

# Garza/Gonzalez & Associates

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CERTIFIED PUBLIC ACCOUNTANTS

## **HOUSING AUTHORITY OF THE CITY OF LAREDO** Laredo, Texas

### **FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS**

For the Year Ended March 31, 2021

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HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

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HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

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## **FINANCIAL SECTION**

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# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of the  
Housing Authority of the City of Laredo  
Laredo, TX

We have audited the accompanying basic financial statements of the Housing Authority of the City of Laredo (the Authority), as of and for the year ended March 31, 2021, and the related notes to the financial statements. We were not engaged to audit the financial statements of the aggregate discretely presented component units. These financial statements collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of LHA River Bank Village Ltd, and BAH Casa Verde Apartments Ltd., which are reported as discrete component units and which represent 100% of the assets, net position, and revenues of the discrete component units. The financial statements of the LHA River Bank Village Ltd. and BAH Casa Verde Ltd. were audited by another auditor whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of the other auditor. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinion***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position and the aggregate discretely presented component units of the Authority, as of March 31, 2021, and the respective changes in financial position, and cash flows, as applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

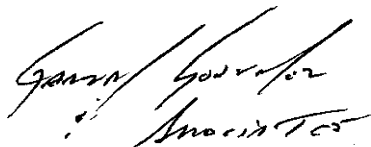
*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as noted in the table of contents, 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.

*Supplemental Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles; and Audit Requirements for Federal Awards* (Uniform Guidance, and is also not a required part of the basic financial statements.

The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



*Handwritten signature of the auditor, likely reading 'Garcia' and 'Auditor'.*

June 30, 2022

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**HOUSING AUTHORITY OF THE CITY OF LAREDO**  
Laredo, Texas

**Management's Discussion and Analysis**

**Year Ended March 31, 2021**



**Management's Discussion and Analysis**

The Housing Authority of the City of Laredo (LHA) is a public agency whose business is to: ensure that safe, quality affordable housing opportunities exist for families of low and moderate income; break the poverty cycle by serving as a catalyst for our residents to become economically self-sufficient; create meaningful partnerships to maximize available community resources for our residents; and efficiently and effectively meet federal, state, and local mandates.

LHA is dedicated to creating and sustaining healthy communities that promote individual responsibilities, economic growth, human dignity, and hope for the future. LHA seeks to enhance the quality of life in the City of Laredo by providing and effectively managing low-cost housing which is diverse and well maintained for those whose circumstances prevent them from competing in the general marketplace.

With these new challenges and the ever-changing environment of subsidized housing, customer service has taken a priority within the agency. Our residents are and always will be the foundation of this agency and benchmarks have been incorporated to improve our overall customer approval.

The management of LHA offers the readers of the Authority's financial statements this narrative overview and analysis of the financial activities for the year ended March 31, 2021. We encourage readers to consider the information presented here in conjunction with the financial statements of LHA.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for the State and Local Governments issued in June, 1999.

**Financial Highlights**

- The assets of LHA exceeded its liabilities as of March 31, 2021 by \$34,110,703 (net position) representing an increase of \$1,188,172 from March 31, 2020.
- The total current assets as of March 31, 2021 was \$25,529,807 representing an increase of \$1,306,664 from March 31, 2020.
- The total assets as of March 31, 2021 was \$44,074,866 representing an increase of \$1,665,149 from March 31, 2020.
- Tenant revenue of \$3,714,371 in 2021 represents an increase of \$670,251 from fiscal year 2020. HUD Operating and Capital Grants of \$15,078,111 for the year ended March 31, 2021, represent an increase from fiscal year 2020 of \$1,962,437.

**HOUSING AUTHORITY OF THE CITY OF LAREDO**  
Laredo, Texas

**Management's Discussion and Analysis**

**Year Ended March 31, 2021**

**Overview of the Financial Statements**

The financial statements included in this annual report are those of a special purpose government engaged in a business-type activity. The following statements are included:

- Statement of Net Position - reports the current financial resources (short term spendable resources) with capital assets and long-term debt obligations of LHA.
- Statement of Revenues, Expenses, and Changes in Fund Net Position - reports the operating and non-operating revenues of LHA, by major source along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows - reports the cash flows from operating, investing, capital and non-capital activities of LHA.

Our analysis of LHA as a whole begins on the next page. The most important question asked about the finances of LHA is whether the agency as a whole is better off or worse as a result of the year's activities. The management of LHA believes that significant achievements both in the financial and operational areas have been made in fiscal year 2021.

The attached analysis of entity wide net assets, revenues, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenues and expenses when earned regardless of when cash is received or paid.

Our analysis also presents the net position and changes in them for LHA. You can think of the net position of LHA, as the differences between what LHA owns (i.e., assets) to what LHA owes (i.e., liabilities). The change in net assets analysis will assist the reader with measuring the health or financial position of LHA.

Over time, the Housing Authorities significant changes in the net assets are an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Housing Authority the reader must also consider other non-financial factors such as change in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of its capital assets.

To fully understand the financial statement of LHA, one must start with an understanding of what LHA actually does. The following is a brief description of the major programs and services that LHA provides for the residents of Laredo and State of Texas.

**HOUSING AUTHORITY OF THE CITY OF LAREDO**  
Laredo, Texas

**Management's Discussion and Analysis**

**Year Ended March 31, 2021**

**Low Rent Public Housing**

LHA owns 732 Public Housing units in Laredo and 32 Public Housing units in Asherton, Texas. LHA is responsible for the management, and maintenance of all units and sites. On an annual basis, LHA submits a request for funding known as the Calculation of Operating Fund Subsidy to the Department of HUD. The basic concept of the calculation of subsidy is that the Housing Authority has an Allowable Expense Level, Allowable Utilities Expense Level and Audit Costs and that HUD will fund the difference between the Allowable Expense and the amount of rent that the Housing Authority can charge the tenants. During the past Fiscal Year LHA maintained an average occupancy of 94%.

**Rental Assistance Demonstration (RAD) Program**

LHA is continuing to strive to create community living through affordable housing opportunities. In Fiscal Year 2020-2021, by participating in the U.S. Department of Housing and Urban Development (HUD) Rental Assistance Demonstration (RAD) Program, LHA improved the lives of more than 30 additional families who rely on public housing. Under the design of the RAD Program, it allows LHA additional options to convert deteriorating and aging housing stock to the Section 8 funding platform.

**Housing Choice Vouchers**

This year, the Housing Choice Voucher (HCV) Program has offered participants more affordable housing options than ever before. Currently, there are 1,620 individuals and families participating in the program in Laredo, Asherton, and Zapata, Texas. Of the 1,620 families, 22 are Veteran Affairs Supportive Housing (VASH) for veterans and their families. With over 700 property owners and managers offering homes and apartments in some of Laredo's most desirable neighborhoods, there is a heavy emphasis on the "choice" available to HCV program participants.

**Capital Fund Program**

LHA's vision of creating and sustaining healthy communities is achieved in part through the Capital Fund Program. Capital Fund is a grant provided by the Department of HUD for physical and management improvements, emergency repairs, regulatory compliance and other special projects.

Having been around since the late 1940's, some of the Housing Authority of the City of Laredo's developments date back well over 70 years. Needless to say, over the course of time, LHA has been proactive in its modernization and renovation efforts in order to provide quality affordable housing for its residents.

In addition to addressing basic property needs, the housing authority was able to focus on enhancing the recreational areas as well as the dwelling units of several communities in 2020-2021. Efforts included water heater installations, interior door replacements, major air conditioning upgrades, and kitchen sink and fixture modernization. Other improvements included interior dwelling and bath renovations, miscellaneous equipment purchases, various household appliances, and facility sidewalk repairs.

Capital improvement remains an integral part of providing housing for Laredo's low-income workers and their families. LHA is committed to keeping its properties and facilities in top condition so that its residents will have a safe, decent and affordable place to call home.

**HOUSING AUTHORITY OF THE CITY OF LAREDO**  
Laredo, Texas

**Management's Discussion and Analysis**

**Year Ended March 31, 2021**

**Family Self-Sufficiency Program**

LHA's economic development initiatives provide job placement services, case management, and supportive services to residents participating in LHA's Housing Choice Voucher program. LHA's Family Self-Sufficiency program, functions in part through partnerships within the community, and serves to assist residents in becoming financially independent. The Family Self-Sufficiency program offers support and incentives to families seeking economic independence. The program is structured over a period of three years. The head of household of a participating family sign a contract outlining his or her commitment to self-sufficiency and the goals to accomplish over the next three years. The program features a formal application process, consistent follow-up, and the development of an interest-bearing escrow account where a percentage of additional earned income is deposited. The escrow account is distributed upon completion of the contract, or participants may request to withdraw a specific amount to help them reach interim goals defined in the contract. LHA encourages qualified participants to pursue homeownership. Many program graduates take advantage of credit counseling classes and most use their escrow accounts for down payments on a home of their own. In order to help participants, realize all of their goals, LHA develops a wide array of partnerships with outside agencies to provide the supportive services each family requires in order of becoming self-sufficient.

**Blended Component Units**

In order to be qualified to serve as a director of the following corporations, a person must be a duly-appointed member of the Board of Commissioners of the Housing Authority of the City of Laredo, Texas (the "Housing Authority"). Therefore, the board members of the Housing Authority are substantially the same as the board members of the below listed component units. Under the criteria of GASB 14 and 39, component units having substantially the same board members as those of the primary government are deemed so intertwined that they are in substance a part of the primary government. As a consequence, these component unit's balances and transactions are reported in a manner similar to those of the primary governments. This type of reporting is known as "blended" reporting under GASB 14 and 39. All of the Housing Authority's component units qualify for the Blending method of reporting. A listing of these component units follows:

- Laredo Housing Facilities Corporation
- Laredo Housing Opportunities Corporation
- Laredo Housing Development Corporation

Each of the above corporations was organized under the Texas Public Facility Corporation Act and The Texas

Nonprofit Corporation Act as a nonprofit public corporation in December 2010. In accordance with each of their respective articles of incorporation, the corporations will be operated exclusively for the benefit of, to perform certain functions of, to carry out the purposes of, and to act as an instrumentality of the Housing Authority of the City of Laredo, Texas. Additionally, the corporations are sponsored and created by the Authority, under the Public Facility Corporation Act, with the broadest possible powers to assist it to acquire, construct, rehabilitate, renovate, repair, equip, furnish, refinance and place in service public facilities of the Authority, for public use in the public interest.

Separate financial statements of each of the blended component units are not issued.

**HOUSING AUTHORITY OF THE CITY OF LAREDO**  
Laredo, Texas

**Management's Discussion and Analysis**

**Year Ended March 31, 2021**

**Analysis of Net Position**

Presented below is an analysis of the condensed statement of net position.

**Condensed Statement of Net Position**

	<b>2021</b>	<b>2020</b>	<b>Increase (Decrease)</b>	<b>Percentage Change</b>
Cash and Cash Equivalents	\$ 24,869,325	\$ 23,697,523	\$ 1,171,802	4.94%
Other Current Assets	645,872	525,620	120,252	22.88%
Restricted Assets	1,626,155	842,429	783,726	93.03%
Capital Assets, Net	16,902,740	17,344,145	(441,405)	-2.54%
Other Noncurrent Assets	30,774	-	30,774	100.00%
<b>Total Assets</b>	<b>\$ 44,074,866</b>	<b>\$ 42,409,717</b>	<b>\$ 1,665,149</b>	<b>3.93%</b>
Current Liabilities	\$ 1,351,875	\$ 921,020	\$ 430,855	46.78%
Non-Current Liabilities	8,612,288	8,566,166	46,122	0.54%
<b>Total Liabilities</b>	<b>\$ 9,964,163</b>	<b>\$ 9,487,186</b>	<b>\$ 476,977</b>	<b>5.03%</b>
Net Position				
Invested In Capital Assets, Net	\$ 10,258,315	\$ 10,830,506	\$ (572,191)	-5.28%
Restricted	1,583,318	830,391	752,927	90.67%
Unrestricted	22,269,070	21,261,634	1,007,436	4.74%
<b>Total Net Position</b>	<b>\$ 34,110,703</b>	<b>\$ 32,922,531</b>	<b>\$ 1,188,172</b>	<b>3.61%</b>

Assets

The primary change to the Authority's assets was due to the increase of HUD Operating Grants received, total assets increased by \$1,665,149, or 3.93 percent.

Liabilities

The Agency's liabilities increased primarily due to increase of Accounts Payable and Tenant Security Deposits. Overall, liabilities increased by \$476,977 or 5.03 percent.

Net Position

Invested in Capital Assets, Net Position decreased by \$572,191 primarily due to the depreciation on capital assets. Restricted net position increased by \$752,927 due to restricted funds on hand. Overall, net position for the fiscal year increased \$1,188,172, or 3.61 percent.

**HOUSING AUTHORITY OF THE CITY OF LAREDO**  
Laredo, Texas

**Management's Discussion and Analysis**

**Year Ended March 31, 2021**

**Analysis of Revenues, Expenses, and Changes in Net Position**

Presented below is an analysis of the condensed statement of revenues, expenses, and changes in net position.

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Operating Revenues</b>				
HUD Operating Grants and HAP	\$ 15,078,111	\$ 13,115,674	\$ 1,962,437	15.0 %
Tenant Revenue	3,714,371	3,044,120	670,251	22.0%
Other Government Grants	-	224,703	(224,703)	-100.0%
Other Revenue	<u>465,402</u>	<u>253,789</u>	<u>211,613</u>	<u>83.4%</u>
Total Operating Revenue	<u>19,257,884</u>	<u>16,638,286</u>	<u>2,619,598</u>	<u>15.7%</u>
<b>Operating Expenses</b>				
Administrative	3,032,828	3,164,003	(131,175)	-4.1%
Housing Assistance Payments	9,542,055	8,858,576	683,479	7.7%
Tenant Services	667,170	212,263	454,907	214.3%
Utilities	353,211	297,960	55,251	18.5%
Maintenance	2,667,215	2,638,334	28,881	1.1%
Protective Services	125,754	257,917	(132,163)	-51.2%
Other General Expenses	1,089,462	796,384	293,078	36.8%
Depreciation	<u>643,049</u>	<u>637,410</u>	<u>5,639</u>	<u>0.9%</u>
Total Operating Expenses	<u>18,120,744</u>	<u>16,862,847</u>	<u>1,257,897</u>	<u>7.5%</u>
<b>Operating Income (Loss)</b>	1,137,140	(224,561)	1,361,701	-606.4%
<b>Nonoperating Revenues (Expenses)</b>	<u>56,557</u>	<u>253,730</u>	<u>(197,173)</u>	<u>-77.7%</u>
<b>Net Assets - Beginning Balance</b>	<u>32,917,006</u>	<u>32,893,362</u>	<u>23,644</u>	<u>0.1%</u>
<b>Net Position - Ending Balance</b>	<u>\$ 34,110,703</u>	<u>\$ 32,922,531</u>	<u>\$ 1,188,172</u>	<u>3.6%</u>

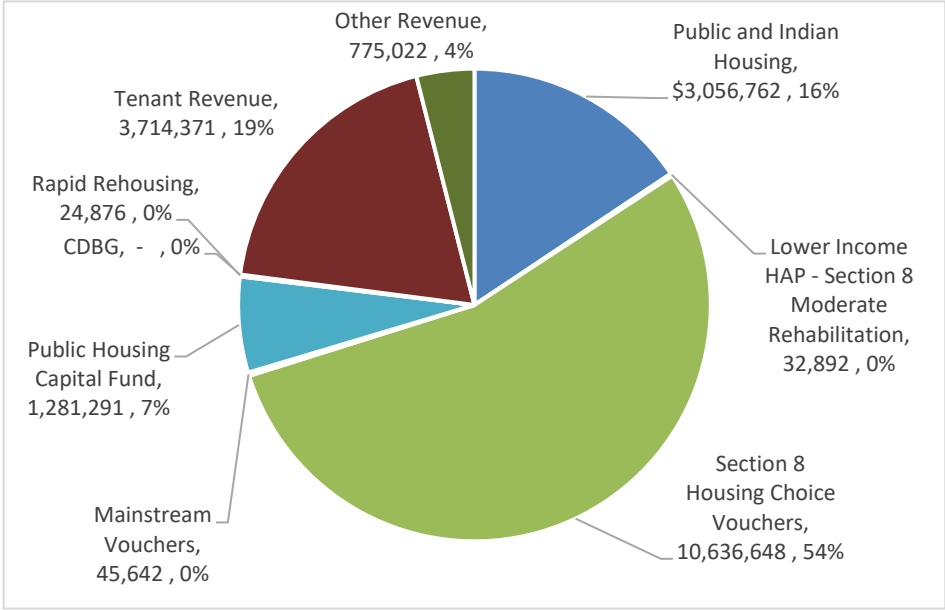


**HOUSING AUTHORITY OF THE CITY OF LAREDO**  
Laredo, Texas

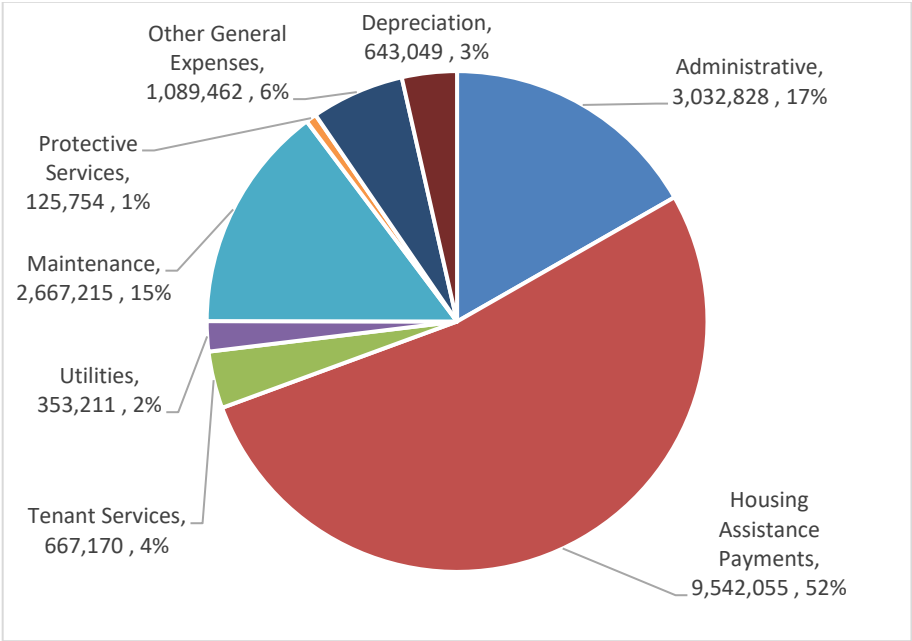
**Management’s Discussion and Analysis**

**Year Ended March 31, 2021**

The Laredo Housing Authority recognized revenues from the following programs/sources during the fiscal year ending March 31, 2021.



