$23,946 per unit
- Voluntarily converting some public housing to Section 8 would provide protection if Congress continues to underfund public housing. Congress may be more likely to provide adequate funding for existing Section 8 contracts than for public housing
- SAHA's Capital Fund Financing Program (CFFP) loan agreement stipulates that the ratio of Fixed Capital Fund Payments to Public Housing Capital Funds be at least one third. Therefore, there is a limit to how many public housing units SAHA would be able to convert to RAD. An estimate at March 31, 2017 shows 375 disposable units available

# Next Steps


- Monitor continuing developments of the RAD program
- Collect information to provide to RAD consultant Jim Brawner
- Continue discussions internally and with the Board



# DISCUSSION

## MEMORANDUM

To: Finance Committee

From: David Nisivoccia, President and CEO 

Presented by: Ed Hinojosa, Chief Financial Officer; Diana Kollodziej Fiedler, Director of Finance and Accounting

RE: Update and discussion regarding the Quarterly Financial Report for the San Antonio Housing Authority

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**SUMMARY:**

The Quarterly Financial Report for the San Antonio Housing Authority for the nine months ended March 31, 2017, is enclosed. The results of operations for the nine months ended March 31, 2017, reflect a surplus before non-cash items of \$800,000.

Total Operating Revenue was approximately \$26 million below budget, due to unfavorable variances of \$1.3 million in tenant revenue, \$2.9 million in Grants revenue, and \$21.9 million in Section 8 Housing Assistance Payment (HAP) Revenue. The \$1.3 million unfavorable variance in tenant revenue was due to lower Public Housing rental income than budgeted, higher than expected vacancies at the Cottage Creek and Woodhill Apartments, and higher than anticipated loss to lease adjustments for the Converse Ranch I and II Apartments. Section 8 HAP Revenue ended the period below budget by \$21.9 million. SAHA's HAP funding for the months of August, September and part of October was reduced by the amount of funds reported to the U.S. Department of Housing and Urban Development (HUD) as Housing Choice Voucher reserves which were subsequently transitioned to HUD-Held Funds.

Total Operating Expenses ended the period \$7.4 million below budget, due primarily to favorable variances of \$4.9 million in Section 8 HAP Expense, \$1.6 million in Salaries and Benefits and \$2.8 million in Other Expenses. Salaries and Benefits expense ended the period \$1.6 million below budget due to favorable variances in the majority of sectors, with the largest variances resulting from vacant positions in Central Office, Beacon, and Section 8. Ordinary Maintenance and Operations ended the period \$1.8 million over budget due to unfavorable variances in Public Housing and Beacon, with the most significant variances occurring in plumbing repairs, HVAC parts, painting services, and other maintenance contract costs. Expenditures included in Other Expenses were \$2.8 million lower than expected due to favorable variances realized in consulting and legal fees, insurance costs, and other contract costs.

The Comparative Balance Sheet reflects an overall decrease in Total Net Position of \$2.1 million from March 31, 2016, to March 31, 2017. Total Assets decreased \$7.3 million due to decreases of \$5.8 million and \$11.3 million in Current Assets and Fixed Assets, offset by a \$9.9 million increase in Other Non-Current Assets. The \$5.8 million decrease in Current Assets was due primarily to a reduction of \$13.5 million in unrestricted treasury notes, some of which were sold prior to maturity in order to fund Section 8 HAP. Partially offsetting the aforementioned decrease was an increase of \$4.5 million in modernization and development funds which resulted from refinances of the Castle Point debt and Springhill/Courtland Heights bonds. Additionally, there was an increase of \$3.8 million in insurance funds that were received for the hail damage that occurred in April 2016. The \$11.3 million decrease in Fixed Assets resulted primarily from the routine recording of depreciation and the demolition/disposition of 39 homes in the Blueridge Subdivision. Partially offsetting the decrease in fixed assets was the capitalization of Capital Fund Program Public Housing projects. The increase of \$9.9 million in Other Non-Current Assets resulted primarily from execution of a \$6.3 million Choice loan, a \$968,000 RHFF loan, and a \$900,000 ground lease, between Wheatley Family I, LP and San Antonio Housing Facility Corporation. Total Liabilities decreased by \$5.2 million due to a decrease of \$7.7 million in deferred revenue, scheduled debt payments totaling \$3.1 million, and amortization of deferred ground leases totaling \$1.1 million. The decreases were partially offset by the refinance of Castle Point which resulted in new debt of \$4 million and the refinance of Springhill/Courtland Heights which resulted in a net addition of debt totaling \$1.4 million.

**PROPOSED ACTION:**

None at this time.

**FINANCIAL IMPACT:**

None

**ATTACHMENTS:**

Financial Performance Report  
Cash and Investment Summary  
Grants Report

**San Antonio Housing Authority**  
**Financial Performance Report**  
**As of March 31, 2017**  
**(UNAUDITED)**

**Condensed Statement of Revenue and Expenses**  
(For the Nine Months Ended 3/31/2017)

|  | <b>ACTUAL</b><br><b>3/31/2017</b> | <b>BUDGET</b><br><b>3/31/2017</b> | <b>Variance</b>        | <b>%</b>        | <b>Highlights</b><br><b>Section</b> |
|--|-----------------------------------|-----------------------------------|------------------------|-----------------|-------------------------------------|
| <b>Operating Revenue</b>                       |                                   |                                   |                        |                 |                                     |
| Tenant Revenue                                 | \$ 22,260,650                     | \$ 23,551,304                     | \$ (1,290,653)         | -5.48%          | l(a)(1)                             |
| Grants   | 35,953,240                        | 38,871,904                        | (2,918,664)            | -7.51%          | l(a)(2)                             |
| HAP Revenue                                    | 50,332,978                        | 72,199,138                        | (21,866,160)           | -30.29%         | l(a)(3)                             |
| Miscellaneous Revenue                          | 2,318,569                         | 2,268,766                         | 49,803                 | 2.20%           |                                     |
| <b>Total Operating Revenue</b>                 | <b>\$ 110,865,437</b>             | <b>\$ 136,891,111</b>             | <b>\$ (26,025,674)</b> | <b>-19.01%</b>  |                                     |
| <b>Operating Expenses</b>                      |                                   |                                   |                        |                 |                                     |
| Salaries and Benefits                          | \$ 23,687,849                     | \$ 25,306,676                     | \$ (1,618,828)         | -6.40%          | l(b)(1)                             |
| Ordinary Maintenance & Operations              | 9,593,831                         | 7,757,888                         | 1,835,943              | 23.67%          | l(b)(2)                             |
| Utilities                                      | 5,140,303                         | 5,091,269                         | 49,033                 | 0.96%           |                                     |
| Other Expenses                                 | 7,205,833                         | 9,956,890                         | (2,751,057)            | -27.63%         | l(b)(3)                             |
| HAP Expense                                    | 67,188,784                        | 72,084,994                        | (4,896,211)            | -6.79%          | l(a)(2)                             |
| <b>Total Operating Expenses</b>                | <b>\$ 112,816,599</b>             | <b>\$ 120,197,718</b>             | <b>\$ (7,381,119)</b>  | <b>-6.14%</b>   |                                     |
| <b>Net Operating Income</b>                    | <b>\$ (1,951,162)</b>             | <b>\$ 16,693,393</b>              | <b>\$ (18,644,555)</b> | <b>-111.69%</b> |                                     |
| <b>Non-Operating Income (Expenses)</b>         |                                   |                                   |                        |                 |                                     |
| Interest Expense                               | \$ (2,246,108)                    | \$ (1,876,054)                    | \$ (370,054)           | 19.73%          |                                     |
| Interest Income                                | 1,486,977                         | 1,195,376                         | 291,601                | 24.39%          |                                     |
| Other Income (Expenses)                        | 3,510,315                         | (2,864,022)                       | 6,374,336              | -222.57%        |                                     |
| <b>Total Non-Operating Income (Expenses)</b>   | <b>\$ 2,751,184</b>               | <b>\$ (3,544,700)</b>             | <b>\$ 6,295,884</b>    | <b>-177.61%</b> |                                     |
| <b>Surplus (Deficit) Before Non-Cash Items</b> | <b>\$ 800,022</b>                 | <b>\$ 13,148,693</b>              | <b>\$ (12,348,671)</b> | <b>-93.92%</b>  |                                     |
| <b>Non-Cash Items</b>                          |                                   |                                   |                        |                 |                                     |
| Depreciation & Amortization                    | \$ (11,073,877)                   | \$ (10,257,544)                   | \$ (816,333)           | 7.96%           |                                     |
| Non-Operating Income (Expense)                 | 1,771,894                         | (5,967,204)                       | 7,739,097              | -129.69%        |                                     |
| <b>Total Non-Cash Items</b>                    | <b>\$ (9,301,983)</b>             | <b>\$ (16,224,747)</b>            | <b>\$ 6,922,764</b>    | <b>-42.67%</b>  |                                     |
| <b>Change in Net Position</b>                  | <b>\$ (8,501,962)</b>             | <b>\$ (3,076,054)</b>             | <b>\$ (5,425,907)</b>  | <b>176.39%</b>  | l(c)(1)                             |

