

***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, 2024

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LEAL & CARTER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

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

Report on the Audit of 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, 2024, 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, 2024, 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 M Prior Period Adjustment, a prior period adjustment was necessary to record prior year 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 an opinion 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2025, 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.

Seal & Carter, P.C.

San Antonio, Texas
June 24, 2025

**NEW BRAUNFELS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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, 2024. 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 Low Rent Program consists of 169 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 2,026 unit months, and, of this total, 2,014 unit months were leased to low-income families and elderly tenants. This represents over ninety-nine percent (99%) 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 236 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 formula applied on an overall basis. Of the total 2,836 unit months available for lease, 2,836 unit months were leased, representing over one hundred percent (100%) occupancy rate.

**NEW BRAUNFELS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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

The Statement of Net Position presents assets and liabilities and the net difference of the two categories are presented as net position. 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, 2024, along with changes in net position and reconciliation from prior year to current year net position.

**NEW BRAUNFELS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Financial Highlights

The Authority's total assets decreased by \$229,127 from the previous fiscal year, primarily due to an increase in operating expenses in FY 2024 which accounted for the decrease in current assets, and due to a net decrease in capital assets related to current year depreciation expense.

Total liabilities decreased by \$91,748 from the prior year due to less obligations owed as of the end of the current year compared to the prior year.

The decrease in total assets combined with the decrease in total liabilities accounted for the net decrease in net position of \$137,379.

Total operating revenues increased by \$308,211 from the previous fiscal year, mainly due to an increase in HUD PHA grants, and total operating expenses increased by \$458,813 from the previous year mostly due to an increase in housing assistance payments and HAP portability.

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.

**NEW BRAUNFELS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

COMPARATIVE FINANCIAL STATEMENTS - CONDENSED

COMPARATIVE STATEMENT OF NET POSITION

	2024 CURRENT YEAR	2023 PRIOR YEAR	INCREASE (DECREASE)
Current Assets	\$ 876,604	\$ 1,004,371	\$ (127,767)
Noncurrent Assets	68,000	68,000	-
Capital Assets – Net	1,440,678	1,542,038	(101,360)
Total Assets	<u>\$ 2,385,282</u>	<u>\$ 2,614,409</u>	<u>\$ (229,127)</u>
Current Liabilities	\$ 108,802	\$ 192,264	\$ (83,462)
Noncurrent Liabilities	16,094	24,380	(8,286)
Total Liabilities	<u>\$ 124,896</u>	<u>\$ 216,644</u>	<u>\$ (91,748)</u>
Net Position			
Net Investment in Capital Assets	\$ 1,440,678	\$ 1,542,038	\$ (101,360)
Restricted	68,000	68,000	-
Unrestricted	751,708	787,727	(36,019)
Total Net Position	<u>2,260,386</u>	<u>2,397,765</u>	<u>(137,379)</u>
Total Liabilities and Net Position	<u><u>\$ 2,385,282</u></u>	<u><u>\$ 2,614,409</u></u>	<u><u>\$ (229,127)</u></u>

Analysis of Overall Financial Position

Total Assets - The Authority's current assets decreased by \$127,767 from the previous fiscal year, primarily due to increase of operating expenses, and capital assets decreased by \$101,360 primarily due to \$162,843 in current year depreciation expense.

Total Liabilities - The decrease in current liabilities by \$83,462 from the previous fiscal year, due to a reduction in obligations owed as of the end of Fy 2024, accounted mostly for total decrease of \$91,748 in total liabilities.

Net Position - Total net position decreased by \$137,379 from the previous fiscal year based on the net decrease in total assets combined with the decrease in total liabilities.

