FINANCE COMMITTEE MEETING

MAY 16 2019

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BOARD OF COMMISSIONERS

Morris A. Stribling, DPM	Charles Clack	Jo-Anne Kaplan	Gabriel L. Lopez	Sofia A. Lopez	Marie R. McClure	Jessica Weaver
Chairman	Commissioner	Commissioner	Commissioner	Commissioner	Commissioner	Commissioner

PRESIDENT & CEO
David Nisivoccia

SAN ANTONIO HOUSING AUTHORITY
FINANCE COMMITTEE or
**SPECIAL BOARD MEETING
818 S. Flores St., San Antonio, TX 78204
12:30 p.m., Thursday, May 16, 2019

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

MEETING CALLED TO ORDER

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

MEETING MINUTES

2. Minutes
   - Approval of the November 15, 2018, Finance Committee Meeting minutes

OPERATIONS

3. Consideration and appropriate action regarding Resolution 5933, approving the Consolidated Operating Budget for the San Antonio Housing Authority and its Affiliated Non-Profits for the fiscal year ending June 30, 2020 (Ed Hinojosa, Chief Financial Officer; Diana Kollodziej Fiedler, Director of Finance and Accounting)

4. Update and discussion regarding 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 Internal Audit Department Activities (Aiyana Longoria, 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.

MINUTES
SAN ANTONIO HOUSING AUTHORITY
FINANCE COMMITTEE MEETING
November 15, 2018

SCHEDULED: 12:30 p.m. at 818 S. Flores St., San Antonio, TX, 78204

COMMISSIONERS PRESENT:
Thomas F. Adkisson, Commissioner
Marie R. McClure, Commissioner
Jessica Weaver, Commissioner

COMMISSIONERS ABSENT:
Morris A. Stribling, DPM, Chair
Charles Munoz, Vice-Chair
Charles Clack, Commissioner

COUNSEL: Darin Darby, Escamilla & Poneck, LLP

STAFF:
David Nisivoccia, President and CEO
Muriel Rhoder, Chief Administrative Officer
Ed Hinojosa, Chief Financial Officer
Timothy E. Alcott, Real Estate and Legal Services Officer
Adrian Lopez, Director of Community Development Initiatives
Janie Rodriguez, Director of Human Resources
Diana Kollodziej Fiedler, Director of Finance and Accounting
Steven Morando, Director of Procurement and General Services
Michael Reyes, Director of Communications and Public Affairs
Domingo Ibarra, Director of Security
Thomas Roth, Director of Asset Management
Brandee Perez, Director of Federal Housing Programs
Kristi Baird, Director of Beacon Communities
Aiyana Longoria, Director of Internal Audit
Helen Madison, Acting Director of Internal Audit

Item 1: Meeting called to order
Committee Chair Thomas F. Adkisson called the meeting to order at 12:38 p.m.

OPERATIONS

Item 2: Update and discussion regarding the Quarterly Financial Report for the San Antonio Housing Authority
Ms. Diana Kollodziej Fiedler, Director of Finance and Accounting, reported and provided the financial highlights of the San Antonio Housing Authority for the three months ended September 30, 2018. The results of operations for the three months ended September 30, 2018, reflect a surplus before non-cash items of $3.1 million, which was $134,000 below budgeted projections.

The total Operating Revenue was approximately $1.5 million below budget, due primarily to an unfavorable variance of $1.5 million in Grants revenue, which was affected by the timing of Choice grant expenditures. Additionally, miscellaneous revenue was below budget by $348,000, due to an unfavorable variance of $453,000, in development fee revenue. A total of $417,000 was budgeted in the period for development fees associated with the Labor Street Apartments; however, no revenue was recognized, because the project is currently in the pre-development stage. Partially offsetting the overall unfavorable variance in Total Operating Revenue was a favorable variance of $469,000 in Section 8 Housing Assistance Payment Revenue.

Ms. Fiedler further reported that the total Operating Expenses ended the period $1.1 million below budget, due primarily to favorable variances of $751,000 in Salaries and Benefits, and $1.2 million in Other Expenses. Salaries and Benefits expenses ended the period $751,000 below budget with all segments reporting favorably. Expenditures included in Other Expenses were $1.2 million lower than expected, due to favorable variances realized in consulting fees, insurance costs, and other contract costs. Partially offsetting the overall favorable variance in Total Operating Expenses was Ordinary Maintenance and Operations, which ended the period $565,000 over budget, due to unfavorable variances in Public Housing, with the most significant variances occurring in supplies and materials, HVAC repairs, unit make-ready services, and other contract costs.

The Comparative Balance Sheet reflects an overall increase in Total Net Position of $6.1 million from September 30, 2017, to September 30, 2018. Total Assets increased $7.5 million due to increases of $7.2 million in Fixed Assets and $1.8 million in Other Non-Current Assets, offset by a decrease of $1.5 million in Current Assets.

Item 3: Update and discussion regarding the Internal Audit Department (Helen Madison, Acting Director of Internal Audit, Aiyana Longoria, Director of Internal Audit)

Ms. Aiyana Longoria, Director of Internal Audit, provided information and insight regarding SAHA's Internal Audit Department via a presentation. The presentation included the first quarter Internal Audit activities in support of the SAHA Strategic Goals; the status of 2017-2018 Internal Audit Plan; the status of 2018-2019 Internal Audit Plan; Action Items; and, the status of Third Party Audits for SAHA. Ms. Helen Madison, Acting Director of Internal Audit, was present to transition the position to Ms. Longoria.

Item 4: Adjournment

With no objections, Committee Chair Adkisson adjourned the meeting at 1:33 p.m.

ATTEST:

_____ _____

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

_____ _____

David Nisivoccia **Date**
President and CEO

BOARD OF COMMISSIONERS
Finance Committee

RESOLUTION 5933, APPROVING THE CONSOLIDATED OPERATING BUDGET FOR SAN ANTONIO HOUSING AUTHORITY AND ITS AFFILIATED NON-PROFITS FOR THE FISCAL YEAR ENDING JUNE 30, 2020

David Nisivoccia **President and CEO**	**Ed Hinojosa** **Chief Financial Officer**	**Diana Kollodziej Fiedler** **Director of Finance and Accounting**

Requested Action:
Consideration and appropriate action regarding Resolution 5933, approving the Consolidated Operating Budget for the San Antonio Housing Authority and its affiliated Non-Profits for the fiscal year ending June 30, 2020.

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.
- Section 8 HAP is budgeted at 98% funding proration with our MTW Target Utilization of 12,146 vouchers adjusted for known allocations of Tenant Relocation or Special Programs.
- For Section 8 Administration, we budgeted average funding at 79.5% proration. Section 8 Administration includes continued efforts for efficiency improvement and cost reduction.
- Public Housing property budgets reflect subsidy funding of 89.5% proration, accordingly, all cost budgets are consistent with this projected funding level. Target occupancy is 97%.
- Target occupancy ranges from 93%-97% for the Beacon properties.
- Development Services budgets are consistent with the 5-year development plan.
- Central Office Cost Center and Service Departments will experience continued pressure on funding and fees. The Central Office Cost Center funding restrictions are partially supported by efficiency improvements and other cost reduction efforts.

Staff has been working on the Fiscal Year 2019-2020 budget process, since October 2018. 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 2019-2020 fiscal year.

Following are some of the financial highlights comparing fiscal year 2018-2019 to fiscal year 2019-2020:

Revenues increased from $178.3 million to $185 million, primarily due to an increase in Housing Assistance Payments revenue.

The Public Housing Operating subsidy for the 2019 Calendar Year is currently being funded at 88.7% of our original request of $25.6 million, although these figures are not finalized at this point. Unfortunately, we have no indication of what the 2019 funding proration will be, so we have projected an average funding of 89.5% for the 2019-2020 fiscal year.

The budgets include merit increases to accommodate employee increases of up to 3%.

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 6, 2019, meeting.

Financial Impact:
The proposed budget will be implemented for the Fiscal Year starting July 1, 2019, and ending June 30, 2020. Financial performance versus budget will be reported back to the Finance Committee on a periodic basis throughout the year.

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

Attachments:
Resolution 5933
HUD form 52574
Budget Presentation

San Antonio Housing Authority
Resolution 5933

RESOLUTION 5933, APPROVING THE CONSOLIDATED OPERATING BUDGET FOR THE SAN ANTONIO HOUSING AUTHORITY AND ITS AFFILIATED NON-PROFITS FOR THE FISCAL YEAR ENDING JUNE 30, 2020

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%; and

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

1) Section 8 funding shortfall - $0.9 million
2) Choice implementation matching grant for Wheatley Courts transformation - $1.5 million
3) Development of Labor Street Multifamily Property - $5.5 million
4) Capital Planning - $400 thousand
5) Funding for the Rehabilitation of Victoria Plaza - $11 million
6) Additional Funding for East Meadows Development - $600 thousand
7) Additional cost for fire and sprinkler systems at Villa Tranchese and Fair- $ 1.2 million
8) Preservation and expansion of affordable and Public Housing - $13.3 million
9) Program administration and implementation of MTW initiatives - $1.5 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 5933, approving the Consolidated Operating Budget for the San Antonio Housing Authority and its affiliated Non-Profits for the Fiscal Year Ending June 30, 2020, and the obligation of funds, as described in this Resolution, and included in the referenced Consolidated Operating Budget; and

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

Passed and approved the 6th day of June 2019.

_____

Morris A. Stribling, DPM
Chair, Board of Commissioners

Attested and approved as to form:

_____

David Nisivoccia
President and CEO

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: San Antonio Housing Authority PHA Code: TX006

PHA Fiscal Year Beginning: 07/01/2019 Board Resolution Number: 5933

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

- [x] Operating Budget approved by Board resolution on: 06/06/2019
- [ ] 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:
Morris A. Stribling		06/06/2019

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Budget Workshop

Proposed Goals & Budget Fiscal Year 2019–2020

Finance Committee Meeting
May 16, 2019

AGENDA

I. Background

- SAHA Significant Accomplishments in FY 2018-2019
- Guiding Principles and Strategic Plan Alignment
- Key Agency Budget Priorities

II. Funding Environment

- Who We Serve
- Federal Funding Trend

III. SAHA FY 2019-2020 Budget

- FY 2019-2020 Consolidated Budget - Revenues and Expenses
- MTW Proposed Uses
- SAHA Staffing Count and Organizational Chart
- Agency Goals and Priorities

SAHA and Partner FY 18–19 Accomplishments

- **Received 19 Awards of Merit from the National Association of Housing and Redevelopment Officials (NAHRO)** for various innovative programs and initiatives. Additionally, SAHA garnered two NAHRO National Awards of Excellence for Cyber Security Awareness and East Meadows.

- **Placed third and won $100,000 in the Mozilla and National Science Foundation's Smart Community Challenge** for the Innovative Technology Department's creation of SMARTI, SAHA's first prototype that integrates solar energy and mesh technology to access a local network and distribute free Wi-Fi to Cassiano Homes residents.

- **Sold sixteen single-family homes**, another batch in an 88-home spread for developments in and around what was formerly known as Mirasol Homes. SAHA has billed this as the largest reconstruction effort on the city's west side in a decade and aspires to turn renters into homeowners and enable them to build generational wealth.

- **Presented 150 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, 54 SAHA youth received college scholarships.

- **Received approval from HUD to dispose of 94 Public Housing scattered sites units** located throughout the city which were determined to be unsustainable to operate and maintain as Public Housing. The Authority is currently auctioning the properties and will use a portion of the proceeds to preserve existing affordable housing units in higher opportunity areas.

- **Refinanced the Burning Tree and Encanta Villa Apartments** which provided approximately $6.6 million in net proceeds, which will be used to fund capital repairs and replacements for Burning Tree, Encanta Villa, and other assets within the Beacon portfolio.

- **Partnered with the City of San Antonio, Texas State Representative, Diego Bernal, and philanthropist, Gordon Hartman**, to secure $1.5 million in funding to provide more than 2,000 Public Housing units in twenty-two different housing complexes with air conditioning.