Operating expenses are comprised of the following:



**HOUSING AUTHORITY OF THE CITY OF LAREDO**  
Laredo, Texas

**Management's Discussion and Analysis**

**Year Ended March 31, 2021**

**Capital Asset and Long-Term Debt Activity**

Capital Assets

Changes in capital assets were as follows:

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Land	\$ 6,193,418	\$ 3,886,808	\$ 2,306,610
Buildings	40,134,732	42,470,082	(2,335,350)
Furniture, equipment and machinery - dwellings	560,110	524,940	35,170
Furniture, equipment and machinery - administration	1,498,922	1,370,786	128,136
Accumulated depreciation	(31,663,340)	(31,036,049)	(627,291)
Construction in progress	178,898	127,578	51,320
	<u>\$ 16,902,740</u>	<u>\$ 17,344,145</u>	<u>\$ (441,405)</u>

Other than regular expenditures for normal wear and tear within the housing units, the majority of changes to capital assets were various equipment purchases totaling \$240,944. The net decrease to capital assets was \$441,405 for the fiscal year due to depreciation expense of \$627,291.

Long Term Liabilities

Changes in long-term liabilities were as follows:

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Loans Payable	\$ 6,561,130	\$ 6,507,624	\$ 53,506
Other Non-current Liabilities	1,982,118	1,982,495	(377)
Accrued Compensated Absences	69,040	67,069	1,971
	<u>\$ 8,612,288</u>	<u>\$ 8,557,188</u>	<u>\$ 55,100</u>

The change within the long-term liabilities was due to payments on loans, recognition of revenues on land leases, changes in accrual for compensated absences, and draws on a construction loan. The Authority began draws on a construction loan agreement with BBVA Compass to help finance the demolition and new construction of 138 units of the Russell Terrace project. The construction loan was converted into a permanent loan during the 2021. The total amount outstanding on the loan as of year end was \$6,642,408 and the interest rate was 6.22%. Overall, the long-term debt increased by \$55,100 for the fiscal year as a result of an increase to the construction loan.

**HOUSING AUTHORITY OF THE CITY OF LAREDO**  
Laredo, Texas

**Management's Discussion and Analysis**

**Year Ended March 31, 2021**

**Request for Information**

This financial report is designed to provide our citizens, taxpayers, tenants, and creditors with a general overview of LHA's finances and to demonstrate the accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Laredo Housing Authority  
Attn: Maria M. Gaona, Executive Director  
2000 San Francisco Avenue  
Laredo, Texas 78040

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## **Basic Financial Statements**

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

Statement of Net Position

March 31, 2021

	Housing Authority and Blended Component Units	Discretely Presented Component Units
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents		
Unrestricted	\$ 24,703,182	\$ 488,572
Tenant Security Deposits	166,143	85,763
Accounts Receivable		
HUD Other Projects	30,053	-
Other Governments	93,366	-
Others	264,180	20,107
Tenants	78,344	-
Allowance for Doubtful Accounts - Tenants	(4,720)	-
Prepaid Expenses and Other Assets	184,649	589,747
Interprogram - Due From	-	-
Total Current Assets	25,515,197	1,184,189
Restricted Assets		
Cash - Other Restricted	1,611,545	1,699,918
Cash - Other Restricted for Payment of Current Liabilities	14,610	-
Total Restricted Assets	1,626,155	1,699,918
Noncurrent Assets		
Capital Assets		
Land	6,193,418	-
Buildings & Improvements	40,134,732	32,424,757
Furniture, Equipment & Machinery - Dwellings	560,110	-
Furniture, Equipment & Machinery - Administration	1,498,922	1,735,395
Less Accumulated Depreciation	(31,663,340)	(4,731,063)
Construction in Progress	178,898	-
Total Capital Assets, Net of Accumulated Depreciation	16,902,740	29,429,089
Investments in Partnerships	-	-
Other Assets	30,774	2,152,857
Total Noncurrent Assets	16,933,514	31,581,946
Total Assets	\$ 44,074,866	\$ 34,466,053

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

Statement of Net Position

March 31, 2021

	Housing Authority and Blended Component Units	Discretely Presented Component Units
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities		
Accounts Payable		
Vendors	\$ 97,574	\$ 11,613
Other Government	389,825	-
Due to HUD	43,373	-
Accrued Wages and Payroll Taxes	81,195	-
Accrued Compensated Absences	71,616	-
Accrued Interest Payable	-	30,337
Tenant Security Deposits	160,540	83,250
Unearned Revenue - Tenant and Other	395,851	-
Unearned Revenue - Ground Leases	28,606	-
Notes Payable	83,295	-
FSS Escrow	-	-
Other Current Liabilities	-	-
Accrued Liabilities - Other	-	101,060
	1,351,875	226,260
Total Current Liabilities		
	1,351,875	226,260
Noncurrent Liabilities		
Notes Payable	6,561,130	10,557,113
Other Noncurrent - Ground leases	1,953,891	196,645
FSS Escrow	28,227	-
Accrued Compensated Absences	69,040	-
	8,612,288	10,753,758
Total Non-Current Liabilities		
	8,612,288	10,753,758
Total Liabilities		
	9,964,163	10,980,018
Net Position		
Net Investment in Capital Assets	10,258,315	18,675,331
Restricted Net Position	1,583,318	-
Unrestricted Net Position	22,269,070	4,810,704
	34,110,703	23,486,035
Total Net Position		
	34,110,703	23,486,035
Total Liabilities and Net Position		
	\$ 44,074,866	\$ 34,466,053

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

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

Statement of Revenues, Expenses and Changes in Net Position

For The Year Ended March 31, 2021

	Housing Authority and Blended Component Units	Discretely Presented Component Units
<b>OPERATING REVENUES</b>		
HUD Operating Grants and Housing Assistance Payments	\$ 15,078,111	\$ -
Tenant Revenue	3,714,371	2,251,624
Other Revenue	465,402	2,574,631
Total Operating Revenue	19,257,884	4,826,255
<b>OPERATING EXPENSES</b>		
Administrative	3,032,828	418,560
Housing Assistance Payments	9,542,055	-
Tenant Services	667,170	-
Utilities	353,211	243,859
Maintenance	2,667,215	330,943
Protective Services	125,754	-
Insurance	399,893	147,090
Other General Expense	689,569	24,065
Depreciation	643,049	1,147,350
Total Operating Expenses	18,120,744	2,311,867
Operating Income (Loss)	1,137,140	2,514,388
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Income - Unrestricted	305,860	828
Investment Income - Restricted	2,588	-
Fraud Recovery	1,172	-
Interest on Notes Payable	(253,063)	(557,350)
Total Nonoperating Revenues (Expenses)	56,557	(556,522)
Change in Net Position	1,193,697	1,957,866
Net Assets - Beginning Balance	32,917,006	21,528,169
Net Position - Ending Balance	\$ 34,110,703	\$ 23,486,035

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



HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

Statement of Cash Flows

For The Year Ended March 31, 2021

	<u>Housing Authority and Blended Component Units</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Tenants	\$ 3,709,126
HUD Operating Grants	4,802,605
Housing Assistance Payment Receipts	10,620,552
Other Operating Grants	-
Miscellaneous Receipts	418,819
Cash Payments to Suppliers for Goods and Services	(5,428,653)
Cash Payments to Employees	(2,602,636)
Housing Assistance Payments	(9,540,629)
Net Cash Provided/(Used by) Operating Activities	<u>1,979,184</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Fraud Recovery	1,172
Net Cash Provided/(Used by) by Non-Capital and Related Financing Activities	<u>1,172</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and Construction of Capital Assets	(240,944)
Note Payable Draws	201,738
Payments on Loan Payable	(44,067)
Interest paid on Notes and Loans Payable	(253,063)
Net Cash Provided/(Used by) for Capital and Related Financing Activities	<u>(336,336)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Income	308,448
Net Cash Provided/(Used by) by Investing Activities	<u>308,448</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,952,468
Cash and Cash Equivalents - Beginning Balance	<u>24,543,012</u>
Cash and Cash Equivalents - Ending Balance	<u>\$ 26,495,480</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating Income (Loss)	\$ 1,137,140
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	643,049
(Increase) Decrease in Accounts Receivable - HUD	5,912
(Increase) Decrease in Accounts Receivable - Other Governments	(78,363)
(Increase) Decrease in Accounts Receivable - Miscellaneous	62,554
(Increase) Decrease in Accounts Receivable - Tenants	(58,789)
(Increase) Decrease in Prepaid Expenses and Other Assets	(82,340)
Increase (Decrease) in Accounts Payable	(6,817)
Increase (Decrease) in Due to HUD	14,364
Increase (Decrease) in Accrued Wages and Payroll Taxes	(5,478)
Increase (Decrease) in Accrued Compensated Absences	10,595
Increase (Decrease) in Tenant Security Deposits	53,544
Increase (Decrease) in Unearned Revenue	339,134
Increase (Decrease) in Other Current Liabilities	(8,246)
Increase (Decrease) in Accrued Liabilities - Other	(47,075)
NET CASH PROVIDED (USED BY) OPERATING ACTIVITIES	<u>\$ 1,979,184</u>
<b>Reconciliation of Cash and Cash Equivalents to Statement of Net Position</b>	
Cash - Unrestricted	\$ 24,703,182
Cash - Other Restricted	1,611,545
Cash - Tenant Security Deposits	166,143
Cash - Restricted for Payment of Current Liabilities	<u>14,610</u>
Total Cash and Cash Equivalents	<u>\$ 26,495,480</u>

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

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION**

The financial statements of the Housing Authority of the City of Laredo (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America for governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted body for establishing governmental accounting and financial reporting standards. The following is a summary of the significant accounting policies of the Authority.

**A. Organization**

The Housing Authority of the City of Laredo (“the Authority”) is a public body corporate and politic pursuant to the laws of the State of Texas, which was organized to provide affordable housing and other programs for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD) and other federal agencies.

In accordance with uniform financial reporting standards for HUD housing programs, the financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing governmental accounting and financial reporting standards.

**B. Reporting Entity**

The Authority is a special-purpose government engaged in a business-type activity. As required by governmental accounting principles generally accepted in the United States of America, the basic financial statements of the reporting entity include those of the primary government, the Authority, and any component units.

Blended Component Units

The following are blended component units of the Authority:

- Laredo Housing Facilities Corporation (LHFC)
- Laredo Housing Opportunities Corporation (LHOC)
- Laredo Housing Development Corporation (LHDC)

Each of the above corporations was organized under the Texas Public Facility Corporation Act and Texas Nonprofit Corporation Act as legal non-profit tax-exempt public corporations in December 2010. The LHOC received its Federal Income Tax Exemption letter in 2013 and the LHFC and the LHDC received their Federal Income Tax Exemption in 2014. Based on the federal income tax exemption letters, all three component units are not required to submit annual non-profit tax returns.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (Continued)**

In accordance with each of their respective articles of incorporation, the above-mentioned corporations will be operated exclusively for the benefit of, to perform certain functions of, to carry out the purposes of, and to act as an instrumentality of the Authority (“the sponsoring government”). Additionally, the corporations are sponsored and created by the Authority under the Public Facility Corporation Act with the broadest possible powers to assist it to acquire, construct, rehabilitate, renovate, repair, equip, furnish, finance, refinance and place in service public facilities of the Authority, for public use in the public interest.

With respect to the above component units, applicable state statutes provide for control by the sponsoring government through the appointment of the majority of the component units’ governing boards; the sponsoring government’s right to remove a board member without cause; the sponsoring government’s right to dissolve the component unit; automatic vesting of funds and property in the sponsoring government upon the component units’ dissolution and required sponsor government approval of any amendments to the component unit’s formation documents or By-laws. Additionally, as of March 31, 2021, and through-out the year then ended, the board of the Authority was substantially the same as the boards of the Authority’s component units; the primary government exercised operational responsibility of the component units; and a significant financial relationship existed between the Authority and its component units. Because of the above described relationship, the Authority’s component units are included in its financial statements as “fully blended” component units based on the criteria set forth in GASB codification Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure*. Under the “fully blended” component unit GASB provisions, the financial statements of a component unit are presented within those of its sponsoring government in the same manner as if the component unit was a department or operation of the sponsoring government.

Separate financial statements of the blended component units have not been issued and the Authority is not a component unit of or included in any other reporting entity.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (Continued)**

Discrete Component Units

*LHA River Bank Village Ltd.*

The LHOC created a Texas Limited Liability Company (an “LLC”) whose sole purpose is to serve as the sole general partner of a Texas Limited partnership, LHA River Bank Village Ltd. (“LHA RBV”) that operates a 152-unit multifamily, Low-Income Housing Tax Credit affordable housing project in Laredo, Texas. The Texas LLC created by the LHOC is the LHA River Bank Village GP, LLC. (“LHA RBV GP”). As part of its role as the sole general partner of the LHA RBV, the LHA RBV GP’s sole asset is its 0.01% general partner interest in the LHA RBV limited partnership, which as of March 31, 2016 amounted to \$10. The LHA RBV GP consists of two LLC members, of which the LHOC (a controlled blended component unit of the Authority) has a 52% controlling LLC member interest. Since the LHOC has a controlling interest in the LHA RBV GP both the LHA RBV GP along with the LHA RBV limited partnership it manages are deemed component units of the Authority. Since the LHA River Bank Village GP, LLC can impose its will and has operational responsibility for the LHA River Bank Village GP, the LHA RBV limited partnership is deemed a component unit of the Authority. The LHA RBV GP and its managed LHA RBV limited partnership are further described in note XIII.A.

*BAH Casa Verde Apartments, Ltd.*

On October 1, 2016, the BAH Casa Verde Apartments Ltd. was formed by and between Casa Verde Apartments GP, LLC, as general partner, and Laredo Housing Opportunities Corporation, as limited partner. The LHOC is majority owner (52%) of the general partner whose purpose is to serve as the general partner of the partnership that will operate a multifamily, Low-Income Housing Tax Credit affordable housing project in Laredo, Texas. Partnership gains, losses, deductions, and credits are to be allocated .01% to the general partner, .01% to the special limited partner, and 99.98% to the investor partner. LHOC also entered into a prepaid ground lease for the land on which the apartments will be located. The lease began on October 26, 2016 in the amount of \$1,145,500, and will continue for 75 years. On June 20, 2017, an investor limited partner was admitted to the partnership and funding was secured to begin construction. The financial statements for the partnership are included under the discrete component unit column. Thirty-eight (38) units of the project are to be operated in accordance with HUD’s Rental Assistance Demonstration (RAD) program. The BAH Casa Verde Apartments Ltd. is further described in note XIII.B.

Audited financial statements for the year ended December 31, 2020 for both partnerships described above may be obtained from the Authority’s administrative offices at 2000 San Francisco Ave., Laredo, Texas 78040.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (Continued)**

Condensed Blended Component Unit Information

In accordance with the provisions of GASB codification 2600.115, local governments engaged only in business-type activities that use a single column for financial information may consolidate its blended component unit information into its single column basic financial statements and present prescribed combining blended component unit information as condensed information within the notes to financial statements.

Authority Programs

Programs administered by the Authority that are included in its financial statements as of March 31, 2021, are as follows:

1. Federal Programs
    - Low Rent Public Housing
    - Public Housing Capital Fund Program
    - Section 8 Housing Choice Vouchers Program (HCV)
    - Mainstream Vouchers
    - Rapid Rehousing
    - Rural Rental Assistance Payments
    - Section 8 Moderate Rehabilitation
  2. State/Local - Local Program (Housing Development Services)
  3. Central Office Cost Center (COCC) – The COCC has been established by the Authority to account for non – project specific costs in accordance with HUD guidelines.
- C. Measurement focus, basis of accounting and basis of presentation

Based on HUD guidelines and requirements, the Authority is considered a special-purpose government that provides limited services or programs and is engaged only in business-type activities, therefore, the Authority reports under the governmental proprietary fund type or enterprise fund. In an enterprise fund model, the financial statements are prepared on the accrual basis of accounting and generally are presented using a flow of economic resources measurement focus. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. All assets and liabilities associated with the operations of the Authority are included in the Statement of Net Position.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (Continued)**

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 Authority 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.

**D. Capital Assets**

All land, buildings and significant equipment with a cost of \$5,000 or more, and a usual life exceeding one year, are capitalized and recorded at cost. Donated assets are recorded at fair market value at the date of donation. The cost of site and building improvements, which add value to the asset or materially extends the asset life are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is provided over the estimated useful lives of assets using the straight-line method as follows:

Class	Life
Structures/Buildings	15, 39 years
Equipment – Administration	3, 5, 7 years
Equipment – Dwelling	7 years

**E. Accounts Receivable**

Accounts receivable are amounts due from other governments and from tenants for dwelling rents, as well as miscellaneous accounts receivable. Allowance for uncollectible accounts of \$4,720 has been established for the year ending March 31, 2021, for tenant's accounts receivable. Collection losses on accounts receivable are charged against the allowance for uncollectible accounts.

