TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Basic Financial Statements

For the Year Ended August 31, 2016

(With Independent Auditor's Report Thereon)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

December 20, 2016

Writer's direct phone # (512) 475-3296
Email: tim.irvine@tdhca.state.tx.us

The Honorable Greg Abbott, Governor
The Honorable Glenn Hegar, Texas Comptroller
Ms. Ursula Parks, Director, Legislative Budget Board
Ms. Lisa R. Collier, CPA, CFE, CIDA, First Assistant State Auditor

RE: AUDITED ANNUAL FINANCIAL REPORT

Dear Governor Abbott, Comptroller Hegar, Ms. Parks, and Ms. Collier:

We are pleased to submit the Audited Annual Financial Report of the Texas Department of Housing and Community Affairs for the year ended August 31, 2016, in compliance with Tex. Gov't Code §2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts, and the Generally Accepted Accounting Principles ("GAAP") reporting requirements. The accompanying annual financial report has been prepared with GAAP reporting requirements. The financial report has been audited by an independent auditor as required by statute.

If you have any questions, please contact David Cervantes, Chief Financial Officer, at (512) 475-3875. Joe Guevara responsible for reporting of federal information may be contacted at (512) 475-3352 for questions related to the Schedule of Expenditures of Federal Awards.

Respectfully,

Timothy K. Irvine
Executive Director

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Basic Financial Statements
for the year ended August 31, 2016

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State Auditor's Office

Independent Auditor's Report

Department of Housing and Community Affairs Board of Directors
Mr. J. Paul Oxer, P.E., Chair
Dr. Juan Sanchez Muñoz, Vice Chair
Mr. T. Tolbert Chisum
Ms. Leslie Bingham Escareño
Mr. Tom H. Gann
Mr. J.B. Goodwin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the governmental fund, the proprietary fund, and the aggregate remaining fund information of the Department of Housing and Community Affairs (Department), a component of the State of Texas, as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the Department'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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

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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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the governmental fund, the proprietary fund, and the aggregate remaining fund information of the Department, a component of the State of Texas, as of August 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Department Financial Statements

As discussed in Note 1, the financial statements of the Department, a component of the State of Texas, are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, the governmental fund, the proprietary fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Texas as of August 31, 2016, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Department's Net Pension Liability, Schedule of Employer Contributions, and Notes to the Required Supplemental Information, as listed 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's financial statements. The supplementary bond schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary bond schedules 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. In our opinion, the supplementary bond schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 20, 2016, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Lisa R. Collier

Lisa R. Collier, CPA, CFE, CIDA
First Assistant State Auditor

December 20, 2016

MANAGEMENT'S

DISCUSSION AND ANALYSIS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Texas Department of Housing and Community Affairs' ("Department") annual financial report presents management's discussion and analysis of the Department's financial performance during the fiscal year that ended on August 31, 2016. Please read it in conjunction with the Department's financial statements, which follow this section.

The Department was created to assist local governments in helping residents overcome financial, social and environmental problems; to address very low to moderate income housing needs; to contribute to the preservation and redevelopment of neighborhoods and communities; to assist the Governor and the Legislature in coordinating federal and state programs affecting local governments; and to continually inform the state and the public about the needs of local government.

The Manufactured Housing Division is administratively attached to the Department and is responsible for establishing standards and requirements for the construction and installation of manufactured housing that are reasonably necessary to protect the health, safety and welfare of the occupants of such housing and the general public. The Manufactured Housing Division has a governing Board of five members appointed by the Governor.

The Department is governed by a Board, composed of seven members, all of whom are appointed by the Governor with the advice and consent of the Texas Senate.

Financial Highlights

- The Department's business-type activities net position increased $8.2 million and governmental activities net position decreased $2.5 million.

- The Department's proprietary fund had an operating income of $5.6 million, a decrease of $599.6 thousand from the prior year. This impact on operating income resulted primarily from a decrease of $5.5 million in interest and investment income, an increase of $3.5 million in other operating expenses and an increase of $1.1 million in bad debt expense offset by an increase of $5.0 million in the change in fair value of investments and a decrease of $5.6 million in interest expense.

- Net position in the Department's governmental activities decreased $2.5 million to $469.8 million. The impact on net position resulted primarily from expenditures exceeding revenues for the Neighborhood Stabilization Program ("NSP") for $3.4 million and the Homeless Housing and Services Program ("HHSP") for $1.1 million offset by a positive difference in the HOME Program of $2.5 million.

- The Bond Program's debt outstanding of $1.5 billion as of August 31, 2016, decreased $55.0 million due to debt retirements of $293.9 million offset by $194.6 million in new bond issuances and $45.7 million in notes payable.

- Loan originations in the Department's proprietary and governmental funds for the year totaled $12.5 million and $22.1 million, respectively.

- In accordance with Governmental Accounting Standards Board Statement (GASB) No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the Department identified its derivative instruments, measured their effectiveness, and reported the derivative instruments at fair value. The Department's interest rate swaps, which were primarily used to hedge changes in interest rates, are considered to be derivative instruments under GASB 53. GASB 53 requires the fair value of a derivative to be reported at the end of the fiscal year in the balance sheet and GASB No. 72, *Fair Value Measurement and Application*, requires the fair value of a derivative to be computed taking into account nonperformance risk. As of August 31, 2016, the Department's four interest rate swaps had a total notional amount of $128.8 million and a negative $15.1 million fair value which was recorded in the deferred outflow of resources account and as a derivative swap liability.

- In accordance with GASB No. 68, *Accounting and Financial Reporting for Pensions,* the Department has recorded a net pension liability. It has relied on reports issued by the Employees Retirement System of Texas who is the administrator of the plan. The Department has reported its proportionate share of the pension liability according to their reports in the amount of $38.8 million of which $19.7 million is reported in business-type activities and $19.1 million in governmental activities.

<u>Overview of the Financial Statements</u>

The financial statements consist of three parts – management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two types of statements that present different views of the Department.

- The first set of statements are government-wide financial statements that provide information about the Department's overall financial position and results. These statements, which are presented on an accrual basis, consist of the Statement of Net Position and the Statement of Activities.

- The remaining statements are fund financial statements of the Department's governmental, fiduciary and proprietary funds. The governmental funds activities are funded primarily from federal funds and General Revenue appropriations for which the Department follows a modified accrual basis of accounting. The Department's proprietary fund operates similar to business activities and follows an accrual basis of accounting.

- The basic financial statements also include a "Notes to Financial Statements" section which explains the information presented in the government-wide and fund financial statements and provides additional detailed data.

- The Notes to the Financial Statements are followed by the Required Supplementary Information which includes the "Schedule of Changes in Department's Net Pension Liability" and the "Supplementary Bond Schedules" that present detailed bond information.

The remainder of this overview section of the management's discussion and analysis explains the structure and contents of each of these statements.

Government-Wide Financial Statements

The Statement of Net Position shows governmental activities and business-type activities presented on a full accrual basis. The Statement of Activities presents a government-wide format of expenses, charges for services, operating grants, contributions and net expenses by both governmental activities and business-type activities. Both activities are further broken down by function and programs. The second section of the Statement of Activities shows general revenues not associated with a particular program but provides resources for the Department's programs and operations. The fiduciary activity is not included in the government-wide statements.

Statement of Net Position – Governmental Activities

The following tables show a summary of changes from prior year amounts for governmental activities.

Texas Department of Housing and Community Affairs
Governmental Activities - Condensed Statement of Net Position
As of August 31, 2016

	Governmental Activities		Increase / (Decrease)	
Assets	**2016**	**2015**	**Amount**	**%**
Cash in State Treasury	$ 25,130,698	$ 18,716,093	$ 6,414,605	34.3
Federal Receivables	7,689,347	6,257,472	1,431,875	22.9
Legislative Appropriations	5,155,043	5,382,911	(227,868)	(4.2)
Internal Balances	8,009	25,035	(17,026)	(68.0)
Current Loans and Contracts	17,797,304	21,224,662	(3,427,358)	(16.1)
Other Current Assets	54,852	155,753	(100,901)	(64.8)
Non-Current Loans and Contracts	449,510,470	454,173,085	(4,662,615)	(1.0)
Capital Assets	173,792	193,441	(19,649)	(10.2)
Total Assets	505,519,515	506,128,452	(608,937)	(0.1)
DEFERRED OUTFLOWS OF RESOURCES	2,523,670	1,973,457	550,213	27.9
Liabilities				
Accounts Payable	10,599,372	9,067,811	1,531,561	16.9
Unearned Revenues	1,832,747	682,172	1,150,575	168.7
Other Current Liabilities	1,801,874	1,796,082	5,792	0.3
Net Pension Liabilities	19,084,034	21,810,392	(2,726,358)	(12.5)
Other Non-current Liabilities	314,514	399,656	(85,142)	(21.3)
Total Liabilities	33,632,541	33,756,113	(123,572)	(0.4)
DEFERRED INFLOWS OF RESOURCES	4,564,013	2,032,725	2,531,288	124.5
Net Position				
Invested in Capital Assets	173,792	193,441	(19,649)	(10.2)
Restricted	491,577,361	492,575,164	(997,803)	(0.2)
Unrestricted	(21,904,522)	(20,455,534)	(1,448,988)	7.1
Total Net Position	$ 469,846,631	$ 472,313,071	$ (2,466,440)	(0.5)

Net position of the Department's governmental activities decreased $2.5 million, or .5% to $469.8 million. The change is primarily a result of a decrease in unrestricted net position, which resulted from recording the net pension liability as required by GASB 68, *Accounting and Financial Reporting for Pensions*. The $997.8 thousand decrease in Restricted Net Position is primarily related to increase of $2.5 million in HOME and a decrease of $3.4 million in the NSP Program.

Cash in state treasury increased by $6.4 million or 34.3%. The increase is primarily due to additional program income collected and unspent from Tax Credit Assistance Program ("TCAP").

Internal balances represent expenditure transfers after year end. Included in the 2016 transactions were payroll transfers and benefits allocations according to Accounting Policy Statements.

Loans and contracts decreased $8.1 million. The variance primarily represents the receipts of loan repayments, disbursements for funding of loans and adjustments of the portfolio for the year. During the fiscal year, HOME loans increased approximately $2.5 million primarily due to more funding of loans compared to repayments. The NSP loans decreased by $3.4 million and TCAP loans decreased by approximately $7.9 million due to larger loan repayments than loan originations.

Other current assets decreased by $100.9 thousand or 64.8% due to decreases in other intergovernmental receivables and funds due from other entities.

Accounts payable increased by $1.5 million or 16.9% because of an increase in year end activities recorded in Low Income Home Energy Assistance Program ("LIHEAP"), TCAP, and Community Services Block Grant Program ("CSBG") grants due to pending contract related payments.

The balance in unearned revenues increased by $1.2 million or 168.7%. The change is primarily associated with additional cash in state treasury related to unspent program income received from loan repayments of the NSP Program.

Other current liabilities are primarily payroll payables. Also, included in other non-current liabilities is the employees' compensable leave, which represents unpaid balances of employees' accumulated annual leave.

A net pension liability was recognized in accordance to GASB 68 in which the Department was required to recognize its proportionate share of the amount reported by the Employees Retirement System, the administrator of the plan. The decrease of $1.4 million in unrestricted net position is primarily as a result of these transactions.

Business Type Activities

Condensed Statement of Net Position				
	Business-Type Activities		Increase / (Decrease)	
Assets	**2016**	**2015**	**Amount**	**%**
Current Assets:				
Cash & Investments	$ 211,868,767	$ 134,812,695	$ 77,056,072	57.2
Loans and Contracts	26,086,598	12,675,631	13,410,967	105.8
Interest Receivable	8,670,744	11,801,594	(3,130,850)	(26.5)
Other Current Assets	659,251	1,646,127	(986,876)	(60.0)
Non-current Assets:				
Investments	646,470,842	701,151,445	(54,680,603)	(7.8)
Loans and Contracts	1,047,991,187	1,075,954,996	(27,963,809)	(2.6)
Capital Assets	157,082	156,253	829	0.5
Other Non-Current Assets	44,096	202,082	(157,986)	(78.2)
Total Assets	1,941,948,567	1,938,400,823	3,547,744	0.2
DEFERRED OUTFLOWS OF RESOURCES	17,625,459	18,939,222	(1,313,763)	(6.9)
Liabilites				
Current				
Interest Payable	13,676,647	17,593,119	(3,916,472)	(22.3)
Bonds Payable	27,896,818	18,841,004	9,055,814	48.1
Notes and Loans Payable	214,880		214,880	-
Other Current Liabilities	8,883,880	8,326,443	557,437	6.7
Non-current				
Net Pension Liability	19,703,396	22,429,754	(2,726,358)	(12.2)
Bonds Payable	1,406,985,542	1,516,769,854	(109,784,312)	(7.2)
Notes and Loans Payable	45,490,181		45,490,181	-
Derivative Hedging Instrument	15,095,971	16,909,723	(1,813,752)	(10.7)
Other Non-current Liabilities	142,854,964	88,365,447	54,489,517	61.7
Total Liabilities	1,680,802,279	1,689,235,344	(8,433,065)	(0.5)
DEFERRED INFLOWS OF RESOURCES	4,571,514	2,090,449	2,481,065	118.7
Net Position				
Invested in Capital Assets	157,082	156,252	830	0.5
Restricted	217,016,529	208,295,086	8,721,443	4.2
Unrestricted	57,026,622	57,562,913	(536,291)	(0.9)
Total Net Position	$ 274,200,233	$ 266,014,251	$ 8,185,982	3.1

Net position of the Department's business-type activities increased $8.2 million, or 3.1%, to $274.2 million. Restricted net position of the Department's proprietary fund increased $8.7 million or 4.2%. These restrictions are related to bond covenants and do not significantly affect the availability of resources for future use. The unrestricted net position decreased $536.3 thousand or .9%.

Cash and investments increased $22.4 million, or 2.7%, to $858.3 million, which is reflective of proceeds from bond issuance, fee collections, and interest earnings offset by the liquidation of investments to pay down bonds and the change in fair value of investments. Program loans receivable (current and non-current) decreased $14.6 million, or 1.3%, to $1.1 billion, primarily as a result of loan payoffs related to the Department's Multifamily Bond Program and repayment of loans in the Housing Trust Fund Program offset by loan originations related to these programs.

Business Type Activities Cont'd

The Department has $1.4 billion in bonds outstanding related to its revenue bonds. The Department's Single Family, Residential Mortgage Revenue Bonds and Collateralized Home Mortgage Revenue Bonds have been rated AA+ by Standard & Poor's. Multifamily ratings vary. Total bonds payable (current and non-current) decreased by $100.7 million, or 6.6%, due to the Department's monthly retirement of existing debt being greater than bond issuance. The $3.9 million decrease in total interest payable to $13.7 million is reflective of the decrease of the Department's debt. For more information on the Department's debt, refer to Note 5.

Statement of Activities

The Statement of Activities reflects the sources of the Department's changes in net position as they arise through its various programs and functions. Single Family, Multifamily and Housing Trust Fund are shown as business-type activities, and other state and federal programs are shown as governmental activities. Federal and state assistance activities allocate various subsidy funds to local governments, nonprofit organizations or individuals.

A condensed Statement of Activities for the fiscal years ended August 31, 2015 and 2016 is shown in the table below.

Texas Department of Housing and Community Affairs
Condensed Statement of Activities
(In Thousands)

	Governmental Activities		Business-Type Activities		Total		% Change
	2016	2015	2016	2015	2016	2015	
Program Revenues:							
Charges for Services	$ 6,416	$ 6,157	$ 95,383	$ 101,615	$ 101,799	$ 107,772	(5.5)
Operating Grants and Contributions	201,832	212,177	-	-	201,832	212,177	(4.9)
Total Revenue	208,248	218,334	95,383	101,615	303,631	319,949	(5.1)
Total Expenses:	216,789	225,964	86,152	86,721	302,941	312,685	(3.1)
Net Revenue	(8,541)	(7,630)	9,231	14,894	690	7,264	(90.5)
General Revenues	11,721	13,860	(3,612)	(8,677)	8,109	5,183	56.5
Transfers	(5,646)	(6,419)	2,567	3,244	(3,079)	(3,175)	(3.0)
Change in Net Position	(2,466)	(189)	8,186	9,461	5,720	9,272	(38.3)
Beginning Net Position	472,313	493,186	266,014	277,824	738,327	771,010	(4.2)
Restatement	-	(20,684)	-	(21,271)	-	(41,955)	(100.0)
Beginning Net Position, Restated	472,313	472,502	266,014	256,553	738,327	729,055	1.3
Ending Net Position	$ 469,847	$ 472,313	$ 274,200	$ 266,014	$ 744,047	$ 738,327	0.8

Governmental Activities

Revenues of the Department's governmental activities were received primarily from operating grants and contributions. The majority of the revenues were from the U.S. Department of Housing and Urban Development ("HUD") and the U.S. Department of Health and Human Services ("HHS"). General Revenues are revenues appropriated to the Department in accordance with legislative acts and regulations.

Total program revenues decreased $10.1 million. This change consisted primarily of decreases in operating grants and contributions as a result of reduced HOME and LIHEAP grant activities.

Expenses of the Department's governmental activities consisted primarily of intergovernmental payments and public assistance payments. The Department distributes program funds to local providers, including local governments, nonprofit and for-profit organizations, community based organizations and real estate developers. Total expenses decreased in Emergency Solutions Grants Program ("ESG"), HOME and LIHEAP in relation to the decrease in grant revenue but were offset by increased expenditures in Section 8 grants.

Transfers include Manufactured Housing's surplus of revenues transferred to the Comptroller's Office and the transfer of Housing Trust Fund from General Revenue to the Texas Treasury Safekeeping Trust Company. There were also transfers of earned federal funds to the State Comptroller's Office.

Net position is primarily composed of restricted net position of non-operational grants. These restrictions, commitments or limitations will not significantly affect the availability of fund resources for future use.

Business-Type Activities

Revenues of the Department's business-type activities were primarily from charges for services of $95.4 million offset by a decrease in fair value of investments of $3.7 million. Charges for services consist primarily of earned interest income on loans for the three housing lending programs. It also includes program investment income which is earned within the Department's bond programs, the investments and the income which are restricted to those programs by a pledge to the respective bond indentures. Total charges for services decreased $6.2 million which is primarily a decrease in interest income on investments and a decrease in interest income on mortgage loans.

Expenses of the Department's business-type activities consist primarily of interest expense of $57.5 million which decreased $5.6 million; bad debt expense of $1.7 million which increased $1.1 million; and other operating expenses of $24.5 million. The decrease in interest expense is a result of an increase of the frequency in the retirement of the Department's bonds and lower interest rates related to the Department's variable rate debt. Other operating expenses include general and administrative expenses, allocations involving production or monitoring activities of the Department, as well as internal and external costs.

