

***NEW BRAUNFELS HOUSING AUTHORITY
NEW BRAUNFELS, TEXAS***

***BASIC FINANCIAL STATEMENTS &
MANAGEMENT'S DISCUSSION AND ANALYSIS
WITH AUDITOR'S REPORTS***

FOR THE YEAR ENDED SEPTEMBER 30, 2022

FINANCIAL SECTION

Independent Auditors' Report.....1-3

Management's Discussion and Analysis4-10

Basic Financial Statements:

 Statement of Net Position..... 11

 Statement of Revenues, Expenses, and Changes in Net Position..... 12

 Statement of Cash Flows 13-14

 Notes to Financial Statements..... 15-20

SUPPLEMENTAL INFORMATION

HUD Financial Data Schedule.....21-27

Statement of Capital Fund Program Costs – Incomplete 28

SINGLE AUDIT SECTION

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance
with *Government Auditing Standards*29-30

Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by
the Uniform Guidance31-33

Schedule of Expenditures of Federal Awards..... 34

Notes to Schedule of Expenditures of Federal Awards..... 35

Summary Schedule of Prior Year Audit Findings.....36

Schedule of Findings and Questioned Costs.....37

LEAL & CARTER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Frank J. Leal, CPA
Roberto Carter, CPA

16011 University Oak
San Antonio, Texas 78249
Telephone:(210) 696-6206
Fax:(492) 696-6209

Independent Auditors' Report

The Board of Commissioners of the
New Braunfels Housing Authority
New Braunfels, TX

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the New Braunfels Housing Authority (PHA), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the PHA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the PHA, as of September 30, 2022, and the respective changes in financial position, and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the PHA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Prior Period Adjustment

As further disclosed in Note L Prior Period Adjustment, a prior period adjustment was necessary to correct reconcile to prior year equity balances. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the PHA's basic financial statements. The HUD Financial Data Schedule, the Statements of Capital Fund Program Costs, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the HUD Financial Data Schedule, the Statements of Capital Fund Program Costs, and the schedule of expenditures of federal awards respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2023, on our consideration of the PHA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the PHA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the PHA's internal control over financial reporting and compliance.



San Antonio, Texas
June 26, 2023

**NEW BRAUNFELS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Introduction

This Management's Discussion and Analysis (MD&A) of the New Braunfels Housing Authority (Authority) is a narrative discussion of the financial activity of the Authority for the fiscal year ended September 30, 2022. The intent is to provide the reader with information in some of the significant financial issues for the fiscal year.

The Authority administered two programs to provide rental assistance to qualified low-income families and individuals and to qualified elderly tenants. These programs include the Low Rent Public Housing, which includes the Capital Fund Program, and the Housing Choice Vouchers. The CARES Act was enacted by Congress on March 29, 2020 to provide funding for COVID-19 supplies, sanitation, and hazardous waged on COVID-19 related work. The CARES Act provided funding to be utilized and spent by December 31, 2022. Unspent funds at year-end September 30, 2022 for the Housing Choice Voucher Program was \$13,875. All of the remaining funds were utilized and spent by December 31, 2022.

The Low Rent Program consists of 170 dwelling units which provides rental assistance to qualified low-income families and individuals with funds provided by the Department of Housing & Urban Development (HUD). The tenants pay a portion of the rent based on income and rental standards to determine the amount to be paid. The total unit months available for the fiscal year was 2,040 unit months, and, of this total, 1,903 unit months were leased to low income families and elderly tenants. This represents over ninety-three percent (93%) occupancy rate.

The Capital Fund Program has been merged with the Low Rent Program for this fiscal year and is reported on a combined basis. The Capital Fund Program provides funding for capital improvements to dwellings and to provide funding for dwelling equipment purchases. This fund also provides funding for management improvement and operations.

The Housing Choice Vouchers Program provides rental assistance to qualified low-income families for housing in the market place. Potential tenants decide which housing units they want to live in within the territorial limits of the Authority and the landlord must subject the housing unit to an inspection by the Authority to see if it meets HUD housing standards. At present, the Authority has approximately 292 units available. Funding is provided by HUD for rental assistance as well as funding for administrative expenses to administer the program. HUD provides this funding annually based on formulae applied on an overall basis. Of the total 3,504 unit months available for lease, 2,844 unit months were leased, representing over eighty-one percent (81%) occupancy rate.

**NEW BRAUNFELS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Overview of the Financial Statements

The following is an overview of the financial statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expenses, and Changes in Net Position
- The Statement of Cash Flows (Not Prepared)

The Statement of Net Position presents assets and liabilities and the net difference of the two categories are presented as net assets. Net Position consists of the following categories:

- Net Investment in Capital Assets - This category consists of the Authority's land, buildings, and equipment, net of accumulated depreciation and net of related debt associated with these assets.
- Restricted – This category consists of assets that are restricted to the specific use by the Authority as restricted by HUD or other criteria.
- Unrestricted – This category consists of all other assets less related liabilities and are available for the rental operations of the Authority.

The Statement of Revenues, Expenses and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses for the Authority's fiscal year ended September 30, 2022.

**NEW BRAUNFELS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Financial Highlights

The Authority's current assets decreased by \$415,085 from the previous fiscal year, primarily due the change on net position.

Tenant revenues decreased by \$56,737 from the previous fiscal year, mainly due to a decrease in occupied housing units.

Total expenses increased by \$631,139 from the previous year. The increase was attributed to an increase in housing assistance payments, casualty loss non capitalized, administrative expenses and maintenance and operations.