**F. Income Taxes**

The Authority was created under the municipal housing authority provisions of Chapter 392 of the Texas Local Government Code and is thus a local government that is not subject to state or federal income taxes. Also, the U.S. Internal Revenue Service (the "IRS") has approved the U.S. federal income tax exemption applications of the Authority's three blended component units described above and has also approved their exemption from filing non-profit annual information returns (IRS form 990) because they meet the local government affiliation criteria. Accordingly, the Authority's above described three blended component units are not required to file an annual IRS Form 990.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (Continued)**

G. Compensated Absences

The Authority's policies permit employees to accumulate earned but unused vacation, or annual leave, and sick pay benefits. Annual leave pay is accrued when incurred and reported as a liability. Sick leave is not accrued, however, since terminating employees are not paid for accumulated sick leave. Regular full-time employees accrue 13 days of annual leave each year. Annual leave in excess of 30 days is forfeited at the end of the calendar year. The current portion of accrued annual leave is estimated based on the Authority's policy of only classifying 80 hours as current liabilities since, historically, only two weeks of annual leave are approved per year. The remaining balance of annual leave is reported as a non-current liability. As of March 31, 2021, annual leave of \$71,616 has been accrued as a current liability, while \$69,040 is non-current.

H. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Authority considers all cash accounts, and all highly liquid investments purchased with a maturity of three months or less to be cash and cash equivalents.

I. Investments

Investments, if any, are stated at cost. Investment securities are normally held to mature at par value and adjustments are made to the investment portfolio to reflect increases/(decreases) in gains made.

J. 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

K. Restricted/Unrestricted Resources

Under the terms of grant agreements, the Authority funds certain programs by a combination of specific cost reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (Continued)

L. Revenue Recognition

Revenue from rental of housing units and other revenue are recognized as revenue in the period earned.

M. Impairment of Capital Assets

The Authority reviews the carrying value of assets for impairment each time events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows. Situations in which the expected cash flows are less than the carrying value, the Authority recognizes an impairment loss equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered in performing this assessment of capital assets include current operating results, effects of obsolescence, demand, and other economic factors. The Authority did not recognize any impairment losses in the current fiscal year.

N. Net Position

Net position is divided into three components:

- Net investment in capital assets
- Restricted, and
- Unrestricted

Net investment in capital assets – consists of the historical cost of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – net position restricted by external constraints placed on net position use by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – net position that does not meet the definition of “restricted” or “net investment in capital assets”.



HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**II. DEPOSITS WITH FINANCIAL INSTITUTIONS**

Cash and cash equivalents as of March 31, 2021 are classified in the accompanying financial statements as follows:

Unrestricted	
Cash	\$ 24,646,511
Tenant Security Deposits	166,143
Petty Cash	2,712
Restricted	
Cash and Cash Equivalents	1,680,114
Total Cash and Cash Equivalents	\$ 26,495,480

The carrying amount of the Authority's bank deposits was \$ 26,492,767 as of March 31, 2021, and the bank balance was \$26,802,069. The Authority does not have a formal policy regarding types of deposits allowed. Collateral requirements are addressed in its depository agreement with its banking institution. As of March 31, 2021, the deposits are fully collateralized by FDIC and collateral held by its primary financial institution. Of the total carrying amount of cash and cash equivalents, \$166,143 is for tenant security deposits and \$1,626,155 is restricted as follows:

Section 8 Housing Choice Voucher:	
• Funds for Family Self Sufficiency escrow	\$ 28,227
• Funds restricted for payment of Current Liabilities	14,610
• Funds required to be restricted by the Section 8 HCV program for Housing Assistance Payments equity	112,064
	154,901
Rural Rental Assistance Payment Program:	
• Reserved funds	223,839
Laredo Housing Facilities Corporation	
• Reserved funds	1,247,415
Total	\$ 1,626,155

Investments are reported at fair value in the balance sheet. Change in the fair value of investments is recognized as revenue. The Authority reported no investments as of March 31, 2021.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**II. DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)**

The Authority's funds are required to be deposited and invested under the terms of a depository contract pursuant to federal and state regulations. The depository bank deposits for safekeeping and trust with the Authority's agent bank approved pledged securities in amount sufficient to protect the Authority's funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance which was \$250,000 during the year and at year end. Accordingly, the Authority executed a depository agreement with its respective financial institutions requiring collateralization of deposit amounts in excess of FDIC insurance coverage. As of March 31, 2021, and throughout the year, the Authority's deposits were fully collateralized by the Authority's depository with U.S. government agency securities held by its safekeeping agent in the name of the Authority.

In accordance with GASB Statement No. 40, "Deposit and Investment Risk Exposure", the following information addresses the interest rate exposure, credit risk, concentration of credit risk, and custodial credit risk. The Authority does not hold any foreign securities; therefore, there is no foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority has not adopted an investment policy which addresses interest rate risk.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The Department of Housing and Urban Development has set no limitations on the amount that can be invested in any one issuer. The Authority has not adopted an investment policy which addresses credit risk.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broken-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Authority has not adopted an investment policy which addresses custodial credit risk.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**III. CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2021, is as follows:

	Beginning Balance	Additions	Deletions/ Corrections	Ending Balances
Capital Assets, not being depreciated:				
Land	\$ 3,886,808	\$ -	\$ 2,306,610	\$ 6,193,418
Construction in Progress	127,578	71,838	(20,518)	178,898
Total capital assets not being depreciated	<u>4,014,386</u>	<u>71,838</u>	<u>2,286,092</u>	<u>6,372,316</u>
Capital assets, being depreciated:				
Buildings	42,470,082	-	(2,335,350)	40,134,732
Furniture & equipment - dwelling	524,940	35,170	-	560,110
Furniture & equipment - administration	1,370,786	133,936	(5800)	1,498,922
Total capital assets being depreciated	<u>44,365,808</u>	<u>169,106</u>	<u>(2,341,150)</u>	<u>42,193,764</u>
Less accumulated depreciation	<u>(31,036,049)</u>	<u>(632,262)</u>	<u>4,971</u>	<u>(31,663,340)</u>
Total capital assets being depreciated, net	<u>13,329,759</u>	<u>(463,156)</u>	<u>(2,336,179)</u>	<u>10,530,424</u>
Net capital assets	<u>\$ 17,344,145</u>	<u>\$ (391,318)</u>	<u>\$ (50,087)</u>	<u>\$ 16,902,740</u>

Depreciation expense for the year ended March 31, 2021, was \$643,049.

**IV. LONG-TERM LIABILITIES**

The Authority's long-term liabilities consist of a loan payable, accrued compensated absences, FSS escrow liability, and unearned revenues on land leases. A summary of changes in the Authority's long-term liabilities for the year ended March 31, 2021 is presented below:

	Balance 4/1/2020	Increase	Decreases	Balance 3/31/2021	Current Portion
Loan Payable – Farm Labor	\$ 8,032	\$ -	\$ (6,015)	\$ 2,017	\$ 2,017
Loan Payable – Construction	6,505,607	180,868	(44,067)	6,642,408	81,278
Accrued Compensated Absences	130,061	73,587	(62,992)	140,656	71,616
FSS Escrow	12,038	20,696	(4,507)	28,227	-
Unearned Revenue on Land Leases	2,011,101	-	(28,604)	1,982,497	28,606
Totals	<u>\$ 8,666,839</u>	<u>\$ 275,151</u>	<u>\$ (146,185)</u>	<u>\$ 8,795,805</u>	<u>\$ 183,517</u>

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**IV. LONG-TERM LIABILITIES (Continued)**

Loan Payable

On July 15, 1988, the Authority obtained a mortgage loan from the U.S. Department of Agriculture for the construction of a 48-unit low-income housing project. The original amount of the loan was \$165,737, with an annual interest rate of 1.0%. The monthly installment, including principal and interest, is \$505.64. The building collateralizes the note and equipment as well as the operating subsidy received by the Authority from the U.S. Department of Agriculture. The following is the debt service requirements of this note with a balance of \$2,017 as of March 31, 2021:

Year Ending March 31,	Principal	Interest	Total
2022	\$ 2,017	\$ 6	\$ 2,017
Total	\$ 2,017	\$ 6	\$ 2,017

Note Payable

On March 3, 2017, the Authority entered into a construction loan agreement with BBVA Compass to help finance the demolition and new construction of 138 units of the Russell Terrace project. The loan was for a maximum amount of \$6,698,000. Loan proceeds were to be used after 40% of the total project costs were paid for by the Authority. The loan bears an interest rate of 1-month LIBOR plus 3.5%. Interest payments are due monthly while principal is due at maturity. The loan had an original 24-month maturity with additional six month extensions at the option of the bank. During the current year the construction loan was converted to a permanent loan. As of March 31, 2021, the note had an outstanding balance of \$6,642,408 , an interest rate of 6.22%, and will mature on September 21, 2050. Monthly payments of principal and interest totaling \$41,039 are required. Debt service requirements as of March 31, 2021 are as follows:

Year	Principal	Interest	Total
2022	\$ 81,278	\$ 411,195	\$ 492,473
2023	86,480	405,993	492,473
2024	92,015	400,458	492,473
2025	97,904	394,569	492,473
2026	104,171	388,302	492,473
2027-2031	629,818	1,832,546	2,462,364
2032-'2036	875,572	1,627,832	2,503,404
2037-2041	1,154,555	1,266,770	2,421,325
2042-2046	1,597,223	865,141	2,462,364
2047-2050	1,923,392	287,455	2,210,847
	<u>\$ 6,642,408</u>	<u>\$ 7,880,261</u>	<u>\$ 14,522,669</u>

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**IV. LONG-TERM LIABILITIES (Continued)**

Land Lease

LHA Riverbank Village (RBV), Ltd. – Effective January 29, 2014, the Authority entered into a 75-year ground lease with a limited partnership (LHA RBV, Ltd.) whose sole general partner is a single-member LLC controlled by LHOC, a blended component unit of the Authority. The LHOC controlled single-member LLC (the LHA RBV GP, LLC) has a 0.01% general partner interest in the LHA RBV limited partnership. Parties un-related to the Authority or its component units have a 99.9% limited partner interest in the limited partnership. The LHA RBV limited partnership owns and operates a 152-unit, low income housing tax credit, multifamily, affordable housing project in Laredo, Texas. The development resides on a parcel of land that is being leased from the Authority under the above mentioned 75-year ground lease.

Under the terms of the ground lease agreement, a parcel of land was purchased for \$1,000,000 by the LHA River Bank Village, Ltd.'s general partner and deeded to the Housing Authority as part payment for the ground lease. Thereafter, \$1,000 will be paid to the Authority annually by the limited partnership for the duration of the ground lease. The Authority has recognized the subject parcel of land as an asset with a corresponding \$1,000,000 ground lease pre-payment liability that will be amortized as lease income by the Authority ratably over the 75-year lease period.

BAH Casa Verde, Ltd. – Effective October 26, 2016, the Authority entered into a 75-year ground lease with a limited partnership (BAH Casa Verde, Ltd.) whose sole general partner is a single-member LLC controlled by a blended component unit, the LHOC, of the Authority. The LHOC controlled single-member LLC (Casa Verde Apartments GP, LLC) has a 0.01% general partner interest in the BAH Casa Verde limited partnership. The Casa Verde limited partnership was formed to own and operate a 152-unit, low income housing tax credit, multifamily, HUD Rental Assistance Demonstration (RAD),affordable housing project in Laredo, Texas. The development resides on a parcel of land that is being leased from the Authority under the above mentioned 75-year ground lease.

Under the terms of the ground lease agreement, a parcel of land was purchased for \$1,145,500 by the BAH Casa Verde, Ltd.'s general partner and deeded to the Housing Authority as part payment for the ground lease. The Authority has recognized the subject parcel of land as an asset with a corresponding \$1,145,500 ground lease pre-payment liability that will be amortized as lease income by the Authority ratably over the 75-year lease period.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
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For the Year Ended March 31, 2021

**V. INVESTMENTS IN PARTNERSHIPS**

Investments in partnerships are accounted for under the equity method. Under this method, the investment is initially recorded at cost and is then increased or decreased by the proportionate share of the partnership's net earnings or losses.

An analysis of LHA River Bank Village, Ltd.'s cumulative capital as of December 31, 2020 is as follows:

	General Partner (Authority)	Special Limited Partner	Limited Partner	Total
Total Capital	\$ (112)	\$ -	\$ 9,303,908	\$ 9,303,796
Less: Cumulative capital contributions	(100)	(10)	(10,901,410)	(10,901,520)
Cumulative gain/(loss)	<u>\$ (212)</u>	<u>\$ (10)</u>	<u>\$ (1,597,502)</u>	<u>\$ (1,597,724)</u>

An analysis of BAH Casa Verde, LTD's cumulative capital as of December 31, 2020 is as follows:

	General Partner (Authority)	Special Limited Partner	Limited Partner	Total
Total Capital	\$ (192)	\$ (192)	\$ 14,182,623	\$ 14,182,239
Less: Cumulative capital contributions	(100)	(10)	(16,091,448)	(16,091,558)
Cumulative gain/(loss)	<u>\$ (292)</u>	<u>\$ (202)</u>	<u>\$ (1,908,825)</u>	<u>\$ (1,909,319)</u>

Since the Authority's investments in the partnerships is negative, no amounts have been recorded in the financial statements.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**VI. PENSION PLAN**

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan. The Authority participates in the Housing Agency Retirement Trust (HART) through its plan administrator Mercer Human Resource Consulting. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon completion of their probationary period – effective 180 days from the date of employment. The Authority contributed 9% of the monthly pay and the employee contributes 2%. Employees are fully vested after 5 years. The Authority has elected these contributions and vesting requirements and may amend them at their discretion. The Authority’s total payroll subject to pension contributions for fiscal year ended March 31, 2021 was \$2,585,276. The Authority and member contributions for the year ending March 31, 2021, were \$217,135 and \$49,207, respectively. Contributions were based upon the base salary amounts for employees. Vesting of the employer’s contributions begins after one year of employment and is awarded as follows:

Years of Service	Vesting Percentage
1	15%
2	30%
3	45%
4	60%
5	100%

**VII. COMMITMENTS**

In conjunction with the Amended and Restated Limited Partnership Agreement of the LHA River Bank Village, Ltd., the Laredo Housing Opportunities Corporation (“LHOC”) provided the LHA River Bank Village, Ltd. with a guaranty of the general partner’s responsibilities and obligations under the May 6, 2014 amended and restated limited partnership agreement. This guaranty is a part of the amended and restated limited partnership agreement and shall remain in effect for the duration of the limited partnership. This guaranty requires the LHOC to maintain a minimum of \$1,000,000 in net position and a minimum of \$300,000 in unrestricted cash or money market holdings as defined under the terms of guaranty.

**VIII. RISK MANAGEMENT**

The Authority is exposed to various risks or torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance coverage for these risks to the extent deemed prudent by Authority management. Settled claims have not exceeded this commercial coverage in any of the past three years.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**IX. CONTINGENCIES**

A. Grants

For the year ended March 31, 2021, approximately 78% of revenues reflected in the basic financial statements are from HUD. The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes.

The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws and regulations governing grants given to the Authority in the current and prior years. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time.

B. Pending Claims and Litigation

The Authority is the subject of various claims and litigation that have arisen in the ordinary course of operations. Management, in consultation with legal counsel, is of the opinion that the Authority's liabilities in these cases, if decided adversely against the Authority, will not be material.

C. Payments in Lieu of Taxes (PILOT)

In accordance with the Authority's Annual Contributions Contract (ACC) with HUD, the Authority entered into a cooperation agreement with the City of Laredo (the City) to provide for annual payments of Payment in Lieu of Taxes (PILOT). Under this cooperation agreement, annual payments are to be made from the Authority to the City including amounts for four other local taxing entities. The Authority reports these payments as expenses and receives funding to pay for the PILOT payments from HUD annually. Changes to the cooperative agreement requires HUD approval.

The Authority has entered into interlocal agreements with several of the taxing entities whereby the Authority paid the PILOT owed and the taxing entities agreed to grant some, or all, or the funds back to the Authority. The Authority continues to work with a remaining taxing jurisdiction to determine what amounts, if any, will be required to be paid back. The amounts still possibly owed to other taxing jurisdiction could be as high as \$272,465. The 2021 calculated PILOT due to all jurisdictions in the subsequent year was \$169,377 and is recorded as a liability as of March 31, 2021.



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NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**X. ELIMINATION ENTRIES**

1. Inter-program Due To/From – In the normal course of operations, certain programs may pay for common costs or advance funds for operational shortfalls that create inter-program receivables or payables. The inter-program receivables and payables net to zero and are eliminated for presentation in the financial statement. For the year ended March 31, 2021, offsetting balances of \$1,063,865 were eliminated.
2. Fee for Service – The Authority’s COCC internally charges fees to the projects and programs of the Authority which include management fees, asset management fees and bookkeeping fees. These fees, which totaled \$1,373,598 for the year ended March 31, 2021, have been eliminated in the financial statements.