Business-Type Activities Cont'd

The Department's business-type activities charges for services of $95.4 million exceeded expenses of $86.2 million by $9.2 million. Charges for services, primarily interest income on loans and investment income, are intended to cover bond principal and interest expense as required by the bond indenture covenants. The charges for services also cover other direct expenses.

Fund Financial Statements

The fund financial statements provide more detailed information about the Department's most significant funds and the Department as a whole. The Department has three types of funds:

- Governmental fund – The General Revenue Fund is the Department's only governmental fund. It is the principal operating fund used to account for the Department's general activities. The financing for this fund is authorized through state legislative appropriations either as committed or collected revenues. Federal and state programs are also reported within this fund. The Condensed Balance Sheet - Governmental Fund would be substantially the same as the Condensed Statement of Net Position - Governmental-Activities; therefore, it is not included.

- Proprietary fund – The Department's activities in its proprietary fund are accounted for in a manner similar to businesses operating in the private sector. Funding has primarily arisen through the issuance of taxable and tax-exempt bonds whose proceeds are used primarily to fund various types of loans to finance low and moderate-income housing. This fund also receives fee income from the Multifamily Tax Credit Program and compliance fees collected for the purpose of covering the operating costs of the Department. The net position of these funds represents accumulated earnings since their inception and is generally restricted for program purposes or debt service. The Condensed Statement of Net Position - Proprietary Fund would be substantially the same as the Condensed Statement of Net Position – business-type activities; therefore, it is not included.

- Fiduciary Fund – The fiduciary fund is used to account for the assets held for distribution by the state as an agent for another entity for which the government has custodial responsibility and accounts for the flow of assets. It includes an escrow account and the Child Support Addenda Deducts Account.

Governmental Fund

Texas Department of Housing and Community Affairs
Governmental Fund
Condensed Statements of Revenues, Expenditures and Changes in Fund Balances

			Increase / (Decrease)	
OPERATING REVENUES	**2016**	**2015**	**Amount**	**%**
Legislative Appropriations	$ 11,751,498	$ 12,891,505	$ (1,140,007)	(8.8)
Federal Revenues	201,832,305	212,086,651	(10,254,346)	(4.8)
Other Revenue	6,735,117	7,398,422	(663,305)	(9.0)
Total Operating Revenues	220,318,920	232,376,578	(12,057,658)	(5.2)
OPERATING EXPENDITURES				
Salaries and Wages	9,631,600	9,723,041	(91,441)	(0.9)
Professional Fees and Services	380,141	285,193	94,948	33.3
Intergovernmental Payments	55,473,679	55,138,472	335,207	0.6
Public Assistance Payments	147,194,136	149,760,142	(2,566,006)	(1.7)
Other Operating Expenditures	4,987,648	9,875,819	(4,888,171)	(49.5)
Total Operating Expenditures	217,667,204	224,782,667	(7,115,463)	(3.2)
Excess of Revenues over Expenditures	2,651,716	7,593,911	(4,942,195)	(65.1)
Other Financing Sources (Uses)	(5,646,020)	(6,419,266)	773,246	(12.0)
CHANGE IN FUND BALANCE	(2,994,304)	1,174,645	(4,168,949)	(354.9)
Beginning Fund Balance	494,922,278	493,930,156	992,122	0.2
Appropriations (Lapsed)	(350,613)	(182,523)	(168,090)	92.1
Ending Fund Balance	$ 491,577,361	$ 494,922,278	$ (3,344,917)	(0.7)

Revenues of the Department’s governmental fund totaled $220.3 million. These revenues were primarily federal grants related to LIHEAP, HOME and Community Services Block Grant (“CSBG”) programs. Expenditures of $217.7 million primarily consisted of intergovernmental and public assistance payments.

Total revenues of the governmental fund decreased by $12.1 million. HOME grant activity declined in fiscal year 2016 due to continued reduction to the grant award for the past several years. The Department is adjusting its operations under the reduced funding level.

Governmental Fund Cont'd

The Department experienced an increase in intergovernmental payments and a decrease in public assistance payments. These changes were in the LIHEAP program.

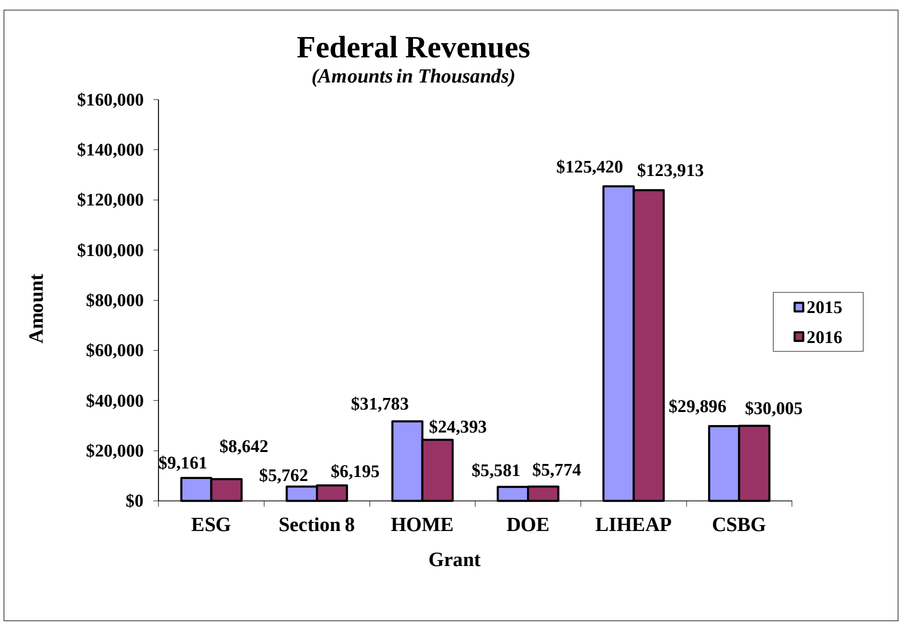
The Department experienced a decrease in other operating expenditures due to a claims and judgments repayment to HUD made in the previous fiscal year. The HUD repayment was allocated to multifamily contracts.

Other Financing Sources (Uses) consisted primarily of the transfer of Housing Trust Fund ("HTF"), including interest earnings and loan repayments from General Revenue to the Texas Treasury Safekeeping Trust Company ("TTSTC"). There were also transfers of earned federal funds and Manufactured Housing revenues.

The following graphs illustrate a comparison between fiscal year 2015 and 2016 for federal revenues, intergovernmental and public assistance payments related to the grants of the Department. The acronyms used in the graphs are defined as follows:

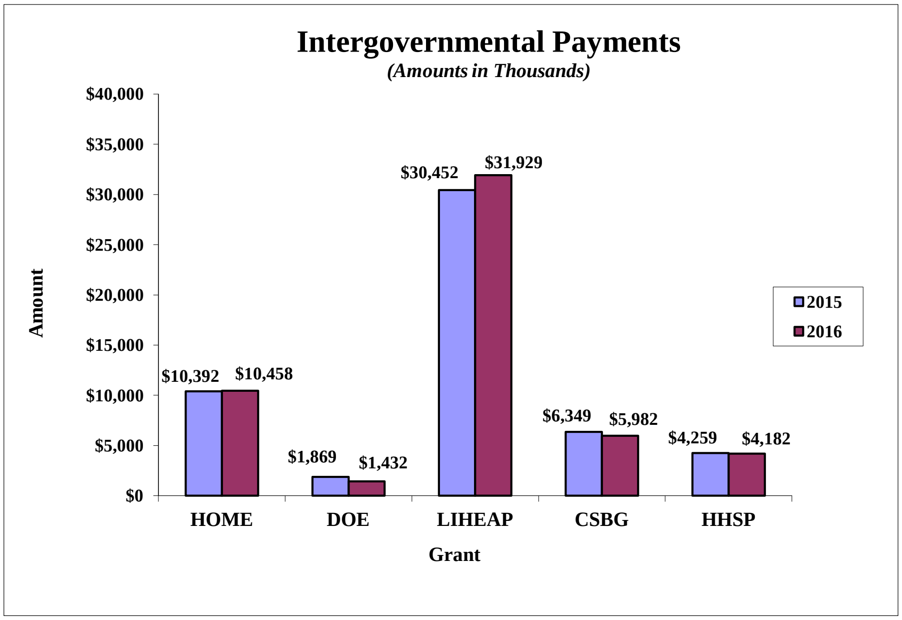
ESG	Emergency Solutions Grants Program
SEC 8	Section 8 Housing Assistance Program
HOME	HOME Investment Partnerships Program
DOE	Department of Energy
LIHEAP	Low-Income Home Energy Assistance Program
HHSP	Homeless Housing and Services Program
CSBG	Community Services Block Grant

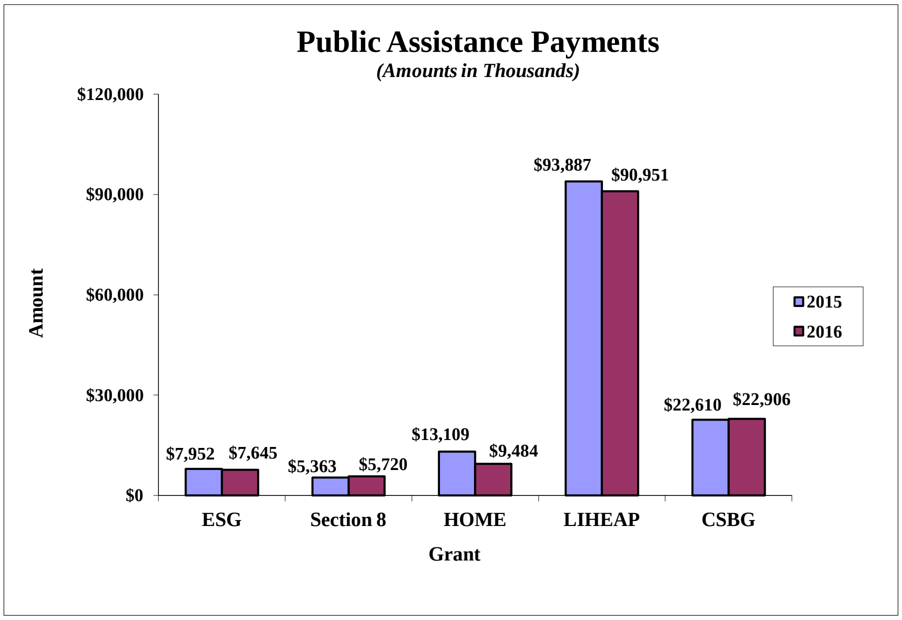
Federal Revenues: Receipts from the State's participation in programs financed with federal funds.



Governmental Fund Cont'd

Intergovernmental and public assistance payments: payment of grants to cities, counties, councils of government, community action groups and organizations for community service programs.





Proprietary Fund

The following table summarizes the Statement of Revenues, Expenses and Changes in Fund Net Position of the Department's proprietary fund for the fiscal years ended August 31, 2016 and August 31, 2015.

Texas Department of Housing and Community Affairs
Proprietary Fund
Condensed Statements of Revenues, Expenses and Changes in Fund Net Position

			Increase / (Decrease)	
OPERATING REVENUES	**2016**	**2015**	**Amount**	**%**
Interest and Investment Income	$ 69,237,779	$ 74,723,956	$ (5,486,177)	(7.3)
Net Increase (Decrease) in Fair Value	(3,711,414)	(8,734,724)	5,023,310	(57.5)
Other Operating Revenues	26,244,298	26,949,620	(705,322)	(2.6)
Total Operating Revenues	91,770,663	92,938,852	(1,168,189)	(1.3)
OPERATING EXPENSES				
Professional Fees and Services	2,384,509	2,078,992	305,517	14.7
Depreciation Expense	48,416	40,063	8,353	20.8
Interest	57,510,278	63,071,760	(5,561,482)	(8.8)
Bad Debt Expense	1,729,954	586,374	1,143,580	195.0
Other Operating Expenses	24,478,812	20,943,409	3,535,403	16.9
Total Operating Expenses	86,151,969	86,720,598	(568,629)	(0.7)
Operating Income (Loss)	5,618,694	6,218,254	(599,560)	(9.6)
TRANSFERS	2,567,288	3,243,515	(676,227)	(20.8)
CHANGE IN NET POSITION	8,185,982	9,461,769	(1,275,787)	(13.5)
Beginning Net Position	266,014,251	277,823,717	(11,809,466)	(4.3)
Restatement	-	(21,271,235)	21,271,235	(100.0)
Beginning Net Assets Restated	266,014,251	256,552,482	9,461,769	3.7
Ending Net Position	$ 274,200,233	$ 266,014,251	$ 8,185,982	3.1

Net position of the Department's proprietary fund increased by $8.2 million, or 3.1%, to $274.0 million.

Proprietary Fund Cont'd

Earnings within the Department's proprietary fund were $91.8 million of which $65.3 million is classified as restricted and $26.5 million is unrestricted. Restricted earnings are composed of $68.8 million in interest and investment income, $3.7 million net decrease in fair value of investments, and $212.6 thousand in other revenues. Interest and investment income are restricted per bond covenants for debt service. The net decrease in fair value of investments is considered to be unrealized gains and losses since no assets were sold during the year. Unrestricted earnings are composed of $480.6 thousand in interest and investment income and $26.0 million in other operating revenue.

Interest earned on program loans decreased by $2.1 million, or 5.0%, primarily due to a decrease in the Department's Multifamily Bond Program, resulting from lower interest rates related to variable rate debt and the corresponding mortgage loans.

Investment income decreased $3.4 million or 10.3% due to lower investment yields. The change was primarily due to decreases of $1.6 million, or 7.7% in the Single Family Revenue Bond Program funds and $1.7 million, or 15.2% in the Residential Mortgage Revenue Bond Program.

The net change in fair value of investments increased by $5.0 million primarily due to the decreasing fair value of the Department's mortgage backed securities.

Other operating revenues decreased $705.3 thousand primarily due to the Taxable Mortgage Program reduced mortgage volume which was caused by changes in market conditions and increased competition offset by varying increases in other fees related to the Bond Program.

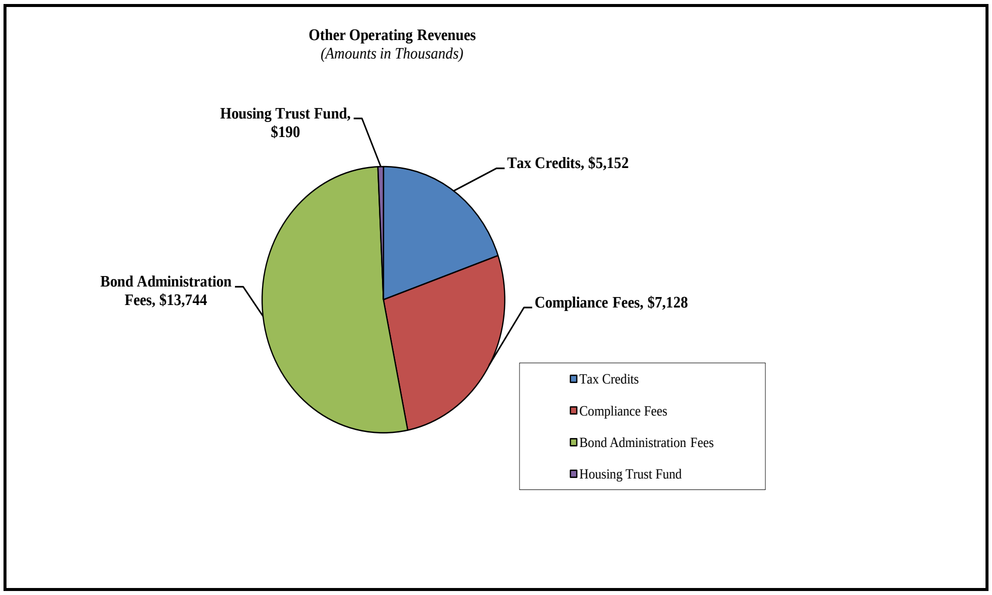
Interest expense decreased $5.6 million related to the Department's debt. One of the factors in this decrease is the Department's decision to pay down its bonds on a monthly basis as opposed to every six months. Another factor is a decrease in interest rates related to variable rate debt.

Interest and investment income earned from unrestricted investments are used to support various housing initiatives such as those related to the Housing Trust Fund. Sources for other operating revenues are fees from the Tax Credit Program, compliance fees, bond administrative fees, asset management fees and miscellaneous interest earned from funds held by the Comptroller.

Fees earned under the Tax Credit Program are application fees, commitment fees, inspection fees and asset management fees. Yearly compliance fees are generated from the Department's portfolio of multifamily properties. The Department performs on-site visits and desk reviews to ensure the properties are in compliance with the various housing regulations. Bond administrative fees are generated yearly from the various bond issuances to support the Department's administrative expenses.

Proprietary Fund Cont'd

The graph below illustrates the primary composition of $26.2 million in other operating revenues, classified as unrestricted earnings, according to the different housing programs.



The following table illustrates the changes in net position by program of the Department's proprietary fund for fiscal years 2016 and 2015.

Texas Department of Housing and Community Affairs
Proprietary Fund
Changes in Net Position by Program
(Amounts in Thousands)

Program	2016	2015	Increase / (Decrease) Amount	Increase / (Decrease) %
Single Family	$ 99,670	$ 98,988	$ 682	0.7
RMRB	110,207	102,118	8,089	7.9
CHMRB	1,774	1,744	30	1.7
Multifamily	(2,391)	(2,171)	(220)	10.1
General Funds	8,792	8,401	391	4.7
TMP	7,730	9,448	(1,718)	(18.2)
Housing Trust Fund	58,078	58,632	(554)	(0.9)
Administration Fund	(22,712)	(23,142)	430	(1.9)
Housing Initiatives & Compliance	13,052	11,996	1,056	8.8
Total	$ 274,200	$ 266,014	$ 8,186	3.1

Proprietary Fund Cont'd

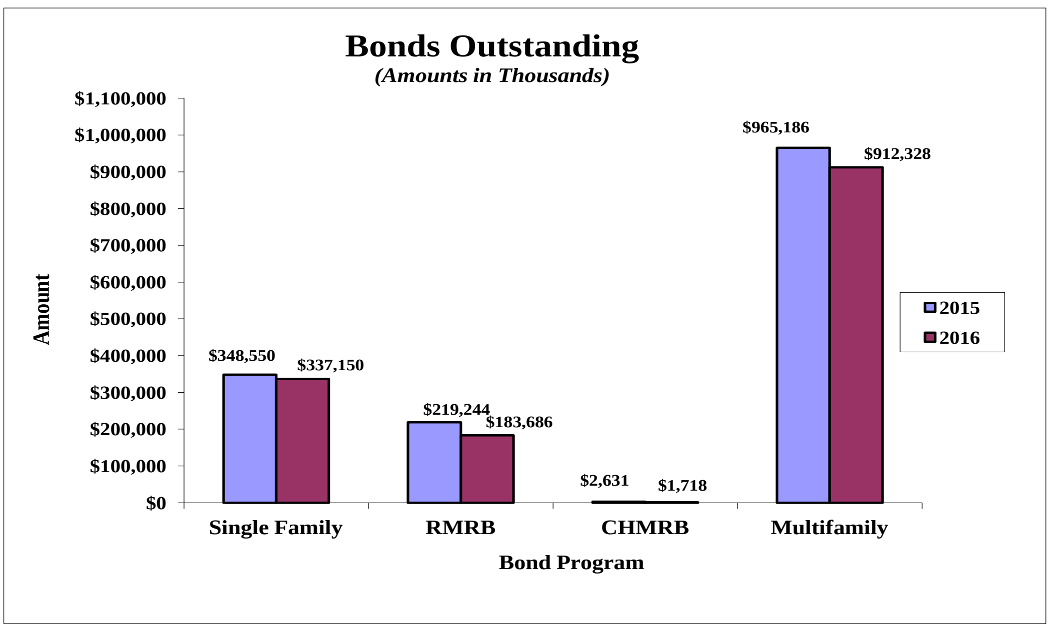
The Net Position of the Residential Mortgage Revenue Bond Program increased by $8.1 million, or 7.9%, primarily due to a positive difference of $2.8 million between interest income and bond interest expense, $6.4 million transferred from the Taxable Mortgage Program to fund down payment assistance loans offset by a negative change in fair value of investments of $389.0 thousand.