The Authority's comparative financial position is stated below in the condensed balance sheet and the condensed statement of revenues and expenses and changes in net assets.

COMPARATIVE FINANCIAL STATEMENTS

	2022 CURRENT YEAR	2021 PRIOR YEAR	INCREASE (DECREASE)
Current Assets	\$ 1,054,103	\$ 1,469,188	\$ (415,085)
Noncurrent Assets	68,000	68,000	-
Capital Assets – Net	1,524,790	1,684,498	(159,708)
Total Assets	<u>\$ 2,646,893</u>	<u>\$ 3,221,686</u>	<u>\$ (574,793)</u>
Current Liabilities	\$ 140,210	\$ 217,291	\$ (77,081)
Noncurrent Liabilities	15,122	10,614	4,508
Total Liabilities	<u>\$ 155,332</u>	<u>\$ 227,905</u>	<u>\$ (72,573)</u>
Net Position			
Net Investment in Capital Assets	\$ 1,524,790	\$ 1,684,498	\$ (159,708)
Restricted	80,346	68,000	12,346
Unrestricted	886,425	1,241,283	(354,858)
Total Net Position	<u>2,491,561</u>	<u>2,993,781</u>	<u>(502,220)</u>
Total Liabilities and Net Position	<u>\$ 2,646,893</u>	<u>\$ 3,221,686</u>	<u>\$ (574,793)</u>

**NEW BRAUNFELS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Current Assets

The Authority's current assets decreased by \$415,085 from the previous fiscal year, primarily due a decrease in funding from HUD for operating grants, and CARES Act funds.

Current Liabilities

Current liabilities decreased by \$77,081.

Net Position

Total net position decreased by \$502,220.

**NEW BRAUNFELS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

	2022 CURRENT YEAR	2021 PRIOR YEAR	INCREASE (DECREASE)
Operating Revenue			
Tenant revenue	\$ 524,509	\$ 581,246	\$ (56,737)
Other income	41,532	18,271	23,261
Total Operating Revenue	<u>566,041</u>	<u>599,517</u>	<u>(33,476)</u>
Operating Expenses			-
Administrative	800,416	746,540	53,876
Tenant Services	37,385	4,975	32,410
Utilities	89,386	64,986	24,400
Maintenance & operation	619,627	539,788	79,839
General expense	166,982	130,916	36,066
Housing assistance payments	1,840,158	1,662,204	177,954
Depreciation	200,717	231,660	(30,943)
Casualty loss-non-capitalized	260,639	3,102	257,537
Total Operating Expenses	<u>4,015,310</u>	<u>3,384,171</u>	<u>631,139</u>
Operating Income (Loss)	<u>(3,449,269)</u>	<u>(2,784,654)</u>	<u>(664,615)</u>
Nonoperating Revenues (Expenses)			-
HUD PHA grants	2,996,602	2,430,025	566,577
Interest income	-	7,899	(7,899)
Other non-operating income	-	138,587	(138,587)
Total Nonoperating	<u>2,996,602</u>	<u>2,576,511</u>	<u>420,091</u>
Capital contributions	<u>-</u>	<u>177,661</u>	<u>(177,661)</u>
Change in Net Position	(452,667)	(30,482)	(422,185)
Net Position – Beginning	2,993,781	3,061,751	(67,970)
Prior Year Adjustments	(49,553)	(37,488)	(12,065)
Net Position – Ending	<u>\$ 2,491,561</u>	<u>\$ 2,993,781</u>	<u>\$ (502,220)</u>

**NEW BRAUNFELS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Results of Operations

Total operating revenue decreased by \$33,476.

Administrative expenses increased by \$53,876 due mainly from increased administrative salaries, employee benefit contributions and office expenses.

Tenant services expense increased by \$32,410.

Maintenance and operations expenses increased by \$79,839.

General expenses increased by \$36,066.

Housing assistance payments increased by an amount of \$177,954.

Capital Assets

As of September 30, 2022, the Authority's investment in capital assets was \$1,524,790. This investment includes land, buildings, and equipment.

	2022 CURRENT YEAR	2021 PRIOR YEAR	INCREASE (DECREASE)
Land	\$ 165,168	\$ 165,168	\$ -
Buildings and Improvements	7,063,975	7,063,975	-
Furniture and Equipment	2,144,758	2,103,749	41,009
Construction in Progress	-	-	-
Total	9,373,901	9,332,892	41,009
Less: Accumulated Depreciation	(7,849,111)	(7,648,394)	(200,717)
Net Book Value	<u>\$ 1,524,790</u>	<u>\$ 1,684,498</u>	<u>\$ (159,708)</u>

The PHA does not have long-term debt on capital assets.

**NEW BRAUNFELS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Debt Administration

The Authority classifies a portion of the employee's leave as long term debt. This is because the Authority does not anticipate paying out the total amount accrued in the upcoming fiscal year.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

New Braunfels Housing Authority
Henry Alvarez, Executive Director
300 Laurel Lane
New Braunfels, TX 78130-6170

**NEW BRAUNFELS HOUSING AUTHORITY
NEW BRAUNFELS, TEXAS**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

ASSETS

Current Assets:	
Cash and cash equivalents - unrestricted	\$ 236,992
Cash - restricted for CARES Act	13,875
Cash - Other Restricted	12,346
Cash - tenant security deposits	33,900
Accounts receivables - HUD other projects	46,058
Accounts receivable - tenants & other, net of allowance for doubtful accounts \$19,460	6,530
Investments	704,402
Total Current Assets	<u>1,054,103</u>
Noncurrent Assets:	
Cash and cash equivalents - restricted from sale of property	68,000
Capital Assets:	
Capital assets - net of accumulated depreciation (See Note D)	<u>1,524,790</u>
Total Capital Assets, net of Accumulated Depreciation	<u>1,524,790</u>
Total Noncurrent Assets	<u>1,592,790</u>
Total Assets	<u>2,646,893</u>

