BOARD OF COMMISSIONERS

SAHA | SAN ANTONIO HOUSING AUTHORITY
Opportunity Lives Here

Finance Committee Meeting
November 16, 2017

San Antonio Housing Authority
Finance Committee Meeting or
**Special Board Meeting
3:30 p.m., Thursday, November 16, 2017

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

1. Meeting called to order

2. Update and discussion regarding the Quarterly Financial Report for the San Antonio Housing Authority (Ed Hinojosa, Chief Financial Officer; Diana Kollodziej Fiedler, Director of Finance and Accounting)

3. Presentation
   - Pension Plan Audit presented by Marc Sewell and Kane Wells of RSM US LLP (Muriel Rhoder, Chief Administrative Officer)

4. Update and discussion regarding the Pension Plan Audit for the period of January 1, 2016 to December 31, 2016 (Muriel Rhoder, Chief Administrative Officer)

5. Update and discussion regarding the Internal Audit Department (Muriel Rhoder, Chief Administrative Officer)

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."

SAN ANTONIO HOUSING AUTHORITY **November 16, 2017**

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 three months ended September 30, 2017, is attached. The results of operations for the three months ending September 30, 2017, reflect a surplus before non-cash items of $3.0 million, which was $1.0 million over budgeted projections.

Total Operating Revenue was approximately $1.6 million below budget, due to unfavorable variances of $441,000 in tenant revenue, $977,000 in Section 8 Housing Assistance Payment (HAP) Revenue, and $175,000 in miscellaneous revenue. The $441,000 unfavorable variance in tenant revenue was due to lower Public Housing and Beacon Communities rental income than budgeted. Section 8 HAP Revenue ended the period below budget by $977,000 and was offset by Section 8 HAP Expense, which ended the period below budget by $979,000. Miscellaneous revenue was below budget by $175,000 due primarily to less development fee revenue than budgeted.

Total Operating Expenses ended the period $2.1 million below budget, due primarily to favorable variances of $979,000 in Section 8 HAP Expense, $447,000 in Salaries and Benefits, and $1.4 million in Other Expenses. Salaries and Benefits expenses ended the period $447,000 below budget due primarily to favorable variances in administrative and maintenance salaries for most business segments. Ordinary Maintenance and Operations ended the period $620,000 over budget due to unfavorable variances in Public Housing, with the most significant variances occurring in supplies and materials, HVAC repairs, lawn services, plumbing maintenance, and unit make-ready services. Expenditures included in Other Expenses were $1.4 million lower than expected due to favorable variances realized in consulting fees, technology and licensing fees, and insurance costs.

The Comparative Balance Sheet reflects an overall increase in Total Net Position of $8.1 million from September 30, 2016, to September 30, 2017. Total Assets increased $12.2 million due to increases of $11.5 million and $5.5 million in Current Assets and Other Non-Current Assets, respectively, offset by a $4.7 million decrease in Fixed Assets. The $11.5 million increase in Current Assets resulted primarily from the receipt of insurance proceeds, which were received in connection with the insurance claim filed for the 2016, hailstorm damage. Also contributing to the increase in Current Assets were the Castle Point and Cottage Creek/Courtland Heights refinances, which yielded a total of $4.1 million in net loan proceeds. The increase of $5.5 million in Other Non-Current Assets resulted primarily from execution of a $2.1 million MTW Loan and a $1.3 million RHFF Loan between Wheatley Senior, LP and San Antonio Housing Facility Corporation. Additionally, a Pre-Development Loan of $2.1 million was executed between Wheatley Senior, LP and the San Antonio Housing Authority. The $4.7 million decrease in Fixed Assets resulted primarily from the routine recording of depreciation and the write-down of buildings that were impaired by hail damage. Partially offsetting the decrease in Fixed Assets was the capitalization of Capital Fund Program Public Housing projects. Total Liabilities increased by $4.0 million due to the refinance of Castle Point, which resulted in new debt of $4.0 million and the refinance of Cottage Creek/Courtland Heights, which resulted in a net addition of debt totaling $1.4 million. There was also an increase of $2.4 million in Section 8 deferred revenue. The decreases were partially offset by scheduled debt payments totaling $3.3 million and amortization of deferred ground leases totaling $928,000.

Supplemental Information–Funding Environment

On September 8, 2017, Congress approved a package that included a three-month continuing resolution in order to avoid a government shutdown on September 30, 2017. The deal includes continued government funding until Friday, December 8, 2017, with an across the board rescission of .6791%. HUD intends to apply the November and December 2017, rescission to the January 2018, HAP and Admin Fee payments, to avoid affecting disbursements at the end of CY 2017. Additionally, should there be a full-year Continuing Appropriation enacted for FY 2018, and the .6791% rescission is still applicable, the rescission will impact the entire CY 2018 HCV Program HAP and Admin Fee funding. The funding rescission would decrease the San Antonio Housing Authority's HAP funding by approximately $500,000, which would potentially impact 71 families during CY 2018.

PROPOSED ACTION:

None at this time.

FINANCIAL IMPACT:

None

STRATEGIC OBJECTIVE:

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

ATTACHMENTS:

Financial Performance Report
Cash and Investment Summary
Grants Report

San Antonio Housing Authority
Financial Performance Report
As of September 30, 2017
(UNAUDITED)

Condensed Statement of Revenue and Expenses

(For the Three Months Ended 9/30/2017)

	ACTUAL 9/30/2017	BUDGET 9/30/2017	Variance	%	Highlights Section
Operating Revenue					
Tenant Revenue	$ 7,529,146	$ 7,970,631	$ (441,484)	-5.54%	I(a)(1)
Grants	11,778,475	11,767,369	11,106	0.09%	
HAP Revenue	22,120,255	23,097,120	(976,865)	-4.23%	I(a)(2)
Miscellaneous Revenue	621,444	796,542	(175,099)	-21.98%	I(a)(3)
Total Operating Revenue	$ 42,049,320	$ 43,631,662	$ (1,582,342)	-3.63%	
Operating Expenses					
Salaries and Benefits	$ 8,072,261	$ 8,519,713	$ (447,451)	-5.25%	I(b)(1)
Ordinary Maintenance & Operations	3,278,833	2,658,974	619,859	23.31%	I(b)(2)
Utilities	1,953,916	1,920,568	33,348	1.74%	
Other Expenses	2,764,990	4,134,614	(1,369,624)	-33.13%	I(b)(3)
HAP Expense	22,120,255	23,099,325	(979,070)	-4.24%	I(a)(2)
Total Operating Expenses	$ 38,190,256	$ 40,333,194	$ (2,142,938)	-5.31%	
Net Operating Income	$ 3,859,064	$ 3,298,468	$ 560,596	17.00%	
Non-Operating Income (Expenses)					
Interest Expense	$ (635,557)	$ (605,205)	$ (30,352)	5.02%	
Interest Income	564,966	353,842	211,123	59.67%	
Other Income (Expenses)	(759,854)	(1,055,671)	295,817	-28.02%	
Total Non-Operating Income (Expenses)	$ (830,445)	$ (1,307,033)	$ 476,588	-36.46%	
Surplus (Deficit) Before Non-Cash Items	$ 3,028,619	$ 1,991,434	$ 1,037,184	52.08%	
Non-Cash Items					
Depreciation & Amortization	$ (3,484,888)	$ (3,444,990)	$ (39,897)	1.16%	
Non-Operating Income (Expense)	255,918	(550,250)	806,167	-146.51%	
Total Non-Cash Items	$ (3,228,970)	$ (3,995,240)	$ 766,270	-19.18%	
Change in Net Position	$ (200,351)	$ (2,003,806)	$ 1,803,455	-90.00%	I(c)(1)

San Antonio Housing Authority
Financial Performance Report
As of September 30, 2017
(UNAUDITED)

Comparative Balance Sheet

		9/30/2017		9/30/2016		Increase (Decrease)	%	Highlights Section
Assets								
Current Assets	$	81,507,481	$	70,008,160	$	11,499,322	16.43%	
Fixed Assets		188,743,662		193,489,799		(4,746,136)	-2.45%	
Other Non-Current Assets		70,931,717		65,446,982		5,484,736	8.38%	
Total Assets	$	341,182,861	$	328,944,940	$	12,237,921	3.72%	II(a)
Deferred Outflows of Resources								
Deferred Losses on Refunding	$	1,021,697	$	1,148,675	$	(126,978)	-11.05%	
Total Assets and Deferred Outflows Of Resources	$	342,204,558	$	330,093,615	$	12,110,943	3.67%	
Liabilities								
Current Liabilities	$	15,786,057	$	13,782,314	$	2,003,743	14.54%	
Non-Current Liabilities		71,277,487		69,245,511		2,031,975	2.93%	
Total Liabilities	$	87,063,544	$	83,027,825	$	4,035,719	4.86%	II(b)
Net Position								
Net Investment in Capital Assets	$	124,931,840	$	131,668,086	$	(6,736,247)	-5.12%	
Restricted Net Position		31,359,427		26,820,671		4,538,755	16.92%	
Unrestricted Net Position		98,849,748		88,577,032		10,272,716	11.60%	
Total Net Position	$	255,141,014	$	247,065,789	$	8,075,225	3.27%	II(c)
Total Liabilities and Net Position	$	342,204,558	$	330,093,615	$	12,110,943	3.67%	

San Antonio Housing Authority
Financial Performance Report
As of September 30, 2017
(UNAUDITED)

HIGHLIGHTS

The results of operations for the three months ended September 30, 2017, reflect a surplus before non-cash items of $3.0 million, which was $1.0 million above budget. Total Operating Revenue was below budget by $1.6 million and Total Operating Expenses were below budget by $2.1 million.

Total Assets and Deferred Outflows of Resources increased by $12.1 million and Total Liabilities increased by $4.0 million. Presented below are explanations which summarize the results of operations and changes in financial condition.

I. Income Statement

Total Operating Revenue was below budget by $1.6 million and Total Operating Expenses were below budget by $2.1 million.

(a) Operating Revenue

(1) Tenant Revenue was approximately $441,000 lower than anticipated for the period. Public Housing rental income was $230,000, or 8%, less than budgeted and Beacon rental income was $303,000, or 4%, below budget.

(2) Section 8 Housing Assistance Payment Revenue ended the period below budget by $977,000 and Section 8 Housing Assistance Payment Expense ended the period below budget by $979,000.

(3) Miscellaneous Revenue was below budget by $175,000 due primarily to less development fee revenue than budgeted.

(b) Operating Expenses

(1) The Salaries and Benefits expense line item ended the period $447,000 below budget with the majority of segments reporting favorably. Beacon accounted for the largest variance, which resulted from favorable variances in administrative salaries, administrative contract labor, and maintenance salaries.

(2) The Ordinary Maintenance and Operations expense line item ended the period $620,000 over budget primarily due to unfavorable variances in Public Housing. Significant variances arose from supplies and materials, HVAC repairs, lawn services, plumbing maintenance, and unit make-ready services.

(3) The Other Expenses line item was below budget by $1.4 million. The Capital Funds sector had the largest impact on the favorable variance in Other Expenses. Other contract costs were $387,000 below budget due to the Wheatley redevelopment incurring less contract costs than budgeted. Other significant favorable variances for the Other Expenses category included $428,000 in consulting fees, $186,000 in technology and licensing fees, and $284,000 in insurance costs.

(c) Summary of Changes in Net Position

(1) Change in Net Position ended the period with a $1.8 million favorable variance, largely due to the favorable variance in Total Operating Expenses.

II. Balance Sheet

Total Assets and Deferred Outflows of Resources increased by $12.1 million. Total Liabilities increased by $4.0 million and Total Net Position increased by $8.1 million.

(a) Total Assets increased by $12.2 million, or 3.72%, due to increases of $11.5 million and $5.5 million in Current Assets and Other Non-Current Assets, respectively, offset by a $4.7 million decrease in Fixed Assets. The $11.5 million increase in Current Assets was primarily due to the receipt of insurance proceeds totaling $6.1 million; an additional $2.1 million representing insurance holdbacks was recorded as an increase in accounts receivable. The majority of insurance proceeds were related to the hailstorm damage that occurred in April 2016. Also contributing to the increase in Current Assets were the Castle Point and Cottage Creek/Courtland Heights refinances, which yielded a total of $4.1 million in net loan proceeds. The $5.5 million increase in Other Non-Current Assets resulted primarily from the execution of a $2.1 million MTW Loan and a $1.3 million RHFF Loan between Wheatley Senior, LP and San Antonio Housing Facility Corporation. Additionally, a Pre-Development Loan of $2.1 million was executed between Wheatley Senior, LP and the San Antonio Housing Authority. The $4.7 million decrease in Fixed Assets resulted primarily from the routine recording of depreciation and the write-down of buildings that were impaired by hail damage. Partially offsetting the decrease in Fixed Assets was the capitalization of Capital Fund Program Public Housing projects.