The Net Position of Taxable Mortgage Program decreased $1.7 million, or 18.2% primarily due to a $1.7 million decrease in settlement fees collected.

The Net Position of the Housing Initiatives & Compliance Programs increased $1.1 million or 8.8% which is reflective of a positive difference of $1.2 million between fees collected of $12.3 million and $11.3 million of transfers made to fund the operating budget.

Department Bond Debt

The Department had $293.9 million in debt retirements during the year primarily due to consumer refinancing and prepayments of original loans. The net result was a decrease in bonds payable of $100.7 million to $1.4 billion of which $27.9 million is due within one year. For additional information, see Note 5, Bond Indebtedness, and supplementary bond information schedules. The following graph illustrates a comparison of bonds outstanding between fiscal year 2015 and 2016 per bond program.



Request for Information

This financial report is designed to provide a general overview of the Texas Department of Housing and Community Affairs' (TDHCA) operations for all parties interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Texas Department of Housing and Community Affairs, Chief Financial Officer, P.O. Box 13941, Austin, Texas, 78711-3941.

BASIC

FINANCIAL STATEMENTS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I
STATEMENT OF NET POSITION - GOVERNMENT-WIDE
As of August 31, 2016

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 3):			
Cash on Hand	$ 200	$ 200	$ 400
Cash in Bank	20,000	329,443	349,443
Cash in State Treasury		1,394,658	1,394,658
Cash Equivalents		33,401,601	33,401,601
Restricted:			
Cash and Cash Equivalents (Note 3):			
Cash in Bank		17,331,630	17,331,630
Cash in State Treasury	25,130,698		25,130,698
Cash Equivalents		159,403,999	159,403,999
Short-term Investments (Note 3)		7,236	7,236
Loans and Contracts	17,797,304	23,383,276	41,180,580
Interest Receivable		8,632,490	8,632,490
Federal Receivable	7,689,347		7,689,347
Legislative Appropriations	5,155,043		5,155,043
Receivables From:			
Interest Receivable	20,557	38,254	58,811
Accounts Receivable		584,109	584,109
Internal Balances (Note 9)	8,009	(8,009)	-
Due From Other Agencies (Note 9)	67		67
Consumable Inventories	14,028	4,387	18,415
Loans and Contracts		2,703,322	2,703,322
Other Current Assets		78,764	78,764
Total Current Assets	55,835,253	247,285,360	303,120,613
Non-Current Assets:			
Investments (Note 3)		1,809,256	1,809,256
Loans and Contracts		49,793,655	49,793,655
Capital Assets (Note 2):			
Depreciable or Amortizable, Net	173,792	157,082	330,874
Restricted Assets:			
Investments (Note 3)		644,661,586	644,661,586
Loans and Contracts	449,510,470	998,197,532	1,447,708,002
Other Non-Current Assets:			
Real Estate Owned, net		44,096	44,096
Total Non-Current Assets	449,684,262	1,694,663,207	2,144,347,469
Total Assets	$ 505,519,515	$ 1,941,948,567	$ 2,447,468,082
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources (Note 16)	$ 2,523,670	$ 17,625,459	$ 20,149,129
Total Deferred Outflows of Resources	$ 2,523,670	$ 17,625,459	$ 20,149,129

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

EXHIBIT I (Continued)
STATEMENT OF NET POSITION - GOVERNMENT-WIDE
As of August 31, 2016

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
LIABILITIES			
Current Liabilities:			
Payables:			
Accounts Payable	$ 10,599,372	$ 1,440,476	$ 12,039,848
Accrued Bond Interest Payable		13,676,647	13,676,647
Payroll Payable	1,336,242		1,336,242
Unearned Revenues	1,832,747	6,238,776	8,071,523
Employees' Compensable Leave (Note 4)	465,632	796,615	1,262,247
Notes and Loans Payable (Note 4)		214,880	214,880
Revenue Bonds Payable (Notes 4 & 5)		27,896,818	27,896,818
Other Current Liabilities		408,013	408,013
Total Current Liabilities	14,233,993	50,672,225	64,906,218
Non-Current Liabilities:			
Employees' Compensable Leave (Note 4)	314,514	505,945	820,459
Notes and Loans Payable (Note 4)		45,490,181	45,490,181
Net Pension Liability (Note 8)	19,084,034	19,703,396	38,787,430
Revenue Bonds Payable (Notes 4 & 5)		1,406,985,542	1,406,985,542
Derivative Hedging Instrument (Note 6)		15,095,971	15,095,971
Other Non-Current Liabilities (Note 4)		142,349,019	142,349,019
Total Non-Current Liabilities	19,398,548	1,630,130,054	1,649,528,602
Total Liabilities	$ 33,632,541	$ 1,680,802,279	$ 1,714,434,820
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources (Note 16)	$ 4,564,013	$ 4,571,514	$ 9,135,527
Total Deferred Inflows of Resources	$ 4,564,013	$ 4,571,514	$ 9,135,527
NET POSITION			
Invested in Capital Assets	173,792	157,082	330,874
Restricted	491,577,361	217,016,529	708,593,890
Unrestricted	(21,904,522)	57,026,622	35,122,100
Total Net Position	$ 469,846,631	$ 274,200,233	$ 744,046,864

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT II
STATEMENT OF ACTIVITIES - GOVERNMENT-WIDE
For the Year Ended August 31, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Business-type Activities	2016 Total
Primary Government						
Governmental Activities:						
Manufactured Housing	$ 5,887,914	$ 6,244,208	$	$ 356,294	$	$ 356,294
HOME Investment in Affordable Housing	21,949,461		24,392,510	2,443,049		2,443,049
Energy Assistance	129,681,478		129,687,286	5,808		5,808
Community Services	38,642,250		38,646,564	4,314		4,314
Community Development	2,323,523	10	(1,119,806)	(3,443,319)		(3,443,319)
Section 8	6,203,175		6,195,447	(7,728)		(7,728)
Section 811	9,030		9,030			
Temporary Assistance for Needy Families	20,000		20,000			
Tax Credit Assistance Program - ARRA	2,608,877		2,242,951	(365,926)		(365,926)
Money Follows the Person	179,850	127,245		(52,605)		(52,605)
Homeless Housing & Services Program	5,932,899			(5,932,899)		(5,932,899)
Housing Trust Fund	1,104,441	15		(1,104,426)		(1,104,426)
Administration	2,245,829	44,769	1,758,323	(442,737)		(442,737)
Total Governmental Activities	216,788,727	6,416,247	201,832,305	(8,540,175)		(8,540,175)
Business-type Activities:						
Single Family Bonds	27,829,323	40,798,934			12,969,611	12,969,611
Multifamily Bonds	39,083,027	38,862,729			(220,298)	(220,298)
Housing Trust Fund Program	3,503,940	360,354			(3,143,586)	(3,143,586)
Administration	15,735,681	15,361,368			(374,313)	(374,313)
Total Business-type Activities	86,151,971	95,383,385			9,231,414	9,231,414
Total Primary Government	$ 302,940,698	$ 101,799,632	$ 201,832,305	(8,540,175)	9,231,414	691,239

General Revenues:	Governmental Activities	Business-type Activities	2016 Total
Original Appropriations	10,861,448		10,861,448
Additional Appropriations	890,050		890,050
Interest & Other Investment Income	161,951	98,694	260,645
Appropriations Lapsed	(350,613)		(350,613)
Other Revenues	156,919		156,919
Net (Decrease) in Fair Value of Investments		(3,711,414)	(3,711,414)
Transfers In (Out) (Note 9)	(5,646,020)	2,567,288	(3,078,732)
Total General Revenues and Transfers	6,073,735	(1,045,432)	5,028,303
Change in Net Position	(2,466,440)	8,185,982	5,719,542
Net Position, September 1, 2015	472,313,071	266,014,251	738,327,322
Net Position - August 31, 2016	$ 469,846,631	$ 274,200,233	$ 744,046,864

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

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT III
BALANCE SHEET - GOVERNMENTAL FUND
As of August 31, 2016

	Total
ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 3):	
Cash on Hand	$ 200
Cash in Bank	20,000
Restricted:	
Cash and Cash Equivalents (Note 3):	
Cash in State Treasury	25,130,698
Federal Receivable	7,689,347
Legislative Appropriations	5,155,043
Receivables From:	
Interest	20,556
Interfund Receivable (Note 9)	140,442
Due From Other Agencies (Note 9)	67
Consumable Inventories	14,028
Restricted - Loans and Contracts	17,797,304
Total Current Assets	55,967,685
Non-Current Assets:	
Restricted - Loans and Contracts	449,510,470
Total Non-Current Assets	449,510,470
Total Assets	505,478,155
LIABILITIES	
Current Liabilities:	
Payables:	
Accounts Payable	10,599,372
Payroll Payable	1,336,242
Interfund Payable (Note 9)	132,433
Unearned Revenues	1,832,747
Total Liabilities	13,900,794
FUND FINANCIAL STATEMENT-FUND BALANCES	
Fund Balances:	
Reserved for:	
Nonspendable	14,028
Restricted	488,783,994
Committed	67
Assigned	361,032
Unassigned	2,418,240
Total Fund Balances as of August 31	491,577,361
NOTE: Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore not reported in the funds.	173,792
Long term liabilities relating to employees' compensable leave and pensions are not due and payable in the current year therefore are not reported in the funds.	(21,904,522)
NET POSITION AS OF AUGUST 31	$ 469,846,631

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT IV
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
Year Ended August 31, 2016

		Total
REVENUES		
Legislative Appropriations:		
Original Appropriations (GR)	$	10,861,448
Additional Appropriations (GR)		890,050
Federal Revenue (PR-OP G/C)		201,812,305
Federal Revenue Grant Pass-Thru Revenue (PR-OP G/C)		20,000
Licenses, Fees & Permits (PR-C/S)		5,794,372
Interest and Other Investment Income (GR)		161,951
Sales of Goods and Services (PR-C/S)		621,875
Other (GR)		156,919
Total Revenues		220,318,920
EXPENDITURES		
Salaries and Wages		9,631,600
Payroll Related Costs		3,104,163
Professional Fees and Services		380,141
Travel		481,359
Materials and Supplies		221,267
Communication and Utilities		138,499
Repairs and Maintenance		207,937
Rentals & Leases		187,016
Printing and Reproduction		14,637
Claims and Judgments		241,424
Intergovernmental Payments		55,473,679
Public Assistance Payments		147,194,136
Other Expenditures		351,786
Capital Outlay		39,560
Total Expenditures		217,667,204
Excess of Revenues Over Expenditures		2,651,716
OTHER FINANCING SOURCES (USES)		
Transfers Out (Note 9)		(5,646,020)
Total Other Financing (Uses)		(5,646,020)
Net Change in Fund Balances		(2,994,304)
FUND FINANCIAL STATEMENT-FUND BALANCES		
Fund Balances--Beginning		494,922,278
Appropriations (Lapsed)		(350,613)
Fund Balances - August 31	$	491,577,361

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT IV (Continued)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
Year Ended August 31, 2016

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

		Total
Net Change in Fund Balances (Exhibit IV)	$	(2,994,304)
Appropriations (Lapsed)		(350,613)
Changes in Fund Balances		(3,344,917)
Amounts reported for governmental activities in the Statement of Activities (Exhibit II) are different because of the adjustments to:		
- capital outlay expense		39,560
- depreciation expense		(59,209)
- payroll expense due to Compensable Leave		152,843
- addl pension expense related to GASB 68/71		745,283
Change in Net Position, August 31 (Exhibit II)	$	(2,466,440)

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V

STATEMENT OF NET POSITION - PROPRIETARY FUND

August 31, 2016

	Total
ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	$ 200
Cash in Bank	329,443
Cash in State Treasury	1,394,658
Cash Equivalents	33,401,601
Restricted Assets:	
Cash and Cash Equivalents (Note 3)	
Cash in Bank	17,331,630
Cash Equivalents	159,403,999
Short-term Investments (Note 3)	7,236
Loans and Contracts	23,383,276
Interest Receivable	8,632,490
Receivable:	
Interest Receivable	38,254
Accounts Receivable	584,109
Consumable Inventories	4,387
Loans and Contracts	2,703,322
Other Current Assets	78,764
Total Current Assets	247,293,369
Non-Current Assets:	
Investments	1,809,256
Loans and Contracts	49,793,655
Capital Assets: (Note 2)	
Depreciable or Amortizable, Net	157,082
Restricted Assets:	
Investments (Note 3)	644,661,586
Loans and Contracts	998,197,532
Real Estate Owned, net	44,096
Total Non-Current Assets	1,694,663,207
Total Assets	$ 1,941,956,576
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources (Note 16)	$ 17,625,459
Total Deferred Outflows of Resources	$ 17,625,459

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V (Continued)
STATEMENT OF NET POSITION - PROPRIETARY FUND
August 31, 2016

LIABILITIES	
Current Liabilities	
Payables:	
Accounts Payable	$ 1,440,476
Accrued Bond Interest Payable	13,676,647
Interfund Payable (Note 9)	8,009
Unearned Revenues	6,238,776
Employees' Compensable Leave (Note 4)	796,615
Notes and Loans Payable (Note 4)	214,880
Revenue Bonds Payable (Notes 4 & 5)	27,896,818
Other Current Liabilities	408,013
Total Current Liabilities	50,680,234
Non-Current Liabilities	
Employees' Compensable Leave (Note 4)	505,945
Notes and Loans Payable (Note 4)	45,490,181
Net Pension Liability (Note 8)	19,703,396
Revenue Bonds Payable (Note 4 & 5)	1,406,985,542
Derivative Hedging Instrument (Note 6)	15,095,971
Other Non-Current Liabilities (Note 4)	142,349,019
Total Non-Current Liabilities	1,630,130,054
Total Liabilities	$ 1,680,810,288
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources (Note 16)	$ 4,571,514
Total Deferred Inflows of Resources	$ 4,571,514
NET POSITION	
Invested in Capital Assets	157,082
Restricted	217,016,529
Unrestricted	57,026,622
Total Net Position	$ 274,200,233

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

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND

For the fiscal year ended August 31, 2016

	Total
OPERATING REVENUES	
Interest and Investment Income	$ 69,237,779
Net (Decrease) in Fair Value	(3,711,414)
Other Operating Revenues	26,244,298
Total Operating Revenues	91,770,663
OPERATING EXPENSES	
Salaries and Wages	10,291,805
Payroll Related Costs	2,700,459
Professional Fees and Services	2,384,509
Travel	244,018
Materials and Supplies	432,329
Communications and Utilities	160,991
Repairs and Maintenance	287,734
Rentals and Leases	83,695
Printing and Reproduction	98,924
Depreciation and Amortization	48,416
Interest	57,510,278
Bad Debt Expense	1,729,954
Down Payment Assistance	2,602,342
Other Operating Expenses	7,576,515
Total Operating Expenses	86,151,969
Operating Income	5,618,694
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS	
Transfers In (Note 9)	2,567,288
Total Other Revenues, Expenses, Gains, Losses and Transfers	2,567,288
CHANGE IN NET POSITION	8,185,982
Net Position, September 1, 2015	266,014,251
NET POSITION, AUGUST 31, 2016	$ 274,200,233

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the fiscal year ended August 31, 2016

	Total
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Loan Programs	$ 118,450,255
Proceeds from Other Revenues	45,256,239
Payments to Suppliers for Goods/Services	(64,646,515)
Payments to Employees	(13,419,127)
Payments for Loans Provided	(12,545,390)
Net Cash Provided by Operating Activities	73,095,462
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Debt Issuance	194,841,500
Proceeds from Note Payable	45,740,000
Proceeds from Transfers from Other Funds	2,815,452
Payments of Principal on Debt Issuance	(251,885,342)
Payments of Interest	(59,327,055)
Payments for Other Cost of Debt	(2,222,555)
Net Cash (Used for) Noncapital Financing Activities	(70,038,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for Additions to Capital Assets	(49,246)
Net Cash (Used for) Capital Activities	(49,246)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	166,145,307
Proceeds from Interest/Investment Income	31,340,610
Payments to Acquire Investments	(123,435,509)
Net Cash Provided By Investing Activities	74,050,408
Net Increase in Cash and Cash Equivalents	77,058,624
Cash and Cash Equivalents, September 1, 2015	134,802,907
Cash and Cash Equivalents, August 31, 2016	$ 211,861,531

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII (Continued)
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the fiscal year ended August 31, 2016

		Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$	5,618,694
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation		48,416
Pension Expense		195,903
Provision for Uncollectibles		1,729,954
Operating Income and Cash Flow Categories		
Classification Differences		(4,444,369)
Changes in Assets and Liabilities:		
Decrease in Receivables		224,160
Decrease in Accrued Interest Receivable		3,130,850
Decrease in Loans / Contracts		14,552,844
Decrease in Property Owned		157,986
Decrease in Other Assets		750,602
Increase in Payables		360,969
Increase in Unearned Revenues		137,526
(Decrease) in Accrued Interest Payable		(3,916,472)
Increase in Other Liabilities		54,548,399
Total Adjustments		67,476,768
Net Cash Provided by Operating Activities	$	73,095,462

NON CASH TRANSACTIONS
Net Change in Fair Value of Investments for 2016 was $(3,711,414)

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VIII
STATEMENT OF FIDUCIARY NET POSITION
As of August 31, 2016

AGENCY FUND		**Total**
ASSETS		
Current Assets:		
Restricted:		
Cash in State Treasury (Note 3)	$	357,026
Total Current Assets		357,026
Total Assets	$	357,026
LIABILITIES		
Current Liabilities:		
Funds Held for Others	$	357,026
Total Current Liabilities		357,026
Total Liabilities	$	357,026

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

NOTES TO THE

FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ENTITY

The Texas Department of Housing and Community Affairs (Department) is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for State Agencies.