LIABILITIES AND NET POSITION

Current Liabilities:	
Accounts payable	34,895
Accounts payable - HUD PHA Programs	1,200
Accounts payable - PILOT	43,044
Tenant security deposits	31,204
Unearned revenue	28,187
Accrued compensated absences - current	1,680
Total Current Liabilities	<u>140,210</u>
Noncurrent Liabilities:	
Accrued compensated absences - non current	<u>15,122</u>
Total Noncurrent Liabilities	<u>15,122</u>
Total Liabilities	<u>155,332</u>
Net Position:	
Net investment in capital assets	1,524,790
Restricted	80,346
Unrestricted	886,425
Total Net Position	<u>\$ 2,491,561</u>

The accompanying notes to financial statements are an integral part of this statement.

**NEW BRAUNFELS HOUSING AUTHORITY
NEW BRAUNFELS, TEXAS**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Operating Revenues:	
Total tenant revenue	\$ 524,509
HUD operating grants	2,996,602
Other revenue	41,532
Total Operating Revenue	<u>3,562,643</u>
Operating Expenses:	
Administration	800,416
Tenant services	37,385
Utilities	89,386
Maintenance & operation	619,627
Insurance and general	166,982
Housing assistance payments and portability-in	1,840,158
Depreciation	200,717
Casualty loss-non-capitalized	260,639
Total operating expenses	<u>4,015,310</u>
Operating Income (Loss)	<u>(452,667)</u>
Nonoperating Revenues (Expenses):	
Interest income	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>
Income (Loss) Before Capital Grants	(452,667)
Capital Contributions	
HUD PHA grants - Capital	<u>-</u>
Changes in Net Position	(452,667)
Net Position, October 1	2,993,781
Prior Period Adjustments	(49,553)
Net Position, September 30	<u>\$ 2,491,561</u>

The accompanying notes to financial statements are an integral part of this statement.

**NEW BRAUNFELS HOUSING AUTHORITY
NEW BRAUNFELS, TEXAS**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Cash Flows from Operating Activities	
Receipts from tenants	\$ 572,462
Other receipts	2,909,166
Payments to suppliers	(1,342,034)
Payments to landlords	(1,840,158)
Payments to employees	(387,901)
	<hr/>
Net cash provided (used) by Operating Activities	(88,465)
Cash Flows from Capital and Related Financing Activities	
Fixed asset additions	(41,009)
HUD Capital grants	<hr/> -
Net cash provided (used) by Capital and Related Financing Activities	(41,009)
Cash Flows from Investing Activities	
Interest income	-
Investments - net	<hr/> -
Net Cash provided (used) by Investing Activities	-
	<hr/>
Net increase (decrease) in Cash and Cash Equivalents	(129,474)
	<hr/>
Cash and Cash Equivalents, October 1, 2021	494,587
Cash and Cash Equivalents, September 30, 2022	<u>\$ 365,113</u>

The accompanying notes to financial statements are an intergal part of this statement.

**NEW BRAUNFELS HOUSING AUTHORITY
NEW BRAUNFELS, TEXAS**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Reconciliation of Operating Income (Loss) to

Net Cash Provided (Used) by Operating Activities:

Operating income (Loss) \$ (452,667)

Adjustments to Reconcile Operating Income (Loss) to

Net Cash Flows Provided (Used) by Operating Activities:

Depreciation 200,717

Prior period adjustment (49,553)

Changes in Assets and Liabilities:

(Increase) decrease in assets:

Receivables - net 161,675

Deferred charges 7,967

Investments 115,969

Increase (decrease) in liabilities:

Accounts payable (36,070)

Accrued wages & taxes (3,898)

Compensated absences (4,426)

Security deposits (2,990)

Deferred revenue (9,987)

Other liabilities (15,202)

Net Cash Provided (Used) by Operating Activities \$ (88,465)

Reconciliation of Cash and Cash Equivalents to Statement of Net Position:

Cash - unrestricted \$ 236,992

Cash - other restricted 94,221

Cash - tenant security deposits 33,900

Total 365,113

The accompanying notes to financial statements are an integral part of this statement.

**NEW BRAUNFELS HOUSING AUTHORITY
NEW BRAUNFELS, TEXAS**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Housing Authority (PHA) is a governmental organization which was organized under the laws of the State to provide housing for qualified individuals in accordance with the rules and regulations prescribed by HUD. The Mayor of the City of New Braunfels appoints the PHA's Board of Commissioners, which serves as the governing body of the PHA. The PHA is not financially accountable to the City and the City does not provide financial assistance to the PHA.

Reporting Entity - The PHA's financial statements include all of the housing authority's operations. The governmental reporting entity consists of the PHA and its component units, if any. The criteria for including organizations as component units within the PHA's reporting entity, as set forth in *Section 2100* of the Governmental Accounting Standards Board's (GASB) *Codification of Government Accounting and Financial Reporting Standards*, include whether: 1. The organization is legally separate (can be sued in their own name); 2. The PHA holds the corporate powers of the organization; 3. The PHA appoints a voting majority of the organization's board; 4. The organization has the potential to impose a financial benefit/burden on the PHA; and 5. There is fiscal dependency by the organization on the PHA.