**XI. CONDENSED BLENDED COMPONENT UNIT INFORMATION**

Condensed financial statement information for the Authority's blended component units is presented below:

Condensed Statement of Net Position:

	Individual Blended Component Units			Total
	LHFC	LHOC	LHDC	
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 748,983	\$ 2,915,708	\$ 3,190,121	\$ 6,854,812
Tenant Receivable	40,526	-	-	40,526
Other Assets	108,258	171,676	-	279,934
<b>Total Current Assets</b>	<b>897,767</b>	<b>3,087,384</b>	<b>3,190,121</b>	<b>7,175,272</b>
Restricted Assets				
Cash – Other Restricted	1,247,415	-	-	1,247,415
Noncurrent Assets				
Capital Assets, Net	11,206,942	2,178,038	478,203	13,863,183
Other Assets	15,820	-	-	15,820
<b>Total Assets</b>	<b>\$ 13,367,944</b>	<b>\$ 5,265,422</b>	<b>\$ 3,668,324</b>	<b>\$ 22,301,690</b>
<b>LIABILITIES AND NET POSITION</b>				
Current Liabilities				
Current Liabilities	\$ 184,244	\$ 15,668	\$ 7,087	\$ 206,999
Interprogram – Due to	67,074	4,572	14,596	86,242
<b>Total Current Liabilities</b>	<b>251,318</b>	<b>20,240</b>	<b>21,683</b>	<b>293,241</b>
Noncurrent Liabilities				
Loan Payable	6,561,130	-	-	6,561,130
Noncurrent Liabilities – Other	3,073	1,062,770	-	1,065,843
<b>Total Liabilities</b>	<b>6,815,521</b>	<b>1,083,010</b>	<b>21,683</b>	<b>7,920,214</b>
Net Position				
Net Investment in Capital Assets	4,564,534	2,178,038	478,203	7,220,775
Restricted	1,247,415	-	-	1,247,415
Unrestricted	740,474	2,004,374	3,168,438	5,913,286
<b>Total Net Position</b>	<b>6,552,423</b>	<b>4,182,412</b>	<b>3,646,641</b>	<b>14,381,476</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 13,367,944</b>	<b>\$ 5,265,422</b>	<b>\$ 3,668,324</b>	<b>\$ 22,301,690</b>

HOUSING AUTHORITY OF THE CITY OF LAREDO  
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**XI. CONDENSED BLENDED COMPONENT UNIT INFORMATION (Continued)**

Condensed Statement of Revenues, Expenses, and Changes in Net Position:

	Individual Blended Component Units			Total
	LHFC	LHOC	LHDC	
Operating Revenues	\$ 1,627,945	\$ 186,949	\$ 174,090	\$ 1,988,984
Operating Expenses	1,513,629	86,612	598,642	2,198,883
Operating Income (Loss)	114,316	100,337	(424,552)	(209,899)
Nonoperating Revenues (Expenses)	(246,067)	31,503	78,060	(136,504)
Transfers and Contributions	236,976	-	-	236,976
Changes in Net Position	105,225	131,840	(346,492)	(109,427)
Net Position – Beginning Balance	6,447,198	4,050,572	3,993,133	14,490,903
Net Position – Ending Balance	\$ 6,552,423	\$ 4,182,412	\$ 3,646,641	\$ 14,381,476

Condensed Statement of Cash Flows:

	Individual Blended Component Units			Total
	LHFC	LHOC	LHDC	
Cash from Operating Activities	\$ 323,707	\$ 54,412	\$ (372,410)	\$ 5,709
Cash Flows from Investing Activities	6,996	31,503	78,060	116,559
Cash Flows from Noncapital Financing	236,976	(15,272)	-	221,704
Cash Flows from Capital Financing	(87,522)	6,857	(71,837)	(152,502)
Beginning Cash Balances	1,516,241	2,838,208	3,556,308	7,910,757
Ending Cash Balances	\$ 1,996,398	\$ 2,915,708	\$ 3,190,121	\$ 8,102,227

**XII. RELATED PARTY TRANSACTIONS**

Primary Government and Blended Component Units

1. Lease Arrangements with Related Parties

LHA Riverbank Village, Ltd. - Effective January 29, 2014, the Authority entered into a 75-year ground lease with a limited partnership (LHA RBV, Ltd.) whose sole general partner is a single-member LLC controlled by a blended component unit, the LHOC, of the Authority. The LHOC controlled single-member LLC (the LHA RBV GP, LLC) has a 0.01% general partner interest in the LHA RBV limited partnership. Parties un-related to the Authority or its component units have a 99.9% limited partner interest in the limited partnership. As indicated above, the LHA RBV limited partnership is developing and constructing a 152-unit, low income housing tax credit, multifamily, affordable housing project in Laredo, Texas. That project is being built on a parcel of land that is being leased from the Authority under the above mentioned 75-year ground lease.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**XII. RELATED PARTY TRANSACTIONS (Continued)**

Under the terms of the related ground lease agreement, a Laredo, Texas parcel of land was purchased for \$1,000,000 by the LHA River Bank Village, Ltd.'s general partner and deeded to the Housing Authority as part payment for the ground lease. Thereafter, an annual \$1,000 will be paid to the Authority by the limited partnership for the duration of the ground lease. The Authority has recognized the subject parcel of land as an asset with a corresponding \$1,000,000 ground lease pre-payment liability that will be amortized as lease income by the Authority ratably over the 75-year lease period.

BAH Casa Verde, Ltd. – Effective October 26, 2016, the Authority entered into a 75-year ground lease with a limited partnership (BAH Casa Verde, Ltd.) whose sole general partner is a single-member LLC controlled by a blended component unit, the LHOC, of the Authority. The LHOC controlled single-member LLC (Casa Verde Apartments GP, LLC) has a 0.01% general partner interest in the BAH Casa Verde limited partnership. The Casa Verde limited partnership was formed to own and operate a 152-unit, low income housing tax credit, multifamily, HUD Rental Assistance Demonstration (RAD), affordable housing project in Laredo, Texas. The development resides on a parcel of land that is being leased from the Authority under the above mentioned 75-year ground lease.

Under the terms of the ground lease agreement, a parcel of land was purchased for \$1,145,500 by the LHA River Bank Village, Ltd.'s general partner and deeded to the Housing Authority as part payment for the ground lease. The Authority has recognized the subject parcel of land as an asset with a corresponding \$1,145,500 ground lease pre-payment liability that will be amortized as lease income by the Authority ratably over the 75-year lease period.

2. Developer Fees Receivable

The LHOC, a blended component unit of the Authority, and general partner in the Casa Verde Ltd., earned 30% of the developer fees from the project. During fiscal year 2021, LHOC received developer fees of \$120,784 and no amounts were outstanding.

3. Distribution Receivable

The LHOC, a blended component unit of the Authority, and general partner in the Casa Verde Ltd., earned 78% of the excess income/waterfall distribution from the project. For fiscal year 2021, LHOC was owed \$171,676 in unpaid excess income/waterfall distribution for the partnership's 2019 and 2020 distributions.

4. Incentive Management Fees

LHOC is entitled to a non-cumulative annual incentive partnership management fee of 8% of LHA RBV, LTD.'s gross effective income for the year, not to exceed \$10,000. Such fees are payable from the partnership from available cash flows. No fees were paid in the current year.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**XIII. DISCRETELY PRESENTED COMPONENT UNITS**

LHA River Bank Village LTD. And BAH Casa Verde Apartments Ltd. partnerships are considered a discrete component unit of the Authority and are presented as of its respective financial year end, December 31, 2020. Certain items have changed for presentation purposes from the separately issued audited financial statements to conform to the Authority's presentation. The following footnotes are presented pursuant to GASB No. 14, as amended by GASB No. 61, which states that the reporting entity's financial statements should make those component unit disclosures that are essential to fair presentation of the financial reporting entity's basic financial statements. The following footnotes are those that are material to the Authority and are not meant to be a full representation of each component unit's required disclosures. A copy of the component units separately issued audited financial statements can be obtained from the Authority's management.

**A. RIVER BANK VILLAGE LTD**

**NOTE 1 – NATURE OF BUSINESS AND ORGANIZATION**

Under the terms of the Agreement of Limited Partnership of LHA River Bank Village, Ltd. (the "Partnership"), dated September 6, 2013, and subsequently amended on May 6, 2014, such that the General Partner is LHA River Bank Village GP, LLC, a Texas limited liability company, Hudson SLP, LLC, a Delaware limited liability company, the Special Limited Partner, and Hudson River Bank Village LLC, a Delaware limited liability company as the Investment Limited Partner.

The Partnership was organized in 2013 under the laws of the State of Texas to develop, rehabilitate, maintain and operate a 152-unit multi-family housing project (the "Project"), 114 of such units are designated to persons of low- and moderate-income households and 38 units unrestricted market-rate units. The Project is eligible for low-income housing tax credits under the program described in Section 42 of the Internal Revenue Code. Accordingly, the Partnership must comply with various federal and state requirements as to tenant qualification and rental rates.

The Partnership has received an allocation of low-income housing credits from the State of Texas. To qualify for the tax credits, the Partnership must meet certain requirements, including attaining a qualified eligible basis sufficient to support the allocation. Tax credits are allocated 99.98% to the Investment Limited Partner, .01% to the Special Limited Partner, and .01% to the General Partner.

The major activities of the Partnership are governed by the Partnership Agreement and Internal Revenue Code Section 42. Each building of the Project has qualified for and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42, which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Each building of the Project must meet the provisions of these regulations during 15 consecutive years in order to continue to qualify to receive the tax credits. Failure to comply with occupant eligibility and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken low-income housing tax credits plus interest. Such potential noncompliance may require an adjustment to the contributed capital by the Investor Limited Partner.

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NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**XIII. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Partnership are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP).

Rental Property

Land improvements, buildings, furniture and equipment are recorded at cost and include total capitalized interest of \$170,220. Book depreciation is computed over the estimated useful lives of the assets as follows:

Buildings and Improvements	40 years
Land Improvements	20 years
Furniture and Fixtures	10 years

Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred.

Organization Costs

Organization costs are expensed as incurred.

Debt Issuance Costs and Tax Credit Fees

Debt issuance costs are deferred and amortized over the life of the loan using the straight-line method, which is not materially different than the effective interest method. Amortization of debt issuance costs is reported in the statements of operations as interest expense. Tax credit fees are capitalized and amortized on a straight-line basis over fifteen years.

Income Taxes

No federal income taxes are payable by the Partnership and none have been provided in the accompanying financial statements. The Partners are to include their respective share of Partnership income or loss in their separate tax returns.

The Partnership is subject to state franchise taxes consisting of a tax on taxable margin. The provision for state franchise taxes is included in tax expense in the accompanying financial statements. The Partnership's tax returns are subject to examination by Federal and State taxing authorities. The tax laws, rules and regulations governing these returns are complex, technical and subject to varying interpretations. If an examination required the Partnership to make adjustments, the profits or losses allocated to the Partners would be adjusted accordingly. No examination is currently in process.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**XIII. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Rental Income

The Rental Property's units are generally leased to tenants under one-year non-cancelable operating leases, with rental payments due monthly. Rental income is recognized when due from residents, generally upon the first day of the month. Rental payments received in advance are deferred until earned. The Partnership uses the direct write-off method to recognize uncollectible tenant receivables. However, this method is not materially different from results under the allowance method.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates.

Impairment of Long-lived Assets

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. Impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on internal and external appraisals, discounted cash flows or other valuation techniques. No impairment losses were recognized during 2020 and 2019.

Cash and Cash Equivalents

Cash and cash equivalents include cash balances and highly liquid investments with a maturity of three months or less. These amounts are available for current operations and exclude amounts for restricted reserves.

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform to their 2020 preparation.

Subsequent Events

For purposes of evaluating subsequent events, the Partnership has evaluated all subsequent events through March 5, 2021, the date the financial statements were available to be issued.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**XIII. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

NOTE 3 – SECURITY DEPOSITS

Tenant security deposits may be refundable upon expiration or termination of the tenant’s lease provided the terms of the lease have not been violated. The liability related to these deposits at December 31, 2020 is \$38,360.

NOTE 4 – GROUND LEASE

On January 29, 2014, the Partnership entered into a ground lease agreement with an affiliate of the General Partner. Terms of the lease commences January 29, 2014 and expires on the seventy-fifth anniversary following this date. The initial rent payment was \$1,000,000 for the first-year lease payment. Beginning with the second lease year, annual rent in the amount of \$1,000 shall be paid to the landlord solely from net cash flow, and is due and payable on the first day of January, annually. To the extent net cash flow is insufficient to pay annual rent, unpaid rent shall accrue. Rent installments unpaid for 30 days will bear interest at the rate of 8% annually until the installment is paid as provided in the agreement.

NOTE 5 – LONG-TERM DEBT

In order to finance the development of the Project, the Partnership obtained initial financing in the form of a construction loan. The 24-month construction loan, in the amount of \$13,511,000 was secured by the Project and entered into on May 6, 2014. The loan provided for interest only on principal sums actually advanced at the rate of LIBOR plus 3% per annum. The loan converted to a permanent loan on October 19, 2016 in the amount of \$5,700,000, at which time all remaining principal and accrued interest on the construction loan was paid. The loan is payable in \$30,872 monthly installments with interest accruing at 5.57% with Bellwether Enterprise Mortgage Investments, LLC until maturity on November 1, 2031, at which time any unpaid interest and principal is due. The note is secured by a deed of trust and security agreement on the rental property. At December 31, 2020 the outstanding principal balance due is \$5,477,939, with \$26,600 of interest accrued, and unamortized debt issuance costs of \$119,001. Interest expense on the permanent loan for 2020 is \$322,295, and is included in interest expense on the accompanying income statement. The note is nonrecourse, and is secured by a first lien deed of trust on the rental property.

Aggregate projected maturities of the note (excluding the subordinate loan based on available net cash flow) for the next five years are as follows:

	<u>Amount</u>
2021	\$ 62,722
2022	66,358
2023	70,204
2024	73,422
2025	78,528
Thereafter	<u>5,126,705</u>
	<u>\$ 5,477,939</u>

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NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**XIII. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

NOTE 5 – LONG-TERM DEBT (Continued)

On January 29, 2014, in order to further finance construction of the Project, the Partnership entered into a loan agreement with Brownstone Affordable Housing, Ltd. The loan is in the form of an interim to permanent loan in the amount of \$50,000, with interest at the annual rate of 4%, to pay for construction costs with a maturity date of February 1, 2032. Commencing April 1, 2015, and continuing annually each year until maturity, payment of accrued interest and principal shall be due and payable from available net cash flow. To the extent that net cash flow is insufficient, the unpaid portion of the payment shall be deferred and paid out of net cash flow in subsequent years. All payments shall be applied first to unpaid accrued interest, then towards principal. Beginning on the maturity date, unpaid principal shall accrue at the lower of the highest lawful rate permitted, or 8% per annum. The balance outstanding at December 31, 2020 was \$11,645.

NOTE 6 – RESTRICTED DEPOSITS

Replacement Reserve

The Partnership is required to establish and maintain a replacement reserve account to pay for capital repairs or improvements to the Project. It is to be funded in the amount of \$45,600 (\$300 per unit for 152 units) annually, of which amount shall increase by 2% per year for the first five years of the loan, from Project gross operating income. Disbursements from the reserve must be made in accordance to the Replacement Reserve Agreement, and a \$250 administrative fee paid annually. This account was active upon the permanent loan closing. Replacement Reserves were \$192,335 as of December 31, 2020.

Operating Reserve

An operating reserve account in the amount of \$464,227 is to be established at the time of the fourth capital contribution. The reserve shall be held in a separate bank account controlled by the lender and maintained for the duration of the tax credit compliance period, at which time any funds remaining shall be released and distributed to the General Partner. The funds may only be used to pay operating deficits or other expenses approved by the Special Limited Partner, after exhaustion of the Operating Deficit Guaranty during the Operating Deficit Guaranty Period, with any amounts on deposit in excess of \$464,227 may be released to the General Partner. The balance as of December 31, 2020 was \$467,064.

Insurance Escrow

The Partnership is required to establish an insurance escrow to pay the insurance costs of the Project. An initial deposit in the amount of \$8,172 was funded during the permanent loan conversion. Monthly deposits of \$4,086 are required by the Partnership. Insurance reserves were \$10,365 as of December 31, 2020.



HOUSING AUTHORITY OF THE CITY OF LAREDO  
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**XIII. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

NOTE 7 – CERTAIN PROVISIONS OF THE AGREEMENT OF LIMITED PARTNERSHIP

Capital Contributions and Allocations of Profit, Loss, Tax Credits, and Cash Flow

The General Partner has a .01% interest and will contribute \$100, the Special Limited Partner has a .01% interest and will contribute \$10, and the Investor Limited Partner has a 99.98% interest in the Partnership, and has contributed \$10,901,410, for a combined interest of 100% in the Partnership, subject to adjustment in accordance with certain terms of the Partnership Agreement.

Profits, losses, and tax credits are to be allocated to the Partners in accordance with their ownership interests.

Distributable cash flow of the Partnership for each fiscal year is to be allocated after the end of each fiscal year in the following order:

1. To the Investor Limited Partner for any unpaid tax credit shortfall payments;
2. To replenish Operating Reserves to required minimum;
3. To the Special Limited Partner unpaid asset management fees;
4. To the Partnership's operating bank account after the expiration of the Operating Deficit Guaranty Period, so as to maintain not less than \$30,000 on deposit;
5. To the payment of any Deferred Development Fee;
6. To the payment of debt service on the LHOC Loan and the Brownstone Loan;
7. To the payment of amounts due under the Ground Lease;
8. 90% of remaining cash flow after payments through 7 above, to any Operating Deficit Loan until repaid, second to the General Partner to pay amounts due under the Incentive Partnership Management Fee Agreement, and third to the General Partner a preferred return,
9. Any balance remaining to the Partners in accordance with their respective partnership interests.

As required by the Partnership Agreement, a 100% real estate tax exemption was granted by the taxing authorities.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**XIII. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

NOTE 7 – CERTAIN PROVISIONS OF THE AGREEMENT OF LIMITED PARTNERSHIP (Continued)

Guaranty of Tax Credits and Operating Deficit Loans

Under the terms of the Partnership Agreement, the General Partner and certain other guarantors have the duty to use their best efforts to ensure that the Partnership qualifies for the maximum lawful low-income housing tax credits.

In the event that the actual amounts of such credits are less than the projected amounts, the Limited Partner's capital contributions would be reduced or refunded under applicable guaranty provisions of the Partnership Agreement.

The General Partner and certain other guarantors are obligated to make loans to the Partnership up to \$553,593 as necessary to fund operating expenses, debt service payments, reserve and escrow accounts, capital improvements and maintenance expenses that occur during the four-year period, commencing with the Break-Even Date. Any amounts paid by or on behalf of the General Partner will be deemed loans from the General Partner to the Partnership and will be repaid in the same manner as operating deficit loans.