Effective September 1, 1991, the Department was created to assist local governments in helping residents overcome financial, social and environmental problems; to address very low to moderate income housing needs; to contribute to the preservation and redevelopment of neighborhoods and communities; to assist the Governor and the legislature in coordinating federal and state programs affecting local governments; and to continually inform the state and the public about the needs of local government (*Texas Government Code Ann., Chapter 2306*). The Department was created by merging two former agencies, the Texas Housing Agency and the Texas Department of Community Affairs.

The regulation of manufactured housing was transferred from the Texas Department of Licensing and Regulation to the Department on September 1, 1995. The Manufactured Housing Division is administratively attached to the Department and is responsible for issuing Statements of Ownership and Location, industry licensing, installation inspection, and consumer protection. The Manufactured Housing Division also serves as a State Administrative Agency, inspecting manufacturing plants on HUD's behalf. The Manufactured Housing Division has a governing Board of five members appointed by the Governor.

The Department is governed by a Board, composed of seven members, all of whom are appointed by the Governor with the advice and consent of the Texas Senate. The Board then appoints the Executive Director, with the approval of the Governor.

The accompanying financial statements of the Department have been prepared to conform to Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). These financial statements represent the financial status of the Department, and are not intended to present the financial position of the State of Texas or its results of operations or cash flows.

Component Units - No component units have been identified which should be included in the Department's financial statements.

FUND STRUCTURE

The Government-Wide Financial Statements are presented on the accrual basis of accounting and consist of the Statement of Net Position and the Statement of Activities. Program revenues include charges to customers who purchase, use or directly benefit from services or privileges provided by the Department and grants/contributions that are restricted to meeting the operational requirements of a particular program. The fiduciary activity is not included in the government-wide statements.

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity.

Governmental Fund

The Governmental Fund is the principal operating fund used to account for most of the Department's general activities. It accounts for all financial resources except those accounted for in other funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

Proprietary Fund Types

Enterprise Funds (Business-Type Activity)
Enterprise Funds account for operations financed and operated in a manner similar to private business. The intent is to recover costs through user charges and where a periodic determination of revenues earned, expenses incurred, and net income are appropriate for management control, accountability, contractual obligations and other purposes.

Fiduciary Fund Types

Agency Funds
Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. The fiduciary activity is not included in the government-wide financial statements.

Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental funds are accounted for using the modified accrual basis of accounting. Under modified accrual, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The Department considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for the Fund Financial Statements prepared on the modified accrual basis of accounting. Expenditures and other uses of financial resources are recognized when the related liability is incurred except for certain long-term liabilities.

The Government-Wide Financial Statements are accounted for using the accrual method of accounting. This includes net pension liability, unpaid Employee Compensable leave, capital assets, and accumulated depreciation.

Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary Funds distinguish operating from non-operating items. Operating revenues result from providing services or producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Agency funds are custodial in nature and do not involve measurement of operations and provide the most appropriate mechanism for accounting for assets and liabilities.

The Department has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989 as allowed by GASB Statement No. 20.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

BUDGET AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). The state monitors its statewide budget by establishing the legal level of control at the agency level to ensure that expenditures are not made in excess of budgetary authority. Within the Department, procedures are used to ensure that expenditures do not exceed their total budget at the division level, but the State Comptroller ultimately ensures that each total authorized agency budget is not exceeded. Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

ASSETS, LIABILITIES AND FUND BALANCES/NET POSITION

Assets

Cash and Cash Equivalents
Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Investments
Investments are stated at fair value in accordance with Governmental Accounting Standards Board Statement ("GASB") No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The Department utilizes established quoted market prices for determining the fair value of its debt securities in reserve funds. Fair value of the Department's securitized mortgage loans Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC) has been established by each bond issue's trustee using a pricing service. In accordance with GASB No. 72, *Fair Value Measurement and Application,* the Department would be required to disclose the hierarchy within which the fair value measurement is categorized. The Department has concluded that its investments do not meet the definition of investments as prescribed by GASB No. 72 so this disclosure in not necessary in Note 3.

The Department has reported all investment securities at fair value as of August 31, 2016 with exception of some short-term money market investments and nonparticipating interest-earning investment contracts which are reported at amortized cost provided that the fair value of these investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors.

Changes in the fair value of investments for the Enterprise Fund are reported in the Statement of Revenues, Expenses, and Changes in Fund Net Position-Proprietary Fund as "Net Increase (Decrease) in the Fair Value." These investments are held and pledged per bond covenants and are intended to be held until maturity. The sale of these assets is considered to be incidental to the Department's course of business and any gain/loss on the sale is reported as "Net Increase (Decrease) in the Fair Value."

Restricted Net Position
Restricted Net Position includes monies or other resources restricted by legal or contractual requirements. These assets in the General Fund include federal grants which are restricted by the grantor for specific program purposes. The Proprietary Fund includes certain assets pledged to respective bond indentures, the use of which is restricted by those same bond covenants.

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Consumable Inventories
Consumable inventories consist of postage on hand at year-end. Inventories for governmental fund types and proprietary fund types are accounted for using the consumption method of accounting. The cost of these items is expensed when the items are consumed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

Capital Assets
Assets with an initial, individual cost meeting the thresholds established by the Comptroller's Office and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if donated, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. Assets are depreciated over the estimated useful life of the asset (5 years for both Furniture & Equipment and Other Capital Assets) using the straight-line method. All capital assets acquired by proprietary funds are reported at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the donation date. Depreciation is charged to operations over the estimated useful life of each asset using the straight-line method.

Loans and Contracts
Loans and contracts consist of loans in the Governmental Fund made from federal funds for the purpose of Single Family loans and Multifamily development loans from HOME, Tax Credit Assistance Program (TCAP) and Neighborhood Stabilization Program (NSP) grants. Restricted loans and contracts in proprietary funds consist of mortgage loans made from Single Family and Multifamily bond proceeds. Unrestricted loans and contracts consist of Single Family loans and Multifamily development loans from the Housing Trust Fund and other Housing Initiative Programs. Loans receivable are carried at the unpaid principal balance outstanding, net of the allowance for estimated losses. Interest on loans is credited to income as earned. Loans are generally placed on nonaccrual status when the Department becomes aware that the borrower has entered bankruptcy proceedings or when they are past due 90 days as to either principal or interest or when payment in full of principal and interest is not expected.

Real Estate Owned
Real estate owned are properties acquired through foreclosure that are carried at the unpaid principal balance on the related property plus accrued interest and reimbursable expenses through the date of foreclosure, less any sales proceeds, reimbursements received from mortgage insurers and an allowance for estimated losses on such properties, which approximates the net realizable value of the property at foreclosure. Loans secured by Single Family properties on which there is an indication that the borrower no longer has the ability to repay the loan and that foreclosure is likely are considered in-substance foreclosures and are classified as real estate owned in the accompanying balance sheet. Interest on real estate owned is credited to income as earned based on a calculation of interest recoverable in accordance with the Department's agreements with its mortgage insurers.

Allowance for Estimated Losses on Loans and Foreclosed Properties
The allowance for estimated losses on loans is calculated for future charge-offs on Single Family and Multifamily loans. The allowance for estimated losses on real estate owned is calculated for future charge-offs on foreclosed Single Family loans.

All losses are charged to the allowance when the loss actually occurs or when a determination is made that a loss is likely to occur. Periodically, management estimates the level of future losses to determine whether the allowances for estimated losses are adequate to absorb anticipated losses in the existing loan and real estate owned portfolios. Based on these estimates, a provision for estimated losses on loans and real estate owned is credited to the allowances in order to adjust the allowances to levels estimated to be adequate to absorb reasonably foreseeable losses.

While management uses available information to recognize losses in the loan and real estate owned portfolios, future additions may be necessary based on changes in economic conditions. However, it is the judgment of management that allowances are currently adequate to absorb reasonably foreseeable losses in the existing loan and real estate owned portfolios.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

Deferred Outflows of Resources

Deferred Outflows of Resources
The Department identified its derivative instruments and measured their effectiveness in accordance with Governmental Accounting Standards Board Statement ("GASB") No. 53, *Accounting and Financial Reporting for Derivative Instruments.* The Department contracted a service provider to measure its derivative effectiveness. Since the derivative instruments were deemed to be effective, the Department will be deferring the changes in fair value for these derivatives and reporting them as deferred outflow of resources.

The Department has also implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* The Department will be reporting its allocated contributions as of the measurement date of August 31, 2015, contributions after the measurement date for fiscal year 2016, and the effect of changes in actuarial assumptions as deferred outflow of resources.

Liabilities

Accounts Payable
Accounts payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Other Current Liabilities
Other current liabilities primarily consist of escrow fees and arbitrage rebate liability.

Unearned Revenues
Unearned Revenues in the proprietary fund represent fees such as compliance fees that are received in advance of work performed and are recognized over a period of time. Unearned Revenues in the governmental fund represent federal revenues that have not been earned but are available at fiscal year-end in the amount that revenues exceed expenditures.

Employees' Compensable Leave Balances
Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net position.

Net Pension Liability
The Department has implemented GASB No. 68, *Accounting and Financial Reporting for Pensions.* The Department has relied on reports issued by the Employees Retirement System of Texas who is the administrator of the plan. The Department has reported its proportionate share of the pension liability according to their report.

Bonds Payable – Revenue Bonds
Revenue bonds are accounted for in the proprietary funds. The bonds payable are reported at par less unamortized discount or plus unamortized premium. Interest expense is reported on the accrual basis, with amortization of discount or premium. Payables are reported separately as either current or noncurrent in the statement of net position.

Notes Payable
The Department issues notes to provide funding to nonprofit and for-profit developers of multifamily properties to construct or rehabilitate rental housing. These notes are limited obligations of the Department and are payable solely from the payments received from the assets and guarantors, which secure the notes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

Discounts and Premiums on Debt
Discounts and premiums on debt are recognized using the interest method over the lives of the bonds to which they relate. Prepayments on the bonds result in the proportionate amortization during the current year of the remaining balance of discounts and premiums related to that debt.

Derivative Hedging Instruments
Per GASB Statement No. 72, the Department is to recognize its interest rate swaps at fair value taking into account non-performance risk on the Statement of Net Position. As of August 31, 2016, the fair value of the Department's four swaps is considered to be negative indicating the Department would be obligated to pay the counterparty the fair value as of the termination date. The Department has the option to terminate prior to the maturity date.

Other Non-current Liabilities
Other non-current liabilities primarily account for funds due to Developers as a result of Multifamily bond proceeds. These proceeds are conduit debt issued on behalf of the Developer for the purpose of Multifamily developments and are held by the trustee. Due to the developers' fluctuation in cash flow needs, the current portion cannot be reasonably estimated.

Deferred Inflows of Resources

The Department has implemented GASB No. 68. It will be reporting the difference between expected and actual experience and the difference between projected and actual investment return as deferred inflows of resources.

Fund Balance/Net Position

Fund Balance/Net Position – "Net position" is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources on the government-wide, proprietary and fiduciary fund statements. "Fund balance" is the difference between fund assets and liabilities on the governmental fund statements.

Fund Balance Components

The fund balance amounts for governmental funds were reclassified in accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable Fund Balance
Includes amounts that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to be maintained intact.

Restricted Fund Balance
Includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions.

Committed Fund Balance
Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Texas Legislature, the state's highest level of decision-making authority.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

Assigned Fund Balance
Includes amounts constrained by the state's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (1) the Texas Legislature or (2) a body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance
This is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes within the general fund.

Net Position Components

Invested in Capital Assets
Includes amounts for capital assets net of accumulated depreciation. There is no debt associated with these capital assets.

Restricted Net Position
Includes amounts restricted through bond covenants.

Unrestricted Net Position
Includes amounts that do not fall under the Invested in Capital Assets or Restricted Net Position categories. When both restricted and unrestricted resources are available for use, restricted resources are used first, then unrestricted resources are used as they are needed.

Interfund Transactions and Balances

Interfund Receivables and Payables
Interfund transactions are reported as interfund receivables and payables at year end. If repayment is due during the current year or soon thereafter, the balance is classified as "current." Balances for repayment due in two (or more) years are classified as "noncurrent."

Due From and Due To Other Agencies
Represents amounts that must be repaid by other agencies or advances from other agencies.

Transfers
Legally required transfers that are reported when incurred as "Transfers In" by the recipient fund and as "Transfers Out" by the disbursing fund.

NOTE 2: CAPITAL ASSETS - A summary of changes in Capital Assets for year ended August 31, 2016 is below:

	PRIMARY GOVERNMENT				
	Balance 09/01/15	Adjustments	Additions	Deletions	Balance 08/31/16
GOVERNMENTAL ACTIVITIES					
Depreciable Assets					
Furniture and Equipment	$ 633,763	$ -	$ 39,560	$ (11,974)	$ 661,349
Other Capital Assets	130,964				130,964
Total Depreciable Assets	$ 764,727	$ -	$ 39,560	$ (11,974)	$ 792,313
Less Accumulated Depreciation for:					
Furniture and Equipment	$ (440,322)		$ (59,209)	$ 11,974	$ (487,557)
Other Capital Assets	(130,964)				(130,964)
Total Accumulated Depreciation	(571,286)	-	(59,209)	11,974	(618,521)
Depreciable Assets, Net	$ 193,441	$ -	$ (19,649)	$ -	$ 173,792
Amortizable Assets - Intangible					
Computer Software	$ 1,307,012	$	$	$	$ 1,307,012
Total Amortizable Assets - Intangible	$ 1,307,012	$ -	$ -	$ -	$ 1,307,012
Less Accumulated Amortization for:					
Computer Software	$ (1,307,012)	$	$	$	$ (1,307,012)
Total Accumulated Amortization	(1,307,012)	-	-	-	(1,307,012)
Amortizable Assets - Intangible, Net	$ -	$ -	$ -	$ -	$ -
Governmental Activities Capital Assets, Net	$ 193,441	$ -	$ (19,649)	$ -	$ 173,792

	PRIMARY GOVERNMENT				
	Balance 09/01/15	Adjustments	Additions	Deletions	Balance 08/31/16
BUSINESS-TYPE ACTIVITIES					
Depreciable Assets					
Furniture and Equipment	$ 550,021	$ -	$ 49,246	$ (1,778)	$ 597,489
Other Capital Assets	132,279				132,279
Total Depreciable Assets	$ 682,300	$ -	$ 49,246	$ (1,778)	$ 729,768
Less Accumulated Depreciation for:					
Furniture and Equipment	$ (393,769)	$	$ (48,416)	$ 1,778	$ (440,407)
Other Capital Assets	(132,279)				(132,279)
Total Accumulated Depreciation	(526,048)	-	(48,416)	1,778	(572,686)
Depreciable Assets, Net	$ 156,252	$ -	$ 830	$ -	$ 157,082
Amortizable Assets - Intangible					
Computer Software	$ 679,785	$	$	$	$ 679,785
Total Amortizable Assets - Intangible	$ 679,785	$ -	$ -	$ -	$ 679,785
Less Accumulated Amortization for:					
Computer Software	$ (679,785)	$	$	$	$ (679,785)
Total Accumulated Amortization	(679,785)	-	-	-	(679,785)
Amortizable Assets - Intangible, Net	$ -	$ -	$ -	$ -	$ -
Business-Type Activities Capital Assets, Net	$ 156,252	$ -	$ 830	$ -	$ 157,082

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

The Department is authorized by statute to make investments following the "prudent person rule" and based upon provisions within the master bond indentures and its Investment Policy adopted by the Board in accordance with the Public Funds Investment Act. There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank
As of August 31, 2016, the carrying amount of deposits was $17,681,073.

Governmental and Business-Type Activities	
CASH IN BANK - CARRYING VALUE	$ 17,681,073

Governmental Funds Current Assets Cash in Bank	$ 20,000
Texas Treasury Safekeeping Trust	329,443
Texas Treasury Safekeeping Trust - Restricted	2,627,689
Demand Deposits	14,703,941
Cash in Bank	$ 17,681,073

At August 31, 2016, the Department's cash and deposits in the State Treasury amounted to $26,882,382 which included $357,026 in Fiduciary Funds. The total amount was fully collateralized by securities held with a trustee in the State's name, as reported to the Department by the Comptroller of Public Accounts of the State of Texas.

Investments
The types of investments in which the Department may invest are restricted by the provisions of the master bond indentures and the Department's Investment Policy adopted by its Board in accordance with the Public Funds Investment Act. The indentures allow for investments in direct obligations of or guaranteed by the U.S. Government; obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by agencies or intermediaries of the U.S. Government; obligations issued by public agencies or municipalities; obligations and general obligations of or guaranteed by the state; demand deposits, interest-bearing time deposits or certificates of deposit; repurchase agreements in U.S. Government securities; direct or general obligations of any state within the territorial U.S.; investment agreements with any bank or financial institution; and guaranteed investment contracts. Certain trust indentures restrict the Department from investing in certain of the aforementioned investments.

The Department holds $98,560,444 in overnight repurchase agreements maturing on the following business day, September 1, 2016, at a rate of .27%.

At August 31, 2016, the fair value of investments (including both short-term and long-term) and cash equivalents are shown below.

Business Type Activities	Carrying Value	Fair Value
U.S. Government Agency Obligations	$ 562,257,016	$ 615,065,541
U.S. Treasury Bills	14,829,103	14,829,103
Repurchase Agreements (TTSTC)	98,560,444	98,560,444
Fixed Income Money Markets	79,416,053	79,416,053
Misc (Investment Agreements/GICs)	31,412,537	31,412,537
Total	$ 786,475,153	$ 839,283,678

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS Cont'd

Credit Risk
Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Preservation and safety of principal is the foremost objective of the investment program. According to the Department's investment policy, investments should be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Credit risk is mitigated by

- Limiting investments to the safest types of securities.
- Pre-qualifying the financial institution, broker/dealers, intermediaries, and advisors with which the Department will do business.
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

As of August 31, 2016, the Department's credit quality distribution for securities with credit risk exposure was as follows.

Standard & Poor's

Investment Type	Not Rated	AAA	AA+
U.S. Government Agency Obligations			$85,030,745
U.S. Treasury Bills			$14,829,103
Repurchase Agreements (TTSTC)	$98,560,444		
Misc (Investment Agreements/GICs)	$31,412,537		
	Not Rated	**AAA-M**	**AA-M**
Fixed Income Money Market		$79,416,053	

Repurchase Agreements, while not rated, are required to be over collateralized such that they meet the requirements set-forth in the various indentures.