(b) Total Liabilities increased by $4.0 million, or 4.86%, due to the refinance of Castle Point which resulted in new debt of $4.0 million and the refinance of Cottage Creek/Courtland Heights which resulted in a net addition of debt totaling $1.4 million. There was also an increase of $2.4 million in Section 8 deferred revenue. The decreases were partially offset by scheduled debt payments totaling $3.3 million and amortization of deferred ground leases totaling $928,000.

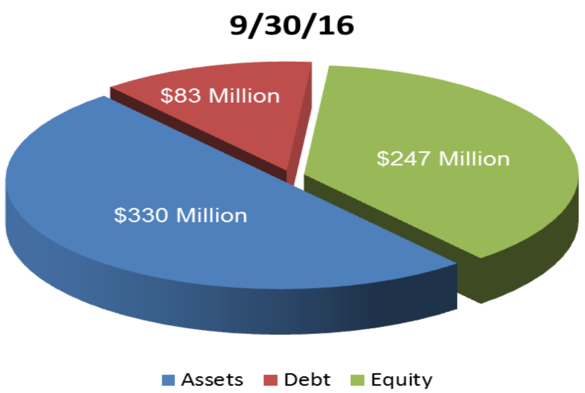
(c) Total Net Position increased by $8.1 million, or 3.27%, as a result of the changes described above.

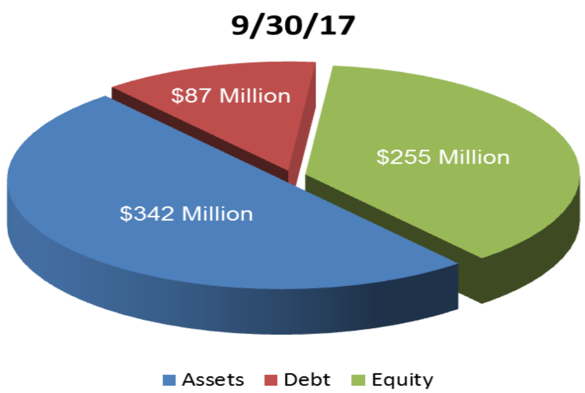
III. MTW Expenditures

Community Development Initiatives	$	359,307
Capital Planning		60,727
Redevelopment of Choice Neighborhood - Wheatley		189,789
Public Housing Rehabilitation:		
Victoria Plaza Modernization		89,648
Lincoln Heights Roof Replacement		432,938
Madonna Roof Replacement		311,583
Total	**$**	**1,443,991**

SAHA maintained strong financial and liquidity positions

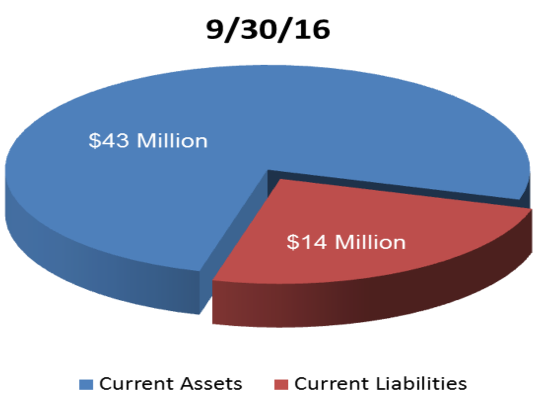
Financial Strength

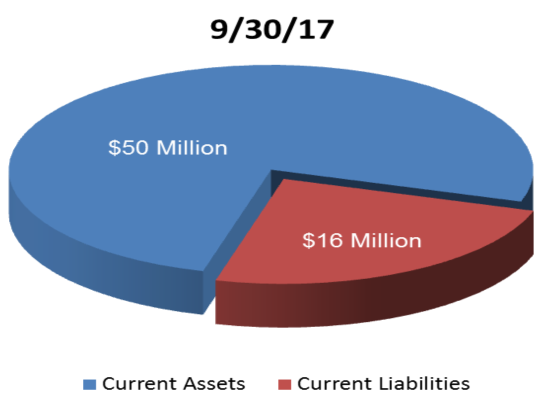




The debt-to-equity ratio remained stable at 0.34, indicating that SAHA has maintained a strong long-term solvency position.

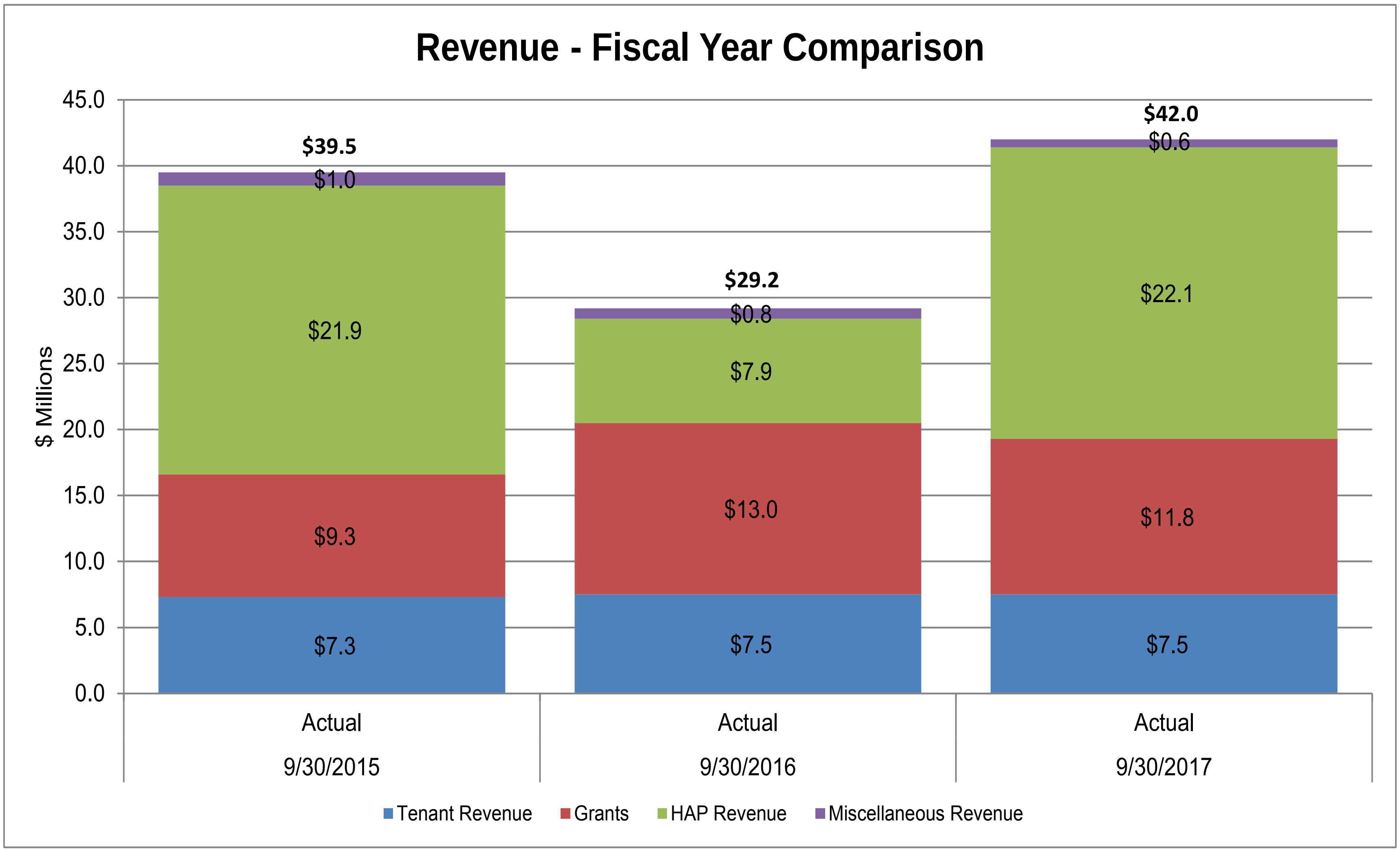
Financial Liquidity



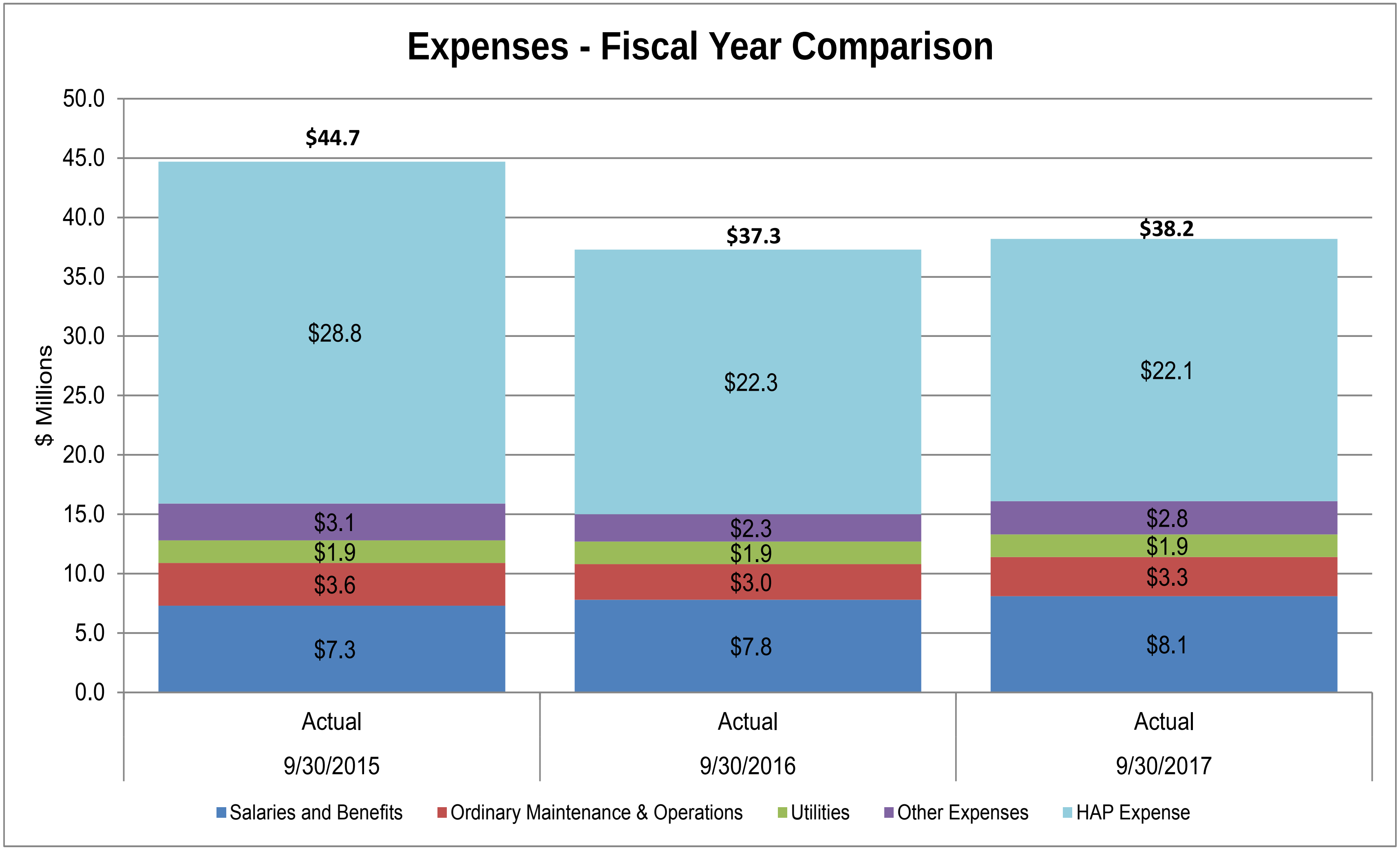


The current ratio increased from 3.07 to 3.13 and remains an indicator of SAHA's strong capacity to meet its short-term financial commitments.

Total revenue for September 2017, was 44% higher compared to September 2016, due primarily to Section 8 HAP Revenue. The Authority was required to use Section 8 reserve funds to disburse Housing Assistance Payments for August and September 2016.