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

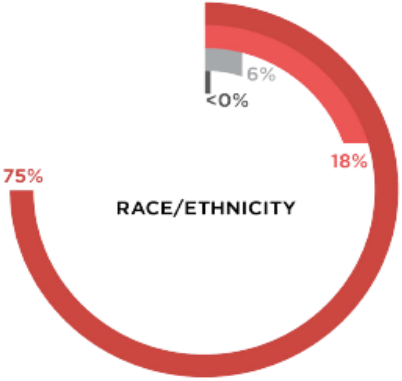
- **Operations:** Focus on operational excellence, high performer
- **Choice Neighborhood:** Full implementation of People, Neighborhood, and Housing goals
- **Moving to Work:** Focus on client success and people outcomes
- **5-year Asset Management Plan for capital improvements and new construction**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

Who We Serve

55,460
Individuals housed

26,621
Children

51,352
Households on the waiting list



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

$12,158
Average income of $12,158 *(average San Antonio family makes $66,799)*.

$233
Households pay an average of $233 a month in rent.

96%
occupancy in Public Housing

93%
of vouchers are assisting families

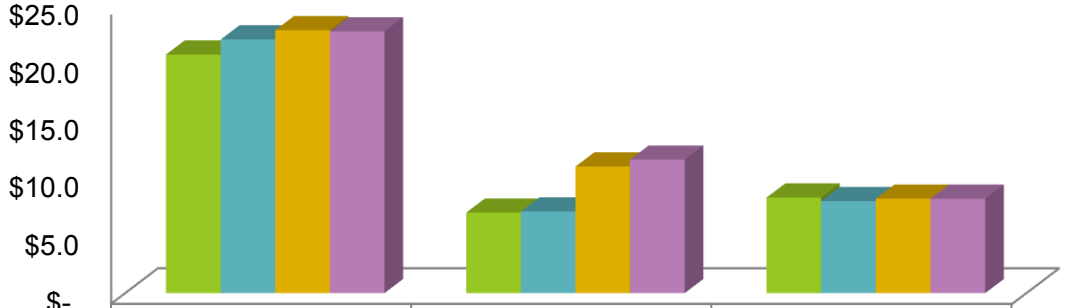
97%
of families served are very low-income (50% of area median income and below)

52%
Households live on a fixed income and are elderly and/or disabled

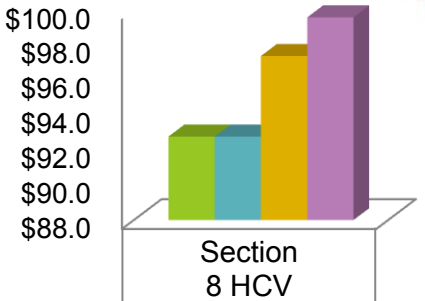
50%
of families include children

1,649
Families and individuals served through homeless programs with supportive services

Federal Funding Trend



	PH Subsidy	PH Capital Fund	Section 8 Admin. Fees
2016	$20.7	$7.0	$8.3
2017	$22.0	$7.1	$8.0
2018	$22.8	$11.0	$8.2
2019	$22.7	$11.6	$8.2
Percentage Change 2019 vs 2018	-0.44%	5.45%	0.00%



	Section 8 HCV HAP Subsidy
2016	$92.8
2017	$92.8
2018	$97.4
2019	$99.6
Percentage Change 2019 vs 2018	2.26%

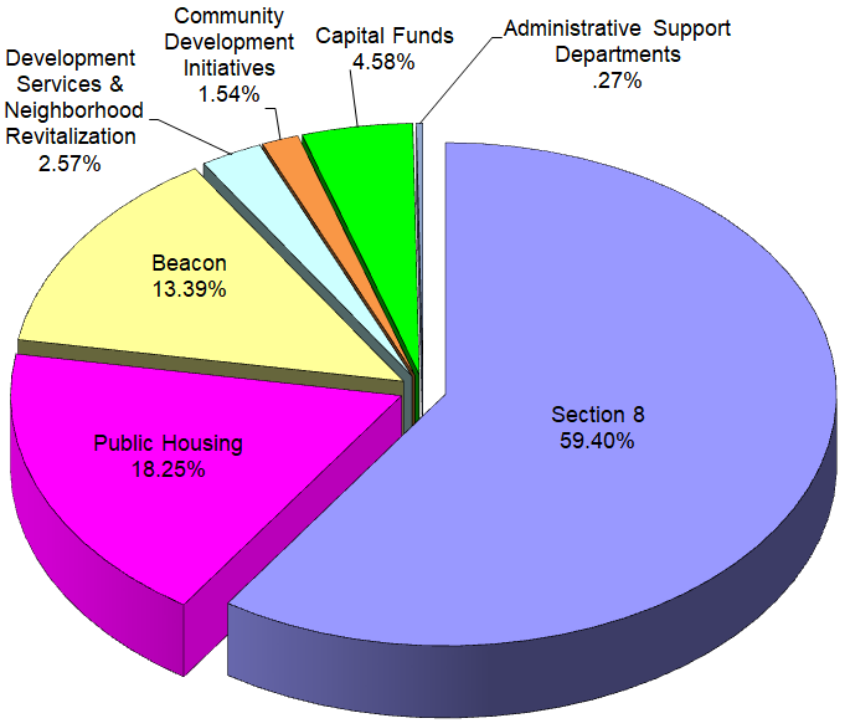
- Section 8 Housing Choice Voucher information indicated above does not include any Section 8 special programs
- Section 8 Choice Voucher HAP proration was 99.6% in 2016, 97% in 2017, 99.7% in 2018, and 99.5% in 2019
- Section 8 Admin Fee proration was 84% in 2016, 78% in 2017, 80.6% in 2018, and is projected to be 80% in 2019
- PH Operating Fund current proration is at 88.7% for 2019, as compared to the 2018 proration of 94.7%. HUD usually finalizes proration in October

Calendar Year Average HAP per Unit

Year	HAP Cost Per Unit	Dollar Increase	Percent Increase
2015	554.87	-	-
2016	571.10	$16.23	2.93%
2017	589.87	$18.77	3.29%
2018	618.65	$28.78	4.88%

- Current Monthly HAP expense is approximately $8 million, which leaves only $3.6 million to fund MTW, Section 8 administration and Capital Planning efforts

FY 2020 Consolidated Revenue (Sources) $185 Million



Line of Business	Projected Revenue (Mil) $185.0
Section 8 (HAP & Admin Fee)	$109.9
Public Housing	$ 33.7
Beacon	$ 24.8
DSNR	$ 4.8
Community Initiatives	$ 2.8
Capital Funds	$ 8.5
Administrative Support departments	$ 0.5

- 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 Capital Funds Project and Choice Neighborhood Implementation Grant

FY 2020 Consolidated Revenue Trend

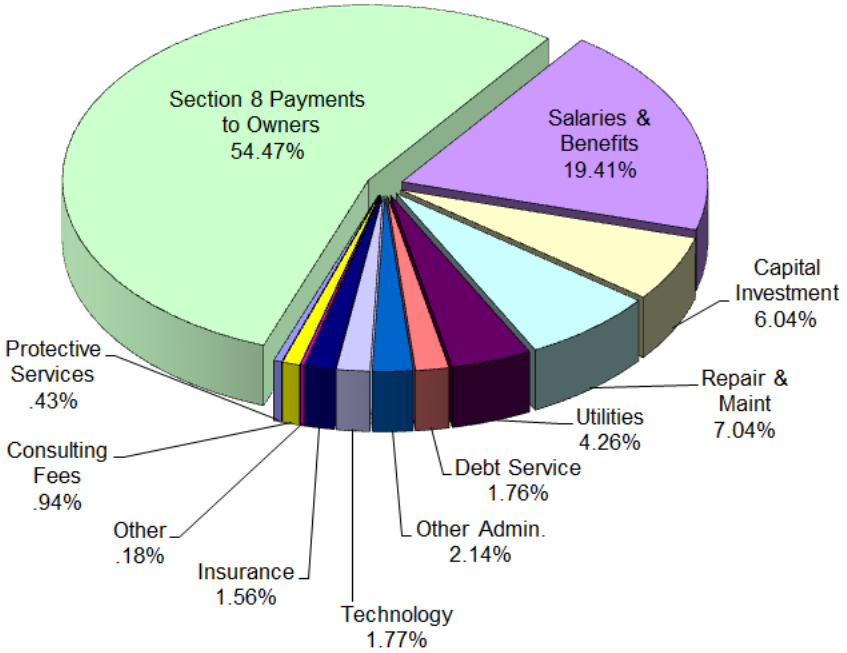
Projected revenue in FY 2020 will increase by $6.7 Million

Description	FYE 6/30/18 Actual	FYE 6/30/18 Budget	FYE 6/30/19 Budget	FYE 6/30/20 Budget	Variance 2020 Budget vs 2019 Budget Increase/ (Decrease)
Rental Revenue	$ 30.1	$ 31.9	$ 32.3	$ 32.5	$ 0.2
Grant Revenue					
Section 8 - HAP	102.4	92.4	92.5	100.9	8.4
Section 8 - Admin.	8.7	8.4	7.9	8.9	1.0
Operating Subsidy	22.3	19.7	20.9	21.5	0.6
Capital Grants [1]	13.8	14.2	14.4	8.3	(6.1)
Other Grants	4.4	4.8	4.3	5.2	0.9
Total Grant Revenue	$ 151.6	$ 139.5	$ 140.0	$ 144.8	$ 4.8
Other Revenue [2]	5.2	4.6	6.0	7.7	1.7
Total Revenue	$ 186.9	$ 176.0	$ 178.3	$ 185.0	$ 6.7

[1] Capital Grants include Capital Funds Project and the Choice Neighborhood Implementation Grant

[2] Includes Revenue such as Lease Payments, Cash Donations, Compliance Monitoring Fees, Other Income, Deposit Forfeitures and Interest Income

FY 2020 Consolidated Use of Funds $185 Million



Budget Line Item	Projected Expenses (Mil) $185.0
Section 8 Payments to Owners	$100.74
Salaries & Benefits	$35.91
Capital Investment	$11.18
Repair & Maint (Non-Capital)	$13.03
Utilities	$7.88
Debt Service Interest	$3.26
Admin. & Other	$3.95
Technology	$3.27
Insurance	$2.89
Other	$0.34
Consulting Fees	$1.75
Protective Services	$0.80

FY 2020 Consolidated Expense Trend

Description	FYE 6/30/18 Actual	FYE 6/30/18 Budget	FYE 6/30/19 Budget	FYE 6/30/20 Budget	Variance 2020 Budget vs 2019 Budget Increase/ (Decrease)
Section 8 Payments to Owners	$93.1	$92.4	$92.4	$100.7	$8.3
Salaries & Benefits	31.4	34.2	34.0	35.9	1.9
Technology [1]	1.8	2.4	2.5	3.3	0.8
Admin and Other [2]	2.9	3.7	3.5	4.0	0.5
Consulting Fees [3]	2.3	3.5	1.7	1.7	0.0
Utilities	7.5	6.8	7.5	7.9	0.4
Other	0.9	2.2	1.8	0.3	(1.5)
Repair & Maintenance	14.0	10.2	11.4	13.0	1.6
Insurance	2.5	3.3	2.9	2.9	(0.0)
Protective Services	0.7	0.9	0.9	0.8	(0.1)
Debt Service Interest	2.9	2.4	2.4	3.3	0.9
Capital Investment	26.9	14.0	17.3	11.2	(6.1)
Total Expenses	$ 186.9	$ 176.0	$ 178.3	$ 185.0	$ 6.7

[1] Includes telephone, technology/licensing costs and internet

[2] Includes expenses such as audit, postage, office supplies, dues and fees, advertising, legal fees, training, travel, etc.