**San Antonio Housing Authority  
Financial Performance Report  
As of March 31, 2017  
(UNAUDITED)**

**Comparative Balance Sheet**

|  | <u>3/31/2017</u>      | <u>3/31/2016</u>      | <u>Increase<br/>(Decrease)</u> | <u>%</u>      | <u>Highlights<br/>Section</u> |
|--|-----------------------|-----------------------|--------------------------------|---------------|-------------------------------|
| <b>Assets</b>  |                       |                       |                                |               |                               |
| Current Assets   | \$ 76,552,622         | \$ 82,396,099         | \$ (5,843,477)                 | -7.09%        |                               |
| Fixed Assets   | 190,008,351           | 201,350,901           | (11,342,550)                   | -5.63%        |                               |
| Other Non-Current Assets                                   | 67,204,252            | 57,318,761            | 9,885,491                      | 17.25%        |                               |
| <b>Total Assets</b>  | <u>\$ 333,765,225</u> | <u>\$ 341,065,761</u> | <u>\$ (7,300,536)</u>          | <u>-2.14%</u> | II(a)                         |
| <b>Deferred Outflows of Resources</b>                      |                       |                       |                                |               |                               |
| Deferred Losses on Refunding                               | \$ 1,091,570          | \$ 1,074,442          | \$ 17,128                      | 1.59%         |                               |
| <b>Total Assets and Deferred<br/>Outflows Of Resources</b> | <u>\$ 334,856,795</u> | <u>\$ 342,140,203</u> | <u>\$ (7,283,408)</u>          | <u>-2.13%</u> |                               |
| <b>Liabilities</b>   |                       |                       |                                |               |                               |
| Current Liabilities  | \$ 11,830,629         | \$ 18,514,528         | \$ (6,683,899)                 | -36.10%       |                               |
| Non-Current Liabilities                                    | 73,712,562            | 72,236,325            | 1,476,237                      | 2.04%         |                               |
| <b>Total Liabilities</b>                                   | <u>\$ 85,543,191</u>  | <u>\$ 90,750,853</u>  | <u>\$ (5,207,662)</u>          | <u>-5.74%</u> | II(b)                         |
| <b>Net Position</b>  |                       |                       |                                |               |                               |
| Net Investment in Capital Assets                           | \$ 124,623,080        | \$ 138,303,995        | \$ (13,680,916)                | -9.89%        |                               |
| Restricted Net Position                                    | 31,114,153            | 27,567,667            | 3,546,486                      | 12.86%        |                               |
| Unrestricted Net Position                                  | 93,576,371            | 85,517,688            | 8,058,683                      | 9.42%         |                               |
| <b>Total Net Position</b>                                  | <u>\$ 249,313,604</u> | <u>\$ 251,389,350</u> | <u>\$ (2,075,746)</u>          | <u>-0.83%</u> | II(c)                         |
| <b>Total Liabilities and Net Position</b>                  | <u>\$ 334,856,795</u> | <u>\$ 342,140,203</u> | <u>\$ (7,283,408)</u>          | <u>-2.13%</u> |                               |

**San Antonio Housing Authority**  
**Financial Performance Report**  
**As of March 31, 2017**  
**(UNAUDITED)**

**HIGHLIGHTS**

The results of operations for the nine months ended March 31, 2017 reflect a surplus before non-cash items of \$800,000, which was \$12.3 million below budget. Total Operating Revenue was below budget by \$26 million and Total Operating Expenses were below budget by \$7.4 million.

Total Assets and Deferred Outflows of Resources decreased by \$7.3 million and Total Liabilities decreased by \$5.2 million. Presented below are explanations which summarize the results of operations and changes in financial condition.

**I. Income Statement**

Total Operating Revenue was below budget by \$26 million and Total Operating Expenses were below budget by \$7.4 million.

**(a) Operating Revenue**

- (1) Tenant Revenue was approximately \$1.3 million lower than anticipated for the period. Public Housing rental income was \$501,000 less than budgeted. For the Beacon segment, vacancies at the Cottage Creek and Woodhill Apartments exceeded the budget by \$509,000. Cottage Creek and Woodhill had fiscal year-to-date occupancy of 85% and 87%, respectively. Additionally, there was an unfavorable variance of approximately \$200,000 in loss to lease adjustments for the Converse Ranch I and II Apartments.
- (2) Grants revenue was approximately \$2.9 million lower than expected due to an unfavorable variance in the Capital Funds sector, which was affected by the timing of Choice grant expenditures.
- (3) Section 8 Housing Assistance Payment Revenue ended the period below budget by \$21.9 million and Section 8 Housing Assistance Payment Expense ended the period below budget by \$4.9 million. Actual HAP Expense of \$67.2 million exceeded actual HAP Revenue of \$50.3 million and the \$16.9 million deficit was funded by SAHA's Section 8 reserves.

**(b) Operating Expenses**

- (1) The Salaries and Benefits expense line item ended the period \$1.6 million below budget. Central Office, Beacon, and Section 8 accounted for the largest variances, which resulted from a number of vacant positions.
- (2) The Ordinary Maintenance and Operations expense line item ended the period \$1.8 million over budget primarily due to unfavorable variances in Public Housing and Beacon. For Public Housing, significant variances arose from plumbing repairs and other maintenance contract costs. For Beacon, the most significant variances occurred in HVAC parts, painting services, and other maintenance contract costs.
- (3) The Other Expenses line item was below budget by \$2.8 million. The Capital Funds sector had the largest impact on the favorable variance in Other Expenses. Consulting

**San Antonio Housing Authority**  
**Financial Performance Report**  
**As of March 31, 2017**  
**(UNAUDITED)**

fees were \$1.1 million below budget due to the Wheatley redevelopment incurring less consulting fees than budgeted. Contract costs were \$655,000 below budget, with the variance primarily related to Wheatley, which incurred actual contract costs of \$285,000, compared to \$807,000 budgeted. Other significant favorable variances for the Other Expenses category included \$152,000 in insurance costs, \$119,000 in training costs, \$148,000 in legal fees, and \$132,000 in protective services.

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

- (1) Change in Net Position ended the period with a \$5.4 million unfavorable variance, largely due to the unfavorable variance described above in total operating revenue.

**II. Balance Sheet**

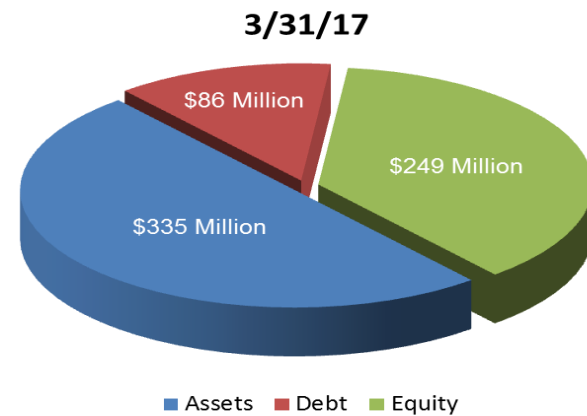
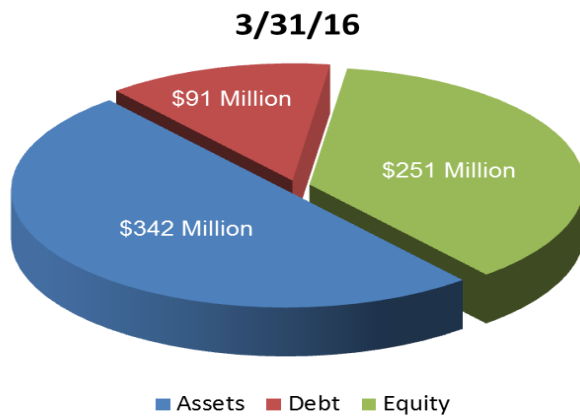
Total Assets and Deferred Outflows of Resources decreased by \$7.3 million. Total Liabilities decreased by \$5.2 million and Total Net Position decreased by \$2.1 million.

- (a) Total Assets decreased by \$7.3 million, or 2.14%, due to decreases of \$5.8 million and \$11.3 million in Current Assets and Fixed Assets, offset by a \$9.9 million increase in Other Non-Current Assets. The \$5.8 million decrease in Current Assets was due primarily to a reduction of \$13.5 million in unrestricted treasury notes, some of which were sold prior to maturity in order to fund Section 8 HAP. Partially offsetting the aforementioned decrease was an increase of \$4.5 million in modernization and development funds which resulted from refinances of the Castle Point debt and Springhill/Courtland Heights bonds. Additionally, there was an increase of \$3.8 million in insurance funds that were received for the hail damage that occurred in April 2016. The \$11.3 million decrease in Fixed Assets resulted primarily from the routine recording of depreciation and the demolition/disposition of 39 homes in the Blueridge Subdivision. Partially offsetting the decrease in fixed assets was the capitalization of Capital Fund Program Public Housing projects. The increase of \$9.9 million in Other Non-Current Assets resulted primarily from execution of a \$6.3 million Choice loan, a \$968,000 RHFF loan, and a \$900,000 ground lease, between Wheatley Family I, LP and San Antonio Housing Facility Corporation.
- (b) Total Liabilities decreased by \$5.2 million, or 5.74%, due to a decrease of \$7.7 million in deferred revenue, scheduled debt payments totaling \$3.1 million, and amortization of deferred ground leases totaling \$1.1 million. The decreases were partially offset by the refinance of Castle Point which resulted in new debt of \$4 million and the refinance of Springhill/Courtland Heights which resulted in a net addition of debt totaling \$1.4 million.
- (c) Total Net Position decreased by \$2.1 million, or 0.83%, as a result of the changes described above.



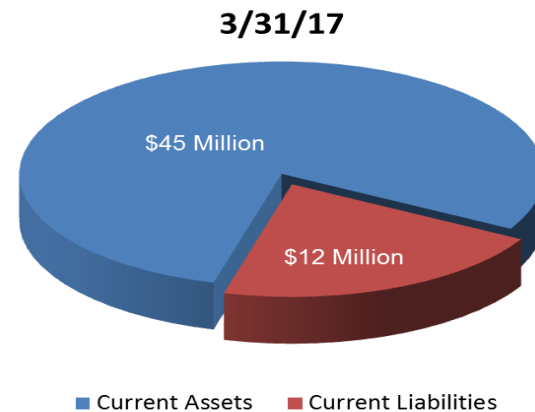
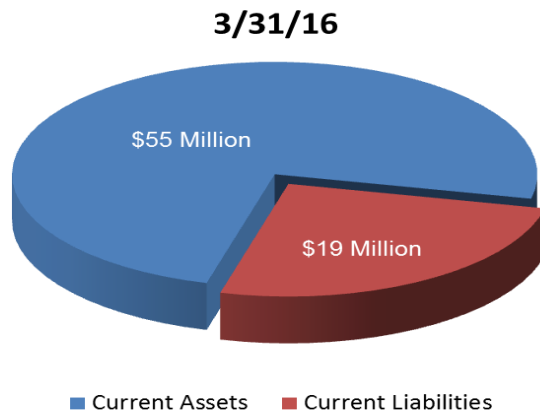
# SAHA's already strong financial position further improved.