Total expenses for September 2017, were 2% higher compared to September 2016. The primary contributor to the increase was the Other Expenses category, which was $500,000 higher this period due to an increase in property insurance premiums and consulting fees.



Summary of Major Changes in Cash and Investment Balance

For the Quarterly Period Ending September 30, 2017

The overall cash and investment balance decreased by $2 million over the previous quarter primarily due to outgoing cash payments to vendors for capital projects at various Public Housing and Beacon communities, as well as payments for annual insurance premiums.

Bank Held Cash

Unrestricted Cash

- **COCC** - There is a net cash decrease of approximately $800,000 primarily due to transfers for Humana claims funding and payments made for intercompany reimbursements.

- **Public Housing** – There is net cash decrease of approximately $1.7 million primarily due to the reclassification of $1.5 million in insurance settlement funds to restricted cash as mentioned below in **Bank Held Cash – Restricted Cash – Public Housing**.

- **Section 8** – There is a net cash increase of approximately $1.9 million over the previous quarter primarily due to an increase in amounts received for Section 8 HAP subsidy.

- **Properties Unrestricted Cash** – There is a net cash increase of approximately $1.2 million primarily due the maturity of an $800,000 T-Note as mentioned below in **Investments at Various Banks – Unrestricted Investments – Properties Unrestricted Investments.** In addition to this, the portfolio also posted positive results for operations which contributed to the increase in unrestricted cash resources.

- **Properties under SAHFC** –There is a net cash decrease of approximately $600,000 primarily due to amounts paid for intercompany reimbursements.

- **Other Unrestricted Cash** – There is a net cash decrease of approximately $2.4 million primarily due to $2.9 million in cash payments made to various vendors, net of a $700,000 transfer in from restricted modernization & development funds as mentioned below in **Bank Held Cash – Restricted Cash - Non-Profit-Other Restricted.**

Restricted Cash

- **Public Housing** – There is a net cash increase of approximately $4.8 million primarily due to the maturity of a $3 million T-Note and reclassification of $1.5 million in insurance funds as mentioned below in **Investments at Various Banks – Restricted Investments – Mirasol Settlement Funds.**

- **Non-Profit-Other Restricted** – There is a net decrease of approximately $700,000 due to the transfer out of restricted modernization & development funds to unrestricted resources as mentioned above in **Bank Held Cash – Unrestricted Cash – Other Unrestricted Cash.**

Investments at Various Banks

Unrestricted Investments

- **Properties Unrestricted Investments** – There is a net cash decrease of approximately, $800,000 primarily due to the maturity of a T-Note as mentioned above in **Bank Held Cash – Unrestricted Cash - Properties Unrestricted Cash.**

Restricted Investments

- **Mirasol Settlement Funds (Public Housing)** – There is a net decrease of approximately $3 million primarily due to the maturity of the $3 million T-Note as mentioned above in **Bank Held Cash – Restricted Cash – Public Housing**.

San Antonio Housing Authority
Cash and Investment Summary
September 30, 2017

	Balance 6/30/2017	Deposits	Withdrawals	Balance 9/30/2017
Bank-Held Cash:				
Unrestricted Cash:				
Central Office Cost Center	6,661,084	1,935,115	2,687,078	5,909,122
Public Housing	8,801,705	9,337,422	11,039,070	7,100,057
Section 8	4,344,588	31,385,075	29,470,584	6,259,079
MTW Preservation and Expansion Funds	67,978	1,780,278	1,832,780	15,476
Central Office- Health Insurance	734,695	1,526,157	1,307,633	953,218
Homeownership	86	7,581	7,607	61
Properties Unrestricted Cash	745,844	3,034,470	1,799,447	1,980,867
Properties under SAHFC	6,671,080	1,453,135	2,058,602	6,065,614
Foundation Corporation	3,675	21,186	19,695	5,166
Capital Fund Program	-	4,109,191	4,109,191	-
Development Activities under SAHFC		3,719,715	3,718,480	1,235
Other Unrestricted Cash	9,438,279	35,388,735	37,795,088	7,031,924
Restricted Cash:				
Public Housing	6,670,462	5,143,200	379,920	11,433,741
Section 8- FSS Escrow	1,387,410	3,129	19,813	1,370,725
Project Based Properties	3,068,641	32,867	49,997	3,051,512
Facility Corp	4,409,669	1,767	591	4,410,846
Capital Funds	2,383,952	211	11,428	2,372,736
Endowment Trust	159,903	233	22,372	137,764
Other Unrestricted Cash	173,651	45,892	57,077	162,466
Non-Profit-Other Restricted	2,876,476	22,978	724,717	2,174,736
Sub-Total:	58,599,178	98,948,337	97,111,170	60,436,345
Investments at Various Banks				
Unrestricted Investments at Various Banks:				
Properties Unrestricted Investments	801,189	260	801,449	-
Restricted Investments at Various Banks:				
Public Housing	6,007,163	-	3,007,767	2,999,396
Other Restricted Cash At Various Banks	3,122,681	1,190,564	1,227,205	3,086,040
Other restricted Investments at Brokerage I	139,829	19,674	-	159,503
Sub-Total:	10,070,862	1,210,498	5,036,421	6,244,939
Total Cash & Investments:	$ 68,670,040	$ 100,158,835	$ 102,147,591	$ 66,681,284

San Antonio Housing Authority
Investment Value
September 30, 2017

Investment	Maturity Date	Book Value		Market Value	
		6/30/2017	9/30/2017	6/30/2017	9/30/2017
PH-Mirasol T-Note 912828TW0	October 31, 2017	2,999,396	2,999,396	3,000,156	3,008,945

San Antonio Housing Authority
Cash Held for Properties Managed by SAHA
September 30, 2017

	6/30/2017	Deposits	Withdrawals	9/30/2017
Cash Held for Properties Managed by SAHA:				
Cash from Tax-Credit Partnerships	5,223,399	992,517	807,951	5,407,965
Cash from Third Party Properties	18,412	18,207	22,651	13,969
Total Cash Held for Properties Managed by SAHA:	$ 5,241,811	$ 1,010,724	$ 830,602	$ 5,421,934

San Antonio Housing Authority
Collateralization
September 30, 2017

	Total Deposits	Deposits Covered by FDIC	Deposits Covered by Collateral	Pledged Collateral
Frost National Bank	$ 54,172,370	$ 500,000	$ 54,172,370	$ 69,098,000
Bank of New York - Castlepoint	$ 66,000	$ 66,000	$ -	$ -
Bank of New York - Encanta Villa	$ 124,000	$ 124,000	$ -	$ -
Bank of New York - Encanta Villa	$ 150,000	$ 150,000	$ -	$ -
Bank of New York - Encanta Villa `	$ 15,655	$ 15,655	$ -	$ -
Bank of New York - Woodhill	$ 44,987	$ 44,987	$ -	$ -
Bank of New York - Woodhill	$ 80,020	$ 80,020	$ -	$ -
Bank of New York - Woodhill	$ 2,110,824	$ 250,000	$ -	$ -
Bank of New York - Woodhill	$ 327,657	$ 250,000	$ -	$ -
Bank of New York - Woodhill	$ 18,191	$ 18,191	$ -	$ -
Bank of New York - Woodhill	$ 25,692	$ 25,692	$ -	$ -
Bank of New York - Sendero	$ 54,986	$ 54,986	$ -	$ -
Bank of New York - Sendero	$ 4,146	$ 4,146	$ -	$ -
Bank of New York - Converse Ranch II	$ 225,746	$ 225,746	$ -	$ -
Greystone - Converse Ranch I	$ 519,293	$ 250,000	$ -	$ -
Walker & Dunlop - Bella Claire	$ 98,591	$ 98,591	$ -	$ -
Walker & Dunlop - SAHFC	$ 367,318	$ 250,000	$ -	$ -
	$ 58,405,477	$ 2,408,016	$ 54,172,370	$ 69,098,000

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

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Ed Hinojosa Jr.
CFO

GRANTS REPORT AS OF September 30, 2017

CAPITAL GRANTS

CAPITAL GRANTS
- Unmet expenditure deadline approaching within 6 Months
- 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											
TX59E006501-15 *Major Project: Cassiano	06/07/16	06/07/17	$ 225,000.00	$ 250,000.00	$ 250,000.00	$ -	100%	$ 250,000.00	100%	$ 250,000.00	(1)
TX59P006501-10 *Major Project: Marie McGuire	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)
TX59P006501-11 *Major Projects: Blanco, Marie McGuire, Westway	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)
TX59P006501-12 *Major Projects: Fair Avenue, South San, Sun Park	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)
TX59P006501-13 *Major Projects: Lewis Chatham, Jewett Circle, Westway	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)
TX59P006501-14 *Major Projects: Westway, Charles Andrews, Cassiano Homes	05/12/16	05/12/18	$ 6,564,698.10	$ 7,294,109.00	$ 7,294,109.00	$ -	100%	$ 7,290,008.71	99%	$ 6,940,760.79	
TX59P006501-15 *Major Projects: Charles Andrews, HB Gonzalez	04/12/17	04/12/19	$ 6,785,826.30	$ 7,539,807.00	$ 7,539,807.00	$ -	100%	$ 5,279,299.90	70%	$ 5,136,307.37	(2)
TX59P006501-16 *Major Projects: Westway, WC White	**04/12/18**	**04/12/20**	**$ 7,024,842.00**	**$ 7,805,380.00**	**$ 5,342,829.82**	**$ 2,462,550.18**	**68%**	**$ 3,479,840.96**	**45%**	**$ 3,417,966.53**	(3)
TX59P006501-17 *Major Projects: Villa Tranchese, Fair Avenue	08/15/19	08/15/21	$ 7,176,040.20	$ 7,973,378.00	$ -	$ 7,973,378.00	0%	$ -	0%	$ -	(4)
Replacement Housing Factor Funds (RHF) Funding for the replacement of PH units demolished or sold											
TX59R006501-09 *Project: Wheatley Courts CNI Transformation Project	10/29/15	07/29/17	$ 82,676.70	$ 91,863.00	$ 91,863.00	$ -	100%	$ 91,863.00	100%	$ 91,863.00	(1)
TX59R006501-10 *Project: Wheatley Courts CNI Transformation Project	10/29/15	10/29/17	$ 324,261.90	$ 360,291.00	$ 360,291.00	$ -	100%	$ 360,291.00	100%	$ 360,291.00	(1)
TX59R006501-11 *Project: Wheatley Courts CNI Transformation Project	10/29/15	10/29/17	$ 595,331.10	$ 661,479.00	$ 661,479.00	$ -	100%	$ 661,479.00	100%	$ 661,479.00	(1)
TX59R006501-12 *Project: Wheatley Courts CNI Transformation Project	10/29/15	10/29/17	$ 468,692.10	$ 520,769.00	$ 520,769.00	$ -	100%	$ 520,769.00	100%	$ 520,769.00	(1)
TX59R006501-13 *Project: Wheatley Courts CNI Transformation Project	09/08/15	09/08/17	$ 494,237.70	$ 549,153.00	$ 549,153.00	$ -	100%	$ 549,153.00	100%	$ 549,153.00	(1)
TX59R006501-14 *Project: Wheatley Courts CNI Transformation Project	05/12/16	05/12/18	$ 477,295.20	$ 530,328.00	$ 530,328.00	$ -	100%	$ 530,328.00	100%	$ 530,328.00	(1)
TX59R006501-15 *Project: Wheatley Courts Phase II Senior Allocation Project	04/12/17	04/12/19	$ 289,272.60	$ 321,414.00	$ 321,414.00	$ -	100%	$ 321,414.00	100%	$ 321,414.00	(1)
TX59R006502-06 *Project: Sutton II	10/29/13	07/29/14	$ 2,347,632.90	$ 2,608,481.00	$ 2,608,481.00	$ -	100%	$ 2,608,481.00	100%	$ 2,608,481.00	(1)
TX59R006502-08 *Projects: Converse Ranch II, Pin Oak II, Sutton II, Wheatley Courts CNI Transformation Project	10/29/13	10/29/15	$ 2,334,010.50	$ 2,593,345.00	$ 2,593,345.00	$ -	100%	$ 2,593,345.00	100%	$ 2,593,345.00	(1)
TX59R006502-09 *Project: San Juan III	10/29/13	10/29/15	$ 1,267,288.20	$ 1,408,098.00	$ 1,408,098.00	$ -	100%	$ 1,408,098.00	100%	$ 1,408,098.00	(1)
TX59R006504-09 *Projects: San Juan III, Wheatley Courts CNI Transformation Project	10/29/13	10/29/15	$ 1,007,375.40	$ 1,119,306.00	$ 1,119,306.00	$ -	100%	$ 1,119,306.00	100%	$ 1,119,306.00	(1)
TX59R006502-10 *Projects: San Juan III, Wheatley Courts CNI Transformation Project	10/29/13	10/29/15	$ 1,629,651.60	$ 1,810,724.00	$ 1,810,724.00	$ -	100%	$ 1,810,724.00	100%	$ 1,810,724.00	(1)
TX59R006502-11 *Projects: San Juan III, Wheatley Courts CNI Transformation Project	08/02/13	08/02/15	$ 383,153.40	$ 425,726.00	$ 425,726.00	$ -	100%	$ 425,726.00	100%	$ 425,726.00	(1)
TX59R006502-12 *Project: Wheatley Courts CNI Transformation Project	03/11/14	03/11/16	$ 69,245.10	$ 76,939.00	$ 76,939.00	$ -	100%	$ 76,939.00	100%	$ 76,939.00	(1)
TX59R006502-13 *Project: Wheatley Courts CNI Transformation Project	09/08/15	09/08/17	$ 76,401.00	$ 84,890.00	$ 84,890.00	$ -	100%	$ 84,890.00	100%	$ 84,890.00	(1)
TX59R006502-14 *Project: Wheatley Courts CNI Transformation Project	05/12/16	05/12/18	$ 71,152.20	$ 79,058.00	$ 79,058.00	$ -	100%	$ 79,058.00	100%	$ 79,058.00	(1)
TX59R006502-15 *Project: Wheatley Courts Phase II Senior Allocation Project	04/12/17	04/12/19	$ 72,028.80	$ 80,032.00	$ 80,032.00	$ -	100%	$ 80,032.00	100%	$ 80,032.00	(1)
TX59R006502-16 *Project: Wheatley Courts Phase II Senior Allocation Project	04/12/18	04/12/20	$ 72,545.40	$ 80,606.00	$ 80,606.00	$ -	100%	$ 80,606.00	100%	$ 80,606.00	(1)
Urban Revitalization Program (Hope 6) (URP) Choice Neighborhood Grant											
TX6J006CNG112 *Implementation grant for Wheatley Neighborhood	09/30/19	N/A		$ 29,750,000.00	$ 22,959,101.79	$ 6,790,898.21	77%	$ 18,523,267.09	62%	$ 18,155,330.94	