[3] Includes $.3 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	$ 32.9	$ 109.9	$ 24.3	$ 3.9	$ 1.4	$ 2.8	$ 175.2
OPERATING EXPENSE	29.0	107.5	15.2	1.8	13.1	3.8	170.4
OPERATING INCOME	**$ 3.9**	**$ 2.4**	**$ 9.1**	**$ 2.1**	**$ (11.7)**	**$ (1.0)**	**$ 4.8**
INTEREST INCOME	$ 0.8	0.0	0.5	0.9	0.1	0.0	2.3
NON-OPERATING INCOME & EXPENSES*	(5.0)	(3.3)	(5.6)	(0.1)	10.8	(0.5)	(3.7)
NET SURPLUS or (DEFICIT)	**$ (0.3)**	**$ (0.9)**	**$ 4.0**	**$ 2.9**	**$ (0.8)**	**$ (1.5)**	**$ 3.4**

* 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 (in Mil)
Section 8	To enable Section 8 to continue to serve residents after continued funding cuts	Strategic Goal # 4 - Strategically expand the supply of affordable housing.	$0.9
Community Development Initiatives	Program administration and implementation of MTW strategic goals: Recruit and maintain the number of participants in the PH HCV FSS, Jobs Plus and the Earned Income Disregard (EID) to over 1,500 participants nsure over , 00 or 40 participants secure maintain employment Provide college scholarships and other academic incentives for up to 300 students Provide more than 3,000 referrals for services to residents on an annual basis	Strategic Goal # 1 - Empower and equip families to improve their quality of life and achieve economic stability.	$1.5
Preservation and Expansion of Affordable and Public Housing		Strategic Goal # 4 - Strategically expand the supply of affordable housing.	
	Choice implementation matching grant for heatley Courts transformation.		$1.5
	Development of Labor multifamily property		$5.5
	Capital Planning		$0.4
	Funding for the rehabilitation of Victoria Pla a		$11.0
	Additional funding for ast Meado s Development		$0.6
	Preservation and e pansion of affordable and public housing		$13.3
	Additional cost for fire sprin ler systems at Villa Tranchese and Fair Avenue		$1.2
Total Proposed Use of SAHA MTW Funds			**$35.9**

SAHA Personnel Count

	2019 Budgeted Positions	2020 Budgeted Positions		Personnel Distribution by Department
Public Housing	194	196		35%
Section 8 & Special Programs	90	89		16%
Community Development Initiatives	52	54	1	10%
Beacon	70	87		16%
Real Estate Services	12	9	2	2%
Management & Administrative Support (COCC)				
Property Management	15	19		3%
Other Management & Administrative Support	97	102	3	18%
Total	530	556		100%

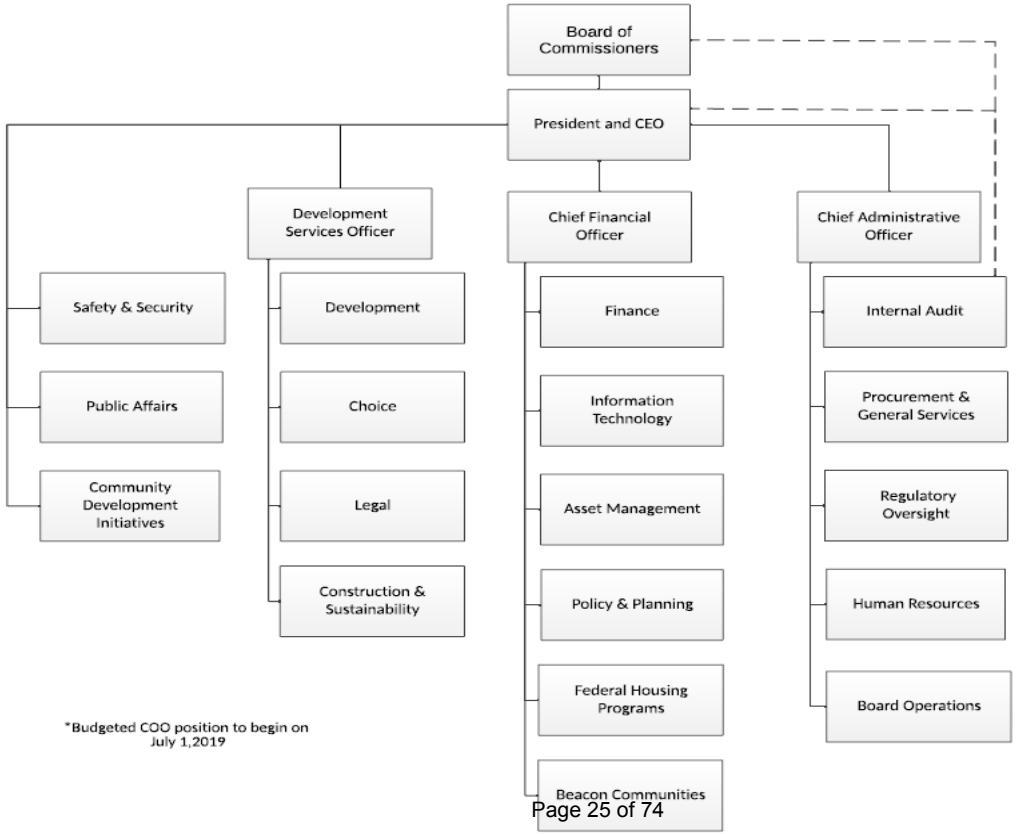
Public Safety/Security (Full-Time Equivalents) **11**

[1] Includes 31 grant-funded positions for the Jobs Plus, ROSS, Annie E. Casey Foundation, Family Self Sufficiency, HPOG, Endowment, ConnectHome and Choice Implementation Grants

[2] Includes 1/4 grant-funded position for the Choice Implementation Grant

[3] Includes 1/4 grant-funded position for the Choice Implementation Grant

SAHA Organizational Structure



*Budgeted COO position to begin on July 1,2019

Goals for Assisted Housing

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

- Refer 10% of clients to CDI for FSS enrollment
- Employ a minimum of 5 youths from the Summer Youth Employment Program

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

- Increase staff capacity through advanced training to include change management, project management and leadership
- Automate evaluation documentation

Preserve and improve existing affordable housing resources and opportunities

- Special Programs: Utilize vouchers at 95% or above
- MTW Utilization: Maintain utilization above 100%

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

- Design and implement a Client Portal
- Research and develop timeline for the implementation of a Client Portal
- Implementation of the electronic RTA submission

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

- Develop training courses for local realtor organizations to increase understanding and landlord participation

Goals for Public Housing

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

- Refer 10% of clients to CDI for FSS and/or JobsPlus enrollment
- Employ a minimum of 5 youths from the Summer Youth Employment Program

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

- Increase staff capacity through advanced training to include change management, project management and leadership
- Establish an ongoing training curriculum for Maintenance Technicians

Preserve and improve existing affordable housing resources and opportunities

- Improve REAC scores at all properties by at least 10 points and maintain score at high performing communities

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

- Research and develop timeline for the implementation of a Client Portal
- Implement Housekeeping Inspection software
- Increase Occupancy rates to 97% or above

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

- Investigate rent reform activity to promote family self-sufficiency

Goals for Beacon Communities

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

- Complete an increase of 10% of training opportunities over the previous year with a focus on certification and an increased concentration on readily available training.
- Continue to work with HR and recruiting to ensure progress is made and plan with ample time to fill vacancies with overlapping staff for transitions.

Preserve and improve existing affordable housing resources and opportunities

- Coordinate with Asset Management to complete the refinance of Sunshine Plaza and Pecan Hill for rehabilitation of the communities and potential proceeds sharing and begin capital work at each community estimated at approximately $4M.
- Complete comprehensive rehabilitation of Castle Point, Monterrey Park, La Providencia for an estimated improvement investment of $10M.

Strategically expand the supply of affordable housing

- Complete the 15-year tax credit ownership and management transition of Legacy at Science Park, Legacy on O'Connor, and Refugio.
- Add new partnering opportunities to designate additional market unitis to affordable programs

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

- Successfully complete the final transition of management towards our 3 year transition plan to include software implementation for the final communities. Saving the communities approximately $1M annually in management fees
- Increase occupancy to 96%

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

- In addition to participating on the North Chambers-Government Affairs Committee and the HAI Group Risk Management committee, join a multi-family industry committee or board and encourage staff to get involved

Goals for Real Estate Services

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

- 3 Staff Members complete SAHA Leadership Program (Nov 2019)
- Director to complete HCV executive management training (April 2020)
- Staff member complete HERS Rater Certification renewal training (Feb 2020)

Strategically expand the supply of affordable housing

- Finalize financing for 100 Labor Street development (Sept 2019)
- Procure Master Developer for build out Victoria Commons (98 townhome lots) (Aug 2019)
- Obtain 9% tax credit award for Alazan Lofts Development and Our Lady of Charity Apartments (July 2019)
- Begin pre-development and close on Majestic Ranch (Aug 2019) and Mira Vista (Jan 2020) developments
- Begin pre-development and close on Tampico development (Nov 2019)
- Begin pre-development and close on St John's Square (Oct 2019)
- Close on acquisition of the Oaks at Westlake (Aug 2019)

Goals for Choice Neighborhood Implementation

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

- Neighborhood
  - Completion of 22 rehabs of Owner Occupied single family homes and expend all dollars (Sept 2019)

- People
  - Create Endowment with anticipated leftover Choice funds (Sept 2019)
  - Transition from Urban Strategies to SAHA CDI (Sept 2019)
  - Continue to emphasize employment, careers and increase household income (Sept 2019)
  - Continue to provide workshops for returning residents to become successful tenants (Sept 2019)

Strategically expand the supply of affordable housing

- Housing
  - Complete East Meadows II (May 2020)

- Neighborhood
  - Complete the In-Fill Housing Strategy (Sept 2019)
  - Complete Owner Occupied Rehab Strategy (Sept 2019)

Goals for Construction Services & Sustainability

Preserve and improve existing affordable housing resources and opportunities

- Obligate 90% 2018 CFP Grant, Expend 100% 2016 & 2017 CFP Grants
  - 2016 CFP Expenditure Date: 4-12-2020 - 92% expended as of 12-10-18
  - 2017 CFP Expenditure Date: 8-15-2021 - 48% expended as of 12-10-18
  - 2018 CFP Obligation Date: 5-28-2020 - 63% obligated as of 12-10-18
- Contract and complete Fire Alarm & Sprinkler Projects at Fair Ave & Villa Tranchese
- Contract and complete Cassiano Offline Units Project
- Contract and begin Construction at Castle Point Site and Bldg. improvements
- Contract and begin Construction at La Providencia Site and Bldg. improvements
- Contract and begin Construction at Burning Tree, Encanta Villa and Churchill Estates Site & Bldg. improvements
- Develop and Design Construction Bid Documents for Parkview, Villa Veramendi and Mirasol Homes roof replacement projects, and Cassiano foundation repair project
- Partner with Jefferson H.S Arch. Program for Container Homes Affordable Housing Project

Goals for Community Development Initiatives

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

- Improve quality of life for residents
  - Host 1,448 community events/activities with 18,000 participants
  - Maintain 30 Resident Councils
- Provide access to resources and non-SAHA programs
  - Provide 40,000 households with food assistance valued at $1.3 million
  - Provide 3,000 referrals for services valued at $160,000
- Improve resident capacity
  - Maintain over 1,500 FSS/Jobs Plus participants; 40% maintain employment
  - Provided 50 college scholarships and over 180 REACH Awards
- Facilitate residents to achieve self sufficiency
  - Facilitate 20 residents to graduate from FSS; provided over $150k in escrows
  - Assess over 1,500 EDS residents and facilitate 90% maintain independence
- Improve agency performance
  - Raise $100,000 and secure $1.3 million in grants

Goals for Asset Management

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

- Implementation of PNA Asset Management Database
- Develop Performance Scorecard for Tax Credit partnership properties

Preserve and improve existing affordable housing resources and opportunities

- Complete sale of 94 scattered site PH single family homes
- Obtain 9% and historic tax credits for Our Lady of Charity Redevelopment
- Submit Disposition Application with HUD for remaining 69 scattered site PH single family homes
- Obtain Board approval for EPC II contract for 2,311 PH units
- Evaluate and execute on financing opportunities for assets in Beacon Communities portfolio
- Continue to evaluate sale or adaptive reuse of remaining land and administration building at Springview

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

- Support and encourage staff to pursue certifications and higher education opportunities