NOTE 8 – TRANSACTIONS WITH RELATED PARTIES

Development Fees

On May 6, 2014, the Partnership entered into a development agreement with Brownstone Affordable Housing, Ltd., a Texas limited partnership to render development services for construction of the Rental Property. The agreement provides for a fee of \$1,976,812, all of which was earned. Per the provisions of the agreement, any installment of the development fee not paid when otherwise due, shall be deferred with interest accruing at the long-term applicable federal rate, beginning July 7, 2015. As of December 31, 2016, payments were received in the amount of \$1,458,813 and \$33,867, such that the outstanding principal and interest balance was paid in full.

Related Party Note Payable – Laredo Housing Opportunities Corporation

On January 29, 2014, the Partnership entered into a promissory note with Laredo Housing Opportunities Corporation. The loan is in the form of an interim to permanent construction loan up to the amount of \$950,000, with interest at the annual rate of 4%, to pay for construction costs with a maturity date of February 1, 2032. An initial installment of \$250,000 was due and paid at the time the construction financing closed.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**XIII. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

NOTE 8 – TRANSACTIONS WITH RELATED PARTIES (Continued)

Commencing April 1, 2015, and continuing annually each year until maturity, payment of accrued interest and principal shall be due and payable from available net cash flow. To the extent that net cash flow is insufficient, the unpaid portion of the payment shall be deferred and paid out of net cash flow in subsequent years. All payments shall be applied first to unpaid accrued interest, then towards principal. Beginning on the maturity date, unpaid principal shall accrue at the lower of the highest lawful rate permitted, or 8 percent per annum.

Special Limited Partner – Asset Management Fee

A cumulative annual fee of \$5,000 will be adjusted for the lesser of the CPI or the allowable annual rent increase. The fee is payable to the Special Limited Partner from available cash flow, for services rendered in connection with monitoring the project operations on December 1st of each year, commencing the first December following the payment of the second capital contribution (which occurred in December 2015). The asset management fee will increase to \$7,500 per annum, commencing after payment of an aggregate \$200,000 in deferred development fee, and thereafter adjusted annually by a percentage equal to the lesser of (i) the percentage increase in the Consumer Price Index in effect and (ii) the percentage increase in maximum allowable rents in effect on the date of adjustment over twelve months prior. All unpaid fees shall accrue and are payable from net cash flow in available years. Asset management fees of \$7,848 were expensed and paid in 2020, with no outstanding amounts due at December 31, 2020.

General Partner - Incentive Management Fee

The Partnership shall pay the General Partner a non-cumulative annual Incentive Partnership Management Fee of 8% of Gross Effective Income for the year, not to exceed \$10,000 (as defined). Such fees shall be paid by the Partnership from available cash flow. No fees were paid as of December 31, 2020.

NOTE 9 – PROPERTY MANAGEMENT FEE

The Partnership entered into a property management agreement January 1, 2014 for Project operating and leasing services. A monthly management fee of \$1,000 per month plus \$15 for each occupied unit until the project reaches 75% occupancy; at which time the fee shall be equal to 5% of the collected monthly gross income. At December 31, 2020 \$55,196 of management fees were incurred.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**XIII. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

NOTE 10 – CONCENTRATIONS OF RISK

The Partnership obtains a credit report on prospective tenants prior to entering into a lease agreement and generally requires a security deposit equal to a portion of one month's rent. Credit risk associated with leases is limited to the amount of rent receivable from tenants less security deposits.

NOTE 11 – FAIR VALUES OF FINANCIAL INSTRUMENTS

The Partnership's financial instruments consist of cash and notes payable. The Partnership estimates that the fair value of all its financial instruments does not differ materially from their aggregate carrying values in the accompanying balance sheet. The estimated fair value amounts have been determined by the Partnership using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Partnership could realize in a current market exchange. None of the financial instruments are held for trading purposes.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. Measures taken by various governments and governmental agencies to contain the virus have affected economic activity. As a result, economic uncertainties have arisen which could negatively impact the rental operations and cash flow of the Rental Property, including but not limited to rent and eviction moratoria. The Partnership is not able to reliably estimate the length or severity of this outbreak and the related financial impact, if any.

NOTE 13 – RECENT ACCOUNTING DEVELOPMENTS

On January 1, 2020, the Partnership adopted the Financial Accounting Standards Board Accounting Standards Update 2020-05, Revenue from Contracts with Customers (ASC Topic 606) and Leases (ASC Topic 842). The Partnership's revenue is mainly derived from tenant lease contracts with terms of one year or less. Retrospective adoption of ASC Topic 606 and ASC Topic 842 had no material impact on the Partnership's recognition of rental income.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**XIII. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

**B. CASA VERDE APARTMENTS, LTD.**

NOTE 1 – NATURE OF BUSINESS AND ORGANIZATION

Under the terms of the Amended and Restated Agreement of Limited Partnership of BAH Casa Verde Apartments, Ltd., a Texas limited partnership (the "Partnership"), dated June 20, 2017, the General Partner is BAH Casa Verde Apartments GP, LLC, a Texas limited liability company, the Special Limited Partner is Hudson SLP, LLC, a Delaware limited liability company, and Hudson Casa Verde LLC, a Delaware limited liability company is the Investment Limited Partner.

The Partnership was organized in 2015 to develop, construct, maintain and operate a 152- unit multi-family housing project (the "Project") in Laredo, Texas with 138 units designated to persons of low- and moderate-income households and 14 unrestricted market-rate units. The Project was fully placed in service in 2017 and has commenced rental operations.

The Project received an allocation of low-income housing credits from the Texas Department of Housing and Community Affairs ("TDHCA") under Section 42 of the Internal Revenue Code of 1986, as amended. As such, the Project is required to lease a minimum of 40% of its units to families whose income is 60% or less of the area median gross income. In addition, the Partnership must comply with various federal and state requirements as to tenant qualification and rental rates for the 138 tax credit units.

The project will provide assistance to 38 units converted from public housing under a Rental Assistance Demonstration ("RAD") Housing Assistance Payment contract ("RAD HAP contract") with the Housing Authority of the City of Laredo (the "PHA"). The RAD HAP contract is effective for 20 years under a RAD Use Agreement between the PHA and the United States Department of Housing and Urban Development ("HUD").

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the partnership are prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles.

Organization Costs

Organization costs are expensed as incurred.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**XIII. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Rental Property

Rental property is recorded at cost and includes capitalized construction period interest of \$300,484 as of December 31, 2020. Depreciation is computed using the straight-line method of the estimated useful lives of the assets as follows.

Buildings and Improvements	40 years
Land Improvements	20 years
Furniture and Fixtures	10 years

Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred.

Debt Issuance Costs, Tax Credit Fees and RAD Contract Costs

Debt issuance costs are deferred and amortized over the life of the loan using the straight-line method, which is not materially different than the effective interest method. Amortization of debt issuance costs is reported in the statement of operations as interest expense. Tax credit fees and RAD contract costs are capitalized and amortized on a straight-line basis over the fifteen-year compliance period and the twenty-year contract period, respectively.

Rental Income

The Rental Property's units are generally leased to tenants under one-year non-cancelable leases, with rental payments due monthly. Rental income is recognized when due from residents, generally upon the first day of the month. Rental payments received in advance are deferred until earned. The Partnership uses the direct write-off method to recognize uncollectible tenant receivables. However, this method is not materially different from results under the allowance method.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**XIII. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-lived Assets

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. An impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on internal and external appraisals, discounted cash flows or other valuation techniques. No impairment losses were recognized during 2020.

Cash and Cash Equivalents

The Partnership considers all investments purchased with an original maturity of three months or less to be cash equivalents.

NOTE 3 – SECURITY DEPOSITS

Tenant security deposits may be refundable upon expiration or termination of the tenant's lease provided the terms of the lease have not been violated.

NOTE 4 – GROUND LEASE

On June 20, 2017, the Partnership entered into an amended and restated ground lease agreement with an affiliate of the General Partner. The lease term is seventy-five years commencing October 26, 2016, the date of the original ground lease. The Partnership paid an initial rent payment of \$1,145,500 with no annual payments required. The initial rent payment and related land costs, totaling \$1,152,857 have been capitalized as a land leasehold interest and are being amortized over the lease term of 75 years. The Partnership is responsible for all costs related to use and maintenance of the project site. The Project is anticipated to continue to qualify for exemption from real estate taxes.

NOTE 5 – CONSTRUCTION LOAN AND MORTGAGE PAYABLE

In order to finance the acquisition and construction of the Project, on June 20, 2017, the Partnership entered into a 24-month construction loan, in the amount of \$14,760,000. The loan is secured by a deed of trust on the rental property and is recourse to the Partnership until conversion to permanent financing. The Construction Loan bears interest at the LIBOR plus 2.75%, per annum with a maturity date of June 20, 2019 and allows for a six-month extension. In 2019, the Partnership paid a fee of \$14,268 to extend the loan to December 20, 2019. The construction loan payable at December 31, 2020 is \$5,250,000.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**XIII. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

**NOTE 5 – CONSTRUCTION LOAN AND MORTGAGE PAYABLE (Continued)**

Under a Modification Agreement with the Permanent Lender effective December 20, 2019, the permanent loan commitment was increased from \$5,300,000 to \$5,707,272, the amount of the outstanding construction loan. The construction loan maturity date and the conversion date were extended to March 20, 2020. An extension fee of \$5,000 was required by the Modification Agreement. Under the commitment, the permanent loan will have a term of 17 years and an interest rate of 6%. The lender is holding a rate-lock deposit of \$106,000 until conversion. On March 18, 2020, the Partnership converted the construction loan to a \$5,250,000 permanent loan. The permanent loan is payable in monthly installments of \$29,935, including interest of 6.00% until maturity on April 1, 2037, at which time, all remaining unpaid principal and interest is due. The remainder of the Construction Loan was repaid during 2020 using the proceeds of the capital contributions.

To further finance the construction of the Project, the Partnership entered into a loan agreement with an affiliate of the General Partner. The Partnership borrowed the \$2,070,000 loan amount on January 4, 2018 and repaid the loan plus accrued interest of \$3,226 (interest rate 1.70%) on January 24, 2018.

Aggregate projected maturities of long-term debt for the next five years, exclusive of unamortized debt issuance costs of \$63,470, are as follows:

2021	\$	30,001
2022		47,306
2023		50,224
2024		53,322
2025		56,611
Thereafter		5,012,536
	\$	<u>5,250,000</u>

The fair value of the mortgage note payable is estimated based on the current rates offered to the Project for debt of the same remaining maturities. At December 31, 2020, the fair value of the mortgage approximates the amount recorded in the financial statements.

Restricted Deposits and Funded Reserves Required by the Loan Agreement

The permanent loan requires the Partnership to establish an Operating Reserve to fund operating deficits after an operating deficit guaranty has been exhausted; and a RAD Operating Subsidy Reserve to fund stabilizing the Rental Property if the RAD subsidy is reduced or eliminated. As of December 31, 2020 and 2019, the Operating Reserve were \$940,000 and \$0; and the RAD Operating Subsidy Reserve were \$51,621 and \$0, respectively.

The permanent loan requires the establishment of a Replacement Reserve with monthly installments of \$3,965. This reserve may be used to fund specified replacements and capital improvements. As of December 31, 2020 and 2019, the Replacement Reserve were \$31,720 and \$0, respectively.



HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**XIII. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

NOTE 5 – CONSTRUCTION LOAN AND MORTGAGE PAYABLE (Continued)

The permanent loan also requires monthly deposits of \$4,943 to fund an Insurance Escrow to pay the insurance costs of the Rental Property. As of December 31, 2020 and 2019, the Insurance Escrow were \$74,151 and \$0, respectively.

NOTE 6 – CERTAIN PROVISIONS OF THE AGREEMENT OF LIMITED PARTNERSHIP

Capital Contributions and Allocations of Profit, Loss, Tax Credits, and Cash Flow

The General Partner has a .01% interest in the Partnership and is to contribute \$100 in cash. The Special Limited Partner is to contribute \$10, for a 0.01% interest in the Partnership. The Investment Limited Partner is to contribute \$16,091,448 in cash, subject to adjustment in accordance with certain terms of the Partnership Agreement for a 99.98% interest in the Partnership. As of December 31, 2020, the Investment Limited Partner has contributed the First, Second and Third Installments totaling \$16,091,448 to the Partnership.

Profits, losses, and tax credits are to be allocated to the Partners in accordance with their ownership interests.

Distributable cash flow of the Partnership for each fiscal year is payable in the following order:

1. To the Investment Limited Partner for any unpaid tax credit shortfall payments
2. To replenish amounts, if any, withdrawn from Operating Reserve
3. To the Special Limited Partner for accrued and unpaid asset management fees
4. To repay Operating Deficit Loans, if any
5. To the Developer for any deferred Development Fee
6. To payments due under the Ground Lease
7. 90% of the remaining cash flow to the General Partner as a preferred return, with an equivalent gross income allocation; and
8. Any balance to the Partners in accordance with their respective interests, however the Investment Limited Partner shall receive 10% of distributable cash flow as a priority distribution.

Guaranty of Tax Credits and Operating Deficits

Under the terms of the Partnership Agreement, the General Partner and certain other guarantors have the duty to use their best efforts to ensure that the Partnership qualifies for the maximum lawful low-income housing tax credits.

In the event that the actual amounts of such credits are less than the projected amounts, the Investment Limited Partner's capital contributions would be reduced or refunded under applicable guaranty provisions of the Partnership Agreement.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**XIII. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

NOTE 6 – CERTAIN PROVISIONS OF THE AGREEMENT OF LIMITED PARTNERSHIP (Continued)

The General Partner and certain other guarantors are obligated to make loans to the Partnership up to \$598,580 as necessary to fund operating expenses, debt service payments, reserve and escrow accounts, capital improvements and maintenance expenses that occur during the four year period, commencing with the Final Closing Date, provided that Breakeven Operations are maintained for each of the final two consecutive years. Any amounts paid by or on behalf of the General Partner will be deemed loans from the General Partner to the Partnership and will be repaid in the same manner as operating deficit loans. No such advances have been made as of December 31, 2020.

NOTE 7 – TRANSACTIONS WITH RELATED PARTIES

Development Fees

On June 1, 2017, the Partnership entered into a Development Agreement with the Guarantors to render development services for construction of the Project. The agreement provides for a fee equal to the maximum amount as may be permitted by all applicable laws, rules and regulations, \$2,393,686; all of which was earned as of December 31, 2018. The developer fee will bear interest at the long term applicable federal rate. As of December 31, 2020, the outstanding principal balance of the earned developer fee payable was \$189,151. Interest of \$7,494 was accrued in 2020 at the long term applicable federal rate of 2.6%

Special Limited Partner - Asset Management Fee

As compensation for services provided by the Special Limited Partner, the Partnership shall pay an annual cumulative fee of \$7,500 (adjusted annually by the CPI) commencing on December 1, 2018. The 2018 fee of \$7,500 is included in accounts payable as of December 31, 2018 and was paid in January 2019. The 2020 fee of \$7,727 has been accrued as of December 31, 2020.

NOTE 8 – PROPERTY MANAGEMENT FEE

On March 1, 2017, the Partnership entered into a property management agreement with a third-party property manager to provide Project operating and leasing services. The agreement provides for a management fee of \$1,000 per month plus \$15 for each occupied unit until the project reaches 80% occupancy, at which time the management fee shall be equal to 5% of collected monthly gross income. The Partnership incurred management fees for the year ended December 31, 2020 of \$57,334.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

**XIII. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

NOTE 9– CONCENTRATIONS OF RISK

The Partnership obtains a credit report on prospective tenants prior to entering into a lease agreement and generally requires a security deposit equal to a portion of one month’s rent. Credit risk associated with leases is limited to the amount of rent receivable from tenants less security deposits.

NOTE 10 – FAIR VALUES OF FINANCIAL INSTRUMENTS

The Partnership’s financial instruments consist of cash and notes payable. The Partnership estimates that the fair value of all its financial instruments does not differ materially from their aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Partnership using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value and accordingly, the estimates are not necessarily indicative of the amounts that the Partnership could realize in a current market exchange. None of the financial instruments are held for trading purposes.