(1) These grants are expended and disbursed at 100% however, HUD still requests monthly updates in eLOCCS.
(2) A portion of the 2015 CFP grant contains DDTF funding of $220,088. DDTF funds are fully expended.
(3) A portion of the 2016 CFP grant contains DDTF funding of $832,561. DDTF funding totaling $740,001.01 (89%) has been expended.
(4) A portion of the 2017 CFP grant contains DDTF funding of $854,061.

GRANTS REPORT AS OF September 30, 2017

HUD - PROGRAM GRANTS

PROGRAM GRANTS
Grant expenditure is not progressing as planned.

Grant Number	Effective Date	Expenditure End Date	LOCCS Authorized	Cumulative Expended	Expended Percentage	LOCCS Disbursement
Special Needs Assistance Program (SNAP)						
Funding for housing and supportive services on a long-term basis for homeless persons with disabilities						
TX0252L6J001602	06/01/17	05/31/18	$ 110,192.00	$ 50,831.88	46%	$ 37,005.96
TX0233L6J001608	07/01/17	06/30/18	$ 811,950.00	$ 383,227.44	47%	$ 264,720.98
Resident Opportunities & Self Sufficiency (ROSS)						
Funding for Family Self Sufficiency (FSS) Coordinators						
TX006RPS072A015 *2015 ROSS Service Coordinators	05/10/16	09/30/19	$ 637,068.00	$ 184,534.61	29%	$ 175,004.10
TX006FSH593A016 *PH & HCV Combined FSS 2016	01/01/17	12/31/17	$ 807,673.00	$ 653,178.38	81%	$ 572,348.16
Jobs Plus						
Funding for PHAs to develop locally-based approaches to increase earnings and advance employment outcomes for Public Housing residents						
TX006FJP000815 *Jobs Plus - Cassiano	06/06/16	09/30/22	$ 2,700,000.00	$ 690,872.20	26%	$ 663,717.87

NON-HUD - PROGRAM GRANTS

Grant Number	Performance Date	Award Amount	Cumulative Expended	Remaining to Expend	Reimbursement Received	Expended Percentage	
Department of Justice							
Improve safety at Wheatley Neighborhood							
Byrne Criminal Justice	10/01/12 - 09/30/17	$ 600,000.00	$ 534,759.25	$ 65,240.75	$ 534,759.25	89%	(5)
Annie E. Casey Foundation							
Wheatley Courts Family Support Services Caseworker (Eastside Jobs Plus)							
SAHA 2015 Jobs Plus East	01/01/15 - 12/31/15	$ 146,604.00	$ 110,801.86	$ 35,802.14	$ 109,373.62	76%	
SAHA 2016 Jobs Plus East	01/01/16 - 12/31/16	$ 202,474.00	$ 178,593.49	$ 23,880.51	$ 176,788.23	88%	
SAHA 2017 Jobs Plus East	01/01/17 - 12/31/17	$ 202,474.00	$ 142,925.03	$ 59,548.97	$ -	71%	
Alamo Colleges							
Health Professions Opportunity Grant (HPOG)							
HPOG Grant 2017	09/30/16 - 09/29/17	$ 102,758.00	$ 89,879.51	$ 12,878.49	$ -	87%	(6)
HPOG Grant 2018	09/30/17 - 09/29/18	$ 118,489.00	$ -	$ 118,489.00	$ -	0%	
New York Mayor's Fund							
Continuation of evidence-based services initiated under the Social Innovation Fund Grant							
Continuation of Services	10/01/16 - 03/31/18	$ 170,000.00	$ 36,268.61	$ 133,731.39	$ 170,000.00	21%	

(5) Funds have been obligated for $592,000, the remainder portion of $8,000 will remain unutilized and unavailable for request. Although the performance end date reflects 9/30/17, the Department of Justice financial guidelines permits funds legally obligated to be expended up to 90 days after the grant expiration date.
(6) The end date of the grant was 9/30/17. The unexpended amount of $12,878.49 will remain unutilized and unavailable for request.

GRANTS REPORT AS OF September 30, 2017

LIST OF GRANT APPLICATIONS

Grant Name	Award Amount	Date Submitted	Match Amount	Term of the Grant	Application Status	Description
Emergency Safety & Security Grant	$250,000	03/31/17	**N/A**	**N/A**	Not Awarded	HUD Emergency Safety & Security
Best Buy Community Grant	$10,000	05/19/17	**N/A**	**N/A**	Not Awarded	Best Buy Community Grant
Responsive Grant	$209,000	05/29/17	**N/A**	**N/A**	Pending	Responsive Grant
Strategic Initiatives	$193,990	07/28/17	**N/A**	**N/A**	Pending	Baptist Health Foundation Strategic Initiatives
Spectrum Digital Education Grant	$50,000	08/24/17	**N/A**	**N/A**	Pending	Spectrum
FSS Grant	$1,291,123	09/14/17	**N/A**	**N/A**	Pending	HUD FSS Grant

PRESENTATION TO

Members of the Pension Committee of the

Housing Authority of the City of San Antonio Employee's Money Purchase Pension Plan and Trust

External Audit Results

December 31, 2016

November 16, 2017

Presentation agenda

- PS&Co. joins forces with RSM
- Service team
- Audit results and required communications
- Letter communicating a material weakness in internal control over financial reporting

PS&Co. joins forces with RSM

- RSM is the fifth largest U.S. provider of audit, tax and consulting services
  - 9,000 employees in 86 offices nationwide
- Padgett, Stratemann (PS&Co.) and RSM had a formal alliance relationship for over 20 years
- Fifth largest firm in Texas
  - 700 employees
  - Offices in San Antonio, Austin, Dallas and Houston
- Access to other consultants and specialist
- Large national public sector practice

Service team

- Marc Sewell, Engagement partner
- James Walch, Engagement Quality Reviewer
- Kane Wells, Engagement Manager
- Rebekah Goodner, In-Charge Auditor
- Audit Staff

Audit Results and Required Communications

- Audit Results:
  – Opinion on the financial statements - **unmodified**
- Required Communications:
  – Significant accounting policies
    – Adoption of new accounting standard (GASB 72) which provides guidance for applying fair values to investments and amended disclosures related to fair value measurement

  – Significant accounting estimates
    – Significant estimates – **Fair value of investments**

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Required communications (continued)

- Uncorrected and Corrected Misstatements
  - Uncorrected misstatements - **None**
  - Corrected misstatements
    - Decrease Plan additions and deductions by $500,000 to correct errors identified during the audit in the classification of assets transferred between investment accounts
    - Increase assets and contributions revenue by $111,273 to record current year receivables.
    - Increase net assets and decrease contributions revenue by $91,576 for prior year receivables.
    - Decrease net assets and Plan deductions by $14,175 for corrections to equity
- Significant difficulties encountered during the audit - **none**
- Disagreements with management - **none**
- Other significant findings or issues - **none**
- Management Representation Letter

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Letter Communicating a Material Weakness in Internal Control Over Financial Reporting

- A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.
- **Material Weakness Over Oversight of Key Functions Outsourced to Third-Party Providers and Related Financial Reporting**
  - During testing we noted the following deficiencies in internal control:
    - The Plan's sponsor has outsourced the investment management, safekeeping and recordkeeping functions of the Plan to third parties, who also maintain and compile the Plan's accounting information into internal financial statements, which are presented to the Plan sponsor. Although received by the Plan sponsor, the Plan sponsor did not have adequate processes and procedures (i.e., internal controls) over these outsourced processes to prevent or detect potential errors in the information provided. As a result of this deficiency, certain audit adjustments were proposed by us and made by the plan to correct errors identified in investment transfers and year-end accruals.
      - Resulted in a significant audit adjustment not prevented or detected by the Plan's internal controls.
    - Although management of the Plan obtained and reviewed the annual service organization control reports (SOC Reports) for its third-party service providers, the Plan did not have adequate procedures in place to ensure the Plan's internal controls adequately covered the required user controls described in these SOC Reports for user entities.

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Letter Communicating a Material Weakness in Internal Control Over Financial Reporting (Continued)

- **Recommendation**
  - Management implement or enhance policies and procedures concerning its oversight and review of Plan operations outsourced to third parties to help ensure all Plan assets are properly accounted for and all financial information is fairly presented in the Plan's financial statements.

- Specific considerations we suggest management consider in responding to the recommendation above:
  - Implementing or enhancing policies and procedures to review accounting information provided to the Plan by third-party service organizations servicing the Plan. Documentation of this review should be retained to support the annual financial statements.
  - At least quarterly, the Plan should obtain and review a complete rollforward of all investment accounts included in the Plan. This rollforward should be supported with detailed subsidiary ledgers or reports showing the detailed transactions reflected in summary on the rollforward. The total of the combined investment rollforwards should be reconciled to the general ledger of the Plan.
  - Implement policies and procedures to ensure investments are properly invested into the funds approved quarterly by the Pension Advisory Committee.
  - Implement policies and procedures to specifically identify and document in writing how each of the required user controls identified in third-party service organizations' SOC Reports are being performed by the Plan.
  - At least annually, the Plan's accounting personnel should review the cash basis financial statements and record the necessary journal entries required to properly record all year-end accruals necessary to present the financial statements under the accrual basis of accounting.

THANK YOU FOR YOUR TIME AND ATTENTION

QUESTIONS AND ANSWERS?

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RSM US LLP

Marc Sewell, Partner
marc.sewell@rsmus.com

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San Antonio, TX 78259
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MEMORANDUM

To: Finance Committee

From: David Nisivoccia, President and CEO

Presented by: Muriel Rhoder, Chief Administrative Officer

RE: Pension Plan Audit for the period of January 1, 2016 to December 31, 2016

SUMMARY:

The Housing Authority of the City of San Antonio Employees' Pension Plan and Trust, hereinafter referred to as the "Plan" was established on June 7, 1948. This was in recognition of the contribution made to its successful operation by its employees and for the exclusive benefit of its eligible employees. Since its inception, the terms and provisions of the Plan have been amended and restated upon recommendation of the Administrative and Advisory Committees, to include consultation and advice by the Authority's legal firms. Final approval to the Plan amendments is by the Board of Commissioners.