Goals for Procurement

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

- Increase the number of new individuals in Resident Pool List
- Continue effort to have 100% participation from vendors reporting Section 3 compliance online instead of submitting manually
- Hire at least one summer youth to assist the Procurement and General Services Department

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

- Increase opportunities for new staff related to State and HUD Procurement training
- Identify training opportunities for custodial and mailroom staff and courses related to fleet and facilities

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

- Develop and implement the new Section 3 and SWMBE Policies
- Finalize and implement the Fleet Management Policy and Procedures
- Pursue the outsourcing of fleet maintenance with a private sector third party provider

Goals for Innovative Technology

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

- Implement Mozilla winning solar mesh Wi-Fi design at Cassiano Homes and Lincoln Heights

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

- Implement new help log system that will include new hire and exit process as per audit
- Develop training model that will provide ongoing and consistent technical training for staff
- Provide technical support and consulting services for the NeoGov perform implementation

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

- Docusign to replace Public Housing manual paper-driven processes
- As part of the goal to go paperless, create a client portal for improved communication and better information delivery for the people we serve.
- Upgrade JDE hardware, server software and JDE Tools
- Move core operations to co-lo or hosting facility
- Use cloud API's frameworks to develop applications and dashboards for relevant data mining
- Implement new project management/ planning/ procurement, Nemo-Q, Compliance software and Risk software

Goals for Finance

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

- Continue to develop the skill set of staff by offering opportunities for cross-training in addition to encouraging staff to pursue educational opportunities and professional certifications

Preserve and improve existing affordable housing resources and opportunities

- Coordinate with Asset Management and lender(s) to potentially leverage various properties from the Beacon portfolio
- Collaborate with the Asset Management, Legal, and Beacon departments to convert tax credit properties reaching the end of their 15 year compliance period into the Beacon portfolio

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

- Implement Optima, the accounts payable automation software, in collaboration with IT department
- Facilitate the Yardi system conversion for properties that are transitioned back to SAHA-managed

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

- Plan and manage all accounting functions to ensure a “clean” audit report, increase SAHA organizational controls, and follow up on all audit findings and management letter recommendations
- Review newly issued GASB Pronouncements and implement as required
- Implementation of GASB 87 (Leases)

Goals for Human Resources

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

- Partner with selected vendor to provide HR support on the Compensation Study and Pay Range Review that will affect 167 unique positions and various compensation practices
- Present to ELT 1 to 2 new and affordable benefit plans to enhance our current selection of programs
- Review metrics for first year turnover to determine effectiveness of Onboard module and reduction of 20% first year turnover
- Review metrics to ensure a 30 day completion of performance reviews, based on new changes:
  - Implementation of NeoGov Performance Module
  - Change to Fiscal Year Performance Review in FHP (07/01/19 to 06/30/20)
- Assist HRBPs with identifying targeted training for their business units
  - Compliant with required certifications
  - 100% participation of new manager training on HR fundamentals and compliance with employment laws
  - Selection and participation of next cohort for leadership training
- Decrease the time to fill open positions, reducing vacancies

Goals for Internal Audit

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

- Develop and implement the 2019-2020 Internal Audit Plan by July 1, 2019, based on a comprehensive risk assessment process
- Identify and pursue opportunities to charge out services to other
- Network and identify audit best practices that can support SAHA operations

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

- Introduce a college-age SAHA summer youth employee to Internal Audit, and provide them with mentoring and audit work experience; provide encouragement to attend college and/or complete their higher education

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

- Provide at least 20 hours of audit training to Internal and Compliance auditors, provide additional engagement and learning opportunities for Internal Audit staff to gain experience for advancement
- Host a “Lunch and Learn “ for SAHA staff to understand the role of Internal Audit

Goals for Legal

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

- Continue to provide training to various departments on evolving subjects such as Fair Housing, Reasonable Accommodations, Contract requirements from HUD, etc.
- Make Open Records portal more visible on the SAHA website

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

- Reduce litigation by continuing to train employees on policies and best practices of the industry
- Continue to provide training to employees throughout the year, including one lunch and learn session
- Reduce number of paper files

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

- Continue to refine the web-based tool for open record requests to increase efficiency and in coordination with paperless initiatives
- Provide training to other departments on Open Records, reasonable Accommodations, fair Housing issues
- Assist to reduce litigation through training and support of other departments on policies and risk management

Goals for Policy & Planning

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

- Finalize and start tracking self sufficiency progress metric; work with SAISD to develop a framework to more directly support better education outcomes for SAHA children

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

- Increase training opportunities for staff; complete performance evaluations on time

Strategically expand the supply of affordable housing

- Work with AHP and DSNR to develop new MTW Activities

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

- Develop at least one new department income source; lead Data Governance Committee. Establish a coordinated strategic data plan that lays out the agency's long-term strategy on how we can expand and improve its use of data to not only track and improve core operations but also to help better inform high-level affordable housing planning and policy efforts - to include identifying key positions for cross-training in GIS, coordinated data sharing efforts and expanded use of new technologies

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

- Update Strategic Plan and develop new 2020-2024(5) Strategic Plan
- Work with external partners on key initiatives (SALSA, Housing Commission, CI-NOW, LISC). Monitor National, State, and local legislation and policies and take appropriate action, especially around agency priorities

Goals for Public Affairs

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

- Proactively highlight SAHA's success stories in the community through organic and earned media opportunities and robust media engagement
- Maintain employee engagement and support for the Agency's long-term goals

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

- Influence influencers in the community to help reverberate SAHA's messages across many platforms and channels
- Spearhead a robust digital strategy
- Support legislation and legislative activities in support of SAHA's strategic goal
- Build upon SAHA's local, regional and national reputation by seeking and coordinating public speaking, media opportunities, and media training for the Agency's President & CEO and subject-matter experts
- Launch a responsive and interactive website that will increase engagement and improve client satisfaction

Goals for Regulatory Oversight

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

- The Department will provide at least 20 hours of training to staff during the fiscal year
- The Fraud Investigator will increase the number of investigations closed out, once the CHR process has been transitioned to Federal Housing Programs

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

- Compliance Manager will continue to collaborate with internal departments to create a performance tracking system for development/management partners
- Compliance Manager will conduct an annual file review for each partnership property, document findings and follow up on corrections
- The Board Relations Manager will develop a board relations training plan that includes work instruction sheets

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

- Compliance Manager will develop a comprehensive compliance training program for SAHA's 3rd Party Management groups

Goals for Security

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

- Pooling Resources in Defense of our Environment (PRIDE) between on-duty SAPD assets and SAHA LEAPS Partnership
- Fusion Liaison Officer (FLO) program

Preserve and improve existing affordable housing resources and opportunities

- Intelligence-Based Systemic review of critical challenges and opportunities for communications across the various SAHA developments
- Strategic plans converted into operational level deliverables between service providers and law enforcement agencies, with a clear destination for the results that impact quality of life issues and a lower crime rate

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:

Financial Performance Highlights

The Quarterly Financial Report for the San Antonio Housing Authority for the nine months ended March 31, 2019, is attached. The results of operations for the nine months ended March 31, 2019, reflect a Surplus Before Non-Cash Items of $12.5 million, which was $2.7 million above budgeted projections.

Total Operating Revenue was approximately $2.8 million above budget, due primarily to a favorable variance of $3.5 million in Section 8 Housing Assistance Payment (HAP) Revenue. The HAP funding proration was increased from 95% to 99.5%, which caused HAP Revenue to be higher than originally projected. Partially offsetting the overall favorable variance in Total Operating Revenue were unfavorable variances of $546 thousand in Tenant Revenue and $226 thousand in Miscellaneous Revenue.

Total Operating Expenses ended the period $2.9 million above budget, due primarily to an unfavorable variance of $3.5 million in Section 8 HAP Expense. HAP expenditures were higher than originally budgeted, due to higher voucher utilization rates, as well as, increasing per unit cost. Additionally, there was an unfavorable variance of $3.0 million in Ordinary Maintenance and Operations, due primarily to unit make ready costs, HVAC repairs, plumbing maintenance, and other maintenance contracts for the Public Housing portfolio. Partially offsetting the overall unfavorable variance in Total Operating Expenses were favorable variances of $1.8 million in Salaries and Benefits and $1.4 million in Other Expenses. Contributing to the favorable variance in Other Expenses were consulting fees and other contract costs, which may normalize in the last quarter of the fiscal year, as the Wheatley Choice redevelopment incurs more costs.

The $2.8 million favorable variance in Total Operating Revenue and $2.9 million unfavorable variance in Total Operating Expenses resulted in a small unfavorable variance of $85 thousand in Net Operating Income. However, there was a favorable variance of $2.9 million in Other Income (Expenses), due primarily to proceeds received as settlement of an insurance claim. This income generated the favorable variance of $2.7 million in Surplus Before Non-Cash Items.

The Comparative Balance Sheet reflects an overall increase in Total Net Position of $5.1 million from March 31, 2018, to March 31, 2019. Total Assets increased $6.8 million, due primarily to an increase of $6.8 million in Fixed Assets. The $6.8 million increase in Fixed Assets resulted primarily from increases of $10.2 million and $4.8 million in buildings - dwelling and construction in progress, respectively, due to capital expenditures at various Public Housing and Beacon properties. The most significant project during the period was the $5.2 million roofing replacement at the Woodhill Apartments. Site improvements increased by $2.7 million, due primarily to the sewer, drainage, and solar lights project at the Westway Apartments, which totaled $3.2 million. Additionally, land increased by $1.0 million, due to the purchase of eighteen properties, which will be utilized for development of the Alazan Lofts. The aforementioned increases were partially offset by an increase in accumulated depreciation of $11.7 million. Total Liabilities increased by $1.1 million, due primarily to the refinance of Burning Tree and Encanta Villa, which resulted in new debt of $6.8 million. The increase was partially offset by scheduled debt payments of $3.4 million, a prepayment of $1.0 million towards the Energy Performance Contract loan, and a decrease in Section 8 deferred HAP revenue of $1.0 million.

Supplemental Information–Funding Environment

On February 14, 2019, President Trump signed the Consolidated Appropriations Act, 2019, to fund the government through the end of fiscal year 2019. Overall, the bill provides $53.8 billion for HUD programs, a $1 billion (nearly 2 percent) increase over the 2018, funding level. It provides enough funding, $20.3 billion, to renew all housing vouchers that low-income families are now using. The bill also increased funds for Public Housing by increasing the amount for capital funds and operating funds by $25 million and $103 million, respectively. However, there remains a $26 billion capital backlog throughout the Public Housing portfolio.

The funding appropriations will allow SAHA to continue housing existing program participants and issue vouchers to new applicants in order to maintain voucher utilization rates. However, SAHA still faces the enormous challenge of addressing its capital maintenance backlog, which is estimated to be between $350 million and $500 million. In March, over 3,500 organizations and local governments signed a letter urging lawmakers to work together to lift caps on federal spending equally for defense and non-defense programs. On April 3, the House Budget Committee approved, by a vote of 19-17, legislation that would raise the discretionary spending caps for fiscal years 2020 and 2021. The bill, named “Investing for the People Act of 2019,” is scheduled to go for a full vote in April. At the time this memo was prepared, a vote had not yet occurred. Staff will provide updates to the Board as additional information becomes available.