A total of $530,034,796 was not subject to credit risk disclosure due to their explicit guarantee by the U.S. Government which is composed of U.S. Government Agency obligations issued by the Government National Mortgage Association.

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2016, the Department's concentration of credit risk is as follows.

Issuer	Carrying Value	% of Total Portfolio
Greenwich	$98,560,444	11.74%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of any investment. The longer the maturity of an investment will result in greater sensitivity of its fair value to changes in the market interest rates. The Department's investment policy allows for the mitigation of interest rate risk by

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities.

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS Cont'd

Information about the sensitivity of the fair values of the Department's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Department's investments by maturity:

Remaining Maturity (in months)

Business Type Activities	Fair Value	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
U.S. Government Agency Obligations	$ 615,065,541	$ 7,236	$ 49,010	$ 941,443	$ 614,067,852
U.S. Treasury Bills	14,829,103	14,829,103			
Repurchase Agreements (TTSTC)	98,560,444	98,560,444			
Fixed Income Money Markets	79,416,053	79,416,053			
Misc (Investment Agreements/GICs)	31,412,537				31,412,537
Total	$ 839,283,678	$ 192,812,836	$ 49,010	$ 941,443	$ 645,480,389

Highly Sensitive Investments

Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. These prepayments result in a reduction of expected total cash flows affecting the fair value of these securities and make the fair value of these securities highly sensitive to the changes in interest rates. The Department does not make it a common practice to sell these investments. However, in recent years the Department has sold some of these investments at a premium and used the realized gain to fund Down Payment Assistance loans in connection with the Single Family, First-Time Homebuyer Program. Any other fluctuation in fair value generates an unrealized gain or loss. As of August 31, 2016, the Department holds $615,065,541 in mortgage backed securities.

NOTE 4: SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2016, the following changes occurred in liabilities.

Governmental Activities	Balance 09/01/2015	Additions	Reductions	Balance 08/31/2016	Amounts Due Within One Year
Compensable Leave	$ 932,989	589,045	741,888	$ 780,146	$ 465,632
Total Governmental Activities	$ 932,989	589,045	741,888	$ 780,146	$ 465,632

Business-Type Activities	Balance 09/01/2015	Additions	Reductions	Balance 08/31/2016	Amounts Due Within One Year
Revenue Bonds Payable	$ 1,535,610,858	194,841,500	295,569,998	$ 1,434,882,360	$ 27,896,818
Notes Payable	-	45,740,000	34,939	45,705,061	214,880
Compensable Leave	968,324	966,359	632,123	1,302,560	796,615
Total Business-Type Activities	$ 1,536,579,182	241,547,859	296,237,060	$ 1,481,889,981	$ 28,908,313

Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal or separation from State employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Position. An expense and liability for proprietary fund types are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Revenue Bonds Payable

The Department issues bonds to assist in financing the purchase of homes or the construction of rental housing for families with very low to moderate incomes. Loan payments provide the revenues for debt service payments. (See Note 5 for more information.) The $295,569,998 in reductions is inclusive of $1,657,185 in amortization of bond premium/discount and the $194,841,500 in additions is inclusive of $231,500 as a result of multifamily bonds issued at a premium.

NOTE 4: SUMMARY OF LONG TERM LIABILITIES Cont'd

Notes Payable

The Department issues notes to provide funding to nonprofit and for-profit developers of multifamily properties to construct or rehabilitate rental housing. These notes are limited obligations of the Department and are payable solely from the payments received from the assets and guarantors, which secure the notes.

Texas Department of Housing and Community Affairs
Notes Payable Debt Service Requirements
Business-Type Activities

Year	Principal	Interest	Total
2017	$ 214,880	$ 1,473,793	$ 1,688,673
2018	224,147	1,487,321	1,711,468
2019	233,815	1,477,950	1,711,765
2020	243,899	1,470,410	1,714,309
2021	254,419	1,457,980	1,712,399
2022-26	1,446,465	7,123,120	8,569,585
2027-31	1,786,487	6,793,549	8,580,036
2032-36	12,300,949	4,979,370	17,280,319
2037-41	29,000,000	473,604	29,473,604
Totals	**$ 45,705,061**	**$ 26,737,097**	**$ 72,442,158**

Other Non-Current Liabilities

Other non-current liabilities in the Enterprise Fund are compromised primarily of funds due to developers as a result of Multifamily bond proceeds which have corresponding investment balances not adjusted to market value in the amount of $142,348,859. These proceeds are conduit debt issued on behalf of the Developer for the purpose of Multifamily developments and are held by the trustee. Due to the various variables related to the balance, the current portion cannot be reasonably estimated.

NOTE 5: BONDED INDEBTEDNESS

The Department has 99 bond issues outstanding at August 31, 2016. All series are revenue bonds backed by the pledged revenue sources and restricted funds specified in the bond resolutions. Each series is designed to be self-supporting with no repayment nor obligation from the State's General Revenue. The Department issues bonds to assist in financing the purchase of homes by or the construction of rental housing for families with very low to moderate incomes. Loan payments provide the revenues for debt service payments. (Detailed supplemental bond information is disclosed in Schedules 1-A, 1-B, 1-C, 1-D, 1-E. and 1-F)

Proceeds from the issuance of bonds under the Single Family indenture prior to 1987 and Residential Mortgage Revenue Bonds (RMRB) Series 1987A Programs were used to acquire loans. Proceeds from Collateralized Home Mortgage Revenue Bond (CHMRB) and the remaining Single Family and RMRB programs were used to acquire pass-through certificates (GNMA, FNMA, FHLMC) backed by mortgage loans. Proceeds from the remaining Multifamily bond issues were used to finance mortgage loans.

Interest on bonds and collateralized mortgage obligations is payable periodically.

The Single Family, RMRB and CHMRB bonds are collateralized by the revenues and assets pledged under the trust indentures, primarily Single Family mortgage loans, mortgage-backed securities and investments. The Multifamily bonds are collateralized by varying methods, including, but not limited to, the mortgage loans on the applicable housing developments, certificates of deposit, letters of credit, guarantees provided by third parties and collateralized mortgage obligations issued by federally chartered, privately owned corporations.

The trust indentures contain positive and negative covenants. Events of default include the following: failure to make timely payment of both principal and interest on any outstanding bond; failure to make timely payment of any other monies required to be paid to the Trustee; and non-performance or non-observance of any other covenants, agreements or conditions contained in the indentures. Management believes they are in compliance with the covenants of the indentures.

Actual maturities will differ from contractual maturities since the Department has the right to call or prepay obligations with or without call or prepayment penalties as the related loans and mortgage backed securities mature or prepay. Bond contractual maturities (principal only) at August 31, 2016, are as follows (in thousands):

Description	2017	2018	2019	2020	2021	2022 to 2026	2027 to 2031
Single-family	$ 385	$ 3,660	$ 430	$ 430	$ 445	$ 22,745	$ 29,900
RMRB	4,655	4,990	4,820	5,190	5,330	29,290	32,960
CHMRB						1,700	
Multifamily	22,772	35,421	9,441	10,014	10,665	88,572	107,305
Total	$ 27,812	$ 44,071	$ 14,691	$ 15,634	$ 16,440	$ 142,307	$ 170,165

Description	2032 to 2036	2037 to 2041	2042 to 2046	2047 to 2051	2052 to 2056	2057 to 2061	Total
Single-family	$ 108,875	$ 120,390	$ 49,890	$	$	$	$ 337,150
RMRB	40,910	54,465					182,610
CHMRB							1,700
Multifamily	165,003	319,448	115,643	21,988	5,993		912,265
Total	$ 314,788	$ 494,303	$ 165,533	$ 21,988	$ 5,993	$	$ 1,433,725

NOTE 5: BONDED INDEBTEDNESS Cont'd

Interest requirements on variable rate debt are calculated using the interest rate in effect at August 31, 2016. Interest rates on variable rate debt reset on a weekly basis by the remarketing agent.

The interest payment requirements at August 31, 2016, are as follows (in thousands):

Description	2017	2018	2019	2020	2021	2022 to 2026	2027 to 2031
Single-family	$ 7,597	$ 7,677	$ 7,643	$ 7,623	$ 7,598	$ 37,341	$ 35,889
RMRB	6,676	6,526	6,353	6,170	5,960	26,109	19,008
CHMRB	112	124	112	112	124	336	
Multifamily	37,432	36,873	36,148	35,579	34,966	163,696	133,009
Total	$ 51,817	$ 51,200	$ 50,256	$ 49,484	$ 48,648	$ 227,482	$ 187,906

Description	2032 to 2036	2037 to 2041	2042 to 2046	2047 to 2051	2052 to 2056	2057 to 2061	Total
Single-family	$ 32,702	$ 18,105	$ 7,602	$	$	$	$ 169,777
RMRB	12,120	4,540					93,462
CHMRB							920
Multifamily	101,319	54,112	17,220	3,011	639		654,004
Total	$ 146,141	$ 76,757	$ 24,822	$ 3,011	$ 639	$	$ 918,163

Changes in Bonds Payable

Description	Bonds Outstanding 09/01/15	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinquished	Bonds Outstanding 08/31/16	Amounts Due Within One Year
Single Family	$ 347,390,000	$ 144,940,000	$ 3,055,000	$ 152,125,000	$ 337,150,000	$ 385,000
RMRB	217,685,000		4,700,000	30,375,000	182,610,000	4,730,509
CHMRB	2,600,000			900,000	1,700,000	2,276
Multifamily	965,352,798	49,670,000	8,044,834	94,712,979.00	912,264,985	22,779,033
Total Principal	$ 1,533,027,798	$ 194,610,000	$ 15,799,834	$ 278,112,979	$ 1,433,724,985	$ 27,896,818
Unamortized Premium	2,583,060				1,157,375	
Total	$ 1,535,610,858				$ 1,434,882,360	

NOTE 5: BONDED INDEBTEDNESS Cont'd

Demand Bonds

The Department currently holds six single family bond series in the amount $141,560,000 in variable rate demand bonds. The proceeds of these bonds were used to refund outstanding bonds or provide funds for the primary purpose of purchasing mortgaged-backed securities which are pools of first time homebuyer loans. These bond series have the following terms.

Demand Bonds - Standby Purchase Agreements					
Single Family Bond Series	**Remarketing Agent**	**Liquidity Provider**	**Commitment Fee Rate**	**Outstanding Variable Rate Demand Bonds as of 8/31/16**	**Liquidity Facility Expiration Date**
2007A	JP Morgan	Comptroller of Public Accounts	0.12%	$ 38,405,000	8/31/2017
2005A	JP Morgan	Comptroller of Public Accounts	0.12%	31,130,000	8/31/2017
2004D	Piper Jaffray	Comptroller of Public Accounts	0.12%	25,700,000	8/31/2017
2004B	JP Morgan	Comptroller of Public Accounts	0.12%	39,380,000	8/31/2017
2005C	JP Morgan	Comptroller of Public Accounts	0.12%	3,090,000	8/31/2017
2004A Jr. Lien	JP Morgan	Comptroller of Public Accounts	0.12%	3,855,000	8/31/2017
Total Demand Bonds				**$ 141,560,000**	

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to remarket any bonds, the liquidity facility will purchase the bonds (bank bonds). The liquidity agreement is subject to renewal on an ongoing basis. The Department shall use its best effort to cause the bonds to be purchased from the liquidity facility as soon as possible. The purchased bonds are not subject to term out provisions. For fiscal year 2016, the Trustee did not draw from the liquidity provider, Comptroller of Public Accounts, related to the Department's demand bonds.

Federal Arbitrage Regulations

In accordance with Federal law, the Department is required to rebate to the Internal Revenue Service (IRS) the excess of the amount derived from investing the bond proceeds over the amount that would have been earned if those investments had a rate equal to the yield on the bond issue. As of August 31, 2016, the Bond Program had no liabilities to the IRS or reported in the Statement of Net Position.

Pledged and Other Sources

GASB Statement No. 48 requires the following disclosures for "specific revenues that have been formally committed to directly collateralize or secure debt of the Department." The following table summarizes by indenture, pledged and other sources and related expenditures for the Department's revenue bonds. A detail schedule of each bond issue is included in Schedule 1-D.

NOTE 5: BONDED INDEBTEDNESS Cont'd

	Pledged and Other Sources and Related Expenditures for FY 2016						
	Net Available for Debt Service		Debt Service				
Description of Issue	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest	Pledged Revenue for Future Debt Service	Terms of Commitment Year Ending August 31,	Percentage of Revenue Pledged
Total Single Family Bonds	$ 169,658,121	$ 2,716,623	$ 3,055,000	$ 12,232,010	$ 506,925,648	2046	100%
Total Residential Mtg Revenue Bonds	38,379,888	252,155	4,700,000	7,289,920	276,071,307	2041	100%
Total 1992 CHMRB	1,151,133	701		155,857	2,621,324	2024	100%
Total Multifamily Bonds	133,327,054		8,044,834	38,615,467	1,566,269,555	2054	100%
Total	**$ 342,516,196**	**$ 2,969,479**	**$ 15,799,834**	**$ 58,293,254**	**$ 2,351,887,834**		

Current Refunding

On October 29, 2015, the Department issued Series 2015 A & B Single Family Revenue Bonds. Series 2015 A for $33,825,000 was issued for the primary purpose of refunding and redeeming the Single Family Mortgage Revenue Bonds Series 2006H. Refunding the 2006H Bonds will allow the Department to reduce its outstanding variable rate debt, terminate the related liquidity facility, and terminate the 2006H Swap. This refunding transaction resulted in a deferred amount of $405,254 which represented the termination fee and fair value of the interest rate swap hedging the variable rate debt. During the current period, $405,254 of the deferral amount has been recognized as period bond interest expense. This transaction also gave rise to a $16,046,131 economic loss and a cash flow loss of $24,735,357.

On February 24, 2016, the Department issued Series 2016 A & B Single Family Revenue Bonds. Series 2016 B for $59,735,000 was issued for the primary purpose of refunding and redeeming the Single Family Mortgage Revenue Bonds Series 2006ABCDE. This transaction also gave rise to a $16,175,194 economic gain and a cash flow gain of $15,136,636.

NOTE 6: DERIVATIVE INSTRUMENTS

Variable to Fixed Interest Rate Swap

Objective

In order to hedge against increases in interest rates on variable rate demand bond issues, the Department has entered into four interest rate swap agreements with the objective of reducing the interest rate risk of certain variable rate demand bonds. The variable rate demand bonds were issued at an expected lower total interest cost than attainable through traditional fixed rate bond structures. The Department has entered into interest rate swap agreements with various rated counterparties. Under the terms of the agreements, the Department makes periodic fixed interest rate payments in exchange for receiving variable rate payments that are expected to be comparable to the rates payable on the variable rate demand bonds. The swap notional amounts amortize in accordance with the scheduled and/or anticipated reductions in the related variable rate demand bond liability. The Department is potentially exposed to loss in the event of nonperformance by the counterparties under the swap agreements. Termination of the swap agreements may result in the Department making or receiving termination payments.

NOTE 6: DERIVATIVE INSTRUMENTS Cont'd

Each swap agreement includes optional early termination provisions granting the Department the right, but not an obligation, to terminate the interest rate swaps at par without a termination payment after an effective date.

Summary
The fair value balances and notional amounts of derivative instruments outstanding as of August 31, 2016, classified by type, and the changes in fair value of such derivative instruments for the year ended as reported in the 2016 financial statements are as follows.

Business Type Activities		Changes in Fair Value		Fair Value at August 31, 2016		
Cash Flow Hedges	**Bond Issue**	**Classification**	**Amount**	**Classification**	**Amount**	**Notional**
Pay-fixed, receive-variable interest rate swap	2004B	Deferred outflow of resources	$ 383,594	Debt	$ (2,874,866)	$ 33,530,000
Pay-fixed, receive-variable interest rate swap	2004D	Deferred outflow of resources	89,725	Debt	(1,645,410)	25,700,000
Pay-fixed, receive-variable interest rate swap	2005A	Deferred outflow of resources	(39,722)	Debt	(5,276,164)	31,130,000
Pay-fixed, receive-variable interest rate swap	2006H	Deferred outflow of resources	582,595	Debt		
Pay-fixed, receive-variable interest rate swap	2007A	Deferred outflow of resources	797,560	Debt	(5,299,531)	38,405,000
			$ 1,813,752		$ (15,095,971)	$ 128,765,000

Terms and Fair Value

The terms, including the fair value of the outstanding swaps as of August 31, 2016 are as follows. The notional amounts of the swaps match the principal amount of the associated debt.

Counterparty	Notional Amount	Fair Value	Effective Date	Fixed Rate	Variable Rate	Swap Termination Date
Bank of New York Mellon	$ 33,530,000	$ (2,874,866)	3/1/2014	3.67%	65.5% of LIBOR + .20%	9/1/34 (a)
Goldman Sachs Bank USA	25,700,000	(1,645,410)	1/1/2005	3.08%	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	3/1/35 (b)
JP Morgan Chase Bank	31,130,000	(5,276,164)	8/1/2005	4.01%	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	9/1/36 (c)
JP Morgan Chase Bank	38,405,000	(5,299,531)	6/5/2007	4.01%	Less of (the greater of (a) 65% of LIBOR and (b) 56% of LIBOR + .45%) and LIBOR	9/1/38 (c)
Total	$ 128,765,000	$ (15,095,971)				

a. Swap Agreement has an optional early par termination date of September 1, 2015 and every March and September thereafter. The Swap Agreement has 100% optional par termination rights on or after September 1, 2021.
b. Swap Agreement has an optional early par termination date of March 1, 2015 and every March and September thereafter. The Swap Agreement has 100% optional par termination rights on or after September 1, 2021.
c. Swap Agreement is subject to mandatory early termination date each March 1 and September 1 from mortgage loan repayments.

NOTE 6: DERIVATIVE INSTRUMENTS Cont'd

During the year ended August 31, 2016, the Department adopted GASB Statement No. 72 – Fair Value Measurement and Application, which addresses accounting and financial reporting issues related to fair value measurements. In accordance to GASB 72, the fair value of these derivative instruments was measured using the Income Approach. Using observable inputs of interest rate markets and municipal bond yields, the fair value measurement is based on the present value of future implied cash flows reflective of non-performance risk. The fair value hierarchy disclosure is as follows:

Derivative Instruments	Total	Input Level 1	Input Level 2	Input Level 3
Pay-fixed, receive-variable interest rate swap	$ (15,095,971)		$ (15,095,971)	
Total	$ (15,095,971)		$ (15,095,971)	

- Level 1- Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 – Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in the pricing asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Credit Risk

As of August 31, 2016, the Department is not exposed to credit risk on any of its outstanding swaps because the swaps currently have a negative fair value indicating an obligation for the Department to pay the counterparty as opposed to receive payments should the Department exercise it's optional right to terminate. If interest rates change and the fair value of the swaps become positive, the department would be exposed to credit risk on those swaps. The swap agreements contain varying collateral provisions. The schedule payments under the 2004 Series B Swap Agreement are insured by Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.). The credit ratings for the counterparties are as follows.