The Plan has oversight by the internal committees noted above. The following entities have roles and responsibilities in the day to day management of the Plan:

Frost Bank

As the Trustee, Frost Bank holds and secures the assets of the Plan. This entity is also responsible for providing monthly financial statements and reports.

Graystone Consultants

Graystone provides investment consulting services to guide and advise on investments in the stock market.

OneAmerica

OneAmerica is a U.S. financial services mutual holding organization that handles the issuance of plan disbursements, preparation of employees quarterly statements, and online support.

AUDIT FOR 2016 ACTIVITY

The Plan is subject to a yearly audit. For the Plan year covering January 1, 2016, through December 31, 2016, the audit was conducted by RSM US LLP. RSM US LLP is a leading provider of audit, tax and consulting services focused on the middle market. The audit commenced on May 15, 2017. RSM US LLP issued the (a) Financial Reports and (b) Report on Conduct of the Audit on September 22, 2017.

The financial highlights include a net position of $38,923,422 at December 31, 2016, ($39,040,255 in 2015). This represents a decrease in the Plan net position of $116,833. One factor for the decline in overall net position was the exit of the Plan by several participants with large holdings. Some of these participants held various high-level positions prior to their retirement from the Authority. However, investment income of $2,377,162 (investment loss of $397,978 in 2015), surged over the prior year due to United States equities posting a strong performance in 2016.

Generally, the audit did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there was a lack of authoritative guidance or consensus.

The audit identified a material weakness related to the oversight of key functions outsourced to third party providers and related financial reporting. One large disbursement from the plan was not properly recorded in the financial statements. While the final payment to the individual was paid in its entirety, the manner in which the transaction was disbursed was not in accordance with agreed upon reporting and accounting principles of such transactions. Additionally, there will be a recommendation from the auditors on the employee census data to add additional data columns for comprehensive employee information.

PROPOSED ACTION:
SAHA has identified an Accounting Supervisor in the Finance and Accounting department that will review all financial documents supplied by the third party providers. The Director of Human Resources will be responsible for the review of Service Organization Control (SOC) reports for the various entities responsible for the day to day management of the Plan and implementation of necessary internal controls.

SAHA has also met with representatives of Frost Bank to discuss these findings and to establish additional protocols and procedures to prevent future issues. Frost Bank personnel have recommended that SAHA review other financial services organizations, as a possible replacement to OneAmerica. This review is currently ongoing and further communication on this will be provided upon a final decision.

FINANCIAL IMPACT:
None

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

ATTACHMENTS:
Plan Financial Report dated December 31, 2016
Plan Report on Conduct of the Audit dated September 22, 2017

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

Financial Report
December 31, 2016

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Contents

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RSM US LLP

Independent Auditor's Report

To the Plan Administrator
Housing Authority of the City of San Antonio
Employees' Money Purchase Pension Plan and Trust

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of San Antonio Employees' Money Purchase Pension Plan and Trust (the Plan), a component unit of the Housing Authority of the City of San Antonio (the Authority), which comprise the statement of fiduciary net position as of December 31, 2016, the statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position as of December 31, 2016, and the changes in the Plan's net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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

RSM US LLP

San Antonio, Texas
September 22, 2017

Management's Discussion and Analysis

The following narrative is intended to be an understandable and clear explanation and analysis of significant financial activities and events and their impact on the Housing Authority of the City of San Antonio Employees' Money Purchase Pension Plan and Trust (the Plan) for the years ended December 31, 2016 and 2015.

Financial Highlights

The assets of the Plan are held in an irrevocable trust and are not available to support the Housing Authority of the City of San Antonio's (the Authority) own programs. Assets are held for the exclusive benefit of eligible Plan members, retirees and beneficiaries and for defraying the reasonable administrative expenses of the Plan.

Net position totaled $38,923,422 at December 31, 2016 ($39,040,255 in 2015). This represents a decrease in Plan net position of $116,833 (decrease of $2,075,736 in 2015). Although the overall net position declined for the year, investment income of $2,377,162 (investment loss of $397,978 in 2015) surged over the prior year due to the United States equities posting a strong performance in 2016. The S&P index was up 11 percent in 2016 compared to only 1 percent in 2015. In the fourth quarter, eight of the 11 sectors within the S&P 500 generated positive returns, which contributed to an increase in investment income for the year. The portfolio of the Plan has holdings in large cap equity funds, which had double-digit returns in 2016.

Benefits paid to participants were up by 22.15 percent, as a result of an exit of the Plan by several participants that had relatively large holdings. Some of the key participants held various high-level positions prior to their retirement from the Authority.

During the course of the year, a decision was made to reposition specific equity investments held by one of the investment groups and deploy the resources to another investment group. As a result, some investment types were not present at year-end, particularly debentures and convertible equities.

Overview of the Financial Statements

The statement of fiduciary net position presents the assets and liabilities of the Plan for 2016. Assets are stated at fair value and, accordingly, unrealized appreciation and depreciation are reported in the statement of changes in fiduciary net position. Purchases and sales of investments are recorded on a trade-date basis. Amounts reported may include management's estimates and actual results could differ from those estimates.

The statement of changes in fiduciary net position presents information showing how the Plan's net position changed during 2016. All changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the Plan's financial statements. The notes include a brief description of the Plan, a summary of significant accounting policies, comments on funding policies, investments and administrative expenses.

Condensed Fiduciary Net Position Information

	December 31		Percent
	2016	2015	Change
Investments	$ 37,131,805	$ 37,608,752	(1.27%)
Cash and cash equivalents	1,681,920	1,353,494	24.27%
Receivables:			
Employee contributions	34,773	28,678	21.25%
Employer contributions	76,500	62,898	21.63%
Accrued investment income	33,362	36,587	(8.81%)
Total assets	38,958,360	39,090,409	(0.34%)
Liabilities:			
Accrued investment manager expenses	34,938	50,154	(30.34%)
Net position restricted for pension benefits	$ 38,923,422	$ 39,040,255	(0.30%)

Condensed Changes in Fiduciary Net Position Information

	Years Ended December 31		Percent
	2016	2015	Change
Additions to fiduciary net position:			
Contributions:			
Employee	$ 868,859	$ 835,706	3.97%
Employer	1,854,743	1,787,030	3.79%
Investment income (loss), net	2,377,162	(397,978)	697.31%
Total additions	5,100,764	2,224,758	129.27%
Deductions from net position:			
Benefits paid to participants	(5,002,438)	(4,095,244)	22.15%
Administrative expenses	(215,159)	(205,250)	4.83%
Total deductions	(5,217,597)	(4,300,494)	21.33%
Net decrease in fiduciary net position	(116,833)	(2,075,736)	(94.37%)
Net position restricted for pension:			
Fiduciary net position at beginning of year	39,040,255	41,115,991	(5.05%)
Fiduciary net position at end of year	$ 38,923,422	$ 39,040,255	(0.30%)

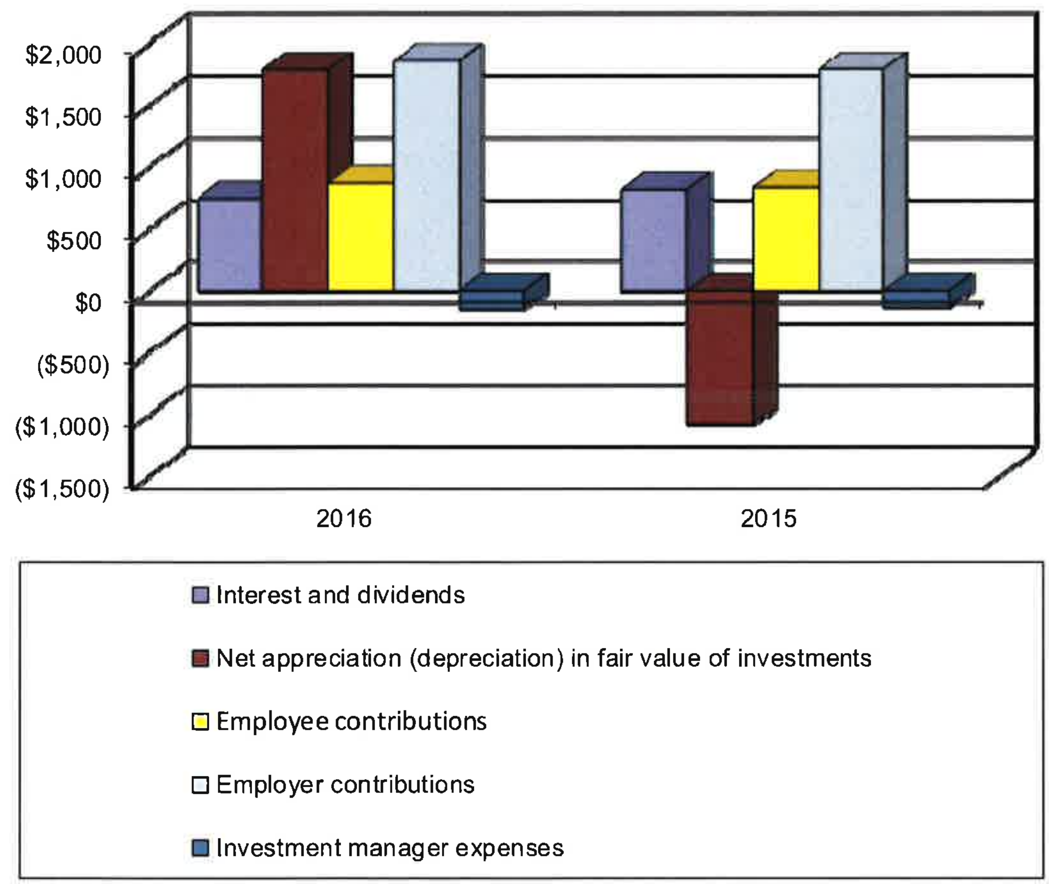
Housing Authority of the City of San Antonio Employees' Money Purchase Pension Plan and Trust

Management's Discussion and Analysis

Additions to Net Position

Additions to net position restricted for pension benefits include contributions from participants and the employer, as well as investment income. In total, employer and employee contributions increased slightly in 2016 from 2015. Investment income, net increased by approximately 697 percent in 2016 (119 percent decrease in 2015).

Additions to Net Position
Years Ended December 31, 2016 and 2015
(In Thousands)



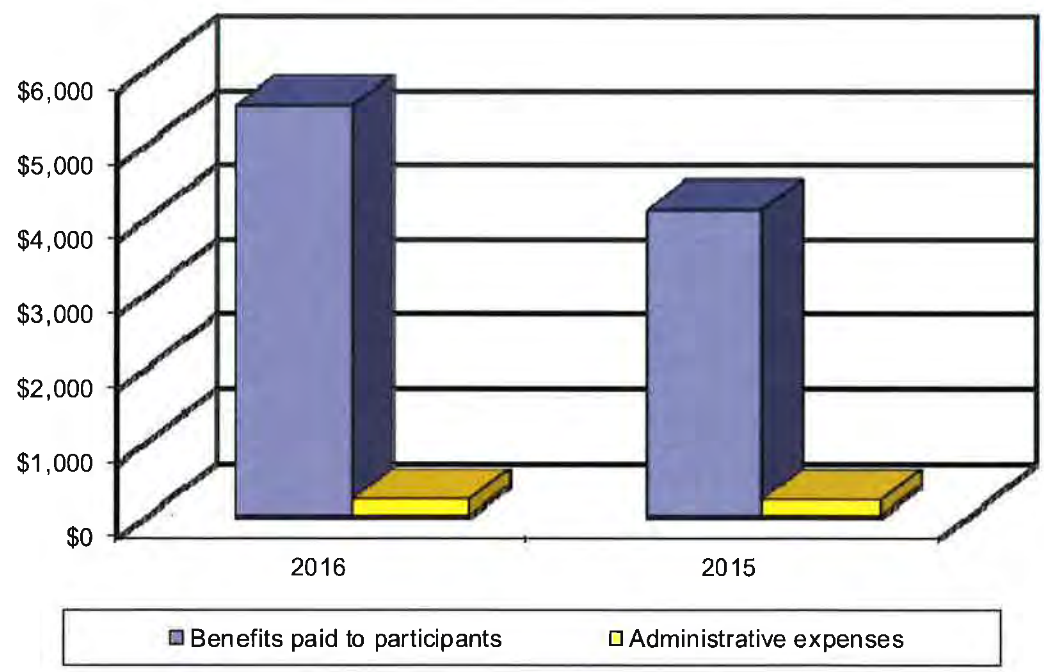
Additions to Fiduciary Net Position

	Years Ended December 31		Amount	Percent
	2016	2015	Change	Change
Employee contributions	$ 868,859	$ 835,706	$ 33,153	3.97%
Employer contributions	1,854,743	1,787,030	67,713	3.79%
Interest and dividends	745,578	816,602	(71,024)	(8.70%)
Net appreciation (depreciation) in fair value and net realized gain (loss) on sale of investments	1,783,134	(1,078,082)	2,861,216	265.40%
Investment manager expenses	(151,550)	(136,498)	(15,052)	11.03%
Total additions	$ 5,100,764	$ 2,224,758	$ 2,876,006	129.27%

Deductions From Fiduciary Net Position

Deductions from net position held in trust for pension benefits are comprised primarily of benefits paid to participants. Administrative expenses are also included as deductions. For 2016, benefits paid to participants totaled approximately $5.0 million ($4.1 million in 2015), an increase of approximately 22 percent from 2015. Administrative expenses totaled $215,159 in 2016 and $205,250 in 2015.