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, 2019
(UNAUDITED)

Condensed Statement of Revenue and Expenses

(For the Nine Months Ended 3/31/2019)

	ACTUAL 3/31/2019	BUDGET 3/31/2019	Variance	%	Highlights Section
Operating Revenue					
Tenant Revenue	$ 23,698,750	$ 24,244,594	$ (545,844)	-2.25%	I(a)(1)
Grants	35,828,740	35,776,913	51,827	0.14%	
HAP Revenue	72,944,119	69,432,661	3,511,458	5.06%	I(a)(3)
Miscellaneous Revenue	2,460,596	2,686,914	(226,318)	-8.42%	I(a)(4)
Total Operating Revenue	$ 134,932,206	$ 132,141,083	$ 2,791,123	2.11%	
Operating Expenses					
Salaries and Benefits	$ 23,695,233	$ 25,500,545	$ (1,805,312)	-7.08%	I(b)(1)
Ordinary Maintenance & Operations	11,508,038	8,531,294	2,976,744	34.89%	I(b)(2)
Utilities	5,271,881	5,648,303	(376,422)	-6.66%	I(b)(3)
Other Expenses	8,673,386	10,086,388	(1,413,003)	-14.01%	I(b)(4)
HAP Expense	72,775,937	69,282,161	3,493,776	5.04%	I(a)(3)
Total Operating Expenses	$ 121,924,474	$ 119,048,691	$ 2,875,784	2.42%	
Net Operating Income	$ 13,007,731	$ 13,092,392	$ (84,661)	-0.65%	
Non-Operating Income (Expenses)					
Interest Expense	$ (2,182,163)	$ (1,815,968)	$ (366,195)	20.17%	
Interest Income	2,095,531	1,820,101	275,430	15.13%	
Other Income (Expenses)	(391,548)	(3,277,389)	2,885,840	-88.05%	I(c)(1)
Total Non-Operating Income (Expenses)	$ (478,181)	$ (3,273,256)	$ 2,795,075	-85.39%	
Surplus (Deficit) Before Non-Cash Items	$ 12,529,550	$ 9,819,136	$ 2,710,414	27.60%	
Non-Cash Items					
Depreciation & Amortization	$ (10,058,541)	$ (9,184,376)	$ (874,166)	9.52%	
Non-Operating Income (Expense)	2,209,757	1,937,839	271,918	14.03%	
Total Non-Cash Items	$ (7,848,784)	$ (7,246,536)	$ (602,248)	8.31%	
Change in Net Position	$ 4,680,766	$ 2,572,600	$ 2,108,167	81.95%	I(c)(1)

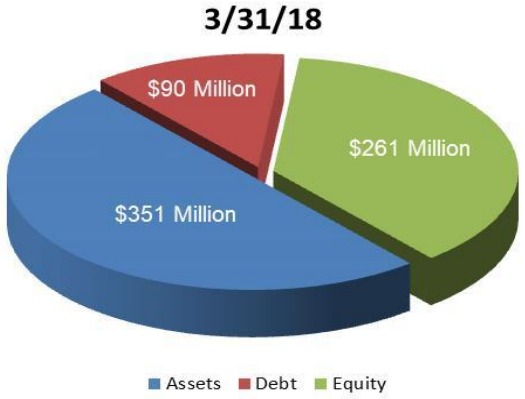
San Antonio Housing Authority
Financial Performance Report
As of March 31, 2019
(UNAUDITED)

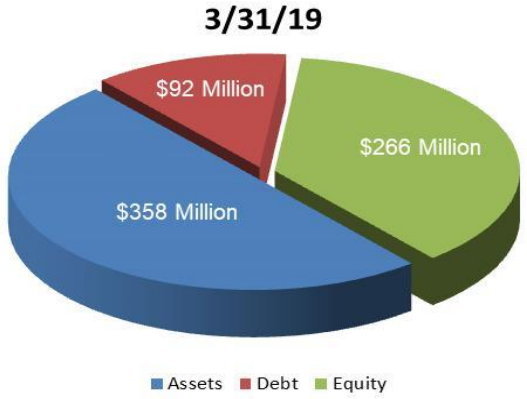
Comparative Balance Sheet

	3/31/2019	3/31/2018	Increase (Decrease)	%	Highlights Section
Assets					
Current Assets	$ 84,570,582	$ 84,832,639	$ (262,057)	-0.31%	
Fixed Assets	199,473,966	192,684,991	6,788,975	3.52%	
Other Non-Current Assets	72,786,418	72,513,435	272,982	0.38%	
Total Assets	$ 356,830,965	$ 350,031,065	$ 6,799,900	1.94%	II(a)
Deferred Outflows of Resources					
Deferred Charges on Refunding	$ 640,132	$ 754,342	$ (114,210)	-15.14%	
Deferred Swap Outflows	-	210,250	(210,250)	-100.00%	
Total Deferred Outflows of Resources	$ 640,132	$ 964,592	$ (324,460)	-33.64%	
Total Assets and Deferred Outflows of Resources	$ 357,471,096	$ 350,995,657	$ 6,475,440	1.84%	
Liabilities					
Current Liabilities	$ 13,291,045	$ 14,287,144	$ (996,098)	-6.97%	
Non-Current Liabilities	78,123,359	75,997,077	2,126,283	2.80%	
Total Liabilities	$ 91,414,405	$ 90,284,221	$ 1,130,184	1.25%	II(b)
Deferred Inflows of Resources					
Deferred Swap Inflows	$ 235,388	$ -	$ 235,388	-	
Total Liabilities and Deferred Inflows of Resources	$ 91,649,793	$ 90,284,221	$ 1,365,572	1.51%	
Net Position					
Net Investment in Capital Assets	$ 129,401,701	$ 125,126,385	$ 4,275,317	3.42%	
Restricted Net Position	37,826,925	31,522,947	6,303,978	20.00%	
Unrestricted Net Position	98,592,677	104,062,104	(5,469,428)	-5.26%	
Total Net Position	$ 265,821,303	$ 260,711,436	$ 5,109,867	1.96%	II(c)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 357,471,096	$ 350,995,657	$ 6,475,440	1.84%	

SAHA remained financially strong and liquid

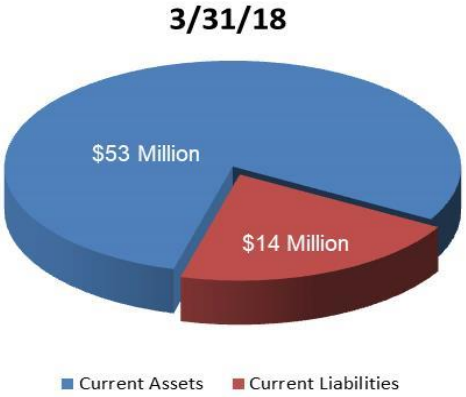
Financial Strength

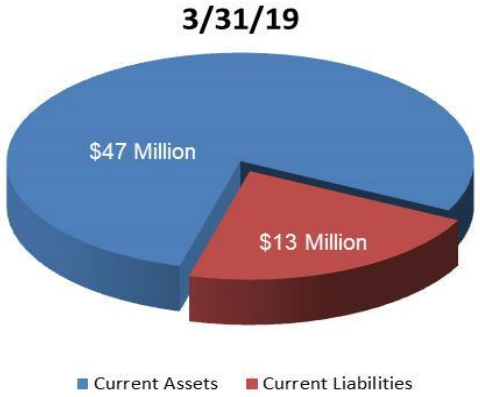




The debt-to-equity ratio remained stable at 0.34 and demonstrates SAHA's strong solvency position.