Based on these criteria, the PHA has no component units.

Basis of Presentation - Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The PHA's activities are business-type in nature and does not engage in any governmental type activities. As a result, Government-wide financial statements which distinguish between governmental and business-type activities are not required.

For financial reporting purposes, all activities of the PHA are accounted for in one housing enterprise (proprietary) fund. Fund financial statements are considered to be separate accounting entities. A fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses.

Measurement Focus and Basis of Accounting - Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Proprietary (business-type) funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported in the Statement of Net Position. Proprietary fund equity is classified as net position.

All activities of the PHA are accounted for within a single enterprise (proprietary) fund. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the PHA are tenant rent revenue and other income from the operation of the project. Additionally, operating subsidies received from the Department of Housing and Urban Development and other grantor agencies are recorded as operating income. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**NEW BRAUNFELS HOUSING AUTHORITY
NEW BRAUNFELS, TEXAS**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting - All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Cash and Cash Equivalents - The proprietary fund types consider all highly liquid investments with maturities of three months or less at the time of acquisition to be cash equivalents.

Investments - Liquid investments with maturities of more than three months are carried as investments. The PHA invests in instruments whose values are not subject to market fluctuations and are carried at cost plus accrued interest.

Inventories - Inventories are recorded at the lower of cost or market on a first-in, first-out basis.

Compensated Absences - Employees are granted vacation and sick leave benefits depending on tenure with the PHA. Generally, after one year of service, employees are entitled to their accrued vacation leave upon termination. These amounts are charged to expense and a corresponding liability is established when earned.

Fixed Assets and Depreciation - Land, structures and equipment are stated at historical cost. Individual assets that exceed a Board approved threshold limit are capitalized and depreciated while smaller assets are expensed as consumable supplies. Depreciation is computed using the straight-line method. Estimated useful lives, in years, for depreciable assets are as follows:

Site improvements	15 years
Building	25 years
Building improvements	15 years
Non-dwelling structures	25 years
Equipment	5 to 10 years

Use of Restricted Assets — It is the PHA's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Net Position is divided into three Components -

- Invested in capital assets, net of related debt – consist of historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position – net position restricted by the PHA's creditors (for example, through debt covenants), by State enabling legislation (through restrictions on shared revenues), by grantors (both Federal and State), and by other contributors.
- Unrestricted – all other net position is reported in this category.

Income Taxes - The PHA is a public body corporate and politic pursuant to, Laws of the State of Texas, which is subsidized by the Federal Government. The PHA is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns as a public body corporate and politic pursuant to Laws of the State of Texas.

**NEW BRAUNFELS HOUSING AUTHORITY
NEW BRAUNFELS, TEXAS**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE B - DEPOSITS AND INVESTMENTS

The PHA's funds are required to be deposited and invested under the terms of a depository agreement which requires deposits over FDIC limits to be secured with securities held by the financial institution. Investments are carried at cost and consist of certificates of deposit that do not fluctuate in value.

Custodial risk is the risk that in the event of a bank failure, the PHA's deposits may not be returned to it. The PHA's depository agreement requires the PHA's depository to pledge collateral against deposits in excess of FDIC insurance coverage limits. Interest rate risk is exposure to market value losses arising from increasing interest rates. The PHA invests in certificates of deposit that do not have an interest rate risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The PHA mitigates credit risk by investing in fully insured or collateralized certificates of deposits or demand deposits. Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The PHA does not have a concentration of credit risk as investments are limited to certificates of deposit that are covered by FDIC insurance or collateralized by pledged securities.

At year end, all bank balances were either insured and/or collateralized.

NOTE C - BUDGET PROCESS

The PHA prepares budgets for all HUD programs. These budgets are approved by the Board of Commissioners and by HUD, if necessary. Appropriations for operating funds lapse at the end of the fiscal year. Capital fund budgets carry over until the project is completed.

NOTE D - CAPITAL ASSETS

Land, structures and equipment reported in the PHA's proprietary funds are as follows:

Classification	Beginning Balance 10/1/2021	Additions/ Deletions	Transfers	Ending Balance 9/30/2022
<u>Capital Assets, Not Being Depreciated</u>				
Land	\$ 165,168	-	-	\$ 165,168
Construction in Progress	-	-	-	-
	<u>165,168</u>	<u>-</u>	<u>-</u>	<u>165,168</u>
<u>Capital Assets, Being Depreciated</u>				
Building and Improvemnets	7,332,161	-	-	7,332,161
Furniture and Equipment	1,835,563	41,009	-	1,876,572
	<u>9,167,724</u>	<u>41,009</u>	<u>-</u>	<u>9,208,733</u>
Total	<u>9,332,892</u>	<u>41,009</u>	<u>-</u>	<u>9,373,901</u>
Less: Accumulated Depreciation	<u>(7,648,394)</u>	<u>(200,717)</u>		<u>(7,849,111)</u>
Net Book Value	<u>\$ 1,684,498</u>			<u>\$ 1,524,790</u>

Depreciation expense for the year ended September 30, 2022 is \$200,717

**NEW BRAUNFELS HOUSING AUTHORITY
NEW BRAUNFELS, TEXAS**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE E - FEDERAL GRANTS

In the normal course of operations, the PHA receives grant funds from various governmental agencies. These grant programs are subject to audit by agents of the granting agency. The purpose of which is to ensure compliance with the provisions of the granting agency. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE F – USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE G - RETIREMENT PLAN

The PHA participates in a defined contribution plan (a 401 (k) plan) administered by VOYA. The plan complies with IRS regulations and can be amended by the Board pursuant to applicable IRS guidelines. Benefits at retirement are based on the amount contributed.