**Deductions From Fiduciary Net Position
Years Ended December 31, 2016 and 2015
(In Thousands)**



Deductions From Fiduciary Net Position

	Years Ended December 31 2016	2015	Amount Change	Percent Change
Benefits paid to participants	$ 5,002,438	$ 4,095,244	$ 907,194	22.15%
Administrative expenses	215,159	205,250	9,909	4.83%
Total deductions	$ 5,217,597	$ 4,300,494	$ 917,103	21.33%

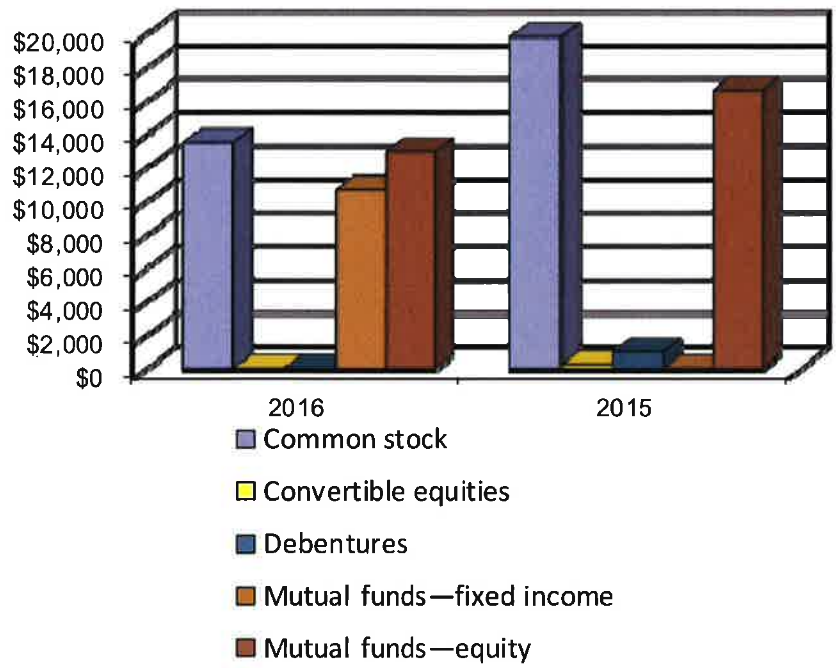
Investments

The administrator of the Plan provides investment guidelines in accordance with the approved investment policy. The policy addresses such factors as liquidity, safety of principal, credit risk and concentration and desired returns.

Investments totaled $37,131,805 at December 31, 2016, as compared to $37,608,752 at December 31, 2015, which represented a decrease of $476,947, or 1.27 percent in 2016 (a decrease of $2,082,928, or 5.25 percent in 2015).

When making comparisons from year to year, it is important to be aware that other factors may affect the change in investments, particularly the changes between investment categories and types. The most notable of these factors is investment rebalancing, which is initiated when certain predetermined target allocation percentages are reached. It is also important to note the investment portfolio is not stagnant, but is traded in part each business day. Therefore, the reader should be cautious about drawing conclusions as to how and why the portfolio increased or decreased in value. It is perhaps best to refer to the total investment balances to conclude how investments performed overall.

Investments
December 31, 2016 and 2015
(In Thousands)



Investments

Investments	December 31 2016	2015	Percent Change
Debentures	$ -	$ 971,796	(100.00%)
Common stock	13,502,991	19,792,397	(31.78%)
Convertible equities	-	238,878	(100.00%)
Mutual funds—equity	12,941,351	16,605,681	(22.07%)
Mutual funds—fixed income	10,687,463	-	100.00%
Total investments	$ 37,131,805	$ 37,608,752	(1.27%)

Requests for Information
This annual financial report is designed to provide a general overview of the Plan for interested parties. Questions concerning any of the information provided herein, or requests for additional financial information, should be addressed to the Housing Authority of the City of San Antonio Employees' Money Purchase Pension Plan and Trust, P.O. Drawer 1300, San Antonio, Texas 78295-1300.

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

Statement of Fiduciary Net Position
December 31, 2016

Assets:	
Investments:	
Common stock	$ 13,502,991
Mutual funds—equity	12,941,351
Mutual funds—fixed income	10,687,463
Total investments	37,131,805
Cash and cash equivalents	1,681,920
Receivables:	
Employee contributions	34,773
Employer contributions	76,500
Accrued investment income	33,362
Total receivables	144,635
Total assets	38,958,360
Liabilities:	
Accrued investment manager expenses	34,938
Net position restricted for pension benefits	$ 38,923,422

See notes to financial statements.

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

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2016

Additions to fiduciary net position:	
Contributions:	
Employee	$ 868,859
Employer	1,854,743
Total contributions	2,723,602
Investment income (expenses):	
Interest and dividends	745,578
Net appreciation in fair value of investments	1,783,134
Investment manager expenses	(151,550)
Net investment income	2,377,162
Total additions	5,100,764
Deductions from net position:	
Benefits paid to participants	(5,002,438)
Administrative expenses	(215,159)
Total deductions	(5,217,597)
Net decrease in fiduciary net position	(116,833)
Net position restricted for pension:	
Fiduciary net position at beginning of year	39,040,255
Fiduciary net position at end of year	$ 38,923,422

See notes to financial statements.

Note 1. Description of Plan

The following description of the Housing Authority of the City of San Antonio Employees' Money Purchase Pension Plan and Trust (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions. The Plan was most recently amended May 5, 2016.

Reporting entity: The Plan is sponsored by the Housing Authority of the City of San Antonio (the Authority). The Plan is a component unit of the Authority that is reported as a fiduciary fund, as established by the Governmental Accounting Standards Board (GASB) Codification of Government Accounting and Financial Reporting Standards.

General: The Plan is a defined contribution pension plan established as a public retirement system under the Texas Government Code by the Authority, the Plan sponsor. Under the terms and provisions of the Plan, the Authority has the ability to amend the Plan. Additionally, the Plan covers all full-time employees of the Authority who have completed one year of service.

Contributions: Each year, participants must contribute 5.0 percent and may elect to contribute up to 100.0 percent of eligible compensation, up to the maximum dollar limitation, as defined in the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. The administrator directs the investment of contributions into various investment options. The Plan may invest in common stock, preferred stock, convertible equities, corporate bonds, debentures, fixed income funds and mutual funds, among others. The Authority contributes 11.0 percent of a participant's compensation for the Plan year, plus 5.7 percent of a participant's compensation for the Plan year that exceeds the social security taxable wage base in effect at the beginning of the Plan year. Contributions are subject to certain limitations.

Participant accounts: Each participant's account is credited with the participant's contribution and allocations of the Authority's contributions and Plan earnings and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The number of Plan member accounts is as follows:

	December 31	
	2016	2015
Active participants	422	416
Separated—entitled to future benefits	138	154
Plan members	560	570

Note 1. Description of Plan (Continued)

Vesting: Participants are vested immediately in their contributions and actual earnings thereon. Vesting in the Authority's contribution portion of their accounts is based on years of continuous service. Authority matching contributions have a five-year graded vesting period as follows:

Completed Years of Service	Vested Percentage
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 years	100%

Payment of benefits: Upon termination of service, a participant may elect to receive a joint and survivor annuity if married, life annuity if not married or a lump-sum distribution equal to the value of the participant's vested interest in his or her account. Any balance under $1,000 is automatically paid out as soon as administratively possible.

Forfeitures: Participant forfeitures of nonvested balances will be used to reduce future employer contributions. During 2016, employer contributions were reduced by $58,494 from forfeited nonvested accounts. There were no unallocated forfeitures at December 31, 2016.

Administrative expenses: Administrative expenses may be paid by either the Plan sponsor or the Plan, as provided by the Plan document.

Plan amendments: Effective December 3, 2015, the Plan was amended to provide for a three- to five-person Plan Administrator consisting of, at a minimum, the Chief Executive Officer, the Chief Financial Officer and the Chief Legal Officer; and to amend Section 4.1 of the Plan, Conditions of Eligibility, to make the early entry of certain classes of employees automatic instead of discretionary and, pursuant to the United States Supreme Court's decision in Obergefell v. Hodges (June 26, 2015), the Plan must treat same-sex spouses the same as opposite-sex spouses for all purposes.

Effective May 5, 2016, the Plan was amended to provide for a three- to five-person Plan Administrator consisting of, at a minimum, the Chief Executive Officer, the Chief Financial Officer and the Chief Administrative Officer (or the person serving in each capacity), to provide for the immediate entry into participation by existing eligible employees holding titles of Director or above, to reform the application of forfeitures under the Plan, and to create a priority list of default beneficiaries for those situations in which the participant is not survived by a designated beneficiary.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The financial statements of the Plan are reported using the economic resources measurement focus and are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. The Plan applies all GASB pronouncements and presents its financial statements in accordance with the GASB Codification of Government Accounting and Financial Reporting Standards.

Note 2. Summary of Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of net position held in trust for pension benefits and changes therein. Actual results could differ from those estimates.

Investment valuation and income recognition: Investments in marketable debt and equity securities are reported at fair value. Shares of registered investment companies (mutual funds) are reported at fair value based on the quoted market price of the fund, which represents the net position value of the shares held by the fund at year-end. The fair value of each fund is based on the fair value of each funds' underlying investments at the end of the reporting period. Interest is recorded on the accrual basis as earned, and dividends are accrued as of the ex-dividend date.

Purchases and sales of investments are recorded on a trade-date basis and, accordingly, the related receivable and payable for any unsettled trades are recorded. At December 31, 2016, there were no unsettled trades.

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

Payment of benefits: Benefits are recorded when due and payable.

Federal income tax: The Plan is exempt from federal income tax pursuant to applicable regulations.

Cash equivalents: For the purposes of the statement of fiduciary net position, short-term, highly liquid investments are considered cash equivalents. Highly liquid investments are defined as investments with a maturity date of three months or less at time of purchase.

Note 3. Investments

The Plan generally invests in fixed income securities, equity securities and mutual funds in accordance with its investment policy. These investments are not participant directed, but rather directed by investment managers.

The following presents the fair values of investments by type at December 31, 2016:

Description	Fair Value
Equity—common stock	$ 13,502,991
Mutual funds—equity	12,941,351
Mutual funds—fixed income	10,687,463
Total investments	$ 37,131,805

The Plan categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. Fair value is defined as the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs and Level 3 are significant unobservable inputs.

Note 3. Investments (Continued)

Fair value measurement: Investments at fair value as of December 31, 2016, using the fair value measurement are as follows:

	Total Fair Value	Level 1	Level 2	Level 3
Equity—common stock	$ 13,502,991	$ 11,504,534	$ 1,998,457	$ -
Mutual funds—equity	12,941,351	12,941,351	-	-
Mutual funds—fixed income	10,687,463	10,687,463	-	-
	$ 37,131,805	$ 35,133,348	$ 1,998,457	$ -

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active exchange markets for those securities. Investments classified in Level 2 of the fair value hierarchy are valued using prices quoted in over-the-counter markets, which are traded less frequently than exchange markets.

The following disclosures address credit risk, concentration of credit risk and interest rate risk at December 31, 2016.

Concentration of credit risk: The Plan is required to disclose investments in any one issuer that represent 5 percent or more of the total investments. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement. The Plan's investment policy limits the investment in securities of any one company to 15 percent of the total fund, and no more than 30 percent of the total fund should be invested in any one industry.