**NEW BRAUNFELS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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

	2024 CURRENT YEAR	2023 PRIOR YEAR	INCREASE (DECREASE)
Operating Revenue			
Tenant revenue	\$ 622,713	\$ 523,747	\$ 98,966
HUD PHA grants	3,388,860	2,717,417	671,443
Other governmental grants	-	87,214	(87,214)
Other income	144,929	127,439	17,490
Total Operating Revenue	4,156,502	3,455,817	700,685
Operating Expenses			
Administrative	850,484	833,818	16,666
Tenant Services	53,533	42,287	11,246
Utilities	89,144	90,741	(1,597)
Maintenance & operation	675,453	695,048	(19,595)
Insurance premiums	116,599	81,572	35,027
Other general expense	113,958	46,409	67,549
Housing assistance payments and HAP Portability	2,373,564	1,987,938	385,626
Depreciation	162,843	198,952	(36,109)
Total Operating Expenses	4,435,578	3,976,765	458,813
Operating Income (Loss)	(279,076)	(520,948)	241,872
Nonoperating Revenues (Expenses)			
Casualty loss, net of insurance proceeds received of \$53,461	-	(451)	451
Interest income	25,399	-	25,399
Total Nonoperating	25,399	(451)	25,850
Capital contributions	-	427,603	(427,603)
Change in Net Position	(253,677)	(93,796)	(159,881)
Net Position – Beginning	2,397,765	2,491,561	(93,796)
Prior Year Adjustments	116,298	-	116,298
Net Position – Ending	<u>\$ 2,260,386</u>	<u>\$ 2,397,765</u>	<u>\$ (137,379)</u>

**NEW BRAUNFELS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Analysis of overall Results of Operations

Total operating revenues increased by \$700,685 from the previous fiscal year, mainly due to an increase in HUD PHA funding.

Total operating expenses increased by \$458,813 primarily due to an increase in expenses in the following accounts:

Insurance premiums increased by \$35,027.

General expenses increased by \$67,549.

Housing assistance payments and HAP portability increased by an amount of \$385,626.

Capital Asset Activity

As of September 30, 2024, the Authority's investment in capital assets was \$1,440,678, with an increase in capital of assets during the year of \$61,446 for dwelling equipment purchases. There was also a decrease in total capital assets of \$162,512 for Fy 2024 depreciation expense. This investment includes land, buildings, and equipment.

	2024 CURRENT YEAR	2023 PRIOR YEAR	INCREASE (DECREASE)
Land	\$ 165,169	\$ 165,169	\$ -
Buildings and Improvements	7,063,975	7,063,975	-
Furniture and Equipment	2,344,699	2,283,253	61,446
Construction in Progress	78,000	78,000	-
Total	9,651,843	9,590,396	61,447
Less: Accumulated Depreciation	(8,211,165)	(8,048,358)	(162,512)
Net Book Value	\$ 1,440,678	\$ 1,542,038	\$ (101,360)

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, 2024**

Long – term Debt activity

The Authority classified a portion of the employee's leave totaling \$16,094 as of the end of the year as long-term debt. This is due to the Authority not anticipate paying out the total amount accrued in the upcoming fiscal year; 1,788 is reported as short term accrued compensated absences. Increases for accrued leave during the year were \$17,882 and decreases were \$27,089.

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, 2024

ASSETS

Current Assets:	
Cash - unrestricted	\$ 17,803
Cash - tenant security deposits (See Note B)	34,350
Accounts receivable - HUD other projects	194,213
Accounts receivable - PHA Projects	30,079
Accounts receivable - tenants & other, net of allowance for doubtful accounts \$52,409	79,470
Investments	512,666
Prepaid expenses and other assets	8,023
Total Current Assets	<u>876,604</u>
Noncurrent Assets:	
Cash - restricted from sale of property (See Note B)	68,000
Capital Assets:	
Capital assets - net of accumulated depreciation (See Note D)	1,440,678
Total Capital Assets, net of Accumulated Depreciation	<u>1,440,678</u>
Total Noncurrent Assets	<u>1,508,678</u>
Total Assets	<u>2,385,282</u>

LIABILITIES AND NET POSITION

Current Liabilities:	
Accounts payable	10,365
Accounts payable - Other Government	48,780
Accrued wages and taxes	10,711
Tenant security deposits	28,524
Unearned revenue	8,634
Accrued compensated absences - current	1,788
Total Current Liabilities	<u>108,802</u>
Noncurrent Liabilities:	
Accrued compensated absences - non current	16,094
Total Noncurrent Liabilities	<u>16,094</u>
Total Liabilities	<u>124,896</u>
Net Position:	
Net investment in capital assets	1,440,678
Restricted	68,000
Unrestricted	751,708
Total Net Position	<u>2,260,386</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, 2024