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## **SUPPLEMENTAL INFORMATION**

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

Combining Statement of Net Position - Blended Component Units

March 31, 2021

	Laredo Housing Facilities Corporations	Laredo Housing Opportunities Corporation	Laredo Housing Development Corporation	Total Blended Component Units
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents				
Unrestricted	\$ 700,965	\$ 2,915,708	\$ 3,190,121	\$ 6,806,794
Tenant Security Deposits	48,018	-	-	48,018
Notes, Loans, & Mortgages Receivable - Current	-	-	-	-
Accounts Receivable - Miscellaneous	-	171,676	-	171,676
Accounts Receivable - Tenants	40,745	-	-	40,745
Account Receivable - Other Governmnet	68,646	-	-	68,646
Allowance for doubtful accounts - tenants	(219)	-	-	(219)
Prepaid Expenses	31,586	-	-	31,586
Interprogram - Due from	8,026	-	-	8,026
<b>Total Current Assets</b>	<b>897,767</b>	<b>3,087,384</b>	<b>3,190,121</b>	<b>7,175,272</b>
Restricted Assets				
Cash - Other Restricted	1,247,415	-	-	1,247,415
<b>Total Restricted Assets</b>	<b>1,247,415</b>	<b>-</b>	<b>-</b>	<b>1,247,415</b>
Noncurrent Assets				
Capital Assets				
Land	2,333,247	2,178,038	-	4,511,285
Buildings	12,495,326	-	315,484	12,810,810
Furniture and Equipment - Dwellings	300,000	-	-	300,000
Furniture and Equipment - Administration	66,969	-	-	66,969
Less: Accumulated depreciation	(3,988,600)	-	(16,179)	(4,004,779)
Construction in Progress	-	-	178,898	178,898
<b>Total Capital Assets</b>	<b>11,206,942</b>	<b>2,178,038</b>	<b>478,203</b>	<b>13,863,183</b>
Other Assets	15,820	-	-	15,820
<b>Total Noncurrent Assets</b>	<b>11,222,762</b>	<b>2,178,038</b>	<b>478,203</b>	<b>13,879,003</b>
<b>Total Assets</b>	<b>\$ 13,367,944</b>	<b>\$ 5,265,422</b>	<b>\$ 3,668,324</b>	<b>\$ 22,301,690</b>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities				
Accounts Payable	\$ 7,906	\$ 395	\$ 7,087	\$ 15,388
Accounts Payable - Other Governments	36,397	-	-	36,397
Accrued Wages and Payroll Taxes	3,795	-	-	3,795
Accrued Compensated Absences	3,513	-	-	3,513
Tenant Security Deposits	48,018	-	-	48,018
Unearned Revenue	3,337	15,273	-	18,610
Other Current Liabilities	-	-	-	-
Note Payable	81,278	-	-	81,278
Interprogram - Due to	67,074	4,572	14,596	86,242
<b>Total Current Liabilities</b>	<b>251,318</b>	<b>20,240</b>	<b>21,683</b>	<b>293,241</b>
Noncurrent Liabilities				
Note Payable	6,561,130	-	-	6,561,130
Noncurrent Liabilities - Other	-	1,062,770	-	1,062,770
Accrued Compensated Absences	3,073	-	-	3,073.00
<b>Total Noncurrent Liabilities</b>	<b>6,564,203</b>	<b>1,062,770</b>	<b>-</b>	<b>7,626,973</b>
<b>Total Liabilities</b>	<b>6,815,521</b>	<b>1,083,010</b>	<b>21,683</b>	<b>7,920,214</b>
Net Position				
Net Investment in Capital Assets	4,564,534	2,178,038	478,203	7,220,775
Restricted Net Position	1,247,415	-	-	1,247,415
Unrestricted Net Position	740,474	2,004,374	3,168,438	5,913,286
<b>Total Net Position</b>	<b>6,552,423</b>	<b>4,182,412</b>	<b>3,646,641</b>	<b>14,381,476</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 13,367,944</b>	<b>\$ 5,265,422</b>	<b>\$ 3,668,324</b>	<b>\$ 22,301,690</b>

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

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

Combining Statement of Revenues, Expenses and Changes in Net Position - Blended Component Units

For The Year Ended March 31, 2021

	Laredo Housing Facilities Corporations	Laredo Housing Opportunities Corporation	Laredo Housing Development Corporation	Total Blended Component Units
<b>OPERATING REVENUES</b>				
Tenant Revenue	\$ 1,602,870	\$ -	\$ -	\$ 1,602,870
Tenant Revenue - Other	1,397	-	-	1,397
Other Government Grants	-	-	-	-
Other Revenue	23,678	186,949	174,090	384,717
Total Operating Revenue	<u>1,627,945</u>	<u>186,949</u>	<u>174,090</u>	<u>1,988,984</u>
<b>OPERATING EXPENSES</b>				
Administrative	397,035	27,123	123,136	547,294
Housing Assistance Payments	-	-	-	-
Tenant Services	25,938	-	695	26,633
Utilities	121,672	-	15,254	136,926
Maintenance	371,010	7,979	192,256	571,245
Protective Services	59,997	-	-	59,997
Insurance	94,856	-	6,800	101,656
Other General Expenses	99,220	51,510	244,322	395,052
Interest on Mortgage Payable	-	-	-	-
Depreciation	343,901	-	16,179	360,080
Total Operating Expenses	<u>1,513,629</u>	<u>86,612</u>	<u>598,642</u>	<u>2,198,883</u>
Operating Income (Loss)	<u>114,316</u>	<u>100,337</u>	<u>(424,552)</u>	<u>(209,899)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income - Unrestricted	6,996	31,503	78,060	116,559
Interest Expense	(253,063)	-	-	(253,063)
Total Nonoperating Revenues (Expenses)	<u>(246,067)</u>	<u>31,503</u>	<u>78,060</u>	<u>(136,504)</u>
Increase(Decrease) in Net Position before Transfer	(131,751)	131,840	(346,492)	(346,403)
Transfer In	<u>236,976</u>	<u>-</u>	<u>-</u>	<u>236,976</u>
Change in Net Position	<u>105,225</u>	<u>131,840</u>	<u>(346,492)</u>	<u>(109,427)</u>
Net Assets - Beginning Balance (Restated)	<u>6,447,198</u>	<u>4,050,572</u>	<u>3,993,133</u>	<u>14,490,903</u>
Net Position - Ending Balance	<u>\$ 6,552,423</u>	<u>\$ 4,182,412</u>	<u>\$ 3,646,641</u>	<u>\$ 14,381,476</u>

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

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

Combining Statement of Net Position - Discrete Component Units

December 31, 2020

	LHA Riverbank Village, LTD.	BAH Casa Verde Apartments, LTD.	Total
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents			
Unrestricted	\$ 326,376	\$ 162,196	\$ 488,572
Tenant Security Deposits	40,873	44,890	85,763
Accounts Receivable			
HUD Other Projects	-	-	-
Miscellaneous	10,274	9,833	20,107
Tenants	-	-	-
Allowance for Doubtful Accounts - Tenants	-	-	-
Prepaid Expenses and Other Assets	93,365	496,382	589,747
Notes, Loans, & Mortgage Receivable - Current	-	-	-
Total Current Assets	<u>470,888</u>	<u>713,301</u>	<u>1,184,189</u>
Restricted Assets			
Cash - Other Restricted	669,764	1,030,154	1,699,918
Cash - Other Restricted for Payment of Current Liabilities	-	-	-
Total Restricted Assets	<u>669,764</u>	<u>1,030,154</u>	<u>1,699,918</u>
Noncurrent Assets			
Capital Assets			
Land	-	-	-
Buildings & Improvements	14,888,330	17,536,427	32,424,757
Furniture, Equipment & Machinery - Dwellings	-	-	-
Furniture, Equipment & Machinery - Administration	424,896	1,310,499	1,735,395
Less Accumulated Depreciation	(2,660,236)	(2,070,827)	(4,731,063)
Construction in Progress	-	-	-
Total Capital Assets, Net of Accumulated Depreciation	<u>12,652,990</u>	<u>16,776,099</u>	<u>29,429,089</u>
Investments in Partnerships	-	-	-
Other Assets	<u>1,000,000</u>	<u>1,152,857</u>	<u>2,152,857</u>
Total Noncurrent Assets	<u>13,652,990</u>	<u>17,928,956</u>	<u>31,581,946</u>
Total Assets	<u>\$ 14,793,642</u>	<u>\$ 19,672,411</u>	<u>\$ 34,466,053</u>



HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

Combining Statement of Net Position - Discrete Component Units

December 31, 2020

	LHA Riverbank Village, LTD.	BAH Casa Verde Apartments, LTD.	Total
<b>LIABILITIES AND NET POSITION</b>			
Current Liabilities			
Accounts Payable	\$ 6,105	\$ 5,508	\$ 11,613
Accrued Wages and Payroll Taxes	-	-	-
Accrued Compensated Absences	-	-	-
Accrued Interest Payable	30,337	-	30,337
Tenant Security Deposits	38,360	44,890	83,250
Unearned Revenue	-	-	-
Note Payable	-	-	-
Other Current Liabilities	-	-	-
Accrued Liabilities - Other	44,461	56,599	101,060
<b>Total Current Liabilities</b>	<b>119,263</b>	<b>106,997</b>	<b>226,260</b>
Noncurrent Liabilities			
Notes Payable	5,370,583	5,186,530	10,557,113
Other	-	196,645	196,645
Accrued Compensated Absences	-	-	-
<b>Total Non-Current Liabilities</b>	<b>5,370,583</b>	<b>5,383,175</b>	<b>10,753,758</b>
<b>Total Liabilities</b>	<b>5,489,846</b>	<b>5,490,172</b>	<b>10,980,018</b>
Net Position			
Net Investment in Capital Assets	7,282,407	11,392,924	18,675,331
Restricted Net Position	-	-	-
Unrestricted Net Position	2,021,389	2,789,315	4,810,704
<b>Total Net Position</b>	<b>9,303,796</b>	<b>14,182,239</b>	<b>23,486,035</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 14,793,642</b>	<b>\$ 19,672,411</b>	<b>\$ 34,466,053</b>

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

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

Combining Statement of Revenues, Expenses and Changes in Net Position - Discrete Component Units

For The Year Ended December 31, 2020

	LHA Riverbank Village, LTD.	BAH Casa Verde Apartments, LTD.	Total
<b>OPERATING REVENUES</b>			
HUD Operating Grants and Housing Assistance Payments	\$ -	\$ -	\$ -
Tenant Revenue	1,085,426	1,133,552	2,218,978
Other Government Grants	-	-	-
Other Revenue	18,608	14,038	32,646
Total Operating Revenue	<u>1,104,034</u>	<u>1,147,590</u>	<u>2,251,624</u>
<b>OPERATING EXPENSES</b>			
Administrative	208,233	210,327	418,560
Housing Assistance Payments	-	-	-
Tenant Services	-	-	-
Utilities	141,174	102,685	243,859
Maintenance	148,697	182,246	330,943
Protective Services	-	-	-
Insurance	71,251	75,839	147,090
Other General Expense	12,552	11,513	24,065
Interest on Note Payable	322,295	235,055	557,350
Depreciation	479,086	668,264	1,147,350
Total Operating Expenses	<u>1,383,288</u>	<u>1,485,929</u>	<u>2,869,217</u>
Operating Income (Loss)	<u>(279,254)</u>	<u>(338,339)</u>	<u>(617,593)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income - Unrestricted	828	-	828
Total Nonoperating Revenues (Expenses)	<u>828</u>	<u>-</u>	<u>828</u>
Income(Loss) before Contributions	(278,426)	(338,339)	(616,765)
Partner Contributions	-	2,574,631	2,574,631
Change in Net Position	(278,426)	2,236,292	1,957,866
Net Assets - Beginning Balance	<u>9,582,222</u>	<u>11,945,947</u>	<u>21,528,169</u>
Net Position - Ending Balance	<u>\$ 9,303,796</u>	<u>\$ 14,182,239</u>	<u>\$ 23,486,035</u>

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

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HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

HUD FINANCIAL DATA SCHEDULE

March 31, 2020

Line Item No.	Description	Project Total	14.PHC	10.427	14.871	14.HCC	6.2
			Public Housing Cares	Rural Rental Assistance Payments	Housing Choice Vouchers	HCV CARES	Component Unit - Blended
111	Cash - unrestricted	\$ 14,387,199	\$ -	\$ 346,281	\$ 1,398,512	\$ 312,325	\$ 6,806,794
112	Cash - restricted - modernization and development	-	-	-	-	-	-
113	Cash - other restricted	-	-	223,839	140,291	-	1,247,415
114	Cash - tenant security deposits	108,322	-	9,803	-	-	48,018
115	Cash - restricted for payment of current liabilities	-	-	-	14,610	-	-
<b>100</b>	<b>Total Cash</b>	<b>14,495,521</b>	<b>-</b>	<b>579,923</b>	<b>1,553,413</b>	<b>312,325</b>	<b>8,102,227</b>
121	Accounts receivable - PHA projects	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	5,177	-	-	-	-	-
124	Account receivable - other government	-	-	7,488	-	-	68,646.00
125	Account receivable - miscellaneous	2,327	-	-	1,280	-	171,676
126	Accounts receivable - tenants	26,878	-	10,721	-	-	40,745
126.1	Allowance for doubtful accounts - tenants	(3,790)	-	(711)	-	-	(219)
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-
127	Notes, loans, & mortgages receivable - current	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-
<b>120</b>	<b>Total receivables, net of allowance for doubtful accounts</b>	<b>30,592</b>	<b>-</b>	<b>17,498</b>	<b>1,280</b>	<b>-</b>	<b>280,848</b>
131	Investments - unrestricted	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-	-
142	Prepaid expenses and other assets	115,533	-	6,799	18,589	-	31,586
143	Inventories	-	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-
144	Inter program - due from	210,569	-	9	1,698	-	8,026
145	Assets held for sale	-	-	-	-	-	-
<b>150</b>	<b>Total Current Assets</b>	<b>14,852,215</b>	<b>-</b>	<b>604,229</b>	<b>1,574,980</b>	<b>312,325</b>	<b>8,422,687</b>
161	Land	29,131	-	80,000	-	-	4,511,285
162	Buildings	13,104,340	-	1,667,467	217,753	-	12,810,810
163	Furniture, equipment and machinery - dwellings	260,110	-	-	-	-	300,000
164	Furniture, equipment and machinery - administration	371,024	-	15,701	102,522	-	66,969
165	Leasehold improvements	-	-	-	-	-	-
166	Accumulated depreciation	(12,688,891)	-	(1,409,118)	(315,448)	-	(4,004,779)
167	Construction in progress	-	-	-	-	-	178,898
168	Infrastructure	-	-	-	-	-	-
<b>160</b>	<b>Total capital assets, net of accumulated depreciation</b>	<b>1,075,714</b>	<b>-</b>	<b>354,050</b>	<b>4,827</b>	<b>-</b>	<b>13,863,183</b>
171	Notes, loans and mortgages receivable - non-current	-	-	-	-	-	-
172	Notes, loans and mortgages receivable - non-current - past due	-	-	-	-	-	-
173	Grants receivable - non current	-	-	-	-	-	-
174	Other assets	-	-	-	4,954	-	15,820
176	Investments in joint ventures	-	-	-	-	-	-
<b>180</b>	<b>Total Non-current Assets</b>	<b>1,075,714</b>	<b>-</b>	<b>354,050</b>	<b>9,781</b>	<b>-</b>	<b>13,879,003</b>
200	Deferred Outflow of Resources	-	-	-	-	-	-
<b>290</b>	<b>Total Assets and Deferred Outflow of Resources</b>	<b>15,927,929</b>	<b>-</b>	<b>958,279</b>	<b>1,584,761</b>	<b>312,325</b>	<b>22,301,690</b>

2	6.1	14.856				14.MSC			
State/Local	Component Unit- Discretely Presented	Lower Income HAP-Section 8 MOD Rehab	Central Office Cost Center (COCC)	Rapid Rehousing	Mainstream	Mainstream Cares	Subtotal	Eliminations	Total
\$ 1,155,005	\$ 488,572	199,721	\$ 33,932	\$ -	\$ 56,433	\$ 6,980	\$ 25,191,754	\$ -	\$ 25,191,754
-	-	-	-	-	-	-	-	-	-
-	1,699,918	-	-	-	-	-	3,311,463	-	3,311,463
-	85,763	-	-	-	-	-	251,906	-	251,906
-	-	-	-	-	-	-	14,610	-	14,610
<b>1,155,005</b>	<b>2,274,253</b>	<b>199,721</b>	<b>33,932</b>	<b>-</b>	<b>56,433</b>	<b>6,980</b>	<b>28,769,733</b>	<b>-</b>	<b>28,769,733</b>
-	-	-	-	-	-	-	-	-	-
-	-	-	-	24,876	-	-	30,053	-	30,053
-	-	-	17,232	-	-	-	93,366	-	93,366
79,318	20,107	-	9,579	-	-	-	284,287	-	284,287
-	-	-	-	-	-	-	78,344	-	78,344
-	-	-	-	-	-	-	(4,720)	-	(4,720)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<b>79,318</b>	<b>20,107</b>	<b>-</b>	<b>26,811</b>	<b>24,876</b>	<b>-</b>	<b>-</b>	<b>481,330</b>	<b>-</b>	<b>481,330</b>
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	589,747	-	12,142	-	-	-	774,396	-	774,396
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
440	-	-	843,123	-	-	-	1,063,865	(1,063,865)	-
-	-	-	-	-	-	-	-	-	-
<b>1,234,763</b>	<b>2,884,107</b>	<b>199,721</b>	<b>916,008</b>	<b>24,876</b>	<b>56,433</b>	<b>6,980</b>	<b>31,089,324</b>	<b>(1,063,865)</b>	<b>30,025,459</b>
-	-	-	-	-	-	-	-	-	-
1,015,840	-	-	557,162	-	-	-	6,193,418	-	6,193,418
105,959	32,424,757	-	12,228,403	-	-	-	72,559,489	-	72,559,489
-	-	-	-	-	-	-	560,110	-	560,110
-	1,735,395	-	942,706	-	-	-	3,234,317	-	3,234,317
-	-	-	-	-	-	-	-	-	-
(105,959)	(4,731,063)	-	(13,139,145)	-	-	-	(36,394,403)	-	(36,394,403)
-	-	-	-	-	-	-	178,898	-	178,898
-	-	-	-	-	-	-	-	-	-
<b>1,015,840</b>	<b>29,429,089</b>	<b>-</b>	<b>589,126</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,331,829</b>	<b>-</b>	<b>46,331,829</b>
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	2,152,857	-	10,000	-	-	-	2,183,631	-	2,183,631
-	-	-	-	-	-	-	-	-	-
<b>1,015,840</b>	<b>31,581,946</b>	<b>-</b>	<b>599,126</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,515,460</b>	<b>-</b>	<b>48,515,460</b>
-	-	-	-	-	-	-	-	-	-
<b>2,250,603</b>	<b>34,466,053</b>	<b>199,721</b>	<b>1,515,134</b>	<b>24,876</b>	<b>56,433</b>	<b>6,980</b>	<b>79,604,784</b>	<b>(1,063,865)</b>	<b>78,540,919</b>