At December 31, 2016, there were no investments in any one issuer that represent 5 percent or more of total Plan investments. Additionally, the Plan did not invest more than 15 percent of the investment portfolio in one company or more than 30 percent in one industry.

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

Presented below is the investments affected by interest rate risk and their applicable weighted-average maturities as of December 31, 2016:

Investment Type	Fair Value	Percentage of Total	Weighted-Average Duration (Years)
Legg Mason BW Absolute Return	$ 3,698,074	34.6%	8.80
Metropolitan West Total Return Bond Fund	6,989,389	65.4%	7.16
Total fixed income investments	$ 10,687,463	100.0%	7.98

Custodial credit risk: Custodial credit risk is the risk that in the event of a failure of the counterparty, the Plan will not be able to recover the value of investments or collateral in possession of the counterparty. The Plan does not have a policy regarding custodial credit risk. The Plan does not have any cash deposits held with financial institutions, and all equity investments are held in the custodian's name.

Note 3. Investments (Continued)

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

Presented below is the actual rating for fixed income investment type as of December 31, 2016:

Investment Type	Fair Value	Not Rated
Legg Mason BW Absolute Return	$ 3,698,074	$ 3,698,074
Metropolitan West Total Return Bond Fund	6,989,389	6,989,389
Total fixed income investments	$ 10,687,463	$ 10,687,463

Note 4. Plan Termination

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

Note 5. Risks and Uncertainties

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

RSM

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

Report on Conduct of the Audit
September 22, 2017

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September 22, 2017

To the Members of the Pension Committee
Housing Authority of the City of San Antonio
Employees' Money Purchase Pension Plan and Trust
c/o Ms. Muriel Rhoder
Employee Pension Administrative Committee Member
San Antonio, Texas

Dear Members of the Pension Committee:

We are pleased to present this report related to our audit of the financial statements of the Housing Authority of the City of San Antonio Employees' Money Purchase Plan and Trust (the Plan) as of and for the year ended December 31, 2016. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Plan's financial reporting process.

This report is intended solely for the information and use of the members of the Pension Committee and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Plan.

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Contents

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated May 15, 2017. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.
Accounting Policies and Practices	**Preferability of Accounting Policies and Practices** Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. **Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Plan. The following is a description of significant accounting policies or their application that were either initially selected or changed during the year: • Governmental Accounting Standards Board Statement No. 72, *Fair Value and Measurement and Application*. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. **Significant or Unusual Transactions** We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Management's Judgments and Accounting Estimates** Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.
Basis of Accounting	The financial statements were prepared on the assumption that the Plan will continue as a going concern.

Area	Comments
Audit Adjustments	Audit adjustments proposed by us and recorded by the Plan are shown on the attached Summary of Recorded Audit Adjustments.
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	Following is a description of a significant issue arising from the audit that was discussed with management: Inadequate oversight of key functions outsourced to third-party providers.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Letter Communicating a Material Weakness in Internal Control Over Financial Reporting	We have separately communicated a material weakness in internal control over financial reporting identified during our audit of the financial statements, and this communication is attached as Exhibit A.
Significant Written Communication Between Management and Our Firm	A copy of a significant written communication between our firm and management of the Plan, the representation letter provided to us by management, is attached as Exhibit B.

Summary of Significant Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses its knowledge and experience about past and current events, and certain assumptions about future events. Management may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Plan's December 31, 2016, financial statements.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Fair Value of Investments	The Plan records investments at the fair value.	Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active exchange markets for those securities. Investments classified in Level 2 of the fair value hierarchy are valued using prices quoted in over-the-counter markets, which are traded less frequently than exchange markets.	We tested the proprietary of information underlying management's estimates. Based on our audit procedures, which included obtaining independent pricing information, we believe management's estimates are reasonable.

Summary of Recorded Audit Adjustments

	Effect—Increase (Decrease)				
	Assets	Liabilities	Net Assets	Additions	Deductions
Record current-year receivables	$ 111,273	$ -	$ -	$ (111,273)	$ -
Correct prior-year receivables	-	-	91,576	91,576	-
Correct beginning equity	-	-	(14,175)	-	14,175
Correct errors identified during the audit in the classifications of assets transferred between investment accounts	-	-	-	(500,000)	(500,000)
Total effect				$ (519,697)	$ (485,825)
Effect on net assets	$ 111,273	$ -	$ 77,401		

Exhibit A—Letter Communicating a Material Weakness in Internal Control Over Financial Reporting

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September 22, 2017

To the Members of the Pension Committee
Housing Authority of the City of San Antonio
Employees' Money Purchase Pension Plan and Trust
c/o Ms. Muriel Rhoder
Employee Pension Administrative Committee Member
San Antonio, Texas

Our audit was performed in accordance with auditing standards generally accepted in the United States of America. In planning and performing our audit of the financial statements of the Housing Authority of the City of San Antonio Employees' Money Purchase Pension Plan (the Plan) as of and for the year ended December 31, 2016, we considered the Plan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Therefore, material weaknesses may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the following deficiencies in the Plan's internal control to be a material weakness.

Material Weakness Over Oversight of Key Functions Outsourced to Third-Party Providers and Related Financial Reporting
During our testing of the Plan's year-end balances, we noted the following deficiencies in internal control:

- The Plan's sponsor has outsourced the investment management, safekeeping and recordkeeping functions of the Plan to third parties, who also maintain and compile the Plan's accounting information into internal financial statements, which are presented to the Plan sponsor. Although received by the Plan sponsor, the Plan sponsor did not have adequate processes and procedures (i.e., internal controls) over these outsourced processes to prevent or detect potential errors in the information provided. As of a result of this deficiency, certain audit adjustments were proposed by us and made by the Plan to correct errors identified in investment transfers and year-end accruals.

- Although management of the Plan obtained and reviewed the annual service organization control reports (SOC Reports) for its third-party service providers, the Plan did not have adequate procedures in place to ensure the Plan's internal controls adequately covered the required user controls described in these SOC Reports for user entities.

The combination of these deficiencies in internal control over financial reporting indicate that there is a reasonable possibility that a material misstatement of the Plan's annual financial statements would not be prevented or detected on a timely basis.

Accordingly, we recommend management implement or enhance policies and procedures concerning its oversight and review of Plan operations outsourced to third parties to help ensure all Plan assets are properly accounted for and all financial information is fairly presented in the Plan's financial statements.

The following are descriptions of other matters (best practices), which we believe to be of potential benefit to the Plan, such as recommendations for operational or administrative efficiency.

Other Matters—Employee Census Data Rollforward
Although efforts were made by management during the audit, we noted a complete rollforward of the employee census data could not be performed. The rollforward of the census data should identify clearly the movements made in the employee census data from year to year (e.g., new employees and terminations).

We recommend the Plan implement processes and procedures to ensure a complete rollforward of the employee census data from the prior-year census is performed at least annually.

This communication is intended solely for the information and use of the members of the Pension Committee, management, and others within the Plan, and is not intended to be, and should not be, used by anyone other than these specified parties.

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Exhibit B—Significant Written Communication Between Management and Our Firm

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September 22, 2017

RSM US LLP
19026 Ridgewood Parkway, Suite 400
San Antonio, Texas 78259

This representation letter is provided in connection with your audit of the fiduciary financial statements of Housing Authority of the City of San Antonio Employees' Money Purchase Plan and Trust (the Plan) as of and for the year ended December 31, 2016, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of September 22, 2017:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated May 15, 2017, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. We have determined the Plan is a component unit reported as a fiduciary fund in the financial statements of the Housing Authority of the City of San Antonio (the Authority). Additionally, related-party transactions, including those with the primary government, the Authority, having accountability for Plan, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

8. We are unaware of any intentions of the Housing Authority of the City of San Antonio to terminate the Plan.

9. We have properly reported and disclosed amendments to the Plan instrument, if any.

10. We have no knowledge of any uncorrected misstatements in the financial statements.

11. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.

12. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Information Provided

13. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;

    b. Additional information that you have requested from us for the purpose of the audit;

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and

    d. Minutes of the meetings of the governing committee, or summaries of actions of recent meetings for which minutes have not yet been prepared.

14. All transactions have been recorded in the accounting records and are reflected in the financial statements.

15. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

16. We have no knowledge of allegations of fraud or suspected fraud affecting the plan's financial statements involving:

    a. Management.

    b. Employees who have significant roles in internal control.

    c. Others where the fraud could have a material effect on the financial statements.

17. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, or others.

18. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.

19. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and we have not consulted legal counsel concerning litigation or claims.

20. We have disclosed to you the identity of the plan's related parties and all the related-party relationships and transactions of which we are aware.

21. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Plan's ability to record, process, summarize and report financial data.

22. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

23. We have complied with all aspects of contractual agreements, including provisions of the Plan, that would have a material effect on the financial statements in the event of noncompliance, all participant eligibility and coverage requirements of the Plan, the Internal Revenue Code (IRC), and the filing requirements of appropriate agencies

24. We have obtained the Service Organization Controls Reports (SOC Reports) of our third-party service providers and concur with the Material Weakness reported to us in your Report on Conduct of Audit concerning the complementary user controls identified in the SOC Reports.

25. With respect to Management's Discussion and Analysis presented as required by the Government Accounting Standards Board to supplement the basic financial statements:
    a. We acknowledge our responsibility for the fair presentation of such required supplementary information.
    b. We believe such supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
    c. The methods of measurement or presentation have not changed from those used in the prior period.

26. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

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

Muriel Rhoder, Chief Administrative Officer (Employee Pension Administrative Committee Member)

Janie Rodriguez, Director of Human Resources (Employee Pension Advisory Committee Member)

SAN ANTONIO HOUSING AUTHORITY **November 16, 2017**

MEMORANDUM

To: Finance Committee

From: David Nisivoccia, President and CEO

Presented by: Muriel Rhoder, Chief Administrative Officer

RE: Update and discussion regarding the Internal Audit Department

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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 includes the following:

- 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 (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 Updates
- Internal Audit Plan Status through FY 2017-2018, Quarter 1
- Status of Third Party Audits and Assessments
- Summary and Status of Management's Corrective Action Plans (open action items only)

Management corrective action plans resulting from internal audits are entered into a spreadsheet to allow for easier tracking of the status of the open items. A copy of the spreadsheet is attached and includes the listing of all open action items. The corrective action plans have been highlighted in green to signify an action has a due date over 30 days in the future, or red to signify a corrective action is behind schedule.

PROPOSED ACTION:
None at this time

FINANCIAL IMPACT:
None

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

ATTACHMENTS:
Presentation
Status of Management Corrective Actions

Internal Audit Update

Presentation to Finance Committee
November 16, 2017

Activities in Support of Strategic Goals

- **Strategic Goal 1: Empower and equip families to improve their quality of life and achieve economic stability**
  - Reviewed one Family Self-Sufficiency Escrow Review request for payout.
  - Audit of Family Self-Sufficiency program currently in progress.

- **Strategic Goal 2: Invest in our greatest resource, our employees - and establish a track record for integrity, accountability, collaboration and strong [internal] customer service**
  - ***Certified Government Auditing Professional (CGAP)*** - Internal Audit consists of a Director and four staff. One staff member has successfully completed all requirements and passed the exam earning CGAP designation.
  - Two other staff have applied and intend to sit for the CGAP examination.

- **Strategic Goal 5: Transform core operations to be a high performing and financially strong organization**
  - Audit of Capital Improvements at Public Housing and Beacon Communities - all recommendations and corrective action items have been completed.

Compliance Audit Scope and Methodology Improvement

The scope and methodology of compliance audits of tenant files have been realigned to better serve the needs of the management and staff of the areas audited. The goal is to increase the efficiency and effectiveness of the audit process and to provide for more timely and relevant communication of audit results.

Assisted Housing Program (AHP)

- Internal Audit worked in coordination with AHP management and staff to improve upon the audit process for determining the population by the type of certification and program, with a focus on the more critical areas.
- Implement follow up procedures to ensure errors identified during the review have been timely corrected.
- Implement first-time issuance of formal audit reports communicating audit results and identifying opportunities for strengthening internal control and operating efficiencies. The initial AHP compliance audit report was issued for the month of March 2017. Thereafter, reports are issued on a quarterly basis.

Compliance Audit Scope and Methodology Improvement, Continued.