Operating Revenues:	
Total tenant revenue	\$ 622,713
HUD operating grants	3,388,860
Other revenue	144,929
Total Operating Revenue	<u>4,156,502</u>
Operating Expenses:	
Administration	850,484
Tenant services	53,533
Utilities	89,144
Maintenance & operation	675,453
Insurance premiums	116,599
Other general expense	113,958
Housing assistance payments and HAP portability	2,373,564
Depreciation	162,843
Total operating expenses	<u>4,435,578</u>
Operating Income (Loss)	<u>(279,076)</u>
Nonoperating Revenues (Expenses):	
Interest income	25,399
Total Nonoperating Revenues (Expenses)	<u>25,399</u>
Income (Loss) Before Capital Grants	(253,677)
Capital Contributions	
HUD PHA grants - Capital	<u>-</u>
Changes in Net Position	(253,677)
Net Position, October 1	2,397,765
Prior Period Adjustments	116,298
Net Position, September 30	<u><u>\$ 2,260,386</u></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, 2024

Cash Flows from Operating Activities

Receipts from tenants	\$ 591,795
Other receipts	3,418,448
Payments to suppliers	(1,419,409)
Payments to landlords	(2,373,564)
Payments to employees	(454,546)
Net cash provided (used) by Operating Activities	<u>(237,276)</u>

Cash Flows from Capital and Related Financing Activities

Fixed asset additions	(61,483)
HUD Capital grants	-
Net cash provided (used) by Capital and Related Financing Activities	<u>(61,483)</u>

Cash Flows from Investing Activities

Interest income	25,399
Investments - net	(25,399)
Net Cash provided (used) by Investing Activities	<u>-</u>

Net increase (decrease) in Cash and Cash Equivalents	(298,759)
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Cash and Cash Equivalents, October 1, 2023	418,912
Less cash held in certificates of deposits (not considered to be cash equivalents)	(102,350)
Cash and Cash Equivalents, September 30, 2024	<u><u>\$ 17,803</u></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, 2024

Reconciliation of Operating Income (Loss) to

Net Cash Provided (Used) by Operating Activities:

Operating income (Loss)	\$ (279,076)
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Adjustments to Reconcile Operating Income (Loss) to

Net Cash Flows Provided (Used) by Operating Activities:

Depreciation	162,843
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Prior period adjustment	116,298
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Changes in Assets and Liabilities:

(Increase) decrease in assets:

Receivables - net	(144,487)
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Deferred charges	(1,106)
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Increase (decrease) in liabilities:

Accounts payable	(91,480)
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Accrued wages & taxes	10,711
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Compensated absences	(9,207)
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Security deposits	(1,485)
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Deferred revenue	(287)
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Net Cash Provided (Used) by Operating Activities	<u><u>\$ (237,276)</u></u>
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Reconciliation of Cash and Cash Equivalents to Statement of Net Position:

Cash - unrestricted	<u><u>\$ 17,803</u></u>
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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, 2024

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, 2024

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 – For purposes of the proprietary fund types Statement of Cash Flows, the PHA considers 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, 2024

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 and which are authorized under HUD guidelines. 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.

Restricted cash of \$68,000, reported as a noncurrent asset on the accompanying Statement of Net Position, represents the proceeds from the sale of a lot in the Low Rent Program that are restricted for future development. This balance is held in certificates of deposit bank accounts as of September 30, 2024.

Additionally, regarding tenant security deposits in the amount of \$34,350, reported on the accompanying Statement of Net Position, this amount is also held in certificates of deposit bank accounts as of September 30, 2024.