The PHA and the participants are required to contribute 15% and 0% of annual covered payroll, respectively. For the fiscal year, actual contributions by the PHA were \$72,047.

Employees vest as follows:

After one year of service	20%
After two years of service	40%
After three years of service	60%
After four years of service	80%
After five years of service	100%

NOTE H - RISK MANAGEMENT

The PHA is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. The PHA manages these various risks of loss through the purchase of insurance. Management believes such coverage is sufficient to preclude any material losses to the PHA.

The PHA participates in the Texas Municipal League Intergovernmental Risk Pool which provides protection for risks of loss. Premiums are paid to the Pool that retains the risk of loss beyond the PHA's policy deductibles. Deductible amounts are not material to the financial statements.

NOTE I - ACCOUNTS RECEIVABLE

At year end accounts receivable consisted of the following:

Accounts receivable – HUD	\$ 46,058
Accounts receivable - Tenants	\$ 24,090
Allowance for doubtful accounts - Tenants	<u>(17,560)</u>
	<u>\$ 52,588</u>

**NEW BRAUNFELS HOUSING AUTHORITY
NEW BRAUNFELS, TEXAS**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE J - NONCURRENT LIABILITIES

At year end, noncurrent liabilities consisted of the following:

Accrued compensated absences - Noncurrent	\$ <u>15,122</u>
	<u>\$ 15,122</u>

Changes in noncurrent liabilities are as follows:

	Beginning Balance <u>10/01/21</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>09/30/22</u>	Amount Due Within <u>One Year</u>
Accrued Compensated Absences - Noncurrent	\$ <u>21,228</u>	\$ <u>16,802</u>	\$ <u>21,228</u>	\$ <u>16,802</u>	\$ <u>15,122</u>
	<u>\$ 21,228</u>	<u>\$ 16,802</u>	<u>\$ 21,228</u>	<u>\$ 16,802</u>	<u>\$ 15,122</u>

NOTE K - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Housing Authority's operations are concentrated in low-income rental programs funded primarily through HUD. These programs operate in a heavily regulated environment. Funding levels, administrative directives, rules and regulations are subject to change by an act of congress or by an administrative change mandated by HUD. Such changes may occur with little notice and could result in inadequate funding to cover operating costs.

NOTE L - PRIOR YEAR ADJUSTMENTS AND EQUITY TRANSFERS

Prior period adjustments to reconcile to prior year net position and to record equity transfers between funds, were made as follows:

<u>Program</u>	<u>Amount</u>
Low Rent	\$(48,561)
Section 8 Housing Choice Voucher	8,261
HCC HCV CARES Act	<u>(9,253)</u>
	<u>\$ (49,553)</u>

NOTE M - RESTRICTED CASH

Noncurrent restricted cash of \$68,000 represents the proceeds from the sale of a lot in the Low Rent Program. The proceeds are restricted for future development.

**NEW BRAUNFELS HOUSING AUTHORITY
NEW BRAUNFELS, TEXAS**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE N - ECONOMIC DEPENDENCY

The PHA receives a substantial portion of its revenue from Federal subsidies and grants. Since appropriations are determined at the federal level, decreases in the amounts funded could have an adverse effect on the PHA.

NOTE O – COMMITMENTS AND CONTINGENCIES

- The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. Any disallowance resulting from a review or audit may become a liability of the Authority; however as of the date of this report, no such liabilities are reflected in the accompanying basic financial statements.
- Claim against Non-profit Organization – The PHA has a claim against a nonprofit entity, which it created in 1994, but is currently not under the PHA's control. As of the date of this audit report, the PHA has filed a lawsuit for a declaratory judgement on this matter in order for the PHA to restore its control over the nonprofit entity and its properties.

NOTE P - COVID19 Financial Statement Impacts

The COVID-19 pandemic, whose effects first became known in January 2020, has had a broad and negative impact on commerce and financial markets around the world. The PHA receives a substantial portion of its revenue from Federal subsidies and grants; the extent of the impact of COVID-19 on the PHA's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the PHA's employees and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the PHA's net position and changes in net position and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE Q - Subsequent Events

Management has evaluated subsequent events through June 26, 2023, the date the financial statements were available to be issued.

New Braunfels Housing Authority (TX343)
 New Braunfels, TX
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit	Fiscal Year End: 09/30/2022							
	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$20,748		\$1,184	\$215,060		\$236,992		\$236,992
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted	\$68,000			\$12,346	\$13,875	\$94,221		\$94,221
114 Cash - Tenant Security Deposits	\$33,900					\$33,900		\$33,900
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	\$122,648	\$0	\$1,184	\$227,406	\$13,875	\$365,113	\$0	\$365,113
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects	\$46,058					\$46,058		\$46,058
124 Accounts Receivable - Other Government								
125 Accounts Receivable - Miscellaneous								
126 Accounts Receivable - Tenants	\$24,090					\$24,090		\$24,090
126.1 Allowance for Doubtful Accounts - Tenants	-\$17,560					-\$17,560		-\$17,560
126.2 Allowance for Doubtful Accounts - Other	\$0					\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current								
128 Fraud Recovery								
128.1 Allowance for Doubtful Accounts - Fraud				\$1,900		\$1,900		\$1,900
129 Accrued Interest Receivable				-\$1,900		-\$1,900		-\$1,900
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$52,588	\$0	\$0	\$0	\$0	\$52,588	\$0	\$52,588
131 Investments - Unrestricted	\$704,402					\$704,402		\$704,402
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets								
143 Inventories								
143.1 Allowance for Obsolete Inventories								
144 Inter Program Due From	\$1,051					\$1,051	-\$1,051	\$0
145 Assets Held for Sale								
150 Total Current Assets	\$880,689	\$0	\$1,184	\$227,406	\$13,875	\$1,123,154	-\$1,051	\$1,122,103
161 Land	\$165,168					\$165,168		\$165,168
162 Buildings	\$6,425,835					\$6,425,835		\$6,425,835
163 Furniture, Equipment & Machinery - Dwellings	\$1,182,551					\$1,182,551		\$1,182,551
164 Furniture, Equipment & Machinery - Administration	\$874,338		\$4,173	\$83,696		\$962,207		\$962,207
165 Leasehold Improvements	\$633,483			\$4,657		\$638,140		\$638,140