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

HUD FINANCIAL DATA SCHEDULE

March 31, 2020

Line Item No.	Description	Project Total	14.PHC	10.427	14.871	14.HCC	6.2
			Public Housing Cares	Rural Rental Assistance Payments	Housing Choice Vouchers	HCV CARES	Component Unit - Blended
311	Bank overdraft	-	-	-	-	-	-
312	Accounts payable <= 90 days	60,968	-	1,411	3,905	-	15,388
313	Accounts payable > 90 days past due	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	32,607	-	1,567	8,036	-	3,795
322	Accrued compensated absences - current portion	27,747	-	852	7,705	-	3,513
324	Accrued contingency liability	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	6,443	-	-	14,610	-	-
332	Accounts payable - PHA programs	-	-	-	-	-	-
333	Accounts payable - other government	353,428	-	-	-	-	36,397
341	Tenant security deposits	108,322	-	4,200	-	-	48,018
342	Unearned revenue	16,322	-	454	-	312,325	18,610
343	Current portion of long-term debt - capital projects/mortgage revenue	-	-	2,017	-	-	81,278
344	Current portion of long-term debt - operating borrowings	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-	-
347	Inter program - due to	790,992	-	2,932	149,071	-	86,242
348	Loan liability - current	-	-	-	-	-	-
<b>310</b>	<b>Total Current Liabilities</b>	<b>1,396,829</b>	<b>-</b>	<b>13,433</b>	<b>183,327</b>	<b>312,325</b>	<b>293,241</b>
351	Long-term debt, net of current - capital projects/mortgage revenue	-	-	-	-	-	6,561,130
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-
353	Non-current liabilities - other	-	-	-	28,227	-	1,062,770
354	Accrued compensated absences- Non-current	27,092	-	-	5,089	-	3,073
355	Loan liability - non current	-	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-	-	-
<b>350</b>	<b>Total Non-current liabilities</b>	<b>27,092</b>	<b>-</b>	<b>-</b>	<b>33,316</b>	<b>-</b>	<b>7,626,973</b>
<b>300</b>	<b>Total Liabilities</b>	<b>1,423,921</b>	<b>-</b>	<b>13,433</b>	<b>216,643</b>	<b>312,325</b>	<b>7,920,214</b>
400	Deferred Inflow of Resources	-	-	-	-	-	-
508.4	Net investment in capital assets	1,075,714	-	352,033	4,827	-	7,220,775
511.4	Restricted net position	-	-	223,839	112,064	-	1,247,415
512.4	Unrestricted net position	13,428,294	-	368,974	1,251,227	-	5,913,286
<b>513</b>	<b>Total Equity/Net Position</b>	<b>14,504,008</b>	<b>-</b>	<b>944,846</b>	<b>1,368,118</b>	<b>-</b>	<b>14,381,476</b>
<b>600</b>	<b>Total Liabilities, Deferred Inflows of Resources and Equity - Net</b>	<b>\$ 15,927,929</b>	<b>\$ -</b>	<b>\$ 958,279</b>	<b>\$ 1,584,761</b>	<b>\$ 312,325</b>	<b>\$ 22,301,690</b>

2	6.1	14.856				14.MSC			
State/Local	Component Unit- Discretely Presented	Lower Income HAP-Section 8 MOD Rehab	Central Office Cost Center (COCC)	Rapid Rehousing	Mainstream	Mainstream Cares	Subtotal	Eliminations	Total
-	-	-	-	-	-	-	-	-	-
142	11,613	46	15,220	494	-	-	109,187	-	109,187
-	-	-	-	-	-	-	-	-	-
-	-	-	35,190	-	9	-	81,195	-	81,195
-	-	-	31,799	-	-	-	71,616	-	71,616
-	-	-	-	-	-	-	-	-	-
-	30,337	-	-	-	-	-	30,337	-	30,337
-	-	22,320	-	-	-	-	43,373	-	43,373
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	389,825	-	389,825
-	83,250	-	-	-	-	-	243,790	-	243,790
13,333	-	-	-	-	56,433	6,980	424,457	-	424,457
-	-	-	-	-	-	-	83,295	-	83,295
-	-	-	-	-	-	-	-	-	-
-	101,060	-	-	-	-	-	101,060	-	101,060
4,962	-	1,534	3,750	24,382	-	-	1,063,865	(1,063,865)	-
-	-	-	-	-	-	-	-	-	-
<b>18,437</b>	<b>226,260</b>	<b>23,900</b>	<b>85,959</b>	<b>24,876</b>	<b>56,433</b>	<b>6,980</b>	<b>2,642,000</b>	<b>(1,063,865)</b>	<b>1,578,135</b>
-	10,557,113	-	-	-	-	-	17,118,243	-	17,118,243
-	-	-	-	-	-	-	-	-	-
891,121	196,645	-	-	-	-	-	2,178,763	-	2,178,763
-	-	-	33,786	-	-	-	69,040	-	69,040
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<b>891,121</b>	<b>10,753,758</b>	<b>-</b>	<b>33,786</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,366,046</b>	<b>-</b>	<b>19,366,046</b>
<b>909,558</b>	<b>10,980,018</b>	<b>23,900</b>	<b>119,745</b>	<b>24,876</b>	<b>56,433</b>	<b>6,980</b>	<b>22,008,046</b>	<b>(1,063,865)</b>	<b>20,944,181</b>
-	-	-	-	-	-	-	-	-	-
1,015,840	18,675,331	-	589,126	-	-	-	28,933,646	-	28,933,646
-	-	-	-	-	-	-	1,583,318	-	1,583,318
325,205	4,810,704	175,821	806,263	-	-	-	27,079,774	-	27,079,774
<b>1,341,045</b>	<b>23,486,035</b>	<b>175,821</b>	<b>1,395,389</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,596,738</b>	<b>-</b>	<b>57,596,738</b>
<b>\$ 2,250,603</b>	<b>\$ 34,466,053</b>	<b>199,721</b>	<b>\$ 1,515,134</b>	<b>\$ 24,876</b>	<b>\$ 56,433</b>	<b>\$ 6,980</b>	<b>\$ 79,604,784</b>	<b>\$ (1,063,865)</b>	<b>\$ 78,540,919</b>

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

HUD FINANCIAL DATA SCHEDULE

Year Ended March 31, 2021

Line Item No.	Description	14.850	14.872	14.PHC	10.427	14.871	14.HCC
		Operating Fund Program	Capital Fund Program	Public Housing Cares	Rural Rental Assistance Payments	Housing Choice Vouchers	HCV CARES
70300	Net tenant rental revenue	\$ 1,879,893	\$ -	\$ -	\$ 220,830	\$ -	\$ -
70400	Tenant revenue - other	9,306	-	-	75	-	-
<b>70500</b>	<b>Total Tenant Revenue</b>	<b>1,889,199</b>	<b>-</b>	<b>-</b>	<b>220,905</b>	<b>-</b>	<b>-</b>
70600-010	Housing assistance payments	-	-	-	-	9,524,218	-
70600-020	Ongoing Administrative Fees Earned	-	-	-	-	1,017,800	-
70600	HUD PHA operating grants	2,672,581	1,281,291	384,181	-	-	94,630
70610	Capital Grants	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book-Keeping Fee	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-
71100	Investment income - unrestricted	149,698	-	-	6,076	13,549	-
71400	Fraud Recovery	-	-	-	-	1,172	-
71500	Other revenue	8,772	-	-	7,699	6,181	-
71600	Gain on Sale of Capital Assets	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	500	-
<b>70000</b>	<b>Total Revenue</b>	<b>4,720,250</b>	<b>1,281,291</b>	<b>384,181</b>	<b>234,680</b>	<b>10,563,420</b>	<b>94,630</b>
91100	Administrative salaries	337,703	-	-	29,549	264,935	-
91200	Auditing fees	23,438	-	-	1,170	55,751	-
91300	Management Fee	471,900	291,465	-	5,760	195,299	-
91310	Book-Keeping Fee	64,142	-	-	5,000	128,884	-
91400	Advertising and Marketing	5,416	-	-	-	1,997	-
91500	Employee benefit contributions - administrative	217,919	-	-	15,237	110,353	-
91600	Office Expenses	212,923	42,175	-	13,228	69,629	-
91700	Legal Expense	20,319	-	-	2,774	15,253	-
91800	Travel	1,050	-	-	-	-	-
91900	Other	-	-	-	53	-	-
<b>91000</b>	<b>Total Administrative</b>	<b>1,354,810</b>	<b>333,640</b>	<b>-</b>	<b>72,771</b>	<b>842,101</b>	<b>-</b>
92000	Asset Management Fee	91,680	-	-	-	-	-
92100	Tenant services - salaries	135,782	-	-	-	-	-
92200	Relocation Costs	-	923	-	-	-	-
92300	Employee benefit contributions - tenant services	24,621	-	-	-	-	-
92400	Tenant services - other	400	-	384,181	-	-	94,630
<b>92500</b>	<b>Total Tenant Services</b>	<b>160,803</b>	<b>923</b>	<b>384,181</b>	<b>-</b>	<b>-</b>	<b>94,630</b>
93100	Water	31,674	-	-	2,728	477	-
93200	Electricity	112,686	-	-	2,334	1,043	-
93300	Gas	12,617	-	-	1,624	-	-
93400	Fuel	-	1,359	-	-	-	-
93600	Sewer	17,240	-	-	654	290	-
93800	Other Utilities Expense	23,959	-	-	1,063	410	-
<b>93000</b>	<b>Total Utilities</b>	<b>198,176</b>	<b>1,359</b>	<b>-</b>	<b>8,403</b>	<b>2,220</b>	<b>-</b>
94100	Ordinary maintenance and operations - labor	674,636	155,274	-	25,431	-	-
94200	Ordinary maintenance and operations - materials and other	276,051	60,344	-	22,217	523	-
94300-010	Removal Contracts	1,899	-	-	-	-	-
94300-020	Contracts	33,423	6,800	-	3,658	-	-
94300-040	Maintenance Contracts	16,704	-	-	-	2,062	-
94300-050	Grounds Contracts	57,717	15,567	-	-	212	-
94300-060	Contracts	2,790	-	-	-	-	-
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	62,579	22,250	-	131	-	-
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	12,565	-	-	-	-	-
94300-090	Contracts	13,418	-	-	-	-	-
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	4,280	-	-	-	-	-
94300-110	Contracts	37,696	5,797	-	1,456	48,467	-
94300-120	Ordinary Maintenance and Operations Contracts - Misc. Contracts	77,122	117,444	-	418	5,630	-
94300	Ordinary Maintenance and Operations Contracts	<b>320,193</b>	<b>167,858</b>	<b>-</b>	<b>5,663</b>	<b>56,371</b>	<b>-</b>
94500	Employee benefit contribution - ordinary maintenance	211,909	73,255	-	7,031	-	-
<b>94000</b>	<b>Total Maintenance</b>	<b>1,482,789</b>	<b>456,731</b>	<b>-</b>	<b>60,342</b>	<b>56,894</b>	<b>-</b>



	2		14.856		14.879	14.MSC				
Component Units-Blended	State/Local	Component Unit - Discrete	Lower Income HAP-Section 8 MOD Rehab	Central Office Cost Center (COCC)	Mainstream	Mainstream Cares	Rapid Rehousing	Subtotal	Eliminations	Total
\$ 1,602,870	\$ -	\$ 2,218,978	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,922,571	\$ -	\$ 5,922,571
1,397	-	32,646	-	-	-	-	-	43,424	-	43,424
<b>1,604,267</b>	-	<b>2,251,624</b>	-	-	-	-	-	<b>5,965,995</b>	-	<b>5,965,995</b>
-	-	-	29,087	-	21,636	23,831	-	9,598,772	-	9,598,772
-	-	-	3,805	-	-	175	-	1,021,780	-	1,021,780
-	-	-	-	-	-	-	24,876	4,457,559	-	4,457,559
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	1,083,506	-	-	-	1,083,506	(1,083,506)	-
-	-	-	-	91,680	-	-	-	91,680	(91,680)	-
-	-	-	-	198,412	-	-	-	198,412	(198,412)	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
116,559	12,660	828	-	7,318	-	-	-	306,688	-	306,688
-	-	-	-	-	-	-	-	1,172	-	1,172
384,717	13,332	2,574,631	-	44,701	-	-	-	3,040,033	-	3,040,033
-	-	-	-	-	-	-	-	-	-	-
-	-	-	2,088	-	-	-	-	2,588	-	2,588
<b>2,105,543</b>	<b>25,992</b>	<b>4,827,083</b>	<b>34,980</b>	<b>1,425,617</b>	<b>21,636</b>	<b>24,006</b>	<b>24,876</b>	<b>25,768,185</b>	<b>(1,373,598)</b>	<b>24,394,587</b>
48,088	-	-	792	769,561	-	-	19,496	1,470,124	-	1,470,124
10,173	222	-	179	10,367	-	-	-	101,300	-	101,300
118,500	-	-	582	-	-	-	-	1,083,506	(1,083,506)	-
-	-	-	386	-	-	-	-	198,412	(198,412)	-
20,871	196	-	117	7,186	-	-	-	35,783	-	35,783
33,530	-	-	344	225,147	-	-	2,630	605,160	-	605,160
201,145	652	-	415	78,087	-	-	554	618,808	-	618,808
10,120	115	-	95	44,956	-	-	-	93,632	-	93,632
3,511	-	-	-	1,059	-	-	-	5,620	-	5,620
101,356	-	418,560	47	-	-	175	770	520,961	-	520,961
<b>547,294</b>	<b>1,185</b>	<b>418,560</b>	<b>2,957</b>	<b>1,136,363</b>	-	<b>175</b>	<b>23,450</b>	<b>4,733,306</b>	<b>(1,281,918)</b>	<b>3,451,388</b>
-	-	-	-	-	-	-	-	91,680	(91,680)	-
22,432	-	-	-	-	-	-	-	158,214	-	158,214
-	-	-	-	-	-	-	-	923	-	923
2,769	-	-	-	-	-	-	-	27,390	-	27,390
1,432	-	-	-	-	-	-	-	480,643	-	480,643
<b>26,633</b>	-	-	-	-	-	-	-	<b>667,170</b>	-	<b>667,170</b>
67,366	-	-	1	479	-	-	-	102,725	-	102,725
30,482	-	-	3	4,584	-	-	-	151,132	-	151,132
7,494	-	-	-	345	-	-	-	22,080	-	22,080
-	-	-	1	-	-	-	-	1,360	-	1,360
10,220	-	-	11	291	-	-	-	28,706	-	28,706
21,364	-	243,859	1	411	-	-	-	291,067	-	291,067
<b>136,926</b>	-	<b>243,859</b>	<b>17</b>	<b>6,110</b>	-	-	-	<b>597,070</b>	-	<b>597,070</b>
117,225	-	-	-	-	-	-	-	972,566	-	972,566
93,050	25	330,943	1	6,998	-	-	-	790,152	-	790,152
11,877	-	-	-	-	-	-	-	13,776	-	13,776
811	-	-	5	627	-	-	-	45,324	-	45,324
-	-	-	5	-	-	-	-	18,771	-	18,771
56,154	-	-	1	493	-	-	-	130,144	-	130,144
-	-	-	-	-	-	-	-	2,790	-	2,790
1,215	-	-	-	-	-	-	-	86,175	-	86,175
4,680	-	-	-	-	-	-	-	17,245	-	17,245
3,855	-	-	1	1,420	-	-	-	18,694	-	18,694
-	-	-	-	-	-	-	-	4,280	-	4,280
12,385	-	-	26	7,722	-	-	-	113,549	-	113,549
229,580	4,728	-	34	17,128	-	-	-	452,084	-	452,084
<b>320,557</b>	<b>4,728</b>	-	<b>72</b>	<b>27,390</b>	-	-	-	<b>902,832</b>	-	<b>902,832</b>
40,413	-	-	-	-	-	-	-	332,608	-	332,608
<b>571,245</b>	<b>4,753</b>	<b>330,943</b>	<b>73</b>	<b>34,388</b>	-	-	-	<b>2,998,158</b>	-	<b>2,998,158</b>