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.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE D - CAPITAL ASSETS

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

Classification	Beginning Balance 10/1/2023	Additions/ Deletions	Transfers	Ending Balance 9/30/2024
<u>Capital Assets, Not Being</u>				
<u>Depreciated</u>				
Land	\$ 165,169	-	-	\$ 165,169
Construction in Progress	78,000	-	-	78,000
	<u>243,169</u>	<u>-</u>	<u>-</u>	<u>243,169</u>
 <u>Capital Assets, Being</u>				
<u>Depreciated</u>				
Infrastructure	-	-	-	-
Building and Improvements	7,063,975	-	-	7,063,975
Furniture and Equipment	2,283,216	61,483	-	2,344,699
	<u>9,347,191</u>	<u>61,483</u>	<u>-</u>	<u>9,408,674</u>
Total	<u>9,590,360</u>	<u>61,483</u>	<u>-</u>	<u>9,651,843</u>
Less: Accumulated Depreciation	(8,048,322)	(162,843)		(8,211,165)
Net Book Value	<u>\$ 1,542,038</u>			<u>\$ 1,440,678</u>

Depreciation expense for the year ended September 30, 2024 is \$162,843.

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.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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 \$66,353.90.

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 - NONCURRENT LIABILITIES

At year end, noncurrent liabilities consisted of the following:

Accrued compensated absences - Noncurrent	\$ 16,094
	<u>\$ 16,094</u>

Changes in noncurrent liabilities are as follows:

	Beginning Balance <u>10/01/23</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>09/30/24</u>	Amount Due Within <u>One Year</u>
Accrued Compensated Absences - Noncurrent	\$ 27,089	\$ 17,882	\$ 27,089	\$ 17,882	\$ 1,788
	<u>\$ 27,089</u>	<u>\$ 17,882</u>	<u>\$ 27,089</u>	<u>\$ 17,882</u>	<u>\$ 1,788</u>

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE J - 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 K - 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 L – 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 motion for reconsideration of its motion for summary judgment on this matter in order for the PHA to restore its control over the nonprofit entity and its properties.

NOTE M – PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$116,298 was recorded in order to correct prior year revenue earned for related expenses incurred in prior year as part of an interlocal agreement.

NOTE N– SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 24, 2025, 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: 09/30/2024					
	Project Total	14,218 Community Development Block Grants/Entitlement Grants	1 Business Activities	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$9,938		\$1,784	\$6,081	\$17,803		\$17,803
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted	\$68,000				\$68,000		\$68,000
114 Cash - Tenant Security Deposits	\$34,350				\$34,350		\$34,350
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	\$112,288	\$0	\$1,784	\$6,081	\$120,153	\$0	\$120,153
121 Accounts Receivable - PHA Projects				\$30,079	\$30,079		\$30,079
122 Accounts Receivable - HUD Other Projects	\$98,650			\$95,563	\$194,213		\$194,213
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous							
126 Accounts Receivable - Tenants	\$88,300				\$88,300		\$88,300
126.1 Allowance for Doubtful Accounts - Tenants	-\$8,830				-\$8,830		-\$8,830
126.2 Allowance for Doubtful Accounts - Other	\$0			\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current							
128 Fraud Recovery	\$41,859			\$1,720	\$43,579		\$43,579
128.1 Allowance for Doubtful Accounts - Fraud	-\$41,859			-\$1,720	-\$43,579		-\$43,579
129 Accrued Interest Receivable							
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$178,120	\$0	\$0	\$125,642	\$303,762	\$0	\$303,762
131 Investments - Unrestricted	\$512,666				\$512,666		\$512,666
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets	\$8,023				\$8,023		\$8,023
143 Inventories							
143.1 Allowance for Obsolete Inventories							
144 Inter Program Due From	\$6,580			\$12,252	\$18,832	-\$18,832	\$0
145 Assets Held for Sale							
150 Total Current Assets	\$817,677	\$0	\$1,784	\$143,975	\$963,436	-\$18,832	\$944,604
161 Land	\$165,169				\$165,169		\$165,169
162 Buildings	\$6,425,835				\$6,425,835		\$6,425,835
163 Furniture, Equipment & Machinery - Dwellings	\$1,382,492				\$1,382,492		\$1,382,492
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
166 Accumulated Depreciation	-\$8,125,753		-\$2,539	-\$82,873	-\$8,211,165		-\$8,211,165