New Braunfels Housing Authority (TX343)
New Braunfels, TX
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit	Fiscal Year End: 09/30/2022							
	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
166 Accumulated Depreciation	-\$7,769,404		-\$904	-\$78,803		-\$7,849,111		-\$7,849,111
167 Construction in Progress								
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,511,971	\$0	\$3,269	\$9,550	\$0	\$1,524,790	\$0	\$1,524,790
171 Notes, Loans and Mortgages Receivable - Non-Current								
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								
173 Grants Receivable - Non Current								
174 Other Assets								
176 Investments in Joint Ventures								
180 Total Non-Current Assets	\$1,511,971	\$0	\$3,269	\$9,550	\$0	\$1,524,790	\$0	\$1,524,790
200 Deferred Outflow of Resources								
290 Total Assets and Deferred Outflow of Resources	\$2,392,660	\$0	\$4,453	\$236,956	\$13,875	\$2,647,944	-\$1,051	\$2,646,893
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	\$22,315			\$12,580		\$34,895		\$34,895
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable				\$351		\$1,680		\$1,680
322 Accrued Compensated Absences - Current Portion	\$1,329							
324 Accrued Contingency Liability								
325 Accrued Interest Payable								
331 Accounts Payable - HUD PHA Programs								
332 Account Payable - PHA Projects				\$1,200		\$1,200		\$1,200
333 Accounts Payable - Other Government	\$43,044					\$43,044		\$43,044
341 Tenant Security Deposits	\$31,204					\$31,204		\$31,204
342 Unearned Revenue	\$14,312			\$0		\$14,312		\$14,312
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue								
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities								
346 Accrued Liabilities - Other								
347 Inter Program - Due To				\$1,051		\$1,051	-\$1,051	\$0
348 Loan Liability - Current								
310 Total Current Liabilities	\$112,204	\$0	\$0	\$15,182	\$13,875	\$141,261	-\$1,051	\$140,210

New Braunfels Housing Authority (TX343)
New Braunfels, TX
Entity Wide Balance Sheet Summary

	Submission Type: Audited/Single Audit	Fiscal Year End: 09/30/2022						
	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue								
352 Long-term Debt, Net of Current - Operating Borrowings								
353 Non-current Liabilities - Other								
354 Accrued Compensated Absences - Non Current	\$11,963			\$3,159		\$15,122		\$15,122
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities								
350 Total Non-Current Liabilities	\$11,963	\$0	\$0	\$3,159	\$0	\$15,122	\$0	\$15,122
300 Total Liabilities	\$124,167	\$0	\$0	\$18,341	\$13,875	\$156,383	-\$1,051	\$155,332
400 Deferred Inflow of Resources								
508.4 Net Investment in Capital Assets	\$1,511,971		\$3,269	\$9,550		\$1,524,790		\$1,524,790
511.4 Restricted Net Position	\$68,000			\$12,346		\$80,346		\$80,346
512.4 Unrestricted Net Position	\$688,522	\$0	\$1,184	\$196,719	\$0	\$886,425		\$886,425
513 Total Equity - Net Assets / Position	\$2,268,493	\$0	\$4,453	\$218,615	\$0	\$2,491,561	\$0	\$2,491,561
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,392,660	\$0	\$4,453	\$236,956	\$13,875	\$2,647,944	-\$1,051	\$2,646,893

New Braunfels Housing Authority (TX343)
 New Braunfels, TX
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 09/30/2022						
	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$519,827					\$519,827		\$519,827
70400 Tenant Revenue - Other	\$4,682					\$4,682		\$4,682
70500 Total Tenant Revenue	\$524,509	\$0	\$0	\$0	\$0	\$524,509	\$0	\$524,509
70600 HUD PHA Operating Grants	\$913,284			\$2,087,905	\$15,433	\$2,996,602		\$2,996,602
70610 Capital Grants								
70710 Management Fee								
70720 Asset Management Fee								
70730 Book Keeping Fee								
70740 Front Line Services Fee								
70750 Other Fees								
70700 Total Fee Revenue	\$0					\$0	\$0	\$0
70800 Other Government Grants								
71100 Investment Income - Unrestricted	\$0					\$0		\$0
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery								
71500 Other Revenue	\$15,509		\$4,712	\$21,311		\$41,532		\$41,532
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted								
70000 Total Revenue	\$1,453,282	\$0	\$4,712	\$2,089,216	\$15,433	\$3,562,643	\$0	\$3,562,643
91100 Administrative Salaries	\$232,546			\$75,505		\$308,051		\$308,051
91200 Auditing Fees	\$13,202			\$19,803		\$33,005		\$33,005
91300 Management Fee								
91310 Book-keeping Fee								
91400 Advertising and Marketing								
91500 Employee Benefit contributions - Administrative	\$138,023			\$35,822		\$173,845		\$173,845
91600 Office Expenses	\$15,630			\$919		\$16,549		\$16,549
91700 Legal Expense	\$89,993					\$89,993		\$89,993
91800 Travel	\$187					\$187		\$187
91810 Allocated Overhead								
91900 Other	\$113,140			\$59,466	\$6,180	\$178,786		\$178,786