## Financial Strength



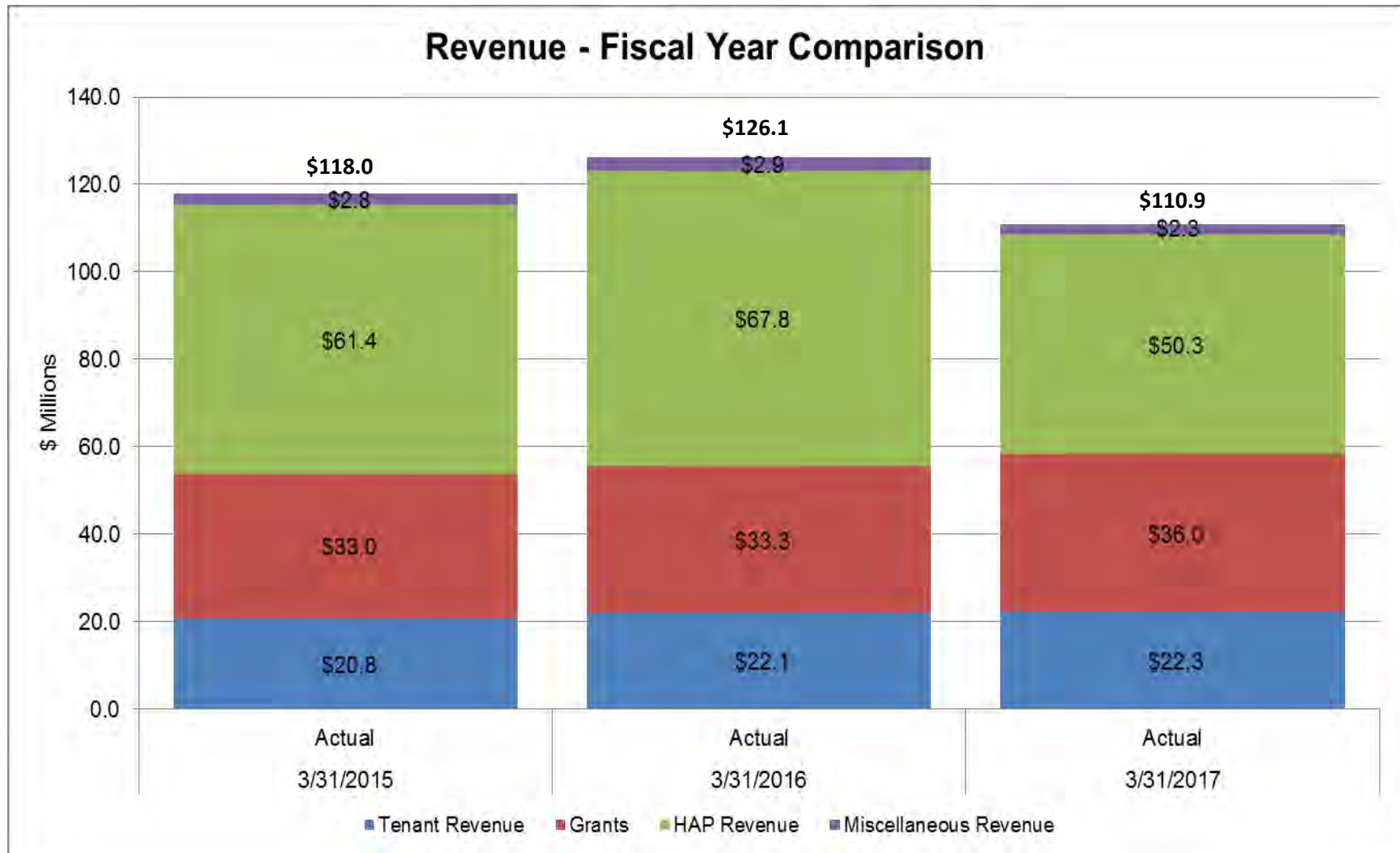
The debt-to-equity ratio decreased slightly from 0.36 to 0.35, indicating that SAHA has improved its equity position.

## Financial Liquidity

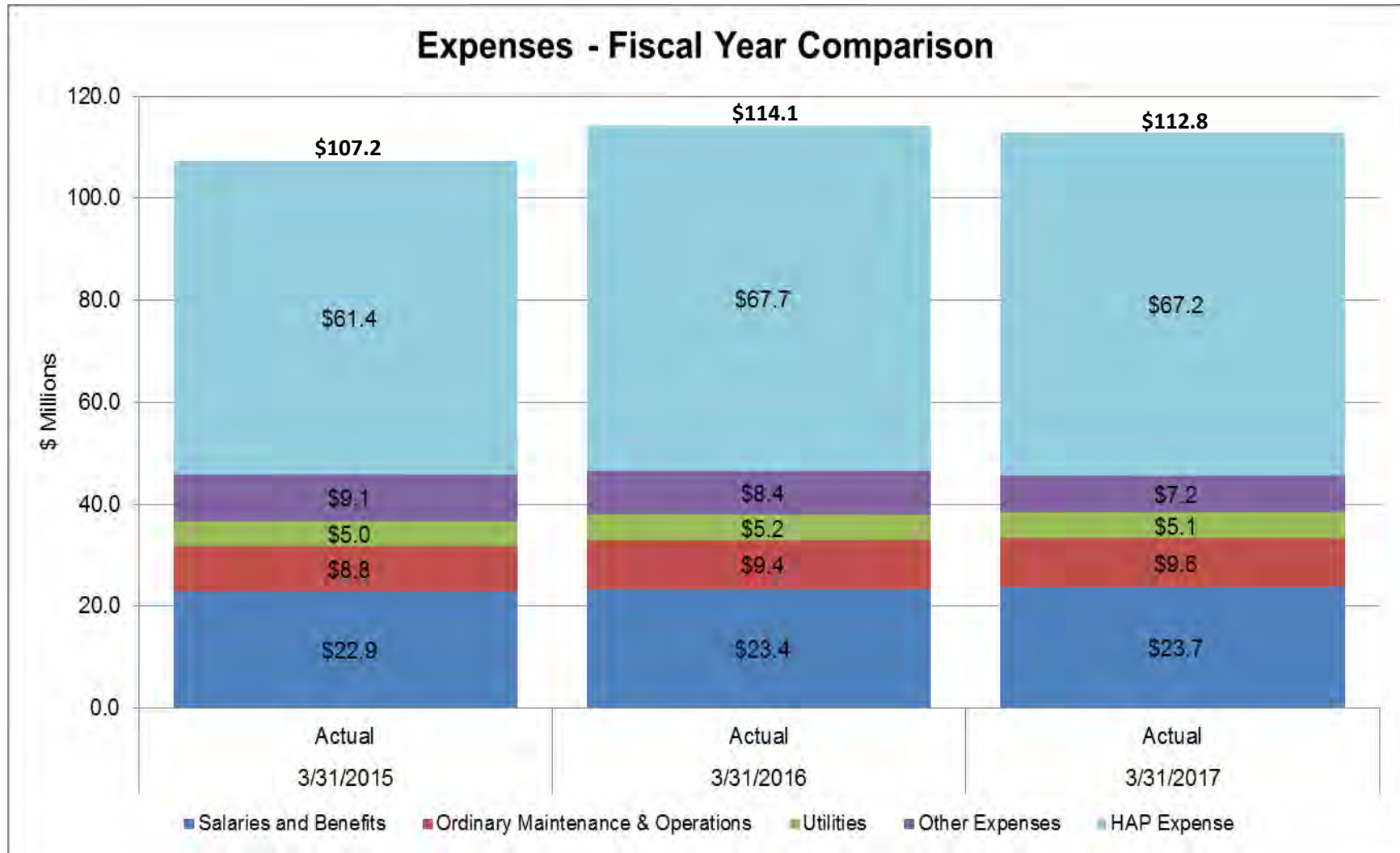


The current ratio increased from 2.89 to 3.75, indicating SAHA's very strong capacity for payment of financial commitments.

Total revenue for March 2017 was 12% lower compared to March 2016 due primarily to Section 8 HAP Revenue. Due to HUD strengthening its cash management procedures, the Authority was required to use Section 8 reserve funds to disburse Housing Assistance Payments for August, September, and a portion of October.



Total expenses for March 2017 were 1% lower compared to March 2016 due primarily to less consulting fees which are reflected in the Other Expenses category.



## Summary of Major Changes in Cash and Investment Balance

For the Quarterly Period Ending March 31, 2017

Overall, the cash and investment balance decreased by \$7.4 million over the previous quarter primarily due to receipt of HUD pre-funding for January 2017 Section 8 HAP disbursements in the previous quarter.

### Bank Held Cash

#### Unrestricted Cash

- **Central Office Cost Center** – There is a net cash increase of approximately \$1.5 million resulting from collections of balances owed to the central office cost center net of program expenditures.
- **Section 8** – There is a net cash decrease of approximately \$9.7 million over the previous quarter primarily due to HUD pre-funding \$7.1 million in January 2017 Section 8 Subsidy disbursements in the previous quarter. In addition to this, the program also transferred \$1.3 million to cover operations for several MTW programs.
- **Properties under SAHFC** – There is a net cash increase of approximately \$1.2 million primarily due to the release of \$1.1 million in restricted debt service funds for the SAHFC, Burning Tree, Castle Point and Encanta Villa properties.

#### Restricted Cash

- **Public Housing** – There is a net cash decrease of approximately \$2.2 million due to the maturity and re-purchase of T-Note's totaling \$4 million and \$8 million respectively, as referenced below in **Investments at Various Banks – Restricted Investments – Mirasol Settlement Funds**. The program also saw a net cash increase of approximately \$1.8 million primarily due to the receipt of \$1.5 million in casualty insurance claim proceeds.

### Investments at Various Banks

#### Restricted Investments

- **Mirasol Settlement Funds** – There is a net increase of approximately \$4 million resulting from the the maturity and re-purchase of T-Note's totaling \$4 million and \$8 million respectively, as mentioned above in **Bank Held Cash – Restricted Cash – Public Housing**.