Counterparty	Standard & Poor's	Moody's
Bank of New York Mellon	AA-/Stable	Aa2/Stable
Goldman Sachs Bank USA*	A/Review Upgrade	A1/Stable
JP Morgan Chase Bank	A+/Stable	Aa3/Stable

* Guaranteed by Goldman Sachs Group, Inc.

Basis Risk

The Department's variable-rate bond coupon payments are related to the Securities Industry and Financial Markets Association ("SIFMA") rate. The swap agreements designate a function of London Interbank Offered Rate ("LIBOR") as the rate for payments received on these swaps. The Department will be exposed to basis risk should LIBOR and SIFMA rates converge. The swap agreements provide an option to terminate as stated in the Terms and Fair Value table on previous page.

NOTE 6: DERIVATIVE INSTRUMENTS Cont'd

Rollover Risk

Rollover risk is the risk that arises when a derivative associated with a government's variable-rate debt does not extend all the way to the maturity date of the associated debt, thereby creating a gap in the protection otherwise afforded by the derivative. The Department is not exposed to rollover risk on swap agreements because the variable rate debt has been structured to decline with the swap notional balances. The counterparties in the swap agreements have limited rights to terminate the swap. They can terminate only if the Department were to be downgraded below investment grade or default on any swap payments. The swap providers cannot unilaterally terminate any of the swaps subjecting the Department to rollover risk.

The Department has retained par optional termination rights which are listed below. The par optional termination rights are intended to keep the notional amount in line with bonds outstanding to the extent the Department receives prepayments.

Associated Debt Issuance	Debt Maturity Date	Swap Termination Date
2004B Single Family	September 2034	Optional early par termination rights beginning September 2015, with 100% par termination rights in September 2021.
2004D Single Family	March 2035	Optional early par termination rights beginning March 2015, with 100% par termination rights in September 2021.
2005A Single Family	September 2036	Mandatory par termination each March 1 and September 1 from mortgage loan repayments.
2007A Single Family	September 2038	Mandatory par termination each March 1 and September 1 from mortgage loan repayments.

Swap Payments and Associated Debt

Using rates as of August 31, 2016, debt service requirements of the Department's outstanding variable-rate debt and net swap payments are as follows. As rates vary, variable-rate debt bond interest payments and new swap payments will vary. The Department's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds outstanding.

Fiscal Year Ending August 31	Variable-Rate Bonds Principal	Variable-Rate Bonds Interest	Interest Rate Swaps, Net	Total
2017	$ -	$ 719,353	$ 3,957,094	$ 4,676,447
2018		874,718	3,957,094	4,831,812
2019		874,718	3,957,094	4,831,812
2020		876,721	3,957,094	4,833,815
2021		872,714	3,957,094	4,829,808
2022-2026	20,125,000	4,089,238	19,133,884	43,348,122
2027-2031	26,780,000	3,369,564	16,277,490	46,427,054
2032-2036	72,305,000	1,764,286	8,466,143	82,535,429
2037-2041	15,405,000	108,250	690,107	16,203,357
	$ 134,615,000	**$ 13,549,562**	**$ 64,353,094**	**$ 212,517,656**

Netting Arrangements The Department's swap agreements allow for netting arrangements. On each payment date, September 1 and March 1, the party with the lesser obligation will be automatically satisfied and discharged and, the obligation of the party with the greater obligation will become the excess of the larger aggregate amount over the smaller aggregate amount. As of August 31, 2016, the Department has an aggregate liability related to the interest rate swaps in the amount of $2,102,880 payable on September 1, 2016.

NOTE 7: LEASES

Operating Leases

Included in the expenditures reported in the financial statements are the following amounts of rent paid or due under operating lease obligations: $150,130 for Governmental activities (01, 0001 & 0127) and $53,562 for Enterprise Fund (05, 0896).

The Department's operating lease for office space located at 1106 Clayton Lane, Austin, Texas expires on September 30, 2020. The Department's operating leases for Toshiba copiers expires on August 31, 2017 and August 31, 2019. Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year are:

Year Ended August 31	Governmental Activities	Business-Type Activities	Total
2017 (Future Year 1)	$ 140,711	$ 64,075	$ 204,786
2018 (Future Year 2)	123,801	36,525	160,326
2019 (Future Year 3)	123,801	36,525	160,326
2020 (Future Year 4)	119,830	30,062	149,892
2021 (Future Year 5)	9,986	2,505	12,491
Total Minimum Future Lease Rental Payments	$ 518,129	$ 169,692	$ 687,821

NOTE 8: PENSION PLANS – DEPARTMENT'S NOTE DISCLOSURE – ERS PLAN

The state of Texas has three retirement systems in its financial reporting entity – Employees Retirement System ("ERS"), Teacher Retirement System ("TRS"), and Texas Emergency Services Retirement System ("TESRS"). These three retirement systems administer the following six defined benefit pension plans:

- ERS – the Employees Retirement System of Texas Plan ("ERS Plan"), the Law Enforcement and Custodial Officer Supplemental Retirement Plan ("LECOS"), the Judicial Retirement System of Texas Plan One ("JRS 1") and Judicial Retirement System of Texas Plan Two ("JRS2").
- TRS – the Teacher Retirement System of Texas plan ("TRS Plan").
- TESRS – the Texas Emergency Services Retirement System plan.

ERS, LECOS, JRS2, TRS, and TESRS plans are administered through trust; JRS1 plan is on a pay-as-you-go basis.

ERS plan

The Board of Trustees of ERS is the administrator of four pension plans that provide a standard monthly benefit in a life annuity at retirement and death and disability benefits for members. In addition to the state of Texas, the employers of the ERS plan include various component units of the state. ERS and the Texas Treasury Safekeeping Trust company, which are blended component units, and the State Bar of Texas, which is a discrete component unit, are also employers of the ERS plan. The ERS Plan is considered a single employer defined benefit plan under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

The ERS plan covers members in employee and elected classes. Employee class includes employees and appointed officers of the agencies of the State of Texas except those who are included in the coverage of TRS, JRS 1 and JRS2. Elected class includes elected state officials not included in the coverage of JRS1 and JRS2, and members

NOTE 8: PENSION PLANS – DEPARTMENT'S NOTE DISCLOSURE – ERS PLAN Cont'd

of the Legislature and district and criminal district attorneys. The benefit and contribution provisions of the ERS Plan are authorized by state law and may be amended by the Legislature. The monthly benefit may vary by membership class.

The monthly standard annuity of the employee class is determined by a statutory percentage of 2.3 percent of a member's average monthly compensation multiplied by number of years of service credit. The average monthly compensation of the employee class may vary depending on the hire date. For members hired on or before August 31, 2009, the average monthly compensation is the average of the highest 36 months of compensation. For members hired on or after Sept. 1, 2009 and before Sept. 1, 2013, the average monthly compensation is the average of the highest 48 months of compensation. For members hired on or after Sept. 1, 2013, the average monthly compensation is the average of highest 60 months of compensation.

The monthly standard annuity of the elected class equals the statutory percentage of 2.3 percent of the current state salary of a district judge multiplied by the number of years of service credit. Retirement benefits are automatically adjusted as state judicial salaries change.

The ERS plan's membership as of the measurement date of Aug. 31, 2015 is presented in the table below:

Employees Retirement	
Retirees and Beneficiaries Currently Receiving Benefits	100,003
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	101,122
Vested and Non-Vested	142,409
Total Members	343,534

The contribution rates for the state and the members for the ERS plan for the measurement period of fiscal 2015 are presented in the table below:

Required Contribution Rates						
	Employer			Members		
Plan	Employee Class	Elected Class – Legislators	Elected Class – Other	Employee Class	Elected Class – Legislators	Elected Class – Other
ERS	8.00%	8.00%	8.00%	6.60%	8.00%	6.60%

The amount of Department's contributions recognized in the ERS plan during the fiscal 2015 measurement period was $1,463,345. It is the proportionate share of the collective amounts in the ERS Plan. The total pension liability is determined by an annual actuarial valuation. The methods and assumptions applied, except discount rate, in the actuarial valuation were based on an experience study covering the five-year period from September 1, 2006 through August 31, 2011. There is a slight modification in the assumption of withdraw rate of member contributions in the fiscal 2015 valuation. Higher percentage of individuals was assumed to withdraw their contributions when terminating due to higher member contribution level.

NOTE 8: PENSION PLANS – DEPARTMENT'S NOTE DISCLOSURE – ERS PLAN Cont'd

Additionally, the actuarial valuation as of August 31, 2015 also incorporates the most significant across-the-board pay increases budgeted by the state Legislature for the current fiscal 2014-2015 biennium.

The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2015:

Actuarial Methods and Assumptions	
Actuarial Valuation Date	August 31, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll, Open
Actuarial Assumptions:	
Discount Rate	6.86%
Investment Rate of Return	8.00%
Inflation	3.50%
Salary Increase	0% to 11.5%
Mortality	1994 Group Annuity Mortality Table with no setback for males and set forward two years for females. Generational mortality improvements in accordance with Scale AA are projected from the year 2000.
Cost-of-living Adjustments	None - Employee 3.5% - Elected

A single blended discount rate of 6.86% was applied to measure the total pension liability. The 6.86% discount rate incorporated an 8% long-term expected rate of return on pension plan investments and 3.79% 20-year municipal bond rate based on Federal Reserve Statistical Release H. 15. The long-term expected investment rate of return was applied to projected benefit payments through fiscal 2053 and the municipal bond rate was applied to all benefit payments thereafter.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. The projected cash flows from the employers are based on contributions for the most recent five year period as of the measurement date, adjusted on consideration of subsequent events. There have been indicators of Legislature's commitment to increase funding for the pension fund. The Legislature passed House Bill No. 9 in the 84th legislative session during fiscal 2015 to increase the member contribution rates for fiscal 2016 and 2017. The state contribution rates also increased as the result of this legislative session. The Legislature also maintained some changes made by Senate Bill 1459 in the 83rd legislative session. Considering these above events, the projected employer contributions are based on fiscal 2015 funding level. The long-term expected rate of return on plan investments was developed using a building-block method with assumptions including asset class of investment portfolio, target allocation, real rate of return on investments, and inflation factor. Under this method, best estimate ranges of expected future real rates of return (net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 8: PENSION PLANS – DEPARTMENT'S NOTE DISCLOSURE – ERS PLAN Cont'd

The target allocation and best estimates of arithmetic real rates of return for each major asset class for the plan's investment portfolio are presented below:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Global Equity	55%	4.02%
Global Credit	10%	0.19%
Intermediate Treasuries	15%	0.18%
Real Estate	10%	0.43%
Infrastructure	4%	0.25%
Hedge Funds	5%	0.35%
Cash	1%	0.00%
Total	100%	

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of the Department's net pension liability. The result of the analysis is presented in the table below:

Sensitivity of Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate		
1% Decrease 5.86%	**Current Discount Rate 6.86%**	**1% Increase 7.86%**
$51,792,857	$38,787,427	$27,884,549

Note: Some amounts in this schedule are for the Department's proportionate share (.29237245%) of the collective amounts for ERS. The proportionate amount is split between Proprietary 50% and Governmental 50%.

The pension plan's fiduciary net position is determined using economic resources measurement focus and the accrual basis of accounting, which is the same basis used by Employees Retirement System. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the pension trust fund are reported at fair value in accordance with GASB Statement Nos. 67 and 31. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. Employees Retirement System issues stand-alone audited Comprehensive Annual Financial Report ("CAFR"). More detailed information on the plan's investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS' fiscal 2015 CAFR:

Employees Retirement System of Texas
P. O. Box 13207
Austin, Texas 78711-3207

NOTE 8: PENSION PLANS – DEPARTMENT'S NOTE DISCLOSURE – ERS PLAN Cont'd

The Department's total pension liability is based on an actuarial valuation performed as of August 31, 2015. For fiscal 2016 reporting, the measurement date of the net pension liability is August 31, 2015. The schedule of changes in the Department's net pension liability for the fiscal year ending August 31, 2016 is presented below:

Net Pension Liability For Fiscal Year Ending August 31, 2016		
Total Pension Liability	$	108,952,375
Plan Fiduciary Net Position		70,164,945
Net Pension Liability	$	38,787,430
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		64.40%

The amounts in this schedule are for the Department's proportionate share (.29237245 %) of the collective amounts for ERS. The proportionate amount is split between Proprietary 50% and Governmental 50%.

The change of discount rate and a slight change in the assumption of the withdraw rate of member contributions at termination are the assumption changes during the current measurement period. There have been no changes to the benefit terms of the plan since the prior measurement date. Agency's proportion of the entire ERS plan was .29237245% in fiscal 2016 as compared with the .305931519% in the prior measurement period.

For the fiscal year ending August 31, 2016, the Department recognized pension expense of $391,806. At August 31, 2016, the Department reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		$ 871,638
Changes of assumptions	1,410,895	8,263,889
Net difference between projected and actual investment return	1,759,891	
Contributions subsequent to the measurement date	1,882,372	
Total	**$ 5,053,158**	**$ 9,135,527**

The $1,882,372 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending August 31, 2017.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the following years:

NOTE 8: PENSION PLANS – DEPARTMENT'S NOTE DISCLOSURE – ERS PLAN Cont'd

Year ended August 31:		
2017	$	(2,874,672)
2018		(3,542,615)
2019		(660,065)
2020		1,112,609
2021		-
Thereafter		-

Note: The amounts in this schedule are for the Department's proportionate share (.29237245 %) of the collective amounts for ERS. The proportionate amount is split between Proprietary 50% and Governmental 50%.

NOTE 9: INTERFUND ACTIVITY AND TRANSACTIONS

As explained in Note 1 on Interfund Transactions and Balances, there are numerous transactions between funds and agencies. At year-end, amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables
- Due From Other Agencies or Due To Other Agencies
- Transfers In or Transfers Out

The Department experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statements. Individual balances and activity at August 31, 2016, follows:

Fund	Current Interfund Receivable	Current Interfund Payable	Purpose
Governmental Fund (01)			
General Revenue (0001)	$ 126,961	$ 132,433	Expenditure Transfer
Consolidated Federal (0127, 0369)	13,481	-	Expenditure Transfer
Subtotal Governmental Fund (01)	***$ 140,442***	***$ 132,433***	
Governmental Fund (01) (Exhibit III)	8,009		*Net Receivable/Payable above*
Enterprise Fund (05, 0896) (Exhibit V)		8,009	Expenditure Transfer
Total Internal Balances (Exhibit I)	**$ 8,009**	**$ 8,009**	

NOTE 9: INTERFUND ACTIVITY AND TRANSACTIONS Cont'd

Governmental Fund (01)	Due From Other Agencies	Due To Other Agencies	Source
Appd Fund 0802, D23 Fund 0802			
(Agency 608, D23 Fund 0802)	$ 67		Transfers
Total Due From Other Agencies/Due To Other Agencies (Exhibit I)	**$ 67**		

Governmental Fund	Transfers In	Transfers Out	Purpose
General Fund (01)			
Appd Fund 0001, D23 Fund 0001		$ 2,567,288	Article VII-6, Rider 9
Appd Fund 0001, D23 Fund 0001		1,786,641	Article IX, Sect. 13.11
Appd Fund 0001, D23 Fund 0066		1,160,215	Gov't Code, Sect. 403.021
Appd Fund 0369, D23 Fund 0369		131,876	Article IX, Sect. 13.11
Total Transfers for Fund 0001 (Exhibit II & IV)		**$ 5,646,020**	
Enterprise Fund (05)			
Appd Fund 3054, D23 Fund 0999	$ 2,567,288		Article VII-6, Rider 9
Total Transfers for Fund 3054 (Exhibit II & V)	**$ 2,567,288**		
Total Transfers*	**$ 2,567,288**	**$ 5,646,020**	

*The difference between total transfers in and out represents transfers to the Comptroller's Office of $3,078,732.

NOTE 10: CONTINUANCE SUBJECT TO REVIEW

Under the Texas Sunset Act, the Department will be abolished effective September 1, 2025 unless continued in existence as provided by the Act. If abolished, the Department may continue until September 1, 2026 to close out its operations.

NOTE 11: CONTINGENCIES AND COMMITMENTS

The Department is a defendant in one legal action; *Rick Sims vs. Texas Department of Housing and Community Affairs, et al.* ("Sims").

In *Sims*, the Plaintiff alleges violations of the Fair Housing Act, Rehabilitation Act of 1973, and the Americans with Disabilities Act, and seeks declaratory and injunctive relief. We are in the early phase of this lawsuit. Plaintiff has amended its complaint and TDHCA has filed a motion to dismiss. The court has stayed any discovery until after he rules on the motion to dismiss.

DERIVATIVE INSTRUMENTS

All of the Department's derivative instruments include provisions that require posting collateral in the event its credit rating falls below a specified level as issued by Moody's Investor Service and Standard & Poor's. If the Department fails to post eligible collateral, the derivative instrument may be terminated by the counterparty. The table below lists the triggering event and the collateral exposure for each instrument.

NOTE 11: CONTINGENCIES AND COMMITMENTS Cont'd

Series	Collateral Posting Exposure at Current Credit Rating	Credit Rating Downgrade Threshold	MTM Threshold for TDHCA or Counterparty
2004B (1)	None	A3/A- or below for AGM and TDHCA	After downgrade of AGM and TDHCA or counterparty, collateral exposure with no threshold
2004D	Yes, if MTM exceeds ($7.5M)	A3/A- or below	After downgrade, collateral exposure with no threshold
2005A	None	A2/A	After downgrade to A2/A, collateral exposure if MTM exceeds ($7.5M); after downgrade to A3/A or below, collateral exposure with no threshold
2007A	None	A2/A	After downgrade to A2/A, collateral exposure if MTM exceeds ($7.5M); after downgrade to A3/A or below, collateral exposure with no threshold

(1) AGM Swap Insurance in effect. Collateral posting only required if AGM is downgraded to A3/A- or below AND TDHCA is downgraded to A3/A- or below.

As of August 31, 2016, the Department's credit rating related to the Single Family Indenture was AA+ issued by Standard & Poor's and Aa1 by Moody's, therefore no collateral was posted. The Department's aggregate fair value of all hedging derivative instruments with these collateral provisions is $15,095,971. If the collateral posting requirements had been triggered at August 31, 2016, the Department would have been required to post eligible collateral equal to the aggregate fair value of the derivative instruments.