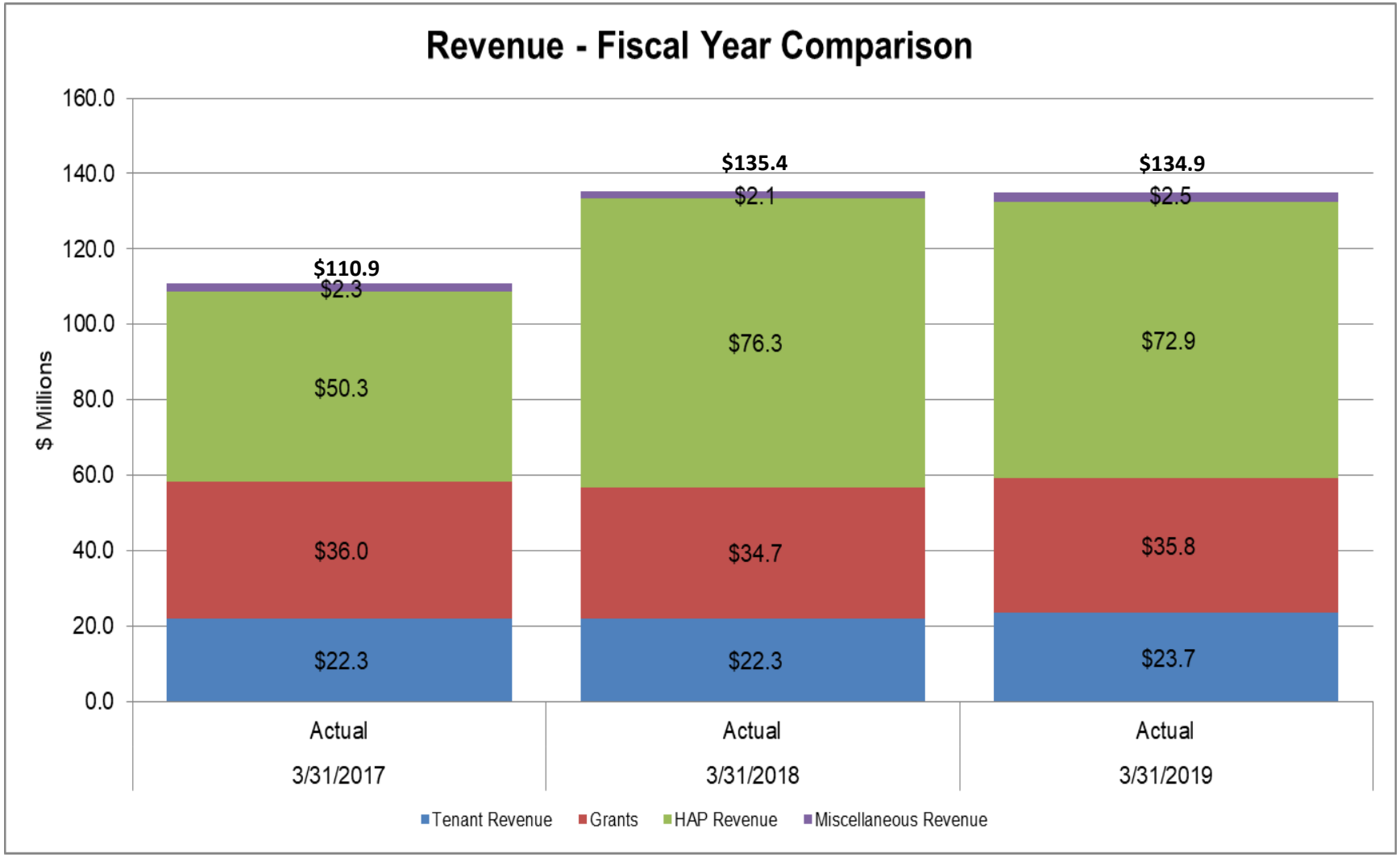
Financial Liquidity



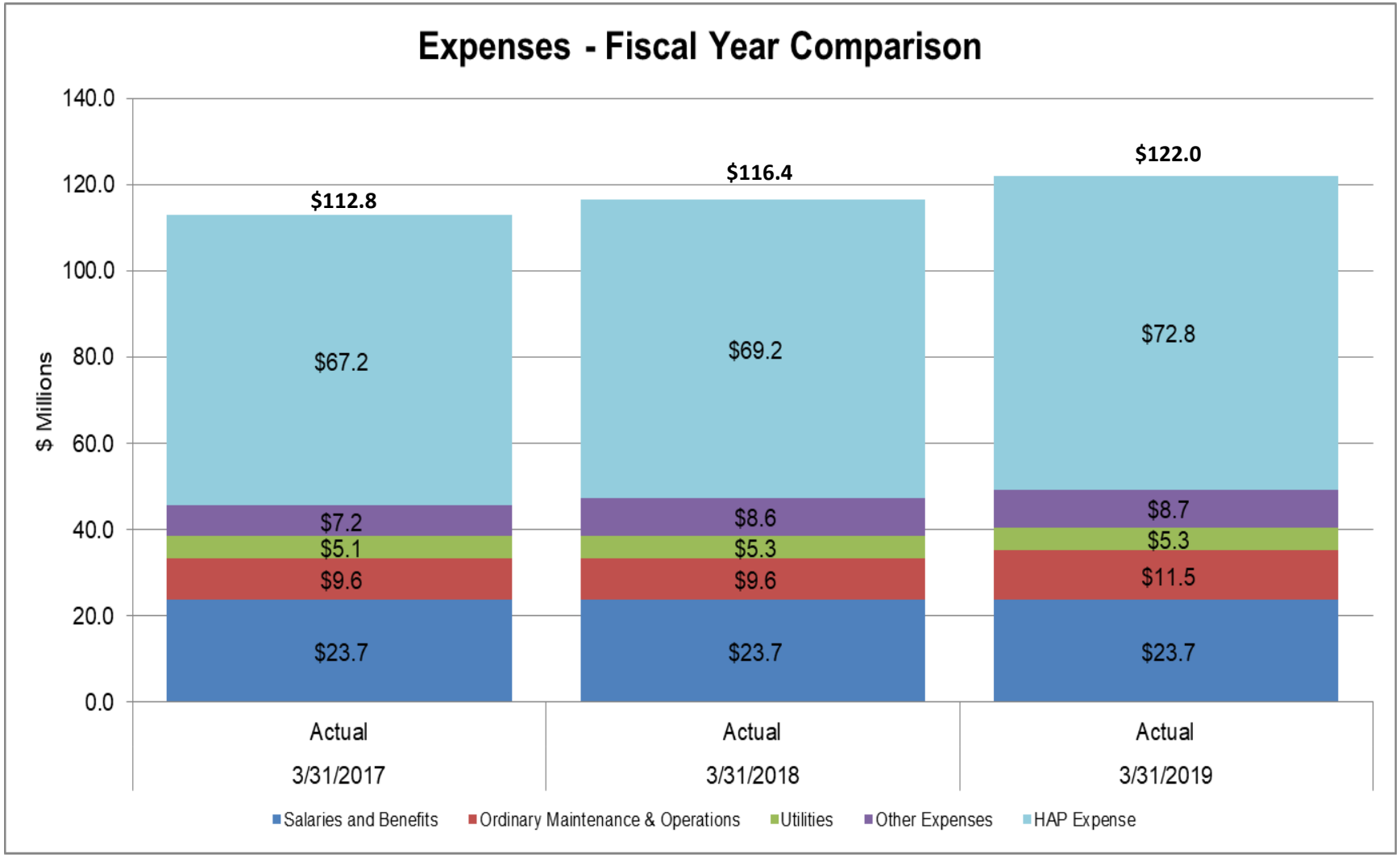


The current ratio decreased from 3.79 to 3.62, but remains an indicator of SAHA's strong capacity to pay short-term debt.

Total Revenue was approximately $0.5 million lower compared to the previous year due to a decrease in HAP Revenue



Total Expenses were $5.6 million, or 4.8 percent, higher compared to the previous year due to Section 8 HAP Expense and Ordinary Maintenance and Operations



San Antonio Housing Authority
Financial Performance Report
As of March 31, 2019
(UNAUDITED)

HIGHLIGHTS

The results of operations for the nine months ended March 31, 2019, reflect a surplus before non-cash items of $12.5 million, which was $2.7 million above budget. Total Operating Revenue was above budget by $2.8 million, or 2.11 percent, and Total Operating Expenses were above budget by $2.9 million, or 2.42 percent.

Total Assets and Deferred Outflows of Resources increased by $6.5 million, or 1.84 percent. Total Liabilities and Deferred Inflows of Resources increased by $1.4 million, or 1.51 percent. Presented below are explanations which summarize the results of operations and changes in financial condition.

I. Income Statement

Total Operating Revenue was above budget by $2.8 million and Total Operating Expenses were above budget by $2.9 million.

(a) Operating Revenue

(1) Tenant Revenue was approximately $546 thousand lower than anticipated for the period primarily due to unfavorable dwelling rental revenue variances in the Beacon portfolio. Converse Ranch I and II combined for an unfavorable variance of $363 thousand and Sendero reported an unfavorable variance of $220 thousand.

(2) Section 8 Housing Assistance Payment Revenue ended the period above budget by $3.5 million and was offset by Section 8 Housing Assistance Payment Expense, which ended the period above budget by $3.5 million.

(3) Miscellaneous Revenue was below budget by $226 thousand due to an unfavorable variance of $716 thousand in development fee revenue. $1.2 million was budgeted in the period for the Labor Street Apartments, which is currently in the pre-development stage and thus has not recognized any development fee revenue. This variance was partially offset by Wheatley Senior, LP, which recognized $456 thousand in unbudgeted development fee revenue as a result of project savings. Offsetting the overall unfavorable variance in Miscellaneous Revenue was the receipt of a Wells Fargo Priority Markets Grant in the amount of $100 thousand and receipt of dividend payments totaling $123 thousand from Texas Mutual and Housing Authority Risk Retention Group.

(b) Operating Expenses

(1) The Salaries and Benefits expense line item ended the period $1.8 million below budget with all segments reporting favorably. The Public Housing and Central Office segments were the primary contributors to the favorable variance.

(2) The Ordinary Maintenance and Operations expense line item ended the period $3.0 million over budget primarily due to unfavorable variances in Public Housing. Significant unfavorable variances included $1.0 million in unit make ready costs, $284 thousand in other maintenance contracts, $246 thousand in HVAC repairs, and $196

thousand in plumbing maintenance. Other expenses reporting an unfavorable variance over $100 thousand included lawn services, window and door supplies, painting materials, and other maintenance materials. The largest unfavorable variances for Beacon consisted of $122 thousand in plumbing maintenance and $93 thousand in other maintenance contracts.

(3) Utilities expense ended the period $376 thousand below budget. Public Housing was the primary contributor to the favorable variance having reported $295 thousand below budget. Across all segments, electricity was $254 thousand favorable.

(4) The Other Expenses line item was below budget by $1.4 million. The Central Office, Real Estate, and Capital Funds segments were the most significant contributors to the favorable variance in Other Expenses. Significant favorable variances for the Other Expenses category included $641 thousand in consulting fees and $837 thousand in other contract costs. The favorable variance of $837 thousand in other contract costs was primarily due to Wheatley Choice redevelopment incurring less contract costs than budgeted for the period.

(c) Summary of Changes in Net Position

(1) Change in Net Position ended the period with a $2.1 million favorable variance. Net Operating Income was slightly under budget by $85 thousand. However, there was a favorable variance of $2.9 million in Other Income (Expenses) due primarily to proceeds received as settlement of an insurance claim. Revenue of $2.4 million was recognized for insurance proceeds, of which $1.8 million was deposited after paying related legal expenses.

II. Balance Sheet

Total Assets and Deferred Outflows of Resources increased by $6.5 million, Total Liabilities and Deferred Inflows of Resources increased by $1.4 million, and Total Net Position increased by $5.1 million.

(a) Total Assets increased by $6.8 million, or 1.94 percent, due to an increase of $6.8 million in Fixed Assets. The $6.8 million increase in Fixed Assets resulted primarily from increases of $10.2 million and $4.8 million in buildings - dwelling and construction in progress, respectively, due to capital expenditures at various Public Housing and Beacon properties. The most significant project during the period was the $5.2 million roofing replacement at the Woodhill Apartments. Site improvements increased by $2.7 million due primarily to the sewer, drainage, and solar lights project at the Westway Apartments which totaled $3.2 million. Additionally, land increased by $1.0 million due to the purchase of 18 properties which will be utilized for development of the Alazan Lofts. The aforementioned increases were partially offset by an increase in accumulated depreciation of $11.7 million.

(b) Total Liabilities increased by $1.1 million or 1.25 percent, due primarily to the refinance of Burning Tree and Encanta Villa, which resulted in new debt of $6.8 million. The increase was partially offset by scheduled debt payments of $3.4 million,

a prepayment of $1.0 million towards the Energy Performance Contract loan, and a decrease in Section 8 deferred HAP revenue of $1.0 million.

(c) Total Net Position increased by $5.1 million, or 1.96 percent, as a result of the changes described above.

III. MTW Expenditures

Projects	Cumulative Expenditure Balance as of 3/31/19
Community Development Initiatives	$ 1,286,943
Capital Planning	272,999
Wheatley Matching	(44,033)
East Meadows Development - Public Improvements	48,123
Public Housing Rehabilitation:	
Victoria Plaza Modernization	112,760
Lincoln Heights Roof Replacement	1,975,953
Redevelopment of Alazan	1,000
Purchase of 9323 Somerset Road	328,651
Total	**$ 3,982,396**

Summary of Major Changes in Cash and Investment Balance

For the Quarterly Period Ending March 31, 2019

The overall cash and investment balance decreased by $9.5 million over the previous quarter primary due to the timing of disbursements for the January 2019 Housing Assistance Payments, and cash payments made to vendors in connection with ongoing capital projects, construction cost associated with Westside Redevelopment Initiative, and premiums paid for insurance renewals.

Bank Held Cash

Unrestricted Cash

- **Central Office Cost Center-** There is a net cash increase of approximately $488 thousand largely due the reimbursement of $239 thousand in intercompany balances owed from Beacon communities.

- **Public Housing-** There is a net cash decrease of approximately $485 thousand primarily due to the settlement of amounts due for intercompany reimbursements.

- **Section 8-** There is a net cash decrease of approximately $9.4 million over the previous quarter primarily due to a timing difference in the disbursement of the January 2019 Housing Assistance Payments and the transfer out of $998 thousand to cover operations and capital planning expenses for various MTW programs.

- **Development Activities under SAHFC-** There is a next cash decrease of approximately $285 thousand largely due to a land purchase made during the quarter for $329 thousand and a $204 thousand transfer out to Real Estate Services to cover operating shortfalls. The decrease in cash from the activity noted above was partially offset by collections of $244 thousand from various tax credit partnerships for deferred development fees and notes receivable.

- **Other Unrestricted Cash-** There is a net cash decrease of approximately $573 thousand primary due to a 1.4 million increase in cash disbursements to vendors net of a $702 thousand transfer in from restricted escrow funds held with the Bank of New York. See below in **Investments at Various Banks- Restricted Investments at Various Banks- Other Restricted Cash at Various banks**. In addition to this, positive cash flow from operations at several Beacon Communities also helped to minimize the impact of the decrease in unrestricted resources noted above.

Restricted Cash

- **Public Housing-** There is a net cash decrease of approximately $265 thousand primarily due to settlement of $994 thousand in intercompany balances due in connection with construction cost associated with the Westside Redevelopment Initiative. $761 thousand in proceeds received from the sale of 4 of the newly constructed homes, including 3 additional scattered sites helped to reduce the negative impact to restricted resources.

- **Properties under SAHFC-** There is a net cash increase of approximately $1 million due to payments received from tax credit partnerships on notes receivable.

Investments at Various Banks

Restricted Investments at Various Banks

- **Other Restricted Cash at Various Banks**- There is a net cash decrease of $385 thousand largely due to the transfer out of $702 thousand in surplus bond funds held with the Bank of New York as mentioned above in **Bank-Held Cash- Unrestricted Cash- Other Unrestricted Cash**. The overall decrease is net of an increase in investments held by bond trustees resulting from the transfer of pledged revenue and additions of interest income earned from investments.