**San Antonio Housing Authority  
Cash and Investment Summary  
March 31, 2017**

|   | Balance<br>12/31/2016 | Deposits              | Withdrawals           | Balance<br>3/31/2017 |
|---|-----------------------|-----------------------|-----------------------|----------------------|
| <b>Bank-Held Cash:</b>                            |                       |                       |                       |                      |
| <b>Unrestricted Cash:</b>                         |                       |                       |                       |                      |
| Central Office Cost Center                        | 2,569,404             | 6,570,559             | 5,050,506             | 4,089,457            |
| Public Housing                                    | 8,880,631             | 8,180,427             | 9,041,207             | 8,019,851            |
| Section 8   | 13,763,594            | 33,533,098            | 43,226,181            | 4,070,511            |
| MTW Preservation and Expansion Funds              | 97,503                | 15,435,038            | 15,137,894            | 394,648              |
| Central Office- Health Insurance                  | 685,664               | 1,562,275             | 1,709,635             | 538,304              |
| Homeownership                                     | 3,040                 | 9,413                 | 8,642                 | 3,811                |
| Properties Unrestricted Operating Cash            | 734,941               | 3,089,398             | 3,143,982             | 680,356              |
| Properties under SAHFC                            | 4,995,686             | 2,562,707             | 1,359,892             | 6,198,502            |
| Foundation Corporation                            | 11,003                | 134,380               | 118,758               | 26,625               |
| Capital Fund Program                              | 259,639               | 2,845,759             | 3,105,052             | 348                  |
| Development Activities under SAHFC                | 34,756                | 2,336,247             | 1,866,900             | 504,103              |
| Other Unrestricted Cash                           | 6,966,161             | 28,546,267            | 29,377,114            | 6,135,313            |
| <b>Restricted Cash:</b>                           |                       |                       |                       |                      |
| Central Office Cost Center                        | 2,133,558             | 2,133,558             | 2,133,558             | 2,133,558            |
| Development Activities under SAHFC                | -                     | -                     | -                     | -                    |
| Public Housing                                    | 7,254,222             | 7,450,499             | 9,656,887             | 5,047,834            |
| Section 8- FSS Escrow                             | 1,110,206             | 214,647               | 15,803                | 1,309,051            |
| Project Based Properties                          | 2,843,835             | 441,577               | 138,253               | 3,147,160            |
| Facility Corp                                     | 5,201,396             | 222,175               | 987,514               | 4,436,057            |
| Capital Funds                                     | 2,742,710             | 206                   | 280,710               | 2,462,206            |
| Endowment Trust                                   | 218,687               | 78                    | 26,106                | 192,659              |
| Non-Profit-Other Restricted                       | 3,164,057             | 351,341               | 129,553               | 3,385,845            |
| <b>Sub-Total:</b>                                 | <b>63,670,691</b>     | <b>115,619,651</b>    | <b>126,514,146</b>    | <b>52,776,196</b>    |
| <b>Investments at Various Banks</b>               |                       |                       |                       |                      |
| <b>Unrestricted Investments at Various Banks:</b> |                       |                       |                       |                      |
| Section 8   | -                     | -                     | -                     | -                    |
| Central Office Cost Center                        | -                     | -                     | -                     | -                    |
| MTW Preservation and Expansion                    | -                     | -                     | -                     | -                    |
| Sunshine Plaza Apts, Inc.                         | 799,611               | 129                   | -                     | 799,740              |
| <b>Restricted Investments at Various Banks:</b>   |                       |                       |                       |                      |
| Central Office Cost Center                        | -                     | -                     | -                     | -                    |
| Mirasol Settlement Funds                          | 4,005,516             | 8,004,234             | 4,010,584             | 7,999,167            |
| Non-Profit  | -                     | -                     | -                     | -                    |
| Restricted Funds Required by Lenders              | 3,619,290             | 6,885,200             | 7,370,314             | 3,134,175            |
| Capital Funds                                     | -                     | -                     | -                     | -                    |
| <b>Sub-Total:</b>                                 | <b>8,424,417</b>      | <b>14,889,563</b>     | <b>11,380,898</b>     | <b>11,933,082</b>    |
| <b>Total Cash &amp; Investments:</b>              | <b>\$ 72,095,108</b>  | <b>\$ 130,509,214</b> | <b>\$ 137,895,044</b> | <b>\$ 64,709,278</b> |

**San Antonio Housing Authority  
Investment Value  
March 31, 2017**

| Investment                  | Maturity Date    | Book Value |           | Market Value |           |
|-----------------------------|------------------|------------|-----------|--------------|-----------|
|                             |                  | 12/31/2016 | 3/31/2017 | 12/31/2016   | 3/31/2017 |
| PH-Mirasol T-Note 912828K66 | April 30, 2017   | -          | 1,999,933 | -            | 2,003,664 |
| PH-Mirasol T-Note 912828XP0 | July 31, 2017    | -          | 3,000,222 | -            | 3,001,650 |
| Sunshine T-Note 912828TM2   | August 31, 2017  | 800,147    | 799,740   | 801,080      | 799,687   |
| PH-Mirasol T-Note 912828TW0 | October 31, 2017 | -          | 2,999,012 | -            | 3,006,280 |

**San Antonio Housing Authority  
Cash Held for Properties Managed by SAHA**

|  | 12/31/2016          | Deposits            | Withdrawals         | 3/31/2017           |
|--|---------------------|---------------------|---------------------|---------------------|
| <b>Cash Held for Properties Managed by SAHA:</b>       |                     |                     |                     |                     |
| Cash from Tax-Credit Partnerships                      | \$ 5,151,633        | \$ 1,216,389        | \$ 1,102,292        | 5,265,730           |
| Cash from Third Party Properties                       | 5,893               | 18,967              | 10,372              | 14,488              |
| <b>Total Cash Held for Properties Managed by SAHA:</b> | <b>\$ 5,157,526</b> | <b>\$ 1,235,356</b> | <b>\$ 1,112,664</b> | <b>\$ 5,280,218</b> |

**San Antonio Housing Authority  
Collateralization  
March 31, 2017**

|   | Total Deposits | Deposits Covered by FDIC | Deposits Covered by Collateral | Pledged Collateral |
|---|----------------|--------------------------|--------------------------------|--------------------|
| Frost National Bank                             | \$ 45,642,021  | \$ 500,000               | \$ 45,642,021                  | \$ 57,935,724      |
| Bank of New York - Burning Tree                 | \$ -           | \$ -                     | \$ -                           | \$ -               |
| Bank of New York - Burning Tree                 | \$ -           | \$ -                     | \$ -                           | \$ -               |
| Bank of New York - Burning Tree                 | \$ -           | \$ -                     | \$ -                           | \$ -               |
| Bank of New York - Castlepoint                  | \$ -           | \$ -                     | \$ -                           | \$ -               |
| Bank of New York - Castlepoint                  | \$ 66,000      | \$ 66,000                | \$ -                           | \$ -               |
| Bank of New York - Castlepoint                  | \$ -           | \$ -                     | \$ -                           | \$ -               |
| Bank of New York - Encanta Villa                | \$ 124,426     | \$ 124,426               | \$ -                           | \$ -               |
| Bank of New York - Encanta Villa                | \$ 150,515     | \$ 150,515               | \$ -                           | \$ -               |
| Bank of New York - Encanta Villa                | \$ 13,759      | \$ 13,759                | \$ -                           | \$ -               |
| Bank of New York - Woodhill                     | \$ 44,927      | \$ 44,927                | \$ -                           | \$ -               |
| Bank of New York - Woodhill                     | \$ -           | \$ -                     | \$ -                           | \$ -               |
| Bank of New York - Woodhill                     | \$ 162,318     | \$ 162,318               | \$ -                           | \$ -               |
| Bank of New York - Woodhill                     | \$ 2,099,731   | \$ 250,000               | \$ -                           | \$ -               |
| Bank of New York - Woodhill                     | \$ 116,143     | \$ 116,143               | \$ -                           | \$ -               |
| Bank of New York - Woodhill                     | \$ 15,131      | \$ 15,131                | \$ -                           | \$ -               |
| Bank of New York - Woodhill                     | \$ 135,620     | \$ 135,620               | \$ -                           | \$ -               |
| Bank of New York - Sendero                      | \$ 49          | \$ 49                    | \$ -                           | \$ -               |
| Bank of New York - Sendero                      | \$ 930         | \$ 930                   | \$ -                           | \$ -               |
| Bank of New York - Converse Ranch II            | \$ 250,099     | \$ 250,000               | \$ -                           | \$ -               |
| Greystone - Converse Ranch I                    | \$ 368,106     | \$ 250,000               | \$ -                           | \$ -               |
| Walker & Dunlop - Bella Claire                  | \$ 21,287      | \$ 21,287                | \$ -                           | \$ -               |
| Walker & Dunlop - SAHFC                         | \$ 63,801      | \$ 63,801                | \$ -                           | \$ -               |
| Bank of New York - Springhill I & II, Courtland | \$ -           | \$ -                     | \$ -                           | \$ -               |
|   | \$ 49,274,861  | \$ 2,164,905             | \$ 45,642,021                  | \$ 57,935,724      |

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

  
\_\_\_\_\_  
Diana K. Fiedler, CPA  
Investment Officer, Director of Finance and Accounting

  
\_\_\_\_\_  
Ed Hinojosa Jr.  
CFO

Footnotes:

- \* Includes Mirasol Settlement Funds (Original Settlement Amount is \$12.7 million)