TAXABLE MORTGAGE PROGRAM

On July 26, 2012, the Department approved the Taxable Mortgage Program ("TMP"). The TMP market facilitates the forward trading of Mortgage Backed Securities ("MBSs") issued by Ginnie Mae and Fannie Mae. In a TMP trade, the seller and buyer agree to the type of security, coupon, face value, price and settlement date at the time of trade but do not specify the actual pools to be traded. The securities are "to be announced" two business days prior to the trade settlement date. The TMP program was created to provide loans to low to moderate income first time homebuyers. The program is paid for from revenues generated by the packaging and sale of the TMP MBSs. Escrow agreements were negotiated and established to limit the recourse to the servicer and the to-be-announced provider who delivers the MBSs to the purchaser. The total amount of the escrow is $4 million, which is funded from the Department's general funds. The TMP program commenced on October 1, 2012.

NOTE 12: SUBSEQUENT EVENTS

Bond Issuance	Series	Amount	Date of Issuance	Purpose
Revenue Bonds	Multifamily Revenue Bonds MF Series 2016 Skyline Place Apartments	$ 18,750,000	9/15/2016	The multifamily bonds are issued for the primary purpose to finance the acquisition, construction, and equipping of multifamily rental housing developments. The Skyline Place Apartments will be located in Dallas, Texas.
Governmental Note	Multifamily Governmental Note 2016 Mercantile Apartments	$ 29,500,000	9/30/2016	The multifamily governmental notes are issued for the primary purpose to finance the acquisition, construction, and equipping of multifamily rental housing developments. The Mercantile Apartments will be located in Fort Worth, Texas.

NOTE 13: RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. It is the Department's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The Department assumes substantially all risks associated with the performance of its duties. The Department carries Public Official Liabilities Insurance coverage in the amount of $10,000,000 that includes Network Security and Cyber Liability in the amount of $1,000,000; Automobile Liability Insurance in the amount of $1,000,000; Errors and Omissions Insurance in the amount of $500,000 related to loan servicing for others; Crime Insurance in the amount of $350,000; and Commercial Property, Equipment Breakdown & Terrorism Insurance for the Alpine Retirement Center, the Insurance Annex Building and the Twin Towers Office Center in the amount of $4,245,671.

The Department's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There have been no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. The Department did not incur any claims in fiscal year 2016.

NOTE 14: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Department's Enterprise Fund 0896 reported a positive change in Net Position of $430,177 resulting in a negative Net Position balance of ($22,711,678) at August 31, 2016.

NOTE 15: SEGMENT INFORMATION FOR ENTERPRISE FUND

The Segment information below is for the Department's direct debt associated with the issuance of Single Family bonds only and does not include the Multifamily bonds where the Department is only a conduit issuer. Therefore, this note represents less than what is reported in the Enterprise Fund as a whole. Each grouping consists of separate indentures that have one or more bonds outstanding with the revenue stream and assets exclusively pledged in support of that debt. Bonds are issued for the primary purpose of providing funds for the purchase of mortgage-backed securities which represent securitized loans financing single family housing. Each indenture imposes the requirement of separate accounting of the revenues, expenses, gains, losses, assets, and liabilities.

NOTE 15: SEGMENT INFORMATION FOR ENTERPRISE FUND Cont'd

CONDENSED STATEMENT OF NET POSITION

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Restricted Assets:			
Current Assets	$ 42,171,616	$ 25,923,923	$ 79,984
Non-Current Assets	400,778,342	269,164,308	3,414,130
Total Assets	442,949,958	295,088,231	3,494,114
Deferred Outflows of Resources:	15,095,971	-	-
Liabilities:			
Current Liabilities	6,514,724	5,925,398	4,607
Non-Current Liabilities	351,860,971	178,955,546	1,715,559
Total Liabilities	358,375,695	184,880,944	1,720,166
Deferred Inflows of Resources:	-	-	-
Net Position:			
Restricted Net Position	$ 99,670,234	$ 110,207,287	$ 1,773,948
Net Position	$ 99,670,234	$ 110,207,287	$ 1,773,948

NOTE 15: SEGMENT INFORMATION FOR ENTERPRISE FUND Cont'd

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Operating Revenues:			
Interest and Investment Income	$ 19,995,870	$ 9,647,405	$ 251,133
Net Increase (Decrease) in Fair Value	(3,266,756)	(389,009)	(77,557)
Other Operating Revenues	212,634	-	-
Operating Expenses	(15,864,584)	(7,545,452)	(143,649)
Operating Income (Loss)	1,077,164	1,712,944	29,927
Nonoperating Revenues (Expenses):			
Transfers In (Out)	(394,555)	6,376,424	-
Changes in Net Position	682,609	8,089,368	29,927
Net Position, September 1, 2015	98,987,625	102,117,919	1,744,021
Net Position, August 31, 2016	$ 99,670,234	$ 110,207,287	$ 1,773,948

CONDENSED STATEMENT OF CASH FLOWS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Net Cash Provided (Used) By:			
Operating Activities	$ (3,077,392)	$ (5,405,701)	$ (620)
Noncapital Financing Activities	(25,845,820)	(36,196,523)	(1,066,386)
Investing Activities	35,260,629	46,067,985	1,058,447
Net Increase (Decrease)	6,337,417	4,465,761	(8,559)
Beginning Cash and Cash Equivalents	34,039,525	20,541,913	71,013
Ending Cash and Cash Equivalents	$ 40,376,942	$ 25,007,674	$ 62,454

NOTE 16: Deferred Outflows of Resources and Deferred Inflows of Resources

Business-Type Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
Derivatives (Note 6)	$ 15,095,971	$
Pension Plans (Note 8):		
To record the effect of changes of assumptions on total pension liability less the amortization related to the current period	733,468	4,131,945
To record contribution to the plan in fiscal year 2016 after the measurement date of August 31, 2015	941,186	
To record effect on total pension liability between expected and actual experience less the amortization related to the current period.		439,569
To record difference between projected and actual investment return less the amortization related to the current period.	854,834	
Total	**$ 17,625,459**	**$ 4,571,514**

Governmental Type Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Plans (Note 8):		
To record the effect of changes of assumptions on total pension liability less the amortization related to the current period	$ 677,427	$ 4,131,945
To record contribution to the plan in fiscal year 2016 after the measurement date of August 31, 2015	941,186	
To record effect on total pension liability between expected and actual experience less the amortization related to the current period.		432,068
To record difference between projected and actual investment return less the amortization related to the current period.	905,057	
Total	**$ 2,523,670**	**$ 4,564,013**
Grand Total	**$ 20,149,129**	**$ 9,135,527**

Deferred outflows of resources in the amount of $15,095,971 reported in Business-Type Activities is due to the implementation of GASB 63, requiring to recognize interest rate swaps hedging interest rate risk on variable rate debt which is in a liability position. Details on the Department's derivative instruments are disclosed in Note 6.

Due to the implementation of GASB 68 by the State of Texas and recognition of its pension liability, TDHCA recorded total deferred outflows of resources of $5,053,158 and total deferred inflows of resources of $9,135,527. Business-Type activities reported $2,529,488 in deferred outflows of

NOTE 16: Deferred Outflows of Resources and Deferred Inflows of Resources Cont'd

resources and Governmental-Type activities reported $2,523,670. Business-Type activities reported $4,571,514 in deferred inflows of resources and Governmental-Type activities reported $4,564,013.

These accounts reflect the unamortized balances of changes in net pension liability related to the changes of assumptions, difference between expected and actual experience, and difference between projected and actual investment return based on the 8/31/15 actuarial valuation performed for the ERS plan, and contributions made after the measurement date of 8/31/15. Details of the deferred outflows and deferred inflows of resources related to the agency employees' pension are disclosed in Note 8.

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REQUIRED SUPPLEMENTARY

INFORMATION

Total Pension Liability-For Department	2016 Pension Liability	2015 Pension Liability
Proportionate Share	0.29237245%	0.30593152%
Net Pension Liability	$ 38,787,430	$ 44,240,146
Covered-Employee Payroll	$ 25,728,027	$ 26,724,096
Net Pension Liability as a Percentage of Covered-Employee Payroll	150.76%	165.54%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	64.40%	63.40%

*The change in the total pension liability due to the change in the single discount rate is included as an assumption change.

Notes to Schedule:

1. The amounts in this schedule are for the Department's proportionate share of the collective amounts in ERS.
2. The change in the total pension liability due to the change in the single discount rate is included as an assumption change.
3. The covered employee payroll is the actual annual payroll for the fiscal year – measurement period.
4. The impact of House Bill 9 passed by the 84th Legislature is included as a benefit change.
5. This schedule is intended to present 10 years of information. Currently only two years of information is available. Information for future years will be added when it becomes available.

Schedule of Employer Contributions

	2016	2015	2014
Required Employer Contributions	$ 1,882,372	$ 1,463,345	$ 1,475,596
Contributions Made to the Plan	1,882,372	1,463,345	1,475,596
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 25,728,027	$ 26,724,096	$ 24,787,150
Contributions as a percentage of covered-employee payroll	7.32%	8.14%	8.10%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Summary of Actuarial Assumptions

Valuation Date	Actuarially determined contribution rates are calculated based on the actuarial valuation as of August 31, 2015.
Methods and Assumptions Used to Determine Contribution Rates	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	31 years
Asset Valuation Method	20% of market plus 80% of expected actuarial value
Inflation	3.5%
Salary Increases	0% to 11.5%
Investment Rate of Return	8.0%
Retirement Age	Experience-based table of rates that are specific to the class of employee. Last updated for the 2013 valuation pursuant to an experience study of the 5-year period from September 1, 2006 through August 31, 2011.
Mortality	1994 Group Annuity Mortality with no setback for males and set forward two years for females. Generational mortality improvements in accordance with Scale AA are projected from the year 2000.

Other Information:

1. Actuarially determined contributions are adjusted for actual payroll and administrative expenses.
2. Members and employers contribute based on statutorily fixed rates.
3. Beginning in fiscal 2016, the Actuarially Determined Contribution will include the impact of House Bill 9 passed by the 84th Legislature.

SUPPLEMENTARY BOND

SCHEDULES

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Supplementary Bond Schedules
SCHEDULE 1-A
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2016

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Final Maturity Date	First Call Date	
2004 Single Family Series B	$ 53,000,000	VAR - Weekly		2015	09/01/2034	03/01/2015	(e)
2004 Single Family Series A (Jr. Lien)	4,140,000	VAR - Weekly		2036	09/01/2036	09/01/2036	(e)
2004 Single Family Series D	35,000,000	VAR - Weekly		2035	03/01/2035	(f)	
2005 Single Family Series A	100,000,000	VAR - Weekly		2007	09/01/2036	03/01/2006	
2005 Single Family Series B	25,495,000	4.38%	4.38%	2006	09/01/2026	03/01/2006	
2005 Single Family Series C	8,970,000	VAR - Weekly		2017	09/01/2017	03/01/2006	
2005 Single Family Series D	3,730,000	5.00%	5.00%	2025	09/01/2035	03/01/2006	
2006 Single Family Series A	59,555,000	5.00%	5.00%	2008	09/01/2037	09/01/2006	
2006 Single Family Series B	70,485,000	5.00%	5.00%	2008	09/01/2034	09/02/2006	
2006 Single Family Series C	105,410,000	5.13%	5.13%	2008	09/01/2037	09/03/2006	
2006 Single Family Series D	29,685,000	4.50%	4.50%	2018	09/01/2028	09/04/2006	
2006 Single Family Series E	17,295,000	4.06%	4.06%	2007	09/01/2017	09/05/2006	
2006 Single Family Series H	36,000,000	VAR - Weekly		2016	09/01/2037	03/01/2016	
2007 Single Family Series A	143,005,000	VAR - Weekly		2008	09/01/2038	03/01/2008	(e)
2007 Single Family Series B	157,060,000	3.90%	5.63%	2008	09/01/2039	03/01/2008	
2013 Single Family Series A	42,500,000	2.80%	2.80%	2013	03/01/2036	09/01/2020	
2015 Single Family Series A	33,825,000	3.20%	3.20%	2039	09/01/2039	09/01/2024	
2015 Single Family Series B	19,870,000	3.13%	3.13%	2046	03/01/2046	09/01/2024	
2016 Single Family Series A	31,510,000	3.00%	3.00%	2046	03/01/2046	03/01/2025	
2016 Single Family Series B	59,735,000	3.18%	3.18%	2039	03/01/2039	03/01/2025	
2009 RMRB Series A	80,000,000	5.13%	5.13%	2011	07/01/2039	01/01/2019	
2009 RMRB Series B	22,605,000	4.72%	4.72%	2010	07/01/2022	01/01/2019	
2009 RMRB Series C-1	89,030,000	0.70%	3.57%	2029	07/01/2041	04/01/2011	
2009 RMRB Series C-2	60,080,000	0.60%	2.48%	2034	07/01/2041	11/01/2011	
2011 RMRB Series A	60,000,000	0.70%	5.05%	2012	07/01/2029	01/01/2021	
2011 RMRB Series B	87,955,000	0.30%	4.45%	2012	01/01/2034	01/01/2021	
1992 Coll Home Mtg Rev Bonds, Series C	72,700,000	3.48%	10.27%	2024	07/01/2024	05/04/1995	
TOTAL SINGLE FAMILY & RMRB BONDS	$ 1,508,640,000						
1996 MF Series A/B (Brighton's Mark Development)	$ 10,174,000	6.13%	6.13%	2026	04/01/2026	01/01/2003	
1998 MF Series A-C (Residence at the Oaks Projects)	8,200,000	5.98%	7.18%	2001	11/01/2030	05/01/2001	
1999 MF Series A-C (Mayfield Apartments)	11,445,000	5.70%	7.25%	2001	05/01/2031	05/01/2002	
2000 MF Series A (Timber Point Apartments)	8,100,000	VAR - Weekly		2003	09/01/2032	07/01/2000	(a)
2000 MF Series A/B (Oaks at Hampton Apartments)	10,060,000	7.20%	9.00%	2002	03/01/2040	03/01/2017	(a)
2000 MF Series A (Deerwood Apartments)	6,435,000	5.25%	6.40%	2003	12/01/2032	06/01/2010	
2000 MF Series A (Creek Point Apartments)	7,200,000	VAR - Weekly		2004	10/01/2032	07/01/2000	(a)
2000 MF Series A/B (Parks at Westmoreland Apartments)	9,990,000	7.20%	9.00%	2002	07/01/2040	07/01/2017	(a)
2000 MF Series A-C (Highland Meadow Village Apartments)	13,500,000	6.75%	8.00%	2004	11/01/2033	05/01/2019	
2000 MF Series A/B (Greenbridge at Buckingham Apartments)	20,085,000	7.40%	10.00%	2003	10/01/2040	03/01/2014	
2000 MF Series A-C (Collingham Park Apartments)	13,500,000	6.72%	7.72%	2004	11/01/2033	05/01/2019	
2000 MF Series A/B (Williams Run Apartments)	12,850,000	7.65%	9.25%	2002	11/01/2040	01/01/2011	
2001 MF Series A (Bluffview Apartments)	10,700,000	7.65%	7.65%	2003	05/01/2041	05/01/2018	
2001 MF Series A (Knollwood Apartments)	13,750,000	7.65%	7.65%	2003	05/01/2041	05/01/2018	
2001 MF Series A (Skyway Villas Apartments)	13,250,000	6.00%	6.50%	2005	12/01/2034	12/01/2011	
2001 MF Series A/B (Meridian Apartments)	14,310,000	5.45%	6.85%	2004	12/01/2034	12/01/2011	
2001 MF Series A/B (Wildwood Apartments)	14,365,000	5.45%	6.75%	2004	12/01/2034	12/01/2011	
2001 MF Series A (Oak Hollow Apartments)	8,625,000	7.00%	7.90%	2003	12/01/2041	11/01/2018	
2001 MF Series A/B (Hillside Apartments)	12,900,000	7.00%	9.25%	2003	12/01/2041	11/01/2018	
2002 MF Series A (Park Meadows Apartments)	4,600,000	6.53%	6.53%	2004	06/01/2034	05/01/2012	
2002 MF Series A (Clarkridge Villas Apartments)	14,600,000	7.00%	7.00%	2004	09/01/2042	08/01/2019	
2002 MF Series A (Hickory Trace Apartments)	11,920,000	7.00%	7.00%	2004	11/01/2042	12/01/2019	
2002 MF Series A (Green Crest Apartments)	12,500,000	7.00%	7.00%	2004	11/01/2042	11/01/2019	
2002 MF Series A/B (Ironwood Crossing)	16,970,000	5.50%	8.75%	2005	11/01/2042	10/01/2027	
2003 MF Series A/B (Reading Road)	12,200,000	VAR-Weekly		2007	07/01/2036	01/01/2004	(a)
2003 MF Series A/B (North Vista Apartments)	14,000,000	4.10%	5.41%	2006	06/01/2036	06/01/2013	
2003 MF Series A/B (West Virginia Apartments)	9,450,000	4.15%	5.41%	2006	06/01/2036	06/01/2013	
2003 MF Series A/B (Primrose Houston School)	16,900,000	5.50%	8.00%	2006	07/01/2036	07/01/2003	(a)
2003 MF Series A/B (Timber Oaks Apartments)	13,200,000	6.75%	8.75%	2005	11/01/2038	06/01/2020	
2003 MF Series A/B (Ash Creek Apartments)	16,375,000	5.60%	15.00%	2006	04/01/2036	10/01/2003	(a)
2003 MF Series A/B (Peninsula Apartments)	12,400,000	4.25%	5.30%	2007	10/01/2024	10/01/2013	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-A (Continued)
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2016