	Project Total	14,218 Community Development Block Grants/Entitlement Grants	1 Business Activities	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
167 Construction in Progress	\$78,000				\$78,000		\$78,000
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,433,564	\$0	\$1,634	\$5,480	\$1,440,678	\$0	\$1,440,678
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	\$1,433,564	\$0	\$1,634	\$5,480	\$1,440,678	\$0	\$1,440,678
200 Deferred Outflow of Resources							
290 Total Assets and Deferred Outflow of Resources	\$2,251,241	\$0	\$3,418	\$149,455	\$2,404,114	-\$18,832	\$2,385,282
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	\$9,572			\$793	\$10,365		\$10,365
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable	\$10,105			\$606	\$10,711		\$10,711
322 Accrued Compensated Absences - Current Portion	\$1,511			\$277	\$1,788		\$1,788
324 Accrued Contingency Liability							
325 Accrued Interest Payable							
331 Accounts Payable - HUD PHA Programs							
332 Account Payable - PHA Projects							
333 Accounts Payable - Other Government	\$48,780				\$48,780		\$48,780
341 Tenant Security Deposits	\$28,524				\$28,524		\$28,524
342 Unearned Revenue	\$8,634				\$8,634		\$8,634
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	\$12,252			\$6,580	\$18,832	-\$18,832	\$0
348 Loan Liability - Current							
310 Total Current Liabilities	\$119,378	\$0	\$0	\$8,256	\$127,634	-\$18,832	\$108,802
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	\$13,596			\$2,498	\$16,094		\$16,094
355 Loan Liability - Non Current							
356 FASB 5 Liabilities							

	Project Total	14,218 Community Development Block Grants/Entitlement Grants	1 Business Activities	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
357 Accrued Pension and OPEB Liabilities							
350 Total Non-Current Liabilities	\$13,596	\$0	\$0	\$2,498	\$16,094	\$0	\$16,094
300 Total Liabilities	\$132,974	\$0	\$0	\$10,754	\$143,728	-\$18,832	\$124,896
400 Deferred Inflow of Resources							
508.4 Net Investment in Capital Assets	\$1,433,564		\$1,634	\$5,480	\$1,440,678		\$1,440,678
511.4 Restricted Net Position	\$88,000				\$88,000		\$88,000
512.4 Unrestricted Net Position	\$616,703	\$0	\$1,784	\$133,221	\$751,708		\$751,708
513 Total Equity - Net Assets / Position	\$2,118,267	\$0	\$3,418	\$138,701	\$2,260,386	\$0	\$2,260,386
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,251,241	\$0	\$3,418	\$149,455	\$2,404,114	-\$18,832	\$2,385,282

New Braunfels Housing Authority (TX343)
New Braunfels, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 09/30/2024					
	Project Total	14,218 Community Development Block Grants/Entitlement Grants	1 Business Activities	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$577,836				\$577,836		\$577,836
70400 Tenant Revenue - Other	\$44,877				\$44,877		\$44,877
70500 Total Tenant Revenue	\$622,713	\$0	\$0	\$0	\$622,713	\$0	\$622,713
70600 HUD PHA Operating Grants	\$862,364			\$2,526,496	\$3,388,860		\$3,388,860
70610 Capital Grants							
70710 Management Fee							
70720 Asset Management Fee							
70730 Book Keeping Fee							
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue					\$0	\$0	\$0
70800 Other Government Grants							
71100 Investment Income - Unrestricted	\$25,399				\$25,399		\$25,399
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	\$16,185		\$4,613	\$124,131	\$144,929		\$144,929
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted							
70000 Total Revenue	\$1,526,661	\$0	\$4,613	\$2,650,627	\$4,181,901	\$0	\$4,181,901
91100 Administrative Salaries	\$170,688			\$194,015	\$364,703		\$364,703
91200 Auditing Fees	\$21,050				\$21,050		\$21,050
91300 Management Fee							
91310 Book-keeping Fee							
91400 Advertising and Marketing							
91500 Employee Benefit contributions - Administrative	\$82,410			\$88,739	\$171,149		\$171,149
91600 Office Expenses	\$11,040			\$166	\$11,206		\$11,206
91700 Legal Expense	\$192,372				\$192,372		\$192,372
91800 Travel	\$547				\$547		\$547