New Braunfels Housing Authority (TX343)
 New Braunfels, TX
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit	Fiscal Year End: 09/30/2022							
	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
91000 Total Operating - Administrative	\$602,721	\$0	\$0	\$191,515	\$6,180	\$800,416	\$0	\$800,416
92000 Asset Management Fee								
92100 Tenant Services - Salaries	\$17,166					\$17,166		\$17,166
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services	\$1,718					\$1,718		\$1,718
92400 Tenant Services - Other	\$18,501					\$18,501		\$18,501
92500 Total Tenant Services	\$37,385	\$0	\$0	\$0	\$0	\$37,385	\$0	\$37,385
93100 Water	\$8,384					\$8,384		\$8,384
93200 Electricity	\$71,714					\$71,714		\$71,714
93300 Gas	\$9,288					\$9,288		\$9,288
93400 Fuel								
93500 Labor								
93600 Sewer								
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense								
93900 Total Utilities	\$89,386	\$0	\$0	\$0	\$0	\$89,386	\$0	\$89,386
94100 Ordinary Maintenance and Operations - Labor	\$71,526					\$71,526		\$71,526
94200 Ordinary Maintenance and Operations - Materials and Other	\$63,415					\$63,415		\$63,415
94300 Ordinary Maintenance and Operations Contracts	\$413,784					\$413,784		\$413,784
94500 Employee Benefit Contributions - Ordinary Maintenance	\$50,902					\$50,902		\$50,902
94000 Total Maintenance	\$619,627	\$0	\$0	\$0	\$0	\$619,627	\$0	\$619,627
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs								
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$74,869					\$74,869		\$74,869
96120 Liability Insurance	\$4,187					\$4,187		\$4,187
96130 Workmen's Compensation	\$11,831					\$11,831		\$11,831
96140 All Other Insurance	\$3,437					\$3,437		\$3,437

New Braunfels Housing Authority (TX343)
 New Braunfels, TX
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 09/30/2022

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
96100 Total Insurance Premiums	\$94,324	\$0	\$0	\$0	\$0	\$94,324	\$0	\$94,324
96200 Other General Expenses			\$3,934	\$1,889		\$5,823		\$5,823
96210 Compensated Absences								
96300 Payments in Lieu of Taxes	\$44,123					\$44,123		\$44,123
96400 Bad debt - Tenant Rents	\$22,712					\$22,712		\$22,712
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense								
96900 Total Other General Expenses	\$66,835	\$0	\$3,934	\$1,889	\$0	\$72,658	\$0	\$72,658
96710 Interest of Mortgage (or Bonds) Payable								
96720 Interest on Notes Payable (Short and Long Term)								
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,510,278	\$0	\$3,934	\$193,404	\$6,180	\$1,713,796	\$0	\$1,713,796
97000 Excess of Operating Revenue over Operating Expenses	-\$56,996	\$0	\$778	\$1,895,812	\$9,253	\$1,848,847	\$0	\$1,848,847
97100 Extraordinary Maintenance								
97200 Casualty Losses - Non-capitalized	\$260,639					\$260,639		\$260,639
97300 Housing Assistance Payments				\$1,840,158		\$1,840,158		\$1,840,158
97350 HAP Portability-In								
97400 Depreciation Expense	\$199,301		\$834	\$582		\$200,717		\$200,717
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$1,970,218	\$0	\$4,768	\$2,034,144	\$6,180	\$4,015,310	\$0	\$4,015,310
10010 Operating Transfer In								
10020 Operating Transfer Out	\$498,179					\$498,179	-\$498,179	\$0
10030 Operating Transfers from/to Primary Government	-\$498,179					-\$498,179	\$498,179	\$0
10040 Operating Transfers from/to Component Unit								

New Braunfels Housing Authority (TX343)
New Braunfels, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 09/30/2022

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss								
10080 Special Items (Net Gain/Loss)								
10091 Inter Project Excess Cash Transfer In								
10092 Inter Project Excess Cash Transfer Out								
10093 Transfers between Program and Project - In								
10094 Transfers between Project and Program - Out								
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$516,936	\$0	-\$56	\$55,072	\$9,253	-\$452,667	\$0	-\$452,667
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$2,833,990	\$0	\$4,509	\$155,282	\$0	\$2,993,781		\$2,993,781
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$48,561			\$8,261	-\$9,253	-\$49,553		-\$49,553
11050 Changes in Compensated Absence Balance								
11060 Changes in Contingent Liability Balance								
11070 Changes in Unrecognized Pension, Transition Liability								
11080 Changes in Special Term/Severance Benefits Liability								
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity				\$206,269		\$206,269		\$206,269
11180 Housing Assistance Payments Equity								
11190 Unit Months Available	2016			\$12,346		\$12,346		\$12,346
11210 Number of Unit Months Leased	1903			3504		5520		5520
11270 Excess Cash	\$574,629			2844		4747		4747
11610 Land Purchases	\$0					\$0		\$0
11620 Building Purchases	\$0					\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0					\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0					\$0		\$0
11660 Leasehold Improvements Purchases	\$0					\$0		\$0
11660 Infrastructure Purchases	\$0					\$0		\$0
13510 CFFP Debt Service Payments	\$0					\$0		\$0
13901 Replacement Housing Factor Funds	\$0					\$0		\$0