San Antonio Housing Authority
Cash and Investment Summary
March 31, 2019

	Balance 12/31/2018	Deposits	Withdrawals	Balance 3/31/2019
Bank-Held Cash:				
Unrestricted Cash:				
Central Office Cost Center	7,488,830	2,796,755	2,309,091	7,976,494
Public Housing	4,099,612	9,072,097	9,557,428	3,614,281
Section 8	11,118,874	29,868,415	39,294,844	1,692,444
Community Development Initiatives	54,426	1,463,718	1,513,721	4,422
Central Office- Health Insurance	1,861,451	1,337,377	1,163,564	2,035,263
Homeownership	153	8,803	8,801	156
Properties Unrestricted Cash	2,236,250	3,089,374	3,147,072	2,178,552
Properties under SAHFC	5,858,534	2,323,060	2,099,724	6,081,870
Foundation Corporation	108,583	40,039	148,196	426
Capital Fund Program	-	4,200,374	4,200,374	-
Development Activities under SAHFC	589,552	1,476,862	1,761,635	304,780
Other Unrestricted Cash	8,523,711	43,452,194	44,025,438	7,950,468
Restricted Cash:				
Public Housing	13,391,413	941,520	1,206,627	13,126,306
Section 8- FSS Escrow	1,681,726	7,743	-	1,689,469
Project Based Properties	694,379	204,796	16,801	882,374
Properties under SAHFC	14,094,563	36,061	7	14,130,617
Capital Fund Program	1,215,607	6,523	-	1,222,129
Endowment Trust	30,436	106	14,052	16,489
Development Activities under SAHFC	-	1,012,861	-	1,012,861
Other Restricted Cash	246,914	92,592	74,419	265,088
Non-Profit-Other Restricted	530,770	16,725	-	547,495
Sub-Total:	73,825,784	101,447,996	110,541,796	64,731,985
Investments at Various Banks				
Restricted Investments at Various Banks:				
Public Housing	1,995,033	-	-	1,995,033
Other Restricted Cash at Various Banks	3,324,417	1,592,923	1,978,276	2,939,064
Sub-Total:	5,319,451	1,592,923	1,978,276	4,934,097
Total Cash & Investments:	$ 79,145,235	$ 103,040,919	$ 112,520,072	$ 69,666,082

San Antonio Housing Authority
Investment Value
March 31, 2019

Investment	Maturity Date	Book Value		Market Value	
		12/31/2018	3/31/2019	12/31/2018	3/31/2019
PH-Mirasol T-Note 912828Q52	April 15, 2019	1,995,033	1,995,033	1,995,538	2,006,935
Castle Point T-Note 912828ST8	April 30, 2019	1,998,733	1,998,733	1,996,322	2,008,436

San Antonio Housing Authority
Cash Held for Properties Managed by SAHA
March 31, 2019

	12/31/2018	Deposits	Withdrawals	3/31/2019
Cash Held for Properties Managed by SAHA:				
Cash from Tax-Credit Partnerships	5,508,665	1,200,778	775,947	5,933,496
Total Cash Held for Properties Managed by SAHA:	$ 5,508,665	$ 1,200,778	$ 775,947	$ 5,933,496

San Antonio Housing Authority
Collateralization
March 31, 2019

	Total Deposits	Deposits Covered by FDIC	Deposits Covered by Collateral	Pledged Collateral
Frost National Bank	$ 65,816,000	$ 500,000	$ 65,816,000	$ 79,721,861
Bank of New York - Woodhill	$ 535,578	$ -	$ -	$ -
Bank of New York - Sendero	$ 206,908	$ -	$ -	$ -
Bank of New York - Converse Ranch II	$ 147,566	$ -	$ -	$ -
Walker & Dunlop - Converse Ranch I	$ 414,206	$ 250,000	$ -	$ -
Walker & Dunlop - Bella Claire	$ 26,786	$ 26,786	$ -	$ -
Walker & Dunlop - SAHFC	$ 231,324	$ 231,324	$ -	$ -
	$ 67,378,367	$ 1,008,110	$ 65,816,000	$ 79,721,861

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, 2019

CAPITAL GRANTS

CAPITAL GRANTS
n Unmet expenditure deadline approaching within 6 Months
n Unmet obligation deadline approaching within 12 Months
Grant expenditure is not progressing as planned

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 Fund Program (CFP)											
Capital Projects at various PH Properties											
TX59P006501-10	07/14/12	07/14/14	$ 8,770,114.80	$ 9,744,572.00	$ 9,744,572.00	$ -	100%	$ 9,744,572.00	100%	$ 9,744,572.00	(1)
*Major Project: Marie McGuire											
TX59P006501-11	08/02/13	08/02/15	$ 7,336,199.70	$ 8,151,333.00	$ 8,151,333.00	$ -	100%	$ 8,151,333.00	100%	$ 8,151,333.00	(1)
*Major Projects: Blanco, Marie McGuire, Westway											
TX59P006501-12	03/11/14	03/11/16	$ 6,669,297.00	$ 7,410,330.00	$ 7,410,330.00	$ -	100%	$ 7,410,330.00	100%	$ 7,410,330.00	(1)
*Major Projects: Fair Avenue, South San, Sun Park											
TX59P006501-13	09/08/15	09/08/17	$ 6,472,918.80	$ 7,192,132.00	$ 7,192,132.00	$ -	100%	$ 7,192,132.00	100%	$ 7,192,132.00	(1)
*Major Projects: Lewis Chatham, Jewett Circle, Westway											
TX59P006501-14	05/12/16	05/12/18	$ 6,564,698.10	$ 7,294,109.00	$ 7,294,109.00	$ -	100%	$ 7,294,109.00	100%	$ 7,294,109.00	(1)
*Major Projects: Westway, Charles Andrews, Cassiano Homes											
TX59P006501-15	04/12/17	04/12/19	$ 6,785,826.30	$ 7,539,807.00	$ 7,539,807.00	$ -	100%	$ 7,539,807.00	100%	$ 7,539,807.00	(1)
*Major Projects: Charles Andrews, HB Gonzalez											
TX59P006501-16	04/12/18	04/12/20	$ 7,024,842.00	$ 7,805,380.00	$ 7,805,380.00	$ -	100%	$ 7,553,923.74	97%	$ 7,508,049.19	(2)
*Major Projects: Westway, WC White											
TX59P006501-17	08/15/19	08/15/21	$ 7,176,040.20	$ 7,973,378.00	$ 7,973,378.00	$ -	100%	$ 7,557,726.37	95%	$ 7,189,906.12	(3)
*Major Projects: Victoria Plaza, Villa Tranchese											
TX59P006501-18	05/28/20	05/28/22	$ 11,098,890.00	$ 12,332,100.00	$ 8,162,112.57	$ 4,169,987.43	66%	$ 1,668,304.93	14%	$ 1,344,046.96	(4)
*Major Projects: Victoria Plaza, Blanco											
Urban Revitalization Program (Hope 6) (URP)											
Choice Neighborhood Grant											
TX6J006CNG112	**09/30/19**	**09/30/19**		**$ 29,750,000.00**	**$ 27,827,246.19**	**$ 1,922,753.81**	**94%**	**$ 22,447,839.89**	**75%**	**$ 22,056,433.96**	
*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 2016 CFP grant contains DDTF funding of $832,561. Total DDTF funding has been expended.
(3) A portion of the 2017 CFP grant contains DDTF funding of $854,061. Total DDTF funding has been expended.
(4) A portion of the 2018 CFP grant contains DDTF funding of $1,204,763. DDTF funding totaling $503,526.66 or 42% has been expended

GRANTS REPORT AS OF March 31, 2019

PROGRAM GRANTS
Grant expenditure is not progressing as planned.

HUD - PROGRAM GRANTS

Grant Number	Effective Date	Expenditure End Date	LOCCS Authorized	Cumulative Expended	Expended Percentage	Remaining to Expend	LOCCS Disbursement	
Continuum of Care (CoC)								
Funding for housing and supportive services on a long-term basis for homeless persons with disabilities								
TX0233L6J001709	07/01/18	06/30/19	$ 842,022.00	$ 722,974.51	86%	$ 119,047.49	$ 662,597.24	
Resident Opportunities & Self Sufficiency (ROSS)								
Funding for Family Self Sufficiency (FSS) Coordinators								
TX006RPS072A015	05/10/16	09/30/19	$ 637,068.00	$ 456,332.78	72%	$ 180,735.22	$ 435,320.39	(5)
***2015 ROSS Service Coordinators**								
TX006FSS17TX0306	01/01/18	03/31/19	$ 822,783.00	$ 822,783.00	100%	$ -	$ 822,783.00	
***PH & HCV Combined FSS 2017**								
TX006FSS18TX2673	02/19/19	02/18/20	$ 822,783.00	$ 153,293.62	19%	$ 669,489.38	$ -	(6)
***PH & HCV Combined FSS 2018**								
Jobs Plus								
Funding for PHAs to develop locally-based approaches to increase earnings and advance employment outcomes for Public Housing residents								
TX006FJP000815	06/06/16	09/30/22	$ 2,700,000.00	$ 1,421,388.90	53%	$ 1,278,611.10	$ 1,375,532.58	
***Jobs Plus - Cassiano**								

NON-HUD - PROGRAM GRANTS

Grant Number	Performance Date	Award Amount	Cumulative Expended	Expended Percentage	Remaining to Expend	Reimbursement Received	
Annie E. Casey Foundation							
Wheatley Courts Family Support Services Caseworker (Eastside Jobs Plus)							
SAHA 2018 Jobs Plus East	01/01/18 - 12/31/18	$ 180,000.00	$ 186,343.78	104%	$ (6,343.78)	$ 180,000.00	(7)
SAHA 2019 Jobs Plus East	01/01/19 - 12/31/19	$ 170,000.00	$ 41,361.15	24%	$ 128,638.85	$ -	
Alamo Colleges							
Health Professions Opportunity Grant (HPOG)							
HPOG Grant 2018	09/30/18 - 09/29/19	$ 75,620.00	$ 32,625.95	43%	$ 42,994.05	$ -	(8)
New York Mayor's Fund							
Continuation of evidence-based services initiated under the Social Innovation Fund Grant							
Continuation of Services	10/01/16 - 06/30/19	$ 170,000.00	$ 167,554.83	99%	$ 2,445.17	$ 170,000.00	

(5) Grant expenditures are approximately $87K short of the projected average cumulative expended amount or expended percentage of 85%.
(6) Pending HUD approval to draw grant funds for pre-award expenses incurred in January & through Mid-February 2019.
(7) The grant ended on December 31, 2018. After requesting all grant funds, there was a total over expended amount of $6,343.78 which was covered with MTW funds.
(8) Grant expenditures are approximately $26K short of the projected average cumulative expended amount or expended percentage of 50%.

GRANTS REPORT AS OF March 31, 2019

LIST OF GRANT APPLICATIONS

Grant Name	Award Amount	Date Submitted	Match Amount	Term of the Grant	Application Status	Description
Mainstream Voucher	$2,170,800	06/15/18	**N/A**	**N/A**	Pending	HUD Mainstream Voucher Grant
Family Unification Program	$726,000	07/25/18	**N/A**	**N/A**	Pending	HUD Family Unification Program Grant
ROSS	$570,938	07/30/18	**N/A**	**N/A**	Awarded	Resident Opportunity & Self Sufficiency Grant
Presente! Attendance	$132,893	11/14/18	**N/A**	**N/A**	Pending	United Way Grant
Jobs Plus	$289,467	11/14/18	**N/A**	**N/A**	Pending	HUD Jobs Plus Grant
FSS Grant	$927,123	11/28/18	**N/A**	**N/A**	Pending	HUD Family Self Sufficiency Grant
Presente! Community Grant	$25,000	02/28/19	**N/A**	**N/A**	Awarded	Wells Fargo Presente Community Grant
Presente! Community Connectors Grant	$60,000	03/05/19	**N/A**	**N/A**	Pending	Presente! Community Connectors Education Development Grant

SAN ANTONIO HOUSING AUTHORITY **May 16, 2019**

MEMORANDUM

To: Finance Committee

From: David Nisivoccia, President and CEO

Presented by: Aiyana Longoria, Director of Internal Audit

RE: Update and Discussion regarding Internal Audit

SUMMARY:

Internal Audit provides independent and objective assurance, auditing, and consulting services to add value, improve internal controls, and strengthen the Agency's operations. The function helps the Housing Authority accomplish its objectives by using a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. In addition to its oversight activities, internal audit serves as a resource for identifying opportunities for best practices and efficiencies. The mission of the 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 the review of processes and procedures to identify operational efficiencies and best practices; and,
- Perform all assurance and consulting activities with the highest level of integrity and objectivity.

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

This update provides the required communication, as follows:

- Internal Audit Department Update
- Internal Audit Plan Status - FY 2018-2019 Quarter 3
- Summary and Status of Management Corrective Action Plans (related to Internal Audit reporting)

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

PROPOSED ACTION:
None at this time.

FINANCIAL IMPACT:
None.

STRATEGIC OBJECTIVE:
Transform core operations to be a high performing and financially strong organization.