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

HUD FINANCIAL DATA SCHEDULE

Year Ended March 31, 2021

Line Item No.	Description	14.850	14.872	14.PHC	10.427	14.871	14.HCC
		Operating Fund Program	Capital Fund Program	Public Housing Cares	Rural Rental Assistance Payments	Housing Choice Vouchers	HCV CARES
95100	Protective Services - Labor	5,217	-	-	-	-	-
95200	Protective services - other contract costs	56,534	-	-	158	-	-
95300	Protective Services - Other	-	-	-	-	-	-
95500	Employee Benefit Contributions - Protective Services	3,752	-	-	-	-	-
<b>95000</b>	<b>Total Protective Services</b>	<b>65,503</b>	<b>-</b>	<b>-</b>	<b>158</b>	<b>-</b>	<b>-</b>
96110	Property Insurance	151,540	-	-	5,395	1,401	-
96120	Liability Insurance	59,584	-	-	7,325	11,559	-
96130	Workmen's Compensation	47,048	-	-	896	2,528	-
96140	All Other Insurance	-	-	-	-	-	-
<b>96100</b>	<b>Total Insurance Premiums</b>	<b>258,172</b>	<b>-</b>	<b>-</b>	<b>13,616</b>	<b>15,488</b>	<b>-</b>
96200	Other General Expenses	15,643	-	-	8,149	-	-
96210	Compensated absences	-	-	-	-	-	-
96300	Payment In Lieu of Taxes (Real estate taxes)	251,081	-	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-
<b>96000</b>	<b>Total Other General Expenses</b>	<b>266,724</b>	<b>-</b>	<b>-</b>	<b>8,149</b>	<b>-</b>	<b>-</b>
96710	Interest on Mortgage (or Bonds) Payable	-	-	-	-	-	-
96720	Interest on Notes Payable	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-
<b>96700</b>	<b>Total Interest Expense and Amortization Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>96900</b>	<b>Total Operating Expenses</b>	<b>3,878,657</b>	<b>792,653</b>	<b>384,181</b>	<b>163,439</b>	<b>916,703</b>	<b>94,630</b>
<b>97000</b>	<b>Excess Revenue Over Operating Expenses</b>	<b>841,593</b>	<b>488,638</b>	<b>-</b>	<b>71,241</b>	<b>9,646,717</b>	<b>-</b>
	Extraordinary maintenance	-	-	-	-	-	-
97300-050	All Other	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	9,469,677	-
97350	HAP Portability-In	-	-	-	-	-	-
97400	Depreciation expense	238,540	-	-	39,150	371	-
<b>90000</b>	<b>Total Expenses</b>	<b>4,117,197</b>	<b>792,653</b>	<b>384,181</b>	<b>202,589</b>	<b>10,386,751</b>	<b>94,630</b>
10010	Operating transfer in	-	-	-	-	-	-
10020	Operating transfer out	-	-	-	-	-	-
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	-
10040	Operating Transfers from/to Component Unit	-	-	-	-	-	-
10070	Extraordinary item (net gain/(loss))	-	-	-	-	-	-
<b>10100</b>	<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10000</b>	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	<b>603,053</b>	<b>488,638</b>	<b>-</b>	<b>32,091</b>	<b>176,669</b>	<b>-</b>
<b>11020</b>	<b>Required Annual Debt Principal Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>11030</b>	<b>Beginning equity</b>	<b>13,900,955</b>	<b>-</b>	<b>-</b>	<b>912,755</b>	<b>1,191,449</b>	<b>-</b>
11040-010	Prior Period Adjustment	-	-	-	-	-	-
11040-070	Equity Transfer	-	(488,638)	-	-	-	-
<b>11040</b>	<b>Prior period adjustments, equity transfers, and correction of errors</b>	<b>-</b>	<b>(488,638)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	2		14.856		14.879	14.MSC					
Component Units-Blended	State/Local	Component Unit - Discrete	Lower Income HAP-Section 8 MOD Rehab	Central Office Cost Center (COCC)	Mainstream	Mainstream Cares	Rapid Rehousing	Subtotal	Eliminations	Total	
1,632	-	-	-	-	-	-	-	6,849	-	6,849	
57,246	-	-	-	96	-	-	-	114,034	-	114,034	
-	-	-	-	-	-	-	-	-	-	-	
1,119	-	-	-	-	-	-	-	4,871	-	4,871	
<b>59,997</b>	-	-	-	<b>96</b>	-	-	-	<b>125,754</b>	-	<b>125,754</b>	
56,634	-	147,090	5	1,406	-	-	-	363,471	-	363,471	
34,636	-	-	71	2,722	-	-	-	115,897	-	115,897	
10,386	-	-	8	6,749	-	-	-	67,615	-	67,615	
-	-	-	-	-	-	-	-	-	-	-	
<b>101,656</b>	-	<b>147,090</b>	<b>84</b>	<b>10,877</b>	-	-	-	<b>546,983</b>	-	<b>546,983</b>	
149,883	13,310	24,065	(45)	6,379	-	-	-	217,384	-	217,384	
-	-	-	-	-	-	-	-	-	-	-	
245,169	-	-	-	-	-	-	-	496,250	-	496,250	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	
<b>395,052</b>	<b>13,310</b>	<b>24,065</b>	<b>(45)</b>	<b>6,379</b>	-	-	-	<b>713,634</b>	-	<b>713,634</b>	
-	-	-	-	-	-	-	-	-	-	-	
253,063	-	557,350	-	-	-	-	-	810,413	-	810,413	
-	-	-	-	-	-	-	-	-	-	-	
<b>253,063</b>	-	<b>557,350</b>	-	-	-	-	-	<b>810,413</b>	-	<b>810,413</b>	
<b>2,091,866</b>	<b>19,248</b>	<b>1,721,867</b>	<b>3,086</b>	<b>1,194,213</b>	-	<b>175</b>	<b>23,450</b>	<b>11,284,168</b>	<b>(1,373,598)</b>	<b>9,910,570</b>	
<b>13,677</b>	<b>6,744</b>	<b>3,105,216</b>	<b>31,894</b>	<b>231,404</b>	<b>21,636</b>	<b>23,831</b>	<b>1,426</b>	<b>14,484,017</b>	-	<b>14,484,017</b>	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	25,485	-	21,636	23,831	-	9,540,629	-	9,540,629	
-	-	-	-	-	-	-	1,426	1,426	-	1,426	
360,080	-	1,147,350	-	4,908	-	-	-	1,790,399	-	1,790,399	
<b>2,451,946</b>	<b>19,248</b>	<b>2,869,217</b>	<b>28,571</b>	<b>1,199,121</b>	<b>21,636</b>	<b>24,006</b>	<b>24,876</b>	<b>22,616,622</b>	<b>(1,373,598)</b>	<b>21,243,024</b>	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	
<b>(346,403)</b>	<b>6,744</b>	<b>1,957,866</b>	<b>6,409</b>	<b>226,496</b>	-	-	-	<b>3,151,563</b>	-	<b>3,151,563</b>	
-	-	<b>9,123,730</b>	-	-	-	-	-	<b>9,123,730</b>	-	<b>9,123,730</b>	
<b>14,490,903</b>	<b>1,334,301</b>	<b>21,528,169</b>	<b>169,412</b>	<b>917,231</b>	-	-	-	<b>54,445,175</b>	-	<b>54,445,175</b>	
-	-	-	-	-	-	-	-	-	-	-	
236,976	-	-	-	251,662	-	-	-	-	-	-	
<b>236,976</b>	-	-	-	<b>251,662</b>	-	-	-	-	-	-	

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

HUD FINANCIAL DATA SCHEDULE

Year Ended March 31, 2021

Line Item No.	Description	14.850	14.872	14.PHC	10.427	14.871	14.HCC
		Operating Fund Program	Capital Fund Program	Public Housing Cares	Rural Rental Assistance Payments	Housing Choice Vouchers	HCV CARES
11170-001	Administrative Fee Equity- Beginning Balance	-	-	-	-	1,135,098	-
11170-010	Administrative Fee Revenue	-	-	-	-	1,017,800	-
11170-021	FSS Coordinator Grant	-	-	-	-	-	-
11170-030	Audit Costs	-	-	-	-	-	-
11170-040	Investment Income	-	-	-	-	14,049	-
11170-045	Fraud Recovery Revenue	-	-	-	-	-	-
11170-050	Other Revenue	-	-	-	-	6,181	-
11170-060	Total Admin Fee Revenues	-	-	-	-	1,038,030	-
11170-080	Total Operating Expenses	-	-	-	-	916,703	-
11170-090	Depreciation	-	-	-	-	371	-
11170-095	Housing Assistance Portability In	-	-	-	-	-	-
11170-100	Other Expenses	-	-	-	-	-	-
11170-110	Total Expenses	-	-	-	-	917,074	-
11170-002	Net Administrative Fee	-	-	-	-	120,956	-
11170	Administrative Fee Equity	-	-	-	-	1,256,054	-
11180-001	Housing Assistance Payments Equity - Beginning Balance	-	-	-	-	56,351	-
11180-010	Housing Assistance Payment Revenues	-	-	-	-	9,524,218	-
11180-015	Fraud Recovery Revenue	-	-	-	-	1,172	-
11180-020	Other Revenue	-	-	-	-	-	-
11180-025	Investment Income	-	-	-	-	-	-
11180-030	Total HAP Revenues	-	-	-	-	9,525,390	-
11180-080	Housing Assistance Payments	-	-	-	-	9,469,677	-
11180-090	Other Expenses	-	-	-	-	-	-
11180-100	Total Housing Assistance Payments Expenses	-	-	-	-	9,469,677	-
11180-002	Net Housing Assistance Payments	-	-	-	-	55,713	-
11180-003	Housing Assistance Payments Equity-Ending Balance	-	-	-	-	112,064	-
	<b>Ending equity</b>	<b>14,504,008</b>	<b>-</b>	<b>-</b>	<b>944,846</b>	<b>1,368,118</b>	<b>-</b>
11190-230	Other Adjustments	-	-	-	-	-	-
11190	Unit Months Available	9,120	-	-	576	19,440	-
11210	Number of Unit Months Leased	8,550	-	-	512	18,715	-
11270	Excess Cash	13,016,633	-	-	-	-	-
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-

	2		14.856		14.879	14.MSC				
Component Units-Blended	State/Local	Component Unit - Discrete	Lower Income HAP-Section 8 MOD Rehab	Central Office Cost Center (COCC)	Mainstream	Mainstream Cares	Rapid Rehousing	Subtotal	Eliminations	Total
-	-	-	-	-	-	-	-	1,135,098	-	1,135,098
-	-	-	-	-	-	-	-	1,017,800	-	1,017,800
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	14,049	-	14,049
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	6,181	-	6,181
-	-	-	-	-	-	-	-	1,038,030	-	1,038,030
-	-	-	-	-	-	-	-	916,703	-	916,703
-	-	-	-	-	-	-	-	371	-	371
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	917,074	-	917,074
-	-	-	-	-	-	-	-	120,956	-	120,956
-	-	-	-	-	-	-	-	1,256,054	-	1,256,054
-	-	-	-	-	-	-	-	56,351	-	56,351
-	-	-	-	-	-	-	-	9,524,218	-	9,524,218
-	-	-	-	-	-	-	-	1,172	-	1,172
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	9,525,390	-	9,525,390
-	-	-	-	-	-	-	-	9,469,677	-	9,469,677
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	9,469,677	-	9,469,677
-	-	-	-	-	-	-	-	55,713	-	55,713
-	-	-	-	-	-	-	-	112,064	-	112,064
<b>14,381,476</b>	<b>1,341,045</b>	<b>23,486,035</b>	<b>175,821</b>	<b>1,395,389</b>	-	-	-	<b>57,596,738</b>	-	<b>57,596,738</b>
-	-	-	-	-	-	-	-	-	-	-
2,682	-	3,648	108	-	540	-	-	36,114	-	36,114
2,493	-	3,438	58	-	83	-	-	33,849	-	33,849
-	-	-	-	-	-	-	-	13,016,633	-	13,016,633
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

Statement of Capital Fund Program Costs - Incomplete

March 31, 2021

	<u>501-16</u>	<u>501-17</u>	<u>501-18</u>	<u>501-19</u>	<u>501-20</u>
Funds Approved	\$ 1,337,114	\$ 1,380,645	\$ 1,691,481	\$ 1,696,733	\$ 1,798,213
Funds Expended	<u>1,235,494</u>	<u>947,552</u>	<u>792,671</u>	<u>53,198</u>	<u>-</u>
Excess of Funds Approved	<u>\$ 101,620</u>	<u>\$ 433,093</u>	<u>\$ 898,810</u>	<u>\$ 1,643,535</u>	<u>\$ 1,798,213</u>
Funds Advanced	\$ 1,235,494	\$ 947,552	\$ 792,671	\$ 53,198	\$ -
Funds Expended	<u>1,241,320</u>	<u>941,109</u>	<u>789,580</u>	<u>55,640</u>	<u>-</u>
Excess (Deficiency) of Funds Advanced	<u>\$ (5,826)</u>	<u>\$ 6,443</u>	<u>\$ 3,091</u>	<u>\$ (2,442.00)</u>	<u>\$ -</u>

**SINGLE AUDIT SECTION**

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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*

To the Board of Commissioners of the  
Housing Authority of the City of Laredo  
Laredo, 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 Authority and the aggregate discretely presented component units of the Housing Authority of the City Laredo, Texas (Authority), as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 30, 2021.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

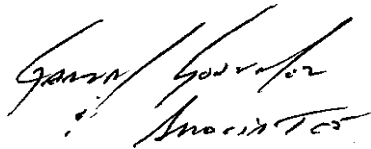
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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Authority'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 determination of financial statement amounts. 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*.

## **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.



Gerson Gouveia  
Associação

June 30, 2022

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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

To the Board of Commissioners of the  
Housing Authority of the City of Laredo  
Laredo, TX

## **Report on Compliance for Each Major Federal Program**

We have audited the Housing Authority of the City of Laredo's (Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Authority's major federal programs for the year ended March 31, 2021. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Authority's compliance.

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***Opinion on Each Major Federal Program***

In our opinion, the Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2021.

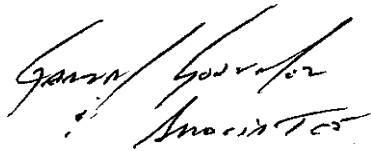
**Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority’s 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



*Auditor General*

June 30, 2022

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**Schedule of Expenditures of Federal Awards**

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

Schedule of Expenditures of Federal Awards

Year Ended March 31, 2021

Federal Grantor / Program Title	Federal CFDA Number	Grant / Contract Number	Federal Expenditures
United States Department of Housing & Urban Development			
Direct programs:			
Continuum of Care Program (Rapid Rehousing)	14.267		\$ 24,876
Public and Indian Housing	14.850		2,672,581
COVID 19-Public and Indian Housing	14.850		384,181
Total Public and Indian Housing			<u>3,056,762</u>
Lower Income HAP - Section 8 Moderate Rehabilitation	14.856		32,892
Section 8 Housing Choice Vouchers	14.871		10,542,018
COVID 19-Section 8 Housing Choice Vouchers	14.871		94,630
Total Section 8 Housing Choice Vouchers			<u>10,636,648</u>
Mainstream Vouchers	14.879		21,636
COVID 19-Mainstream Vouchers	14.879		24,006
Total Mainstream Vouchers			<u>45,642</u>
Public Housing Capital Fund	14.872		<u>1,281,291</u>
Total United States Department of Housing & Urban Development			<u>15,078,111</u>
United States Department of Agriculture			
Direct program:			
Rural Rental Assistance Payments	10.427	51040746001577	<u>2,017</u>
Total United States Department of Housing & Urban Development			<u>2,017</u>
Total Expenditures of Federal Awards			<u>\$ 15,080,128</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended March 31, 2021

1. Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
2. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and accordingly, when such funds are received, they are recorded as unearned revenues until earned.
3. The period of performance/availability for most grant funds for the purpose of liquidation of outstanding obligations is extended 90 days beyond the project period ending date (or as specified in a program regulation), in accordance with provisions in Section H, Period of Performance of Federal Funds, Part 3, OMB Compliance Supplement.
4. Expenditures for the Low Rent program represents the net subsidy received from HUD.
5. Expenditures for the Rural Rental Assistance Program represent the outstanding balance of the loan due to USDA in the amount of \$2,017.
6. Subrecipients – There were no subrecipients in the current year.
7. A reconciliation of the schedule of expenditures of federal awards to the statement of revenues, expenses and changes in net position is as follows:

Total federal assistance – as reported on Schedule of Expenditures of Federal Awards	\$ 15,080,128
Federal assistance as reported in basic financial statements	
HUD operating grants and housing assistance payments	15,078,111
Rural Rental Assistance Payments –debt balance	2,017
Total grant revenues as reported in basic financial statements	\$ 15,080,128

HOUSING AUTHORITY OF THE CITY OF LAREDO  
LAREDO, TEXAS

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED MARCH 31, 2021

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no prior year financial statement findings.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding No. 2016-003**

**U.S. Department of Housing and Urban Development**

**Federal Program: Public and Indian Housing 14.850**

**Grant ID: FW-547**

**Type of Finding: Other Matter**

Criteria: In accordance with the Authority's Annual Contributions Contract (ACC) with HUD, the Authority entered into a cooperation agreement with the City of Laredo (City) to provide for annual payments of Payment in Lieu of Taxes (PILOT). Under this cooperation agreement, annual payments are to be made from the Authority to the City including amounts for four other local taxing entities. The Authority reports these payments as expenses and receives funding to pay for the PILOT payments from HUD annually. Changes to the cooperative agreement requires HUD approval.

Condition & Effect: The Authority ceased making PILOT payments to the City in 2004, and in 2008 to the other four local taxing entities. According to the Authority's records, the total amount of PILOT not remitted to the City and the other four taxing entities as of March 31, 2016 totaled \$1,716,758. Of this amount, \$227,529 corresponding to the 2016 PILOT is reported as a liability in the Authority's financial statements. The remaining \$1,489,229, corresponding to prior year's PILOT were transferred to one of Authority's Public Facility Corporations, which are reported as blended component units.

In 2012 the Authority entered into a new cooperation agreement with the City which amended the original cooperation agreement and removed the requirement to distribute the PILOT to the various local taxing entities. Also, in 2012, the Authority entered into an interlocal agreement with the City whereby the City authorized the Authority to retain the PILOT funds and transfer them to one of the Authority's public facility corporations to be used for affordable housing. A similar agreement was entered into with the Laredo Independent School District. Management has not been able to locate correspondence or other evidence where HUD approved the amendments to the cooperation agreement as required by the ACC.

Although the PILOT payments were not made to the taxing entities, the Authority has reported PILOT as an expense in its audited financial statements and financial submissions to HUD. As a result, the Authority continues to receive PILOT funding for Public Housing through its Operating Fund – Calculation of Operating Subsidy.

**2021 Status:** LHA is in negotiations with one remaining jurisdiction regarding PILOT. The amount required to be paid could total as much as \$272,000.

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended March 31, 2021

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

<b><i>Financial Statements</i></b>			
	Type of auditor’s report issued:	Unmodified	
	Internal control over financial reporting: Material weakness(es) identified?	<u>    </u> Yes	<u>  X  </u> No
	Significant deficiency(ies) identified not considered to be material weaknesses?	<u>    </u> Yes	<u>  X  </u> No
	Noncompliance material to financial statements noted?	<u>    </u> Yes	<u>  X  </u> No

<b><i>Federal Awards</i></b>			
	Internal control over major programs: Material weakness(es) identified?	<u>    </u> Yes	<u>  X  </u> No
	Significant deficiency(ies) identified not considered to be material weaknesses?	<u>    </u> Yes	<u>  X  </u> No
	Type of auditor’s report issued on compliance for major programs	Unmodified	
	Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a)?	<u>    </u> Yes	<u>  X  </u> No

<b><i>Identification of Major Programs</i></b>		
	<b>CFDA Numbers(s)</b>	<b>Name of Federal Program or Cluster</b>
	14.871 / 14.879	Section 8 Housing Choice Vouchers / Mainstream Vouchers
	14.850	Public and Indian Housing
	Dollar Threshold used to distinguish between Type A and Type B programs:	\$750,000
	Auditee qualified as low-risk auditee?	<u>  X  </u> Yes <u>    </u> No

HOUSING AUTHORITY OF THE CITY OF LAREDO  
Laredo, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended March 31, 2021

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no current year findings to report.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no current year findings to report.