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
91810 Allocated Overhead							
91900 Other	\$81,613		\$2,879	\$4,965	\$89,457		\$89,457
91000 Total Operating - Administrative	\$559,720	\$0	\$2,879	\$287,885	\$850,484	\$0	\$850,484
92000 Asset Management Fee							
92100 Tenant Services - Salaries	\$29,522				\$29,522		\$29,522
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services	\$7,274				\$7,274		\$7,274
92400 Tenant Services - Other	\$16,135		\$602		\$16,737		\$16,737
92500 Total Tenant Services	\$52,931	\$0	\$602	\$0	\$53,533	\$0	\$53,533
93100 Water	\$27,972				\$27,972		\$27,972
93200 Electricity	\$50,461				\$50,461		\$50,461
93300 Gas							
93400 Fuel							
93500 Labor							
93600 Sewer	\$10,711				\$10,711		\$10,711
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense							
93000 Total Utilities	\$89,144	\$0	\$0	\$0	\$89,144	\$0	\$89,144
94100 Ordinary Maintenance and Operations - Labor	\$91,347				\$91,347		\$91,347
94200 Ordinary Maintenance and Operations - Materials and Other	\$114,150		\$680		\$114,830		\$114,830
94300 Ordinary Maintenance and Operations Contracts	\$402,912				\$402,912		\$402,912
94500 Employee Benefit Contributions - Ordinary Maintenance	\$66,364				\$66,364		\$66,364
94000 Total Maintenance	\$674,773	\$0	\$680	\$0	\$675,453	\$0	\$675,453
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
96110 Property Insurance	\$102,754				\$102,754		\$102,754
96120 Liability Insurance	\$3,477				\$3,477		\$3,477
96130 Workmen's Compensation	\$7,601				\$7,601		\$7,601
96140 All Other Insurance	\$2,767				\$2,767		\$2,767
96100 Total Insurance Premiums	\$116,599	\$0	\$0	\$0	\$116,599	\$0	\$116,599

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
96200 Other General Expenses				\$6,911	\$6,911		\$6,911
96210 Compensated Absences							
96300 Payments in Lieu of Taxes	\$48,780				\$48,780		\$48,780
96400 Bad debt - Tenant Rents	\$58,267				\$58,267		\$58,267
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	\$107,047	\$0	\$0	\$6,911	\$113,958	\$0	\$113,958
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
96900 Total Operating Expenses	\$1,600,214	\$0	\$4,161	\$294,796	\$1,899,171	\$0	\$1,899,171
97000 Excess of Operating Revenue over Operating Expenses	\$-73,553	\$0	\$452	\$2,355,831	\$2,282,730	\$0	\$2,282,730
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments				\$2,288,028	\$2,288,028		\$2,288,028
97350 HAP Portability-In				\$85,536	\$85,536		\$85,536
97400 Depreciation Expense	\$160,157		\$835	\$1,851	\$162,843		\$162,843
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense	\$1,760,371	\$0	\$4,996	\$2,670,211	\$4,435,578	\$0	\$4,435,578
90000 Total Expenses							
10010 Operating Transfer In	\$392,474				\$392,474	-\$392,474	\$0
10020 Operating transfer Out	-\$392,474				-\$392,474	\$392,474	\$0

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
10030 Operating Transfers from/to Primary Government							
10040 Operating Transfers from/to Component Unit							
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$233,710	\$0	-\$383	-\$19,584	-\$253,677	\$0	-\$253,677
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$2,247,656	\$0	\$3,801	\$146,308	\$2,397,765		\$2,397,765
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$104,321			\$11,977	\$116,298		\$116,298
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				\$138,701	\$138,701		\$138,701
11180 Housing Assistance Payments Equity				\$0	\$0		\$0
11190 Unit Months Available	2026			2836	4862		4862
11210 Number of Unit Months Leased	2014			2836	4850		4850
11270 Excess Cash	\$488,925				\$488,925		\$488,925
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
11650 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**

PHA's STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

SEPTEMBER 30, 2024

1. The actual Capital Fund Program costs are as follows:	<u>501-18</u>
Funds approved	\$ 287,722
Funds expended	<u>287,722</u>
Excess of funds approved	<u>\$ -</u>
 Funds advanced	 \$ 287,722
Funds expended	<u>287,722</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>

2. The distribution of costs by project as shown on the Annual Statement/Performance and Evaluation Report dated November 17, 2021, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval appears to be in agreement with the PHA's records.
3. All Capital Fund Program costs appear to have been paid and all liabilities appear to have been discharged through payment.