**NEW BRAUNFELS HOUSING AUTHORITY
NEW BRAUNFELS, TEXAS**

STATEMENT OF CAPITAL FUND PROGRAM COSTS - INCOMPLETE

SEPTEMBER 30, 2022

	501-18	501-19	501-20	501-21	501-22
Funds approved	\$ 287,722	\$ 301,904	\$ 322,584	\$ 320,965	\$ 420,653
Funds expended	287,722	301,904	322,584	320,965	177,214
Excess of funds approved	\$ -	\$ -	\$ -	\$ -	\$ 243,439
Funds advanced	\$ 287,722	\$ 301,904	\$ 322,584	\$ 320,965	\$ 343,050
Funds expended	287,722	301,904	322,584	320,965	177,214
Excess (deficiency) of funds advanced	\$ -	\$ -	\$ -	\$ -	\$ 165,836

LEAL & CARTER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Frank J. Leal, CPA
Roberto Carter, CPA

16011 University Oak
San Antonio, Texas 78249
Telephone:(210) 696-6206
Fax:(210) 492-6209

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
New Braunfels Housing Authority
New Braunfels, TX

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the New Braunfels Housing Authority (the PHA), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the New Braunfels Housing Authority's basic financial statements, and have issued our report thereon dated June 26, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the New Braunfels Housing Authority's internal control over financial reporting (internal control) as a basis for designing the 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 New Braunfels Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the New Braunfels Housing Authority's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the PHA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the PHA in a separate letter dated June 26, 2023.

Purpose of this Report

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

A handwritten signature in black ink that reads "Seal & Carter, P.C." in a cursive style.

San Antonio, Texas
June 26, 2023

LEAL & CARTER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Frank J. Leal, CPA
Roberto Carter, CPA

16011 University Oak
San Antonio, Texas 78249
Telephone:(210) 696-6206
Fax:(210) 492-6209

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*

Board of Directors
New Braunfels Housing Authority
New Braunfels, TX

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the New Braunfels Housing Authority's (the PHA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the PHA's major federal programs for the year ended September 30, 2022. The PHA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the PHA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the PHA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the PHA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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

Seal & Carter, P.C.

San Antonio, Texas
June 26, 2023

NEW BRAUNFELS HOUSING AUTHORITY
NEW BRAUNFELS, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

GRANTOR/PASS-THROUGH/PROGRAM	ASSISTANCE LISTING NUMBER	PASSED-THROUGH ENTITY IDENTIFYING NUMBER	PASSED-THROUGH TO SUBRECIPIENTS	FEDERAL EXPENDITURES
<u>U. S. Department of Housing & Urban Development</u>				
Direct Programs				
<u>Housing Voucher Cluster -</u>				
Section 8 Housing Choice Vouchers	14.871	-	-	\$ 2,034,144
COVID19 Section 8 Housing Choice Vouchers	14.871	-	-	15,433
Total Housing Voucher Cluster				<u>2,049,577</u>
Public Housing Capital Fund Program	14.872	-	-	498,179
Public and Indian Housing	14.850	-	-	415,085
Total U.S. Dept. of Housing & Urban Development				<u>2,962,841</u>
<u>TOTAL EXPENDITURES OF FEDERAL AWARDS</u>				<u>\$ 2,962,841</u>

See the accompanying notes to Schedule of Expenditures of Federal Awards.

**NEW BRAUNFELS HOUSING AUTHORITY
NEW BRAUNFELS, TEXAS**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the PHA under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the PHA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the PHA.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(2) The PHA has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

In accordance with HUD guidelines, expenditures of federal awards for fiscal year ended September 30, 2022 are as follows:

- Public Housing and Capital Funds Program – HUD Operating and Capital Grants received
- Section 8 Housing Choice Voucher Program – Total Program expenses
- COVID-19 CARES Act Funds – Total program expenses

NOTE C – SUBRECIPIENTS

The PHA provided no federal awards to subrecipients during the year ended September 30, 2022.

**NEW BRAUNFELS HOUSING AUTHORITY
NEW BRAUNFELS, TEXAS**

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

SEPTEMBER 30, 2022

For the year ended September 30, 2021, the PHA had no findings.

NEW BRAUNFELS HOUSING AUTHORITY

NEW BRAUNFELS, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

A. Summary of the Auditor's Results:

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the PHA were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses in internal control were disclosed by the audit of the financial statements of the PHA.
3. No instances of noncompliance material to the financial statements of the PHA which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major programs were disclosed by the audit of the PHA.
5. The auditors' report issued on compliance for major programs expresses an unmodified opinion.
6. The audit disclosed no audit findings that are required to be reported in accordance with 2 CFR section 200.516 (a).
7. Major programs of the PHA are:

Housing Voucher Cluster –
Section 8 Housing Choice Vouchers – Assistance Listing No. 14.871
COVID-19 Section 8 Housing Choice Vouchers – Assistance Listing No. 14.871
8. Dollar threshold used to distinguish between Type A and Type B programs was \$750,000 or larger.
9. The auditee did not qualify as a low risk auditee.

B. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

None

C. Findings and Questioned Costs for Federal Awards Programs, which must include audit findings as defined by the Uniform Guidance [2 CFR 200.516 (a)]

None