**GRANTS REPORT AS OF March 31, 2017**

| Grant Number  | Obligation End Date | Expenditure End Date | Amount to be Obligated by End Date | LOCCS Authorized | Cumulative PHA Obligated | Unobligated Amount | Obligation Percentage | Cumulative GL PHA Expended | Expended Percentage | LOCCS Disbursement | CAPITAL GRANTS   |  |
|---|---------------------|----------------------|------------------------------------|------------------|--------------------------|--------------------|-----------------------|----------------------------|---------------------|--------------------|--|--|
|   |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    | Unmet expenditure deadline approaching within 6 Months | Unmet obligation deadline approaching within 12 Months |
| <b>Capital Fund Program (CFP)</b>   |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| Capital Projects at various PH Properties   |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59E006501-15  | 6/7/16              | 6/7/17               | \$ 225,000.00                      | \$ 250,000.00    | \$ 250,000.00            | \$ -               | 100%                  | \$ 250,000.00              | 100%                | \$ 250,000.00      | (1)  |  |
| *Major Project: Cassiano  |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59P006501-10  | 7/14/12             | 7/14/14              | \$ 8,770,114.80                    | \$ 9,744,572.00  | \$ 9,744,572.00          | \$ -               | 100%                  | \$ 9,744,572.00            | 100%                | \$ 9,744,572.00    | (1)  |  |
| *Major Project: Marie McGuire   |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59P006501-11  | 8/2/13              | 8/2/15               | \$ 7,336,199.70                    | \$ 8,151,333.00  | \$ 8,151,333.00          | \$ -               | 100%                  | \$ 8,151,333.00            | 100%                | \$ 8,151,333.00    | (1)  |  |
| *Major Projects: Blanco, Marie McGuire, Westway   |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59P006501-12  | 3/11/14             | 3/11/16              | \$ 6,669,297.00                    | \$ 7,410,330.00  | \$ 7,410,330.00          | \$ -               | 100%                  | \$ 7,410,330.00            | 100%                | \$ 7,410,330.00    | (1)  |  |
| *Major Projects: Fair Avenue, South San, Sun Park   |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59P006501-13  | 9/8/15              | 9/8/17               | \$ 6,472,918.80                    | \$ 7,192,132.00  | \$ 7,192,132.00          | \$ -               | 100%                  | \$ 7,192,132.00            | 100%                | \$ 7,192,132.00    | (1)  |  |
| *Major Projects: Lewis Chatham, Jewett Circle, Westway  |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59P006501-14  | 5/12/16             | 5/12/18              | \$ 6,564,698.10                    | \$ 7,294,109.00  | \$ 7,294,109.00          | \$ -               | 100%                  | \$ 6,667,833.30            | 91%                 | \$ 6,396,060.94    | (1)  |  |
| *Major Projects: Westway, Charles Andrews, Cassiano Homes                                       |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59P006501-15  | 4/12/17             | 4/12/19              | \$ 6,785,826.30                    | \$ 7,539,807.00  | \$ 7,411,468.62          | \$ 128,338.38      | 98%                   | \$ 4,051,285.92            | 54%                 | \$ 3,996,120.15    | (2)  |  |
| *Major Projects: Charles Andrews, HB Gonzalez   |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59P006501-16  | 4/12/18             | 4/12/20              | \$ 7,024,842.00                    | \$ 7,805,380.00  | \$ 4,927,278.25          | \$ 2,878,101.75    | 63%                   | \$ 2,095,917.50            | 27%                 | \$ 2,083,308.75    | (3)  |  |
| *Major Projects: Westway, WC White  |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| <b>Replacement Housing Factor Funds (RHF)</b>   |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| Funding for the replacement of PH units demolished or sold                                      |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59R006501-09  | 10/29/15            | 7/29/17              | \$ 82,676.70                       | \$ 91,863.00     | \$ 91,863.00             | \$ -               | 100%                  | \$ 91,863.00               | 100%                | \$ 91,863.00       | (1)  |  |
| *Project: Wheatley Courts CNI Transformation Project  |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59R006501-10  | 10/29/15            | 10/29/17             | \$ 324,261.90                      | \$ 360,291.00    | \$ 360,291.00            | \$ -               | 100%                  | \$ 360,291.00              | 100%                | \$ 360,291.00      | (1)  |  |
| *Project: Wheatley Courts CNI Transformation Project  |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59R006501-11  | 10/29/15            | 10/29/17             | \$ 595,331.10                      | \$ 661,479.00    | \$ 661,479.00            | \$ -               | 100%                  | \$ 661,479.00              | 100%                | \$ 661,479.00      | (1)  |  |
| *Project: Wheatley Courts CNI Transformation Project  |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59R006501-12  | 10/29/15            | 10/29/17             | \$ 468,692.10                      | \$ 520,769.00    | \$ 520,769.00            | \$ -               | 100%                  | \$ 520,769.00              | 100%                | \$ 520,769.00      | (1)  |  |
| *Project: Wheatley Courts CNI Transformation Project  |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59R006501-13  | 9/8/15              | 9/8/17               | \$ 494,237.70                      | \$ 549,153.00    | \$ 549,153.00            | \$ -               | 100%                  | \$ 549,153.00              | 100%                | \$ 549,153.00      | (1)  |  |
| *Project: Wheatley Courts CNI Transformation Project  |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59R006501-14  | 5/13/14             | 5/12/16              | \$ 477,295.20                      | \$ 530,328.00    | \$ 530,328.00            | \$ -               | 100%                  | \$ 530,328.00              | 100%                | \$ 530,328.00      | (1)  |  |
| *Project: Wheatley Courts CNI Transformation Project  |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59R006501-15  | 4/12/17             | 4/12/19              | \$ 289,272.60                      | \$ 321,414.00    | \$ 321,414.00            | \$ -               | 100%                  | \$ 321,414.00              | 100%                | \$ 321,414.00      | (1)  |  |
| *Project: Wheatley Courts Phase II Senior Allocation Project                                    |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59R006502-06  | 10/29/13            | 7/29/14              | \$ 2,347,632.90                    | \$ 2,608,481.00  | \$ 2,608,481.00          | \$ -               | 100%                  | \$ 2,608,481.00            | 100%                | \$ 2,608,481.00    | (1)  |  |
| *Project: Sutton II   |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59R006502-08  | 10/29/13            | 10/29/15             | \$ 2,334,010.50                    | \$ 2,593,345.00  | \$ 2,593,345.00          | \$ -               | 100%                  | \$ 2,593,345.00            | 100%                | \$ 2,593,345.00    | (1)  |  |
| *Projects: Converse Ranch II, Pin Oak II, Sutton II, Wheatley Courts CNI Transformation Project |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59R006502-09  | 10/29/13            | 10/29/15             | \$ 1,267,288.20                    | \$ 1,408,098.00  | \$ 1,408,098.00          | \$ -               | 100%                  | \$ 1,408,098.00            | 100%                | \$ 1,408,098.00    | (1)  |  |
| *Project: San Juan III  |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59R006504-09  | 10/29/13            | 10/29/15             | \$ 1,007,375.40                    | \$ 1,119,306.00  | \$ 1,119,306.00          | \$ -               | 100%                  | \$ 1,119,306.00            | 100%                | \$ 1,119,306.00    | (1)  |  |
| *Projects: San Juan III, Wheatley Courts CNI Transformation Project                             |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59R006502-10  | 10/29/13            | 10/29/15             | \$ 1,629,651.60                    | \$ 1,810,724.00  | \$ 1,810,724.00          | \$ -               | 100%                  | \$ 1,810,724.00            | 100%                | \$ 1,810,724.00    | (1)  |  |
| *Projects: San Juan III, Wheatley Courts CNI Transformation Project                             |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59R006502-11  | 8/2/13              | 8/2/15               | \$ 383,153.40                      | \$ 425,726.00    | \$ 425,726.00            | \$ -               | 100%                  | \$ 425,726.00              | 100%                | \$ 425,726.00      | (1)  |  |
| *Projects: San Juan III, Wheatley Courts CNI Transformation Project                             |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59R006502-12  | 3/11/14             | 3/11/16              | \$ 69,245.10                       | \$ 76,939.00     | \$ 76,939.00             | \$ -               | 100%                  | \$ 76,939.00               | 100%                | \$ 76,939.00       | (1)  |  |
| *Project: Wheatley Courts CNI Transformation Project  |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59R006502-13  | 9/8/15              | 9/8/17               | \$ 76,401.00                       | \$ 84,890.00     | \$ 84,890.00             | \$ -               | 100%                  | \$ 84,890.00               | 100%                | \$ 84,890.00       | (1)  |  |
| *Project: Wheatley Courts CNI Transformation Project  |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59R006502-14  | 5/13/14             | 5/12/18              | \$ 71,152.20                       | \$ 79,058.00     | \$ 79,058.00             | \$ -               | 100%                  | \$ 79,058.00               | 100%                | \$ 79,058.00       | (1)  |  |
| *Project: Wheatley Courts CNI Transformation Project  |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59R006502-15  | 4/12/17             | 4/12/19              | \$ 72,028.80                       | \$ 80,032.00     | \$ 80,032.00             | \$ -               | 100%                  | \$ 80,032.00               | 100%                | \$ 80,032.00       | (1)  |  |
| *Project: Wheatley Courts Phase II Senior Allocation Project                                    |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX59R006502-16  | 4/12/18             | 4/12/20              | \$ 72,545.40                       | \$ 80,606.00     | \$ 80,606.00             | \$ -               | 100%                  | \$ 80,606.00               | 100%                | \$ 80,606.00       | (1)  |  |
| *Project: Wheatley Courts Phase II Senior Allocation Project                                    |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| <b>Urban Revitalization Program (Hope 6) (URP)</b>  |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| Choice Neighborhood Grant   |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |
| TX6J006CNG112   | 9/30/19             |                      |                                    | \$ 29,750,000.00 | \$ 19,284,066.55         | \$ 10,465,933.45   | 65%                   | \$ 14,148,763.47           | 48%                 | \$ 13,962,200.21   |  |  |
| *Implementation grant for Wheatley Neighborhood   |                     |                      |                                    |                  |                          |                    |                       |                            |                     |                    |  |  |

(1) These grants are expended and disbursed at 100% however, HUD still requests monthly updates in eLOCCS.  
 (2) A portion of the 2015 CFP grant contains DDTF funding of \$220,088. DDTF funds are fully expended.  
 (3) A portion of the 2016 CFP grant contains DDTF funding of \$832,561. DDTF funding totaling \$688,744.75 (83%) has been expended.