- **Public Housing**
  - Mobilization and scheduling of audit resources has been accelerated and audits of properties are currently being conducted at the rate of one property per week.
  - The number of resident files examined (sample size) has been increased, offering greater coverage.
  - Separate audit reports are issued for each property, communicating the results of the files reviewed and recommending corrective actions and opportunities for strengthening internal control and operating efficiencies noted.

Compliance Audit Scope and Methodology Improvement, Continued.

Beacon Communities

- To avoid duplication of effort, Internal Audit will now review the work of the Beacon Compliance function, evaluating their procedures, reperform on a test basis the examination of individual resident files, and ascertain whether errors have been timely corrected.
- The reduction in workload from implementing these procedures enables audit resources to be freed up to focus on other audit work.
- Audit coverage and effectiveness is increased by providing a more extensive review of tenant files, greater follow-up of corrective actions, and the quality assurance aspect of what is essentially a peer review of the Beacon Compliance function.
- The evaluation of the performance of the contracted outside property management firms is improved.
- The audits assist in evaluating the performance of Beacon internal staff conducting quality control work.

Internal Audit Plan Status

2015 - 2016 Internal Audit Plan

Annual Audits

- Capital Improvements at Public Housing and Beacon Communities; the final report was issued August 31, 2017.

2016 - 2017 Internal Audit Plan

Annual Audits

- CDI Grant Administration - included in the Audit Plan for 2017 - 2018; fieldwork is in progress.
- Uniform Application Center (UAC) - housing programs eligibility and admissions processes - included in the Audit Plan for 2017 - 2018; fieldwork is in progress.

Internal Audit Plan Status, Continued.

- **2017 - 2018 Internal Audit Plan - 1st Quarter**

Annual Audits

- Tenant Participation (TP) Funds
  - Parkview Apartments - the draft final report is in review with Executive
- Petty Cash Reviews
  - 2 Funds - draft final reports are in review with Executive
  - 1 Funds - pending management responses

Compliance Audits

- Assisted Housing Program - 165 resident files audited
- Public Housing - 182 files, 12 properties completed
  - Nine draft final reports are being reviewed by Executive
  - Five reports are pending management response:

    Petty Cash (1)

    Section 8 Quarterly Compliance (1)

    Public Housing (3)
  - Two reports are currently being drafted

Action Items

- **Prior quarter corrective action items:**

  19 As of June 30, 2017
  - 1 Resolved
  18 Current

- **HUD Field Monitoring - Family Self Sufficiency Grant**
  - A close out review of the grant was performed by local and headquarters staff from the Office of Public Housing
  - Status as of October 11, 2017 - All funds were expended and the Intergovernmental Personnel Act (IPA) audit as of June 30, 2016, disclosed no findings related to this grant, resulting in a final HUD closeout of the grant.

- **Financial and Compliance Audit for the Housing Authority of the City of San Antonio**
  - The audit is still in progress

Questions?

Plan Year	Final Report Date	Audit Title	Finding Type	Finding / Observation Number	Finding / Observation Description	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Officer	Comments
2012-2013	9/9/2013	Recruiting, Selection, and Onboarding	Best Practice	3	Develop standard dates for the hiring process that takes into account each step of the process to allow for better tracking of timelines between each step.	Track the progress on major hires and prepare a summary report for each at the conclusion of the process; and in partnership with Internal Audit and Executives, convene briefings designed to consider policy and procedure changes.	12/31/2013	6/30/2018	In Progress	MLR	Item is included in PlanBase. This *Best Practice* has been communicated to management, no further action required.
2013-2014	11/25/2013	Audit of Compliance - Quarterly - Non-Profit - Homestead	Best Practice	2	The Rent Roll is maintained as a manual spreadsheet. Incorrect HAP amounts are listed and HAP tenants are not identified (as noted by Findings 9 and 10 above). This manual process provides a greater chance of errors and omissions.	The Non Profit portfolio is very diverse with many different requirements that our current software is not capable of supporting. Since the current software for Non Profit is inadequate, Management has been meeting with the Information Technology Department to identify software that would be beneficial to the Non Profit properties and tht integrate with the Agency's existing processes and systems. This software would be beneficial for the Non Profit Department and wold greatly enhance the performance of our properties and would also assist in supporting our programs.	FY 2014-2015	12/31/17	In progress	EH	Property Management Software approved by the BoC in November 2014. Property Management Software to go out through the Request for Proposals process again. This *Best Practice* has been communicated to management, no further action required.
2013-2014	11/25/2013	Audit of Compliance - Quarterly - Non-Profit - Homestead	Internal Control Deficiency	9	The Rent Roll dated July 10, 2013, does not list all tenants as receiving subsidy (HAP Payments).	The Rent Roll is a manual form; therefore, all information has to be entered with another process other than what our computer system is capable of handling. At this time, Non Profit Property Management has to run a HAP payment report from Landlords Corner and manually enter the information into the Rent Roll Report. The Property Managers have been trained to pull the report monthly and to update the Rent Roll as needed. Non Profit is currently working with Information Technology to identify a computer system/application that will meet the needs of the Non Profit properties and integrate with the Agency's current computer applications.	FY 2014-2015	6/30/2018	In progress	EH	Although a manual Rent Roll is still utilized, staff has been trained on how to update and maintain this information. Beacon continues to work towards appropriate property management software. The new solicitation closed on October 2017, and we anticipate transition to be completed by the middle of 2018.

Plan Year	Final Report Date	Audit Title	Finding Type	Finding / Observation Number	Finding / Observation Description	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Officer	Comments
2013-2014	11/25/2013	Audit of Compliance - Quarterly - Non-Profit - Homestead	Internal Control Deficiency	10	The tenant rent subsidy amount listed on the Rent Roll does not match the tenant rent subsidy amount as per the HAP Contract (4 of 18).	The Rent Roll is a manual form so all information has to be entered with another process other than what our computer system is capable of handling. At this time, Non Profit Property Management has to run a HAP payment report from Landlords Corner and manually enter the information into the Rent Roll Report. The Property Managers have been trained to pull the report monthly and to update the Rent Roll as needed. Non Profit is currently working with Information Technology to identify a computer system/application that will meet the needs of the Non Profit properties and integrate with the Agency's current computer applications.	FY 2014-2015	6/30/2018	In progress	EH	While a manual Rent Roll is still utilized, staff has been trained on how to update and maintain this information. Beacon continues to work towards appropriate property management software. The new solicitation closed on October 2017 and we anticipate transition to be completed by the middle of 2018.
2013-2014	9/23/2015	Audit of Contract Compliance, Procurement Audit Follow-up and Procurement Processes for the Construction of New Developments	Best Practice	5	A listing for all purchases made during the scope period was requested from Procurement. The listing provided was incomplete. Further research determined that currently, there is not a central listing which reflects all purchases made within a given time frame or "as of" date.	Procurement will work with the IT department to develop a program to utilize JDE to pull data in categories to distinguish formal contract/agreement, one-time non-contract purchase orders and other small dollar purchases. Currently, the system is limited on what can be provided in the format that is needed. Additionally, Procurement will maintain a log for purchases less than $2,000.	10/31/2015	12/31/2017	In Progress	MLR	Procurement is working with IT on a solution. This *Best Practice* has been communicated to management, no further action required.
2013-2014	10/5/2015	Audit of Records Retention	Internal Control Deficiency	1	Agency email communications are currently being retained indefinitely, and could be subject to e-discovery requirements.	Emails have been retained since an incident arose where Commissioners lost emails that had been sent to their agency email accounts. At this point, we will work with the Interim President and CEO to ensure that the email record retention policy will hereinafter be followed.	12/31/2015	12/31/2017	In Progress	MLR	Records Retention is waiting on an email retention system. Google Unlimited has been procured.
2013-2014	10/5/2015	Audit of Records Retention	Best Practice	1	Finance and Accounting budget records, titled Budget Working Papers were withheld from the most recent document destruction and were requested to be retained permanently.	The Records Disposition Schedules (RDS) will be revised to be more specific in order to meet each department's needs. We will meet with department directors and records liaisons from each department before January 2016, to establish the needs of each department and will draft a more specific RDS based on these meetings before July 1, 2016. The updated RDS will adopt guidelines that are in accordance with HUD rules and regulations, so long as they are not shorter than state requirements, in which case, the state requirements will prevail.	12/31/2015	12/31/2017	In Progress	MLR	A Records Coordinator is currently in the hiring process. This *Best Practice* has been communicated to management, no further action required.

Plan Year	Final Report Date	Audit Title	Finding Type	Finding / Observation Number	Finding / Observation Description	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Officer	Comments
2014-2015	03/30/2017	Audit of the Resident and Program Participant Termination Process - Public Housing	Significant Deficiency	1	One file could not be located and was not available for review. In addition, an inventory of the property's resident files was not available for review during the course of the audit.	The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of EOP files	07/01/2017	12/31/2017	In Progress	EH	
2014-2015	03/30/2017	Audit of the Resident and Program Participant Termination Process - Public Housing	Other Internal Control Deficiency	2	Termination paperwork could not be located in five of the 68 files reviewed.	The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of terminated files.	07/01/2017	12/31/2017	In Progress	EH	
2014-2015	03/30/2017	Audit of the Resident and Program Participant Termination Process - Public Housing	Other Internal Control Deficiency	3	For seven of the 68 files tested, the residents were terminated through eviction; however, the eviction authorization could not be located in the respective residents' file.	The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of EOP files.	07/01/2017	12/31/2017	In Progress	EH	
2014-2015	03/30/2017	Audit of the Resident and Program Participant Termination Process - Public Housing	Other Internal Control Deficiency	4	Five exceptions related to *Debts Owed to a Public Housing Agency* were noted.	The corrective action plan to address errors in the intake process, including checking for outstanding debts, was implemented in 2014, and extended through 2015. The files pulled have move out dates during this file conversion transition. The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of EOP files. An EOP Standard Operating Procedure will be developed by March 1, 2017 to address EIV reporting and reporting outstanding debt to third party collection agency. The EOP SOP will be added to the 2017 Manager and CSS training plan.	07/01/2017	12/31/2017	In Progress	EH	

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2014-2015	03/30/2017	Audit of the Resident and Program Participant Termination Process - Public Housing	Other Internal Control Deficiency	5	The *Account Closeout* Form could not be located in 15 of the 68 files reviewed.	The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of EOP files.	07/01/2017	12/31/2017	In Progress	EH	
2014-2015	03/30/2017	Audit of the Resident and Program Participant Termination Process - Public Housing	Other Internal Control Deficiency	8	Four exceptions related to Abandoned Notice to Vacate NTO or Notice to Vacate were noted.	The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of EOP files.	07/01/2017	12/31/2017	In Progress	EH	
2014-2015	03/30/2017	Audit of the Resident and Program Participant Termination Process - Public Housing	Other Internal Control Deficiency	9	Six exceptions related to *Move-Out Inspections* were noted.	The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of EOP files.	07/01/2017	12/31/2017	In Progress	EH	
2014-2015	03/30/2017	Audit of the Resident and Program Participant Termination Process - Public Housing	Other Internal Control Deficiency	10	For four of the 68 files reviewed, it was noted that the Elite system print-out of the Tenant Notes was not a complete printout, which would be noted through termination date.	Public Housing has a pending item to remove Elite Tenant Notes from the Resident File, approved by the current Audit Director.	07/01/2017	12/31/2017	In Progress	EH	
2014-2015	03/30/2017	Audit of the Resident and Program Participant Termination Process - Public Housing	Other Internal Control Deficiency	11	For seven of the 68 files reviewed, it was noted that file documents were not in order according to the resident file checklist.	The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of EOP files.	07/01/2017	12/31/2017	In Progress	EH	
2014-2015	03/30/2017	Audit of the Resident and Program Participant Termination Process - Public Housing	Other Internal Control Deficiency	12	For seven of the 68 files reviewed, it was noted that some file documents were not securely fastened.	The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of EOP files.	07/01/2017	12/31/2017	In Progress	EH	

Plan Year	Final Report Date	Audit Title	Finding Type	Finding / Observation Number	Finding / Observation Description	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Officer	Comments
2014-2015	03/30/2017	Audit of the Resident and Program Participant Termination Process - Public Housing	Other Internal Control Deficiency	13	One of the 68 files reviewed was not stamped "Confidential."	The Public Housing department will develop an End of Participation (EOP) checklist to organize documents in a logical order to facilitate terminating occupancy and auditing by community managers. The checklist will be developed by March 1, 2017. Effective July 1, 2017, Assistant Directors will audit 1% of EOP files.	07/01/2017	12/31/2017	In Progress	EH	