ATTACHMENTS:
Internal Audit Update Presentation
Summary and Status of Management Corrective Action Plans as of May 2, 2019

SAHA | SAN ANTONIO HOUSING AUTHORITY

Opportunity Lives Here

Internal Audit Update

Presentation to Finance Committee

May 16, 2019

Internal Audit Q3 Activities in Support of SAHA Strategic Goals

- **Strategic Goal 1:** ***Empower and equip families to improve their quality of life and achieve economic stability***
  - Received and provided comments for five Family Self-Sufficiency Escrow requests for payout (over $5,000 each/average of $8,000 each)

- **Strategic Goal 5:** ***Transform core operations to be a high performing and financially strong organization***
  - Procurement Processes and Reporting Audit
  - Rent Calculation and Collection Processes at Beacon Communities Audit
  - Travel and Expenses Audit
  - Ongoing Compliance Audits

Status of 2017-2018 Internal Audit Plan

Internal Audits

- **Audit of Procurement Processes and Reporting**
  - Final Report sent to the Finance Committee on April 22, 2019
  - No Material Weaknesses, two Significant Deficiencies, and two Other Internal Control Deficiencies identified
  - Corrective Action Plan provided by Management addresses the findings and mitigates the risk of similar findings in the future

- **Audit of Tenant Participation (TP) Funds - Parkview Apartments**
  - Final Report sent to the Finance Committee on April 16, 2019
  - No Material Weaknesses, four Significant Deficiencies, and two Other Internal Control Deficiencies identified
  - Corrective Action Plan provided by Management addresses the findings and mitigates the risk of similar findings in the future

Status of 2017-2018 Audit Plan, cont'd.

Compliance Audits

- **Assisted Housing Program**
  - Draft Final Report for FY 2017-2018 is in review process
  - Final to be completed mid Quarter 4

- **Public Housing**
  - Draft Final Report for FY 2017-2018 is in review process
  - Final to be completed mid Quarter 4

Status of 2018-2019 Internal Audit Plan

Internal Audits

- **Audit of Travel and Entertainment Expenses**
  - ➢ Fieldwork completed and exceptions meeting held
- **Audit of Rent Calculation and Collection Processes at Beacon Communities**
  - ➢ Fieldwork completed and exceptions meeting held

Compliance Audits

- **Assisted Housing Program** *(Ongoing)*
  - ➢ 160 resident files audited in Q3
- **Public Housing** *(Ongoing)*
  - ➢ 125 resident files (22 properties) audited in Q3
- **Beacon Communities - SAHA-managed properties**
  - ➢ Review of departmental compliance program for SAHA-managed Beacon Communities completed and exceptions meeting held

Status of 2018-2019 Internal Audit Plan

Internal Audits Remaining on the 2018-2019 Audit Plan

- **Contract Management for Capital Improvement**
  - To be started prior to end of Fiscal Year
- **Disaster Preparedness**
  - To be started prior to end of Fiscal Year
- **Rent Calculation and Collection for Public Housing**
  - To be started prior to end of Fiscal Year

Risk Assessment for 2019-2020 Audit Plan

- **Risk Assessment completed April 23, 2019**
  - Response rate from SAHA Staff 92%
  - Analysis of responses will guide 2019-2020 Audit Plan

Action Items

Status of Corrective Action Items resulting from Internal Audits

- Currently, there are eleven open action items, of which five were added this fiscal quarter
- All action items are expected to be completed this fiscal year

Status of Third Party Audits

There are no Third Party Audits to report

QUESTIONS?

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 5-2-2019

Audit Plan Year	Final Report Date	Audit Title	Finding Type	Finding Number and Title	Finding / Condition Description and Recommendation	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Resp. Officer's Initials	Comments
	Fiscal Year 2013-2014										
FY 13-14	10/5/2015	Audit of Records Retention	Internal Control Deficiency	Finding 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	06/30/2019	***In Progress***	EH	Google Unlimited has been procured; a Google Vault is included with this system that allows for automated email deletions based on recommended parameters.
	Fiscal Year 2016-2017										
FY 16-17	8/20/18	Audit of CDI Grant Funds	Significant Deficiency	*AECF - Purchase of Service Agreement - Monitoring Deficiency*	As of December 31, 2017, the 2016 AECF grant had a balance of $23,880.51 in funds that had not been expended. **Recommendation** A process should be established to ensure all requirements are met and by all required deadlines which would mitigate the risk and reduce the likelihood of this type of occurrence in the future.	*CDI Program Manager will produce a monthly reconciliation of charges and meet with Finance monthly to reallocate known charges that will not be reimbursed by the Grant. Invoices will be submitted to United Way for reimbursement, and as payment is received, staff will work with Finance to ensure that all funds are received.* *If additional items are disallowed, staff will alert Finance to reallocate charges before the Grant is closed, and time remains to expend all funds.* *Lastly, staff will work with the Grant Committee to develop Procedures for Implementation of SOP for Grant Procedures, Monitoring, and Oversight.*	12/31/2018	6/30/2019	***In Progress***	DN	Staff monthly reconciliation of charges has been completed. SOP for Grant Procedures, Monitoring and Oversight has been drafted. It is pending review and approval from grant committee.
FY 16-17	8/20/18	Audit of CDI Grant Funds	Internal Control Deficiency	Finding 3 - *BCJI - Delay in the Initial Execution of the Grant*	The BCJI grant was awarded on September 25, 2012, to be effective October 1, 2012. Selection of the research partner, Trinity University, was not presented to the Board of Commissioners until June 21, 2013, almost nine months later. **Recommendation** To ensure compliance with grant provisions, CDI should develop a standard operating procedure for each grant. The procedure should address all grant provisions including, but not limited to, documentation, drawdown, and reporting requirements.	*[CDI] staff will review notes from Grants Committee meetings and complete a grants SOP for the Department.*	12/31/2018	6/30/2019	***In Progress***	DN	SOP for Grant Procedures, Monitoring and Oversight has been drafted. It is pending review and approval from grant committee.
FY 16-17	8/20/18	Audit of CDI Grant Funds	Internal Control Deficiency	Finding 5 - *BCJI - Missed Financial Reporting Deadlines*	Of the 19 Federal Financial Reports reviewed for the BCJI grant, five were filed over one day after the due date as indicated on the electronic confirmation receipt. **Recommendation** A method for monitoring/confirming the report submission should be established to ensure timely reporting.	*a. [CDI] Staff will review notes from Grants Committee meetings and complete a grants SOP for the Department. The SOPs will create a system to ensure that important dates and deadlines are met, including grant performance and financial reports.*	12/31/2018	6/30/2019	***In Progress***	DN	SOP for Grant Procedures, Monitoring and Oversight has been drafted. It is pending review and approval from grant committee.
						b. The Director of CDI will review and analyze adding an analyst position to the CDI Department. CDI will work with Finance and Accounting to determine the scope of work for the proposed analyst position and determine, during next fiscal year's budget process, if adding the position is financially feasible.	7/1/2019		***In Progress***	DN	

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 5-2-2019

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FY 16-17	8/20/18	Audit of CDI Grant Funds	Internal Control Deficiency	Finding 6 - *BCJI - Late Submission of Expenses*	The Federal Financial Report, submission 12 with a reporting period end date of September 30, 2015, included $2,363.86 in expenses incurred during the previous quarter. These expenses were reported on line 10-e of the Federal Share of Expenditures report, in the column labeled This Period. **Recommendation** Ensure that all expenses and related reporting are completed in the required time frame, as listed in the BCJI Grant documentation.	*[CDI] staff will review notes from Grants Committee meetings and complete a grants SOP for the Department. The SOPs will create a system to ensure that important dates and deadlines are met, including grant performance and financial reports.* *The Director of CDI will review and analyze adding an analyst position to the CDI Department. CDI will work with Finance and Accounting to determine the scope of work for the proposed analyst position and determine, during next fiscal year's budget process, if the adding the position is financially feasible.*	7/1/2019		***In Progress***	DN	SOP for Grant Procedures, Monitoring and Oversight has been drafted. It is pending review and approval from grant committee.
FY 16-17	4/16/19	Audit of Tenant Participation Funds at Parkview Apartments	Significant Deficiency	Finding 3 - Check Disbursements	Recommendation Internal Audit recommends that the Property Manager or Case Management Specialist assist the RC with establishing a bank account that will conform to the requirements set forth in the RC Manual, including the requirement for dual signatures, with the Treasurer being one of the signatories on each disbursement. Additionally, either the Property Manager or the Case Management Specialist should be on the bank account.	*CDI Management will meet with PH Management to determine best course of action for supporting RC with establishing bank accounts. An SOP will be developed to provide guidance for SAHA staff who have expressed concerns with adding their names to the RC bank account.*	5/8/2019		***New***	DN	
FY 16-17	4/16/19	Audit of Tenant Participation Funds at Parkview Apartments	Significant Deficiency	Finding 4 - Unavailability of TP/DPUY funds	**Recommendation** Internal Audit recommends that the Property Manager or the Case Management Specialist assist the RC with establishing a bank account that would conform to the requirements set forth in the RC Manual.	*CDI staff will provide training to RC Officers and CDI staff on requirements for establishing a bank account. Handout will be created and shared with all Resident Councils.*	7/1/2019		***New***	DN	
	Fiscal Year 2017-2018										
FY 17-18	12/21/18	Audit of Housing Eligibility and Admissions Processes, Including the UAC and Resident Intake	Significant Deficiency	Finding 3 - Criminal background check missing management approval	There were two instances, both in PH at H.B. Gonzalez, in which there was no evidence either in the file or in Elite of the applicant's "Criminal History Request" being approved by management. **Recommendation** Procedures should be reviewed and reinforced with staff to ensure all criminal background checks are approved and documentation is located in the file, as well as noted in Elite, for each adult member.	*The criminal history process is being revised for the new CHR/RA Analyst position. Notes are also being used in Elite to ensure that a person is listed as approved as a secondary option. CHR protocols [were] sent out as a directive reminder. Once the new CHR/RA Analyst position is finalized in duties, a Standard Operating Procedure will be created to ensure reference material can be used for new hires and follow up training.*	3/15/2019	5/31/19		EH	
FY 17-18	4/22/19	Audit of Procurement Processes and Reporting	Significant Deficiency	Finding 1 - Personally Identifiable Information (PII) retained in file	Recommendations a. Procurement management should take steps to ensure PII is not retained unnecessarily in the department's files; or, if necessary to be retained, then such PII is adequately safeguarded. b. In addition, written procedures should be established for withdrawal of bids. The procedures should address verification of the identity of the person or persons withdrawing a bid; as well as, how the verification is to be documented without retaining PII, such as that shown on a government-issued identification card or other document.	*a. Procurement Director will provide all examples where the department requests PII information and our attorney will review to determine how this should be handled within its necessity for business uses.*	5/15/2019		***New***	MR	
						b. Procurement will develop a protocol on what should be done to verify identity for bid withdrawal requests among other situations (Section 3 certification, etc.).	5/15/19		***New***	MR	
FY 17-18	4/22/19	Audit of Procurement Processes and Reporting	Significant Deficiency	Finding 3 - *Incomplete documents*	**Recommendation** Ensure all documents are completed in their entirety, and that all required authorization dates and approving signatures are included.	*The checklist was not completed in all cases. Staff will be responsible for ensuring the completeness of the checklist and the new Contract Specialist will be responsible for double checking compliance. The checklist is currently being reviewed by staff and a final version will be adopted by end of January 2019.*	5/30/19		***New***	MR	

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 5-2-2019

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FY 17-18	4/22/19	Audit of Procurement Processes and Reporting	Significant Deficiency	Finding 4 - *Supplier/vendor due diligence checks prior to award could not be confirmed*	Recommendation Establish written procedures to ensure that all due diligence checks are performed on every vendor prior to contracting with and/or providing services to the Agency. The procedures should include a system of review by another staff member as confirmation.	*A Standard Operating Procedure (SOP) will be developed outlining scenarios within procurement processes to ensure that responsible due diligence is conducted by staff prior to award of contracts. The Director's draft version will be submitted for approval to the Contracting Officer by February 15, 2019, with final implementation no later than February 28, 2019.*	5/15/19		***New***	MR	