**GRANTS REPORT AS OF March 31, 2017**

| HUD - PROGRAM GRANTS  |                |                     |                      |                  |                     |                     |                    |     |
|---|----------------|---------------------|----------------------|------------------|---------------------|---------------------|--------------------|-----|
| Grant Number  | Effective Date | Obligation End Date | Expenditure End Date | LOCCS Authorized | PROGRAM GRANTS      |                     |                    |     |
|   |                |                     |                      |                  | Cumulative Expended | Expended Percentage | LOCCS Disbursement |     |
| <b>Special Needs Assistance Program (SNAP)</b><br>Funding for housing and supportive services on a long-term basis for homeless persons with disabilities   |                |                     |                      |                  |                     |                     |                    |     |
| TX0252L6J001501   | 6/1/16         | No Date             | 5/31/17              | \$ 141,777.00    | \$ 266,873.01       | 188%                | \$ 137,929.47      | (4) |
| TX0233LJ6001507   | 7/1/16         | No Date             | 6/30/17              | \$ 811,950.00    | \$ 567,307.81       | 70%                 | \$ 492,800.52      | (5) |
| TX0233L6J001608   | 3/3/17         | No Date             | 3/2/17               | \$ 811,950.00    | \$ -                | 0%                  | \$ -               |     |
| <b>Resident Opportunities &amp; Self Sufficiency (ROSS)</b><br>Funding for Family Self Sufficiency (FSS) Coordinators                                       |                |                     |                      |                  |                     |                     |                    |     |
| TX006RPS072A015   | 5/10/16        | No Date             | 9/30/2019            | \$ 637,068.00    | \$ 102,466.37       | 16%                 | \$ 90,871.45       |     |
| *2015 ROSS Service Coordinators   |                |                     |                      |                  |                     |                     |                    |     |
| TX006FSH643A014   | 9/29/14        | No Date             | 4/30/17              | \$ 800,936.00    | \$ 793,096.08       | 99%                 | \$ 767,460.95      |     |
| *PH & HCV Combined FSS 2014   |                |                     |                      |                  |                     |                     |                    |     |
| TX006FSH550A015   | 12/7/15        | No Date             | 12/31/2016           | \$ 807,673.00    | \$ 743,449.41       | 92%                 | \$ 743,449.41      | (6) |
| *PH & HCV Combined FSS 2015   |                |                     |                      |                  |                     |                     |                    |     |
| TX006FSH593A016   | 8/1/2016       | No Date             | 12/31/2017           | \$ 807,673.00    | \$ 211,053.27       | 26%                 | \$ 135,944.52      |     |
| *PH & HCV Combined FSS 2016   |                |                     |                      |                  |                     |                     |                    |     |
| <b>Jobs Plus</b><br>Funding for PHAs to develop locally-based approaches to increase earnings and advance employment outcomes for Public Housing residents. |                |                     |                      |                  |                     |                     |                    |     |
| TX006JP000815   | 6/6/16         | No Date             | 9/30/2022            | \$ 2,700,000.00  | \$ 444,250.20       | 16%                 | \$ 431,731.49      |     |
| *Jobs Plus - Cassiano   |                |                     |                      |                  |                     |                     |                    |     |

| NON-HUD - PROGRAM GRANTS  |                        |               |                     |                     |                        |                     |     |
|---|------------------------|---------------|---------------------|---------------------|------------------------|---------------------|-----|
| Grant Number  | Performance Date       | Award Amount  | Cumulative Expended | Remaining to Expend | Reimbursement Received | Expended Percentage |     |
| <b>Department of Justice</b><br>*Improve safety at Wheatley Neighborhood  |                        |               |                     |                     |                        |                     |     |
| Byrne Criminal Justice  | 10/1/12 - 3/30/17      | \$ 600,000.00 | \$ 518,482.54       | \$ 81,517.46        | \$ 500,000.00          | 86%                 | (7) |
| <b>Annie E. Casey Foundation</b><br>*Wheatley Courts Family Support Services Caseworker (Eastside Jobs Plus)              |                        |               |                     |                     |                        |                     |     |
| SAHA 2015 Jobs Plus East  | 1/1/2015 - 12/31/15    | \$ 146,604.00 | \$ 110,801.86       | \$ 35,802.14        | \$ 109,373.62          | 76%                 |     |
| SAHA 2016 Jobs Plus East  | 1/1/2016 - 12/31/16    | \$ 202,474.00 | \$ 178,593.49       | \$ 23,880.51        | \$ 176,788.23          | 88%                 |     |
| SAHA 2017 Jobs Plus East  |                        | \$ -          | \$ 59,471.88        | \$ -                | \$ -                   | 0%                  | (8) |
| <b>Alamo Colleges</b><br>*Health Professions Opportunity Grant (HPOG)   |                        |               |                     |                     |                        |                     |     |
| HPOG Grant  | 09/30/16 - 09/29/17    | \$ 102,758.00 | \$ 20,872.73        | \$ 81,885.27        | \$ -                   | 20%                 |     |
| <b>New York Mayor's Fund</b><br>*Continuation of evidence-based services initiated under the Social Innovation Fund Grant |                        |               |                     |                     |                        |                     |     |
| Continuation of Services  | 10/1/2016 - 03/31/2018 | \$ 170,000.00 | \$ 932.92           | \$ 169,067.08       | \$ 170,000.00          | 1%                  |     |


- (4) Administrative fees are currently being funded. The overexpenditure of Rental Assistance of \$85,379 is discussed in the Corrective Action Plan. MTW funds have been approved up to \$250,000 to cover the overexpenditure of both Continuum of Care grants.
- (5) Administrative fees and rental assistance are currently being funded. The projected overexpenditure is discussed in the Corrective Action plan. MTW funds have been approved up to \$250,000 to cover the overexpenditure of both Continuum of Care grants.
- (6) A request for extension was denied by HUD. Of the total LOCCS Authorized amount, \$64,223.59 was not expended.
- (7) Funds have been obligated for the full amount of the grant. Although the performance end date reflects 3/30/17, the Department of Justice financial guidelines permits funds to be expended up to 90 days after the grant expiration date.
- (8) A renewal for the SAHA 2017 Jobs Plus East Grant is currently being negotiated and has not been approved or executed.

**GRANTS REPORT AS OF March 31, 2017**

| LIST OF GRANT APPLICATIONS |                     |                       |                     |                          |                           |                    |
|----------------------------|---------------------|-----------------------|---------------------|--------------------------|---------------------------|--------------------|
| <b>Grant Name</b>          | <b>Award Amount</b> | <b>Date Submitted</b> | <b>Match Amount</b> | <b>Term of the Grant</b> | <b>Application Status</b> | <b>Description</b> |
| ROSS for Education         | \$249,348           | 9/29/16               | N/A                 | N/A                      | Pending                   | ROSS for Education |

## MEMORANDUM

**To:** Finance Committee

**From:** David Nisivoccia, President and CEO 

**Presented by:** Helen Madison, Acting Director of Internal Audit

**RE:** Update and discussion regarding the Internal Audit Department

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**SUMMARY:**

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

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

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

This update provides the required communication, as follows:

- Internal Audit Plan Status through FY 2016-2017, Quarter 3
- Status of Third Party Audits and Assessments
- Summary and Status of Management's Corrective Action Plans (open action items only)

Management's corrective action plans (open items) resulting from internal audits are entered into a spreadsheet to allow for easier tracking of the status of the open items. A copy of the current spreadsheet is attached. The corrective action items have been highlighted to signify 1) an action has a due date over 30 days in the future (yellow), or 2) an action item is behind schedule (red).

**PROPOSED ACTION:**

None at this time

**FINANCIAL IMPACT:**

None

**ATTACHMENTS:**

Presentation

Status of Management Corrective Action Items



**SAHA** | SAN ANTONIO  
HOUSING AUTHORITY  
Opportunity Lives Here

# Internal Audit Update

**Presentation to Finance Committee  
May 18, 2017**

# Internal Audit Plan Status

## 2014-2015 Internal Audit Plan

### □ Annual Audits

- Resident and Program Participant Termination Process – *Assisted Housing Program*
  - ▶ Final report issued to Finance Committee March 30, 2017
- Resident and Program Participant Termination Process – *Public Housing*
  - ▶ Final report issued to Finance Committee March 30, 2017

## 2015-2016 Internal Audit Plan

### □ Annual Audits

- Regulatory Compliance Verification Processes
  - ▶ Final report issued to Finance Committee March 30, 2017
- Capital Improvements at Public Housing and Beacon Communities
  - ▶ Draft final report in progress



# Internal Audit Plan Status, Cont'd.

## 2016-2017 Internal Audit Plan

- **Multi-Year Audits**
  - Construction of New Developments to be Managed by Third Parties - Choice Neighborhood focus – Postponed
- **Annual Audits**
  - Housing Programs Eligibility and Admissions Processes – Postponed
- **Monthly Compliance Audits** (Fiscal Year-to-Date)
  - Assisted Housing Program - 898 resident files
  - Non-Profit Housing - 6 properties
  - Public Housing - 4 properties
- **Control Self-Assessments**
  - Data Collection and Maintenance – in progress
  - Family Self-Sufficiency – in progress
  - Fleet – in progress

# Resident and Program Participant Termination Process Audits

The audits were designed to confirm the effectiveness of key controls for the termination of housing assistance in the Assisted Housing and Public Housing programs

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## Assisted Housing Program (AHP) Audit Results

- ❑ **No Material Weaknesses**
- ❑ **No Significant Deficiencies**
- ❑ **Nine Internal Control Deficiencies**
  - ❑ Missing Termination/Transfer documentation
  - ❑ *Intent to Terminate* letter missing
  - ❑ *Criminal History Request* discrepancy
  - ❑ *Termination Checklist* discrepancies
  - ❑ Property address missing from system-generated report
  - ❑ *Termination Report* discrepancy
  - ❑ *Effective Date of Termination* discrepancy
  - ❑ Vacancy Loss Payment discrepancy
  - ❑ HAP Contract Expiration Date delay

# Resident and Program Participant Termination Process Audits, Cont'd.

## Public Housing (PH) Audit Results

- **No Material Weaknesses**
- **One Significant Deficiency**
  - ❑ Missing Terminated Resident file
- **Twelve Internal Control Deficiencies**
  - ❑ Missing Termination/Transfer documentation
  - ❑ Eviction Authorization missing
  - ❑ *Debts Owed to a Public Housing Agency* discrepancies
  - ❑ Missing Account Closeout Form
  - ❑ *Criminal History Report (CHR)* discrepancies
  - ❑ Termination Reason discrepancies
  - ❑ Abandoned *Notice to Vacate (NTV)* or Notice to Vacate discrepancies
  - ❑ Move-out Inspection discrepancies
  - ❑ Incomplete Tenant Notes
  - ❑ File documents out of order
  - ❑ Loose documents in files
  - ❑ File not stamped "Confidential"
- **One Observation**
  - ❑ Multiple blank *Statement* forms in one resident file