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

PHA's STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

SEPTEMBER 30, 2024

1. The actual Capital Fund Program costs are as follows:	<u>501-19</u>
Funds approved	\$ 301,904
Funds expended	<u>301,904</u>
Excess of funds approved	<u>\$ -</u>
 Funds advanced	 \$ 301,904
Funds expended	<u>301,904</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>

2. The distribution of costs by project as shown on the Annual Statement/Performance and Evaluation Report dated November 17, 2021, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval appears to be in agreement with the PHA's records.
3. All Capital Fund Program costs appear to have been paid and all liabilities appear to have been discharged through payment.

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

PHA's STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

SEPTEMBER 30, 2024

1. The actual Capital Fund Program costs are as follows:	<u>501-20</u>
Funds approved	\$ 322,584
Funds expended	<u>322,584</u>
Excess of funds approved	<u>\$ -</u>
 Funds advanced	 \$ 322,584
Funds expended	<u>322,584</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>

2. The distribution of costs by project as shown on the Annual Statement/Performance and Evaluation Report dated November 17, 2021, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval appears to be in agreement with the PHA's records.
3. All Capital Fund Program costs appear to have been paid and all liabilities appear to have been discharged through payment.

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

STATEMENT OF CAPITAL FUND PROGRAM COSTS - INCOMPLETE

SEPTEMBER 30, 2024

	<u>501-21</u>	<u>501-22</u>	<u>501-23</u>	<u>501-24</u>
Funds approved	\$ 322,430	\$ 422,089	\$ 429,429	\$ 440,500
Funds expended	<u>320,965</u>	<u>420,653</u>	<u>428,000</u>	<u>392,474</u>
Excess of funds approved	<u>\$ 1,465</u>	<u>\$ 1,436</u>	<u>\$ 1,429</u>	<u>\$ 48,026</u>
Funds advanced	\$ 320,965	\$ 420,653	\$ 428,000	\$ 392,474
Funds expended	<u>320,965</u>	<u>420,653</u>	<u>428,000</u>	<u>392,474</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LEAL & CARTER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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

The Board of Commissioners of the
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, 2024, 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 24, 2025.

Report on 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 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 24, 2025.

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.".

San Antonio, Texas
June 24, 2025

LEAL & CARTER, P.C.

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

The Board of Commissioners of the
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 identified as subject to audit 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, 2024. 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 on its major federal program for the year ended September 30, 2024.

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 legal determination of 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 of contracts or grant agreements applicable to the 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 24, 2025

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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	-	-	\$ 2,670,211
Total Housing Voucher Cluster				<u>2,670,211</u>
Public Housing Capital Fund	14.872	-	-	392,474
Public Housing Operating Fund	14.850	-	-	<u>469,890</u>
Total U.S. Dept. of Housing & Urban Development				<u>3,532,575</u>
<u>TOTAL EXPENDITURES OF FEDERAL AWARDS</u>				<u><u>\$ 3,532,575</u></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, 2024**

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, 2024. 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, 2024 are as follows:

- Public Housing Operating Fund and Public Housing Capital Funds Program – HUD Operating and Capital Grants received
- Section 8 Housing Choice Voucher Program – Total Program expenses

NOTE C – SUBRECIPIENTS

The PHA provided no federal awards to subrecipients during the year ended September 30, 2024.

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

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

SEPTEMBER 30, 2024

For the year ended September 30, 2023, the PHA had no findings.

NEW BRAUNFELS HOUSING AUTHORITY

NEW BRAUNFELS, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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
8. Dollar threshold used to distinguish between Type A and Type B programs was \$750,000 or larger.
9. The auditee did 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