# Regulatory Compliance Verification Process Audit

The audit was designed to confirm the effectiveness of key controls in place for compliance reporting requirements

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## Audit Results

- ❑ **No Material Weaknesses**
- ❑ **No Significant Deficiencies**
- ❑ **No Other Internal Control Deficiencies**
- ❑ **One Observation / “Best Practice”**
  - ❑ Recommendation for automation of the compliance reporting and tracking process

# Resident Council Audits

## □ Dollar Per Unit Per Year (DPUY) Audits

| Resident Council | Material Weaknesses | Significant Deficiencies | Other Internal Control Deficiencies | Observations |
|------------------|---------------------|--------------------------|-------------------------------------|--------------|
| Cheryl West      | 1                   | 3                        | 3                                   | 1            |
| Lewis Chatham    | 0                   | 7                        | 3                                   | 1            |
| Sun Park Lane    | 1                   | 5                        | 4                                   | 0            |
| Westway          | 1                   | 5                        | 4                                   | 0            |
| <i>Totals</i>    | 3                   | 20                       | 14                                  | 2            |

### ***DPUY Audit Findings were primarily related to:***

- Ineligible expenditures
- Expenditure and record keeping discrepancies
- Disbursements documentation discrepancies
- Missing and/or incomplete documentation establishing the Resident Council
- Treasurer's report and bank reconciliation not prepared/performed

## □ Fundraising Account Review - Fair Avenue Apts

- Two Significant Deficiencies, including one repeat issue
- One Observation regarding lack of supporting documentation for some expenditures

# Compliance Audits

## Audited 23 Properties, all managed by third parties

- **Allied Orion Group** - 9 Beacon Communities properties
  - No *Material Weaknesses* noted
  - One *Significant Deficiency* noted: Incorrect rent calculation
  - Missing signatures; missing forms; incomplete forms
- **Franklin Apartment Management Company** - 5 Mixed Finance properties
  - No *Material Weaknesses* or *Significant Deficiencies* noted
  - Missing signatures; missing forms; incomplete forms; misfiled documents
- **Lincoln Apartment Management Company** - 5 Mixed Finance properties
  - No *Material Weaknesses* or *Significant Deficiencies* noted
  - Missing signatures; missing forms; incomplete forms; expired forms; unsecured documents
- **Pinnacle Realty Management Company** - 4 Mixed Finance properties
  - No *Material Weaknesses* or *Significant Deficiencies* noted
  - Missing signatures; missing forms; incomplete forms; unsecured documents

***Corrective Action Plans* to address the deficiencies were provided by all companies**

# Status of Management Corrective Actions

- **27 open corrective action items; 14 are new this quarter**
  - *Of the 27 open items, six (6) are “best practice” items*
- **96% of open corrective action items are on target for completion**
- **1 “best practice” item is behind schedule**

# Activities in Support of Strategic Goals – FY 2016-2017 Quarter 3

**Strategic Goal:** Transform core operations to be a high performing and financially strong organization

- **Human Resources File Review** – tracking completion of recommendations

**Strategic Goal:** Empower and equip families to improve their quality of life and achieve economic stability

- Reviewed four **Family Self-Sufficiency escrow** requests for payout



# Status of Third Party Audits

## □ **HUD Field Monitoring of Continuum of Care Program**

- A monitoring review of the Continuum of Care Program was conducted by local and headquarters staff from the Office of Special Needs Assistance Programs.
- Status – One Finding remains open. The San Antonio Field Office has requested a response from HUD’s General Counsel regarding administrative project costs.

## □ **Real Estate Assessment Center (REAC) Audits**

- 21 SAHA properties were inspected. The scores ranged from 30 to 91 out of 100; the average score was 67. The deficiencies most often cited were problems with doors, missing or inoperable smoke detectors, damaged refrigerator gaskets, dryer exhausts, and issues with electrical outlets with ground fault circuit interrupters.

# Preparation of Proposed 2017-2018 Internal Audit Plan

**Risk Assessment Surveys by staff and the Board of Commissioners are in progress**

**Results of the Risk Assessment Surveys will be shared with the Finance Committee and the Board of Commissioners, along with the proposed 2017-2018 Internal Audit Plan in August 2017**

# Questions?

| Plan Year | Final Report Date | Audit Title   | Finding Type                | Finding / Observation Number | Finding / Observation Description  | Management's Corrective Action Plan  | Original Estimated Completion Date | Revised Estimated Completion Date | Status      | Officer | Comments  |
|-----------|-------------------|---|-----------------------------|------------------------------|--|--|------------------------------------|-----------------------------------|-------------|---------|---|
| 2012-2013 | 10/15/2013        | Follow-up on PH Files QCed in Spring 2015                   | Internal Control Deficiency | 4                            | Multiple files contained missing or incomplete documents.  | Document the responsibilities of the Unified Application Center staff, Property Management staff, Assistant Directors of Public Housing, Director of Housing, and Chief Operating Officer regarding compliance with the standardized checklist and quality control processes to ensure the file requirements are being adhered to. | 11/1/2013                          | 4/30/2017                         | In Progress | EH      | The goals of the Property Management staff, Unified Application Center staff, and Assistant Directors of Public Housing (Operations) have been updated to include their responsibilities regarding compliance with the standardized checklist. The goals for the Director of Housing and Chief Operating Officer regarding compliance with the standardized checklist and quality control processes to ensure the file requirements are being adhered to are in progress. COO position currently in hiring process. |
| 2012-2013 | 9/9/2013          | Recruiting, Selection, and Onboarding                       | Best Practice               | 3                            | Develop standard dates for the hiring process that takes into account each step of the process to allow for better tracing of timelines between each step                                      | Track the progress on major hires and prepare a summary report for each at the conclusion of the process; and in partnership with Internal Audit and Executives, convene briefings designed to consider policy and procedure changes   | 12/31/2013                         | 6/30/2017                         | In Progress | MLR     | Item is included in PlanBase.   |
| 2012-2013 | 11/25/2013        | Audit of Preservation & Expansion and Capital Fund Programs | Best Practices              | 3                            | Currently, the Construction Contract Log and the Real Estate Services – Development Project listing are both being managed in a spreadsheet format, requiring manual entry of all information. | Asset Management will work with Construction Services and Finance & Accounting to determine the feasibility of utilizing data in the JDE accounting system to generate an automated Contract Log to replace the excel spread sheet utilized by Asset Management to assign AMD numbers to capital contracts.                        | 6/30/2014                          | FY 2016-2017                      | In progress | EH      | This is being addressed as part of the Audit of Capital Projects, currently in Draft Final Report stage.  |

|           |            |   |                             |   |   |   |              |              |             |    |  |
|-----------|------------|---|-----------------------------|---|---|---|--------------|--------------|-------------|----|--|
| 2012-2013 | 11/25/2013 | Audit of Preservation & Expansion and Capital Fund Programs | Internal Control Deficiency | 3 | The current process for approving the PEPP Routing and Approval Slip is done manually. This document requires authorization from up to eleven people across many departments. The time frame for obtaining these authorizations can be lengthy, using a hard copy document that must be passed from one authorizer to the next. | The CVR recommendation for instituting electronic signatures is appropriate. Ideally the documents would be posted digitally and the assigned property manager or requesting entity would also be responsible for any meetings, follow-up and monitoring the status of completion. To accommodate for approving employees time away from the office such business commitments, vacation or illness, there needs to be a primary and alternate signatory. This will prevent slowing or halting the authorization process. In the meantime to address the audit finding, a regularly scheduled meeting should occur, to answer questions or concerns and expedite the authorization process. This would allow for tracking the responses and attendance and process for further study and additional improvements needed. | FY 2014-2015 | FY 2016-2017 | In progress | DN | This is being addressed as part of the Audit of Capital Projects, currently in Draft Final Report stage.   |
| 2013-2014 | 11/25/2013 | Audit of Compliance - Quarterly - Non-Profit - Homestead    | Best Practice               | 2 | The Rent Roll is maintained as a manual spreadsheet. Incorrect HAP amounts are listed and HAP tenants are not identified (as noted by Findings 9 and 10 above). This manual process provides a greater chance of errors and omissions.  | The Non Profit portfolio is very diverse with many different requirements that our current software is not capable of supporting. Since the current software for Non Profit is inadequate, Management has been meeting with the Information Technology Department to identify software that would be beneficial to the Non Profit properties and integrate with the Agency's existing processes and systems. This software would be beneficial for the Non Profit Department and greatly enhance the performance of our properties and would also assist in supporting our programs.  | FY 2014-2015 | FY 2016-2017 | In progress | EH | Property Management Software approved by the BoC in November 2014. Property Management Software to go out through the Request for Proposals process again. |

|           |            |  |                             |    |  |  |              |              |             |     |  |
|-----------|------------|--|-----------------------------|----|--|--|--------------|--------------|-------------|-----|--|
| 2013-2014 | 11/25/2013 | Audit of Compliance - Quarterly - Non-Profit - Homestead   | Internal Control Deficiency | 9  | The Rent Roll dated July 10, 2013, does not list the all tenants as receiving subsidy (HAP Payments).  | The Rent Roll is a manual form so all information has to be entered with another process other than what our computer system is capable of handling. At this time, Non Profit Property Management has to run a HAP payment report from Landlords Corner and manually enter the information into the Rent Roll Report. The Property Managers have been trained to pull the report monthly and update the Rent Roll, as needed. Non Profit is currently working with Information Technology to identify a computer system/application that will meet the needs of the Non Profit properties and integrate with the Agency's current computer applications. | FY 2014-2015 | FY 2016-2017 | In progress | EH  | Property Management Software approved by the BoC in November 2014. Property Management Software to go out through the Request for Proposals process again. |
| 2013-2014 | 11/25/2013 | Audit of Compliance - Quarterly - Non-Profit - Homestead   | Internal Control Deficiency | 10 | The tenant rent subsidy amount listed on the Rent Roll does not match the tenant rent subsidy amount as per the HAP Contract (4 of 18)   | The Rent Roll is a manual form so all information has to be entered with another process other than what our computer system is capable of handling. At this time, Non Profit Property Management has to run a HAP payment report from Landlords Corner and manually enter the information into the Rent Roll Report. The Property Managers have been trained to pull the report monthly and update the Rent Roll, as needed. Non Profit is currently working with Information Technology to identify a computer system/application that will meet the needs of the Non Profit properties and integrate with the Agency's current computer applications. | FY 2014-2015 | FY 2016-2017 | In progress | EH  | Property Management Software approved by the BoC in November 2014. Property Management Software to go out through the Request for Proposals process again. |
| 2013-2014 | 9/23/2015  | Audit of Contract Compliance, Procurement Audit Follow-up and Procurement Processes for the Construction of New Developments | Best Practice               | 5  | A listing for all purchases made during the scope period was requested from Procurement. The listing provided was incomplete. Further research determined that currently, there is not a central listing, which reflects all purchases made within a given time frame or "as of" date. | Procurement will work with the IT department to develop a program to utilize JDE to pull data in categories to distinguish formal contract/agreement, one-time non-contract purchase orders and other small dollar purchases. Currently the system is limited on what can be provided in the format that is needed. Additionally, Procurement will maintain a log for purchases less than \$2,000.   | 10/31/2015   | 6/30/2017    | In Progress | MLR | Procurement is working with IT on a solution.  |

|           |            |   |                             |   |  |   |            |           |             |     |  |
|-----------|------------|---|-----------------------------|---|--|---|------------|-----------|-------------|-----|--|
| 2013-2014 | 10/5/2015  | Audit of Records Retention  | Internal Control Deficiency | 1 | Agency email communications are currently being retained indefinitely, and could be subject to e-discovery requirements.   | Emails have been retained since an incident arose where Commissioners lost emails that had been sent to their agency email accounts. At this point, we will work with the Interim President and CEO to ensure that the email record retention policy will hereinafter be followed.  | 12/31/2015 | 6/30/2017 | In Progress | MLR | Records Retention is waiting on an email retention system. Google Unlimited has been procured. |
| 2013-2014 | 10/5/2015  | Audit of Records Retention  | Best Practice               | 1 | Finance and Accounting budget records, titled Budget Working Papers, were withheld from the most recent document destruction and were requested to be retained permanently.  | The Records Disposition Schedules (RDS) will be revised to be more specific in order to meet each department's needs. We will meet with department directors and records liaisons from each department before January 2016 to establish the needs of each department and will draft a more specific RDS based on these meetings before July 1, 2016. The updated RDS will adopt guidelines that are in accordance with HUD rules and regulations so long as they are not shorter than state requirements in which case the state requirements will prevail. | 12/31/2015 | 6/30/2017 | In Progress | MLR | A Records Coordinator is currently in the hiring process.                                      |
| 2014-2015 | 8/13/2015  | Special Programs Audit  | Significant Deficiency      | 2 | Utilization of multiple Special Programs is under 90%.   | VASH, HSV and Set Aside utilization at 90% by the 2nd quarter of FY 2015-2016.  | 12/31/2015 | 6/30/2017 | In progress | DN  | VASH - 89.59%; Set-aside-84% - December 2016   |
| 2014-2015 | 8/13/2015  | Special Programs Audit  | Best Practice               | 1 | Special Programs staff utilizes WIP Logs to determine the status of Special Program participants and facilitate the completion of a bi-monthly status report of program utilization by increment. The time it takes to determine the information for these reports is lengthy. | Management will coordinate a meeting with SAHA IT staff to develop a report utilizing the Elite System as a tool to reconcile Special Program tracking. This tracking mechanism will be more efficient and effective to extract data from Elite and lessen staff time to prepare report. The reconciliation report may need to be custom programmed to include the following: files pending processed, date RTA was submitted, pending inspections, families actively searching for a unit and vouchers available for each respective program.              | 12/31/2015 | 6/30/2017 | In progress | DN  | Staff is currently evaluating reports available in Elite                                       |
| 2014-2015 | 03/30/2017 | Audit of the Resident and Program Participant Termination Process - <u>Public Housing</u> | Significant Deficiency      | 1 | On file could not be located and was not available for review. In addition, an inventory of the property's resident files was not available for review during the course of the audit.   | The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of EOP files  | 07/01/2017 | N/A       | In Progress | EH  |  |

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| 2014-2015 | 03/30/2017 | Audit of the Resident and Program Participant Termination Process - <u>Public Housing</u> | Other Internal Control Deficiency | 2 | Termination paperwork could not be located in five of the 68 files reviewed.  | The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of terminated files.  | 07/01/2017 | N/A | In Progress | EH |
| 2014-2015 | 03/30/2017 | Audit of the Resident and Program Participant Termination Process - <u>Public Housing</u> | Other Internal Control Deficiency | 3 | For seven of the 68 files tested, the residents were terminated through eviction; however, the eviction authorization could not be located in the respective residents' file. | The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of EOP files.   | 07/01/2017 | N/A | In Progress | EH |
| 2014-2015 | 03/30/2017 | Audit of the Resident and Program Participant Termination Process - <u>Public Housing</u> | Other Internal Control Deficiency | 4 | Five exceptions related to <i>Debts Owed to a Public Housing Agency</i> were noted.   | The corrective action plan to address errors in the intake process, including checking for outstanding debts, was implemented in 2014 and extended through 2015. The files pulled have move out dates during this file conversion transition.<br><br>The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of EOP files.<br><br>An EOP Standard Operating Procedure will be developed by March 1, 2017 to address EIV reporting and reporting outstanding debt to third party collection agency. The EOP SOP will be added to the 2017 Manager and CSS training plan. | 07/01/2017 | N/A | In Progress | EH |
| 2014-2015 | 03/30/2017 | Audit of the Resident and Program Participant Termination Process - <u>Public Housing</u> | Other Internal Control Deficiency | 5 | The <i>Account Closeout</i> Form could not be located in 15 of the 68 files reviewed.   | The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of EOP files.   | 07/01/2017 | N/A | In Progress | EH |
| 2014-2015 | 03/30/2017 | Audit of the Resident and Program Participant Termination Process - <u>Public Housing</u> | Other Internal Control Deficiency | 6 | Two exceptions related to the <i>Criminal History Report (CHR)</i> were noted.  | The corrective action plan to address errors in the intake process, including checking for outstanding debts, was implemented in 2014 and extended through 2015. The files pulled have move out dates during this file conversion transition.<br><br>Currently these files are being audited for the items noted for 2014 and 2015, to mitigate any future occurrence.  | 07/01/2017 | N/A | In Progress | EH |



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| 2014-2015 | 03/30/2017 | Audit of the Resident and Program Participant Termination Process - <a href="#">Public Housing</a> | Other Internal Control Deficiency | 7  | Two exceptions related to <i>Termination Reason</i> were noted.  | These discrepancies were noted prior to this audit. Termination reasons were revised in Elite and a training script developed in June of 2015. CSS and Managers have been trained on this topic in 2015 and 2017. Random reviews of EOPS, reflect significant improvement in this area. PH administrative staff will continue to review EOPS. | 07/01/2017 | N/A | In Progress | EH |  |
| 2014-2015 | 03/30/2017 | Audit of the Resident and Program Participant Termination Process - <a href="#">Public Housing</a> | Other Internal Control Deficiency | 8  | Four exceptions related to <i>Abandoned Notice to Vacate NTO or Notice to Vacate</i> were noted.   | The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of EOP files.                 | 07/01/2017 | N/A | In Progress | EH |  |
| 2014-2015 | 03/30/2017 | Audit of the Resident and Program Participant Termination Process - <a href="#">Public Housing</a> | Other Internal Control Deficiency | 9  | Six exceptions related to <i>Move-Out Inspections</i> were noted.  | The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of EOP files.                 | 07/01/2017 | N/A | In Progress | EH |  |
| 2014-2015 | 03/30/2017 | Audit of the Resident and Program Participant Termination Process - <a href="#">Public Housing</a> | Other Internal Control Deficiency | 10 | For four of the 68 files reviewed, it was noted that the Elite system print-out of the <i>Tenant Notes</i> was not a complete printout, which would be notes through termination date. | Public Housing has a pending item to remove Elite Tenant Notes from the Resident File, approved by the current Audit Director.  | 07/01/2017 | N/A | In Progress | EH |  |
| 2014-2015 | 03/30/2017 | Audit of the Resident and Program Participant Termination Process - <a href="#">Public Housing</a> | Other Internal Control Deficiency | 11 | For seven of the 68 files reviewed, it was noted that file documents were not in order according to the resident file checklist.   | The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of EOP files.                 | 07/01/2017 | N/A | In Progress | EH |  |
| 2014-2015 | 03/30/2017 | Audit of the Resident and Program Participant Termination Process - <a href="#">Public Housing</a> | Other Internal Control Deficiency | 12 | For seven of the 68 files reviewed, it was noted that some file documents were not securely fastened.  | The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of EOP files.                 | 07/01/2017 | N/A | In Progress | EH |  |
| 2014-2015 | 03/30/2017 | Audit of the Resident and Program Participant Termination Process - <a href="#">Public Housing</a> | Other Internal Control Deficiency | 13 | One of the 68 files reviewed was not stamped "Confidential."   | The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of EOP files.                 | 07/01/2017 | N/A | In Progress | EH |  |

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| 2015-2016 | 03/31/2017 | Fundraising Review for the RC at Fair Ave | Significant Deficiency | 1 | Guidelines for bank account management for fundraising accounts have not been established. <u>Repeat finding.</u> | CDI will establish guidelines for the fundraising activity bank accounts. These guidelines will be incorporated in the RC manual as an Appendix.   | 07/01/2017 | N/A | In Progress | DN |  |
| 2012-2013 | 6/15/2015  | Risk Management Audit                     | Best Practice          | 2 | Paperwork related to claims is very paper driven and time intensive to route and obtain the necessary signatures. | Risk has converted two forms to test and use the file management system via cloud storage to improve on efficiency. We will test this process first before proceeding to an electronic signing option. | 8/31/2015  | N/A | In Progress | EH |  |