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Final Maturity Date	First Call Date	
2003 MF Series A/B (Arlington Villas)	$ 17,100,000	6.75%	8.00%	2007	12/01/2036	01/01/2007	(a)
2003 MF Series A/B (Parkview Townhomes)	16,600,000	6.60%	8.50%	2006	04/01/2041	12/01/2020	
2003 MF Series A (NHP Foundation-Asmara Proj Refunding)	31,500,000	VAR - Weekly		2007	07/01/2033	07/01/2007	(a)
2004 MF Series A/B (Timber Ridge II Apartments)	7,500,000	5.75%	8.00%	2007	08/01/2036	03/01/2007	(a)
2004 MF Series A/B (Century Park Townhomes)	13,000,000	5.75%	5.75%	2007	06/01/2037	05/01/2007	(a)
2004 MF Series A/B (Providence at Veterans Memorial)	16,300,000	6.60%	8.50%	2006	01/01/2041	03/01/2006	(a)
2004 MF Series A (Providence at Rush Creek II)	10,000,000	5.38%	6.70%	2006	01/01/2044	03/01/2021	
2004 MF Series A (Humble Parkway Townhomes)	11,700,000	6.60%	6.60%	2007	01/01/2041	07/01/2021	
2004 MF Series A (Chisholm Trail Apartments)	12,000,000	VAR - Weekly (b)		2006	04/15/2037	10/15/2006	(a)
2004 MF Series A (Evergreen at Plano Parkway)	14,750,000	5.25%	6.55%	2007	05/01/2044	06/01/2021	
2004 MF Series A (Montgomery Pines Apartments)	12,300,000	VAR - Weekly		2006	06/15/2037	12/15/2006	(a)
2004 MF Series A (Bristol Apartments)	12,625,000	VAR - Weekly		2007	06/15/2037	06/15/2007	(a)
2004 MF Series A (Pinnacle Apartments)	14,500,000	VAR - Weekly (c)		2007	06/15/2037	09/01/2007	(a)
2004 MF Series A (Churchill at Pinnacle Park)	10,750,000	5.25%	6.55%	2007	07/01/2044	09/01/2021	(d)
2004 MF Series A (Providence at Village Fair)	14,100,000	5.00%	6.50%	2007	12/01/2044	12/01/2021	
2005 MF Series A (Homes at Pecan Grove)	14,030,000	5.00%	6.50%	2007	01/01/2045	01/01/2022	
2005 MF Series A (Providence at Prairie Oaks)	11,050,000	4.75%	6.50%	2007	01/01/2045	01/01/2022	
2005 MF Series A (Port Royal Homes)	12,200,000	5.00%	6.50%	2007	02/01/2045	02/01/2022	
2005 MF Series A (Mission Del Rio Homes)	11,490,000	5.00%	6.50%	2007	02/01/2045	02/01/2022	
2005 MF Series A (Atascocita Pines Apartments)	11,900,000	VAR - Weekly (c)		2007	04/15/2038	(e)	
2005 MF Series A (Tower Ridge Apartments)	15,000,000	VAR - Weekly (b)		2009	04/01/2038	(e)	
2005 MF Series A (Prairie Ranch Apartments)	12,200,000	4.85%	4.85%	2007	06/20/2045	12/20/2015	
2005 MF Series A (St Augustine Estate Apartments)	7,650,000	VAR - Weekly		2009	09/15/2038	n/a	
2005 MF Series A (Park Manor Senior Community)	10,400,000	5.00%	6.40%	2008	07/01/2045	09/01/2022	
2005 MF Series A (Providence at Mockingbird Apartments)	14,360,000	6.40%	6.40%	2007	08/01/2040	08/01/2022	
2005 MF Series A (Plaza at Chase Oaks Apartments)	14,250,000	5.05%	5.05%	2007	08/01/2035	(g)	
2005 MF Series A (Coral Hills Apartments)	5,320,000	5.05%	5.05%	2009	08/01/2026	08/01/2015	
2006 MF Series A (Harris Branch Apartments)	15,000,000	VAR - Weekly		2009	03/15/2039	(i)	
2006 MF Series A (Bella Vista Apartments)	6,800,000	6.15%	6.15%	2008	04/01/2046	04/01/2016	
2006 MF Series A (Village Park Apartments)	13,660,000	4.75%	5.13%	2009	12/01/2026	06/01/2021	
2006 MF Series A (Oakmoor Apartments)	14,635,000	5.50%	6.00%	2008	03/01/2046	03/01/2023	
2006 MF Series A (The Residences at Sunset Pointe)	15,000,000	VAR - Weekly		2039	07/15/2039	(h)	
2006 MF Series A (Hillcrest Apartments)	12,435,000	5.25%	5.25%	2009	04/01/2027	04/01/2021	
2006 MF Series A (Pleasant Village)	6,000,000	6.00%	6.00%	2008	03/01/2023	(j)	
2006 MF Series A (Red Hills Villas)	5,015,000	VAR - Weekly		2036	09/15/2036	(i)	
2006 MF Series A (Champion Crossing Apartments)	5,125,000	VAR - Weekly		2036	09/15/2036	(i)	
2006 MF Series A (Meadowlands Apartments)	13,500,000	6.00%	6.00%	2009	09/01/2046	09/01/2023	
2006 MF Series A (East Tex Pines)	13,500,000	4.95%	4.95%	2010	10/01/2046	(k)	
2006 MF Series A (Villas at Henderson)	7,200,000	VAR - Weekly		2010	11/01/2023	(l)	
2006 MF Series A (Aspen Park)	9,800,000	5.00%	5.00%	2010	07/01/2027	07/01/2021	
2006 MF Series A (Idlewilde)	14,250,000	VAR - Weekly		2010	06/15/2040	(i)	
2007 MF Series A (Lancaster)	14,250,000	VAR - Weekly		2010	07/15/2040	(i)	
2007 MF Series A (Park Place at Loyola)	15,000,000	5.80%	5.80%	2010	02/01/2047	03/01/2024	
2007 MF Series A (Terrace at Cibolo)	8,000,000	VAR - Weekly		2010	05/01/2040	(l)	
2007 MF Series A (Santora Villas)	13,072,000	5.80%	5.80%	2010	05/01/2047	06/01/2024	
2007 MF Series A (Villas at Mesquite Creek)	16,860,000	5.00%	5.81%	2010	01/20/2047	01/20/2017	
2007 MF Series A (Summit Point)	11,700,000	4.80%	5.25%	2009	06/20/2047	06/20/2017	
2007 MF Series A (Costa Rialto)	12,385,000	5.35%	5.35%	2010	07/01/2047	08/01/2025	
2007 MF Series A (Windshire)	14,000,000	VAR - Weekly		2010	01/15/2041	(i)	
2007 MF Series A (Residences at Onion Creek)	15,000,000	VAR - Weekly		2011	12/15/2040	(i)	
2008 MF Series A (West Oaks Apartments)	13,125,000	VAR - Weekly		2011	07/01/2041	(m)	
2008 MF Series A (Costa Ibiza Apartments)	13,900,000	VAR - Weekly		2011	08/01/2041	(e)	
2008 MF Series A (Addison Park Apartments)	14,000,000	VAR - Weekly		2008	01/01/2044	(m)	
2008 MF Series A (Alta Cullen Apartments Refunding)	14,000,000	VAR - Weekly		2011	03/01/2045	(m)	
2009 MF Series A (Costa Mariposa Apartments)	13,690,000	VAR - Weekly		2012	05/01/2042	(m)	
2009 MF Series A (Woodmont Apartments)	15,000,000	VAR - Weekly		2012	06/01/2042	(m)	
2013 MF Series A (Waters at Willow Run Apartments)	14,500,000	0.35%	0.35%	2014	10/01/2016	10/01/2014	
2014 MF Series A (Decatur-Angle Apartments)	23,000,000	5.75%	5.75%	2016	01/01/2054	09/01/2016	
2014 MF Series A (Northcrest Apartments)	2,900,000	0.35%	0.35%	2014	06/01/2017	01/01/2015	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-A (Continued)
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2016

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Final Maturity Date	First Call Date	
2015 MF Series A (Good Samaritan Towers)	$ 5,620,000	0.95%	0.95%	2017	09/01/2017	03/01/2017	
2015 MF Series A (Williamsburg Apartments)	23,150,000	3.45%	3.45%	2016	01/01/2032	01/26/2016	(n)
2016 MF Series A (Chisolm Trace/Cheyenne Village)	13,500,000	0.80%	0.80%	2017	06/01/2018	06/01/2017	
2016 MF Series A (Fifty Oaks & Edinburg Village)	7,400,000	0.65%	0.65%	2017	08/01/2018	08/01/2017	
TOTAL MULTIFAMILY BONDS	$ 1,175,101,000						
TOTAL BONDS ISSUED	**$ 2,683,741,000**						

FOOTNOTES:

(a) The taxable bonds shall be subject to redemption prior to maturity in whole or any part on any interest payment date after the completion date from the proceeds of an optional prepayment of the loan by the borrower.

(b) Variable rate not to exceed the maximum rate permitted by applicable law.

(c) Variable rate could change to fixed rate provided the conversion option is exercised.

(d) The bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Holders of a majority of the outstanding principal amount of the Bonds.

(e) The Bonds shall be subject to redemption prior to maturity, after giving the required notice, as follows: During the variable interest rate period the bonds shall be subject to optional redemption by the Department, in whole or in part on any business day, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest, if any, to the redemption date.

(f) The Series bonds are subject to redemption prior to maturity, after giving notice as provided in the Trust Indendure, as follows: During a daily interest rate period or weekly interest rate period for the Series bonds, the bonds shall be subject to optional redemption by the Department, in whole or in part on any business day, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest, if any, to the redemption date.

(g) The bonds are subject to redemption at the option of the Issuer, at the direction of the Borrower, in whole or in part on the first day of any month, in the event and to the extent the trustee receives funds from the Borrower representing an optional prepayment of the principal of the note, at a redemption price equal to the principal thereof, plus accrued interest to the redemption date plus any premium remitted therewith as required by the note.

(h) Bonds are subject to redemption if and to the extent the Borrower is entitled to make, or is required to make, a prepayment pursuant to the loan agreement.

(i) The Bonds are subject to optional redemption in whole or in part upon optional prepayment of the Loan by the Borrower.

(j) The Bonds are subject to optional redemption at the direction of the Borrower on any interest payment date, in whole or in part, at the redemption price (as calculated by the sole bondholder) calculated in accordance with the Exhibit H in the bond documents plus accrued and unpaid interest, redemption if any, to the date. Optional redemptions may be made only in denominations of $100,000 plus integral multiples of $5,000 or for the entire amount of the bonds outstanding.

(k) The Bonds shall be subject to redemption prior to maturity in whole but not in part on any Bond Payment Date on or after fifteen years from Conversion Date, from the proceeds of an optional prepayment of the Loan by the Borrower at a redemption price equal to the principal amount plus accrued and unpaid interest to the date fixed for redemption.

(l) The Bonds may be redeemed by the Trustee at the option of the Issuer, but only upon the written request of the Borrower pursuant of the Loan Agreement, and with the prior written consent of the Bank, in whole or in part, at a redemption price equal to the principal amount, without premium, plus accrued interest to the date of redemptions.

(m) With the prior Written consent of the Credit Facility Provider, the Bonds are subject to optional redemption, in whole or in part, upon optional prepayments on the Bond Mortgage Loan in accordance with the prepayment restrictions set forth in the Bond Mortgage Note and Financing Agreement.

(n) The bonds are subject to redemption prior to maturity, after giving notice as provided in the Trust Indendure, as follows: that the Pass-Through Certificate will be prepaid, the Trustee, in accordance with the provisions of this Indenture, shall use its best efforts to give not less than 20 nor more than 30 days' notice, in the name of the Issuer, of the redemption of the Bonds, which notice shall specify the following: (i) the maturity and principal amounts of the Bonds to be redeemed; (ii) the CUSIP number, if any, of the Bonds to be redeemed; (iii) the date of such notice; (iv) the issuance date for such Bonds; (v) the interest rate on the Bonds to be redeemed; (vi) the redemption date; (vii) any conditions to the occurrence of the redemption; (viii) the place or places where amounts due upon such redemption will be payable; (ix) the Redemption Price; (x) the Trustee's name and address with a contact person and a phone number; and (xi) that on the redemption date, the Redemption Price shall be paid. Neither the giving of such notice by the Trustee nor the receipt of such notice by the Bondholders shall be a condition precedent to the effectiveness of any such redemption.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-B
CHANGES IN BOND INDEBTEDNESS
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Description of Issue	Bonds Outstanding 09/01/2015	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/2016	Amounts Due Within One Year
2004 Single Family Series B	$ 44,260,000	$	$	$ 4,880,000	$ 39,380,000	$
2004 Single Family Series A (Jr. Lien)	3,855,000				3,855,000	
2004 Single Family Series D	29,585,000			3,885,000	25,700,000	
2005 Single Family Series A	37,115,000			5,985,000	31,130,000	
2005 Single Family Series B	1,635,000		120,000	720,000	795,000	80,000
2005 Single Family Series C	3,090,000				3,090,000	
2005 Single Family Series D	825,000			395,000	430,000	
2006 Single Family Series A	15,430,000		130,000	15,300,000		
2006 Single Family Series B	16,195,000		280,000	15,915,000		
2006 Single Family Series C	25,840,000		315,000	25,525,000		
2006 Single Family Series D	5,395,000			5,395,000		
2006 Single Family Series E	5,155,000		1,645,000	3,510,000		
2006 Single Family Series H	36,000,000			36,000,000		
2007 Single Family Series A	48,190,000			9,785,000	38,405,000	
2007 Single Family Series B	46,495,000		565,000	10,450,000	35,480,000	305,000
2013 Single Family Series A	28,325,000			4,940,000	23,385,000	
2015 Single Family Series A		33,825,000		4,145,000	29,680,000	
2015 Single Family Series B		19,870,000		950,000	18,920,000	
2016 Single Family Series A		31,510,000		540,000	30,970,000	
2016 Single Family Series B		59,735,000		3,805,000	55,930,000	
2009 RMRB Series A	29,265,000		315,000	3,725,000	25,225,000	312,875
2009 RMRB Series B	8,310,000		815,000	895,000	6,600,000	815,000
2009 RMRB Series C-1	53,120,000			7,535,000	45,585,000	
2009 RMRB Series C-2	42,210,000			6,100,000	36,110,000	
2011 RMRB Series A	29,925,000		1,505,000	4,180,000	24,240,000	1,537,669
2011 RMRB Series B	54,855,000		2,065,000	7,940,000	44,850,000	2,064,965
1992 Coll Home Mtg Rev Bonds, Series C	2,600,000			900,000	1,700,000	2,276
Total Single Family Bonds	$ 567,675,000	$ 144,940,000	$ 7,755,000	$ 183,400,000	$ 521,460,000	$ 5,117,785
1996 MF Series A/B (Brighton's Mark Development)	$ 8,075,000	$	$	$	$ 8,075,000	$
1998 MF Series A-C (Residence at the Oaks Projects)	5,775,000		304,000		5,471,000	312,000
1999 MF Series A-C (Mayfield Apartments)	8,345,000		162,000	8,183,000		
2000 MF Series A (Timber Point Apartments)	6,470,000			200,000	6,270,000	
2000 MF Series A/B (Oaks at Hampton Apartments)	8,949,126		137,994		8,811,132	148,265
2000 MF Series A (Deerwood Apartments)	5,140,000		155,000		4,985,000	170,000
2000 MF Series A (Creek Point Apartments)	5,460,000			100,000	5,360,000	
2000 MF Series A/B (Parks at Westmoreland Apartments)	8,921,102		134,021		8,787,081	143,995
2000 MF Series A-C (Highland Meadow Village Apts)	7,321,000		207,000		7,114,000	221,000
2000 MF Series A/B (Greenbridge at Buckingham Apts)	19,201,598		132,697	19,068,901		
2000 MF Series A-C (Collingham Park Apartments)	10,947,000		327,000		10,620,000	348,000
2000 MF Series A/B (Williams Run Apartments)	11,471,869		18,647	11,453,222		
2001 MF Series A (Bluffview Apartments)	9,860,743		108,788		9,751,955	117,350
2001 MF Series A (Knollwood Apartments)	12,671,516		139,798		12,531,718	150,801
2001 MF Series A (Skyway Villas Apartments)	6,430,000		180,000		6,250,000	195,000
2001 MF Series A/B (Meridian Apartments)	7,980,000		105,000		7,875,000	108,000
2001 MF Series A/B (Wildwood Apartments)	6,160,000		84,000		6,076,000	89,000
2001 MF Series A (Oak Hollow Apartments)	5,967,842		69,771		5,898,071	74,815
2001 MF Series A/B (Hillside Apartments)	12,136,477		78,573		12,057,904	84,253
2002 MF Series A (Park Meadows Apartments)	3,710,000		105,000		3,605,000	105,000
2002 MF Series A (Clarkridge Villas Apartments)	12,952,368		141,579		12,810,789	151,814
2002 MF Series A (Hickory Trace Apartments)	10,712,555		116,315		10,596,240	124,723
2002 MF Series A (Green Crest Apartments)	10,693,610		86,957		10,606,653	91,863
2002 MF Series A/B (Ironwood Crossing)	16,040,594		149,198		15,891,396	160,780
2003 MF Series A/B (Reading Road)	10,450,000		40,000	200,000	10,210,000	40,000
2003 MF Series A/B (North Vista Apartments)	11,035,000		290,000		10,745,000	310,000
2003 MF Series A/B (West Virginia Apartments)	7,970,000		205,000		7,765,000	215,000
2003 MF Series A/B (Primrose Houston School)	15,699,796		150,631		15,549,165	163,327
2003 MF Series A/B (Timber Oaks Apartments)	12,474,139		104,630		12,369,509	109,710
2003 MF Series A/B (Ash Creek Apartments)	15,418,897		151,881		15,267,016	164,649
2003 MF Series A/B (Peninsula Apartments)	10,545,000		240,000	25,000	10,280,000	260,000
2003 MF Series A/B (Arlington Villas)	16,253,361		141,142		16,112,219	152,933
2003 MF Series A/B (Parkview Townhomes)	13,182,338		115,973		13,066,365	121,603
2003 MF Series A (NHP Foundation-Asmara Proj Refunding)	17,710,000			570,000	17,140,000	(9,343)
2004 MF Series A/B (Timber Ridge II Apartments)	6,314,809		59,619		6,255,190	63,909
2004 MF Series A/B (Century Park Townhomes)	11,025,000		255,000		10,770,000	275,000

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-B (Continued)
CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2016

Description of Issue	Bonds Outstanding 09/01/2015	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/2016	Amounts Due Within One Year
2004 MF Series A/B (Providence at Veterans Memorial)	$ 6,696,684	$	$ 59,801	$	$ 6,636,883	$ 62,704
2004 MF Series A (Providence at Rush Creek II)	8,320,029		83,432		8,236,597	89,196
2004 MF Series A (Humble Parkway Townhomes)	10,605,000		165,000		10,440,000	180,000
2004 MF Series A (Chisholm Trail Apartments)	10,600,000			300,000	10,300,000	
2004 MF Series A (Evergreen at Plano Parkway)	13,927,403		134,309		13,793,094	143,376
2004 MF Series A (Montgomery Pines Apartments)	11,100,000			300,000	10,800,000	
2004 MF Series A (Bristol Apartments)	11,500,000			200,000	11,300,000	
2004 MF Series A (Pinnacle Apartments)	13,265,000				13,265,000	
2004 MF Series A (Churchill at Pinnacle Park)	9,412,003		113,209		9,298,794	120,851
2004 MF Series A (Providence at Village Fair)	13,240,694		133,890		13,106,804	142,857
2005 MF Series A (Homes at Pecan Grove)	13,038,978		83,223		12,955,755	88,796
2005 MF Series A (Providence at Prairie Oaks)	10,385,016		104,309	32,899	10,247,808	110,996
2005 MF Series A (Port Royal Homes)	11,475,076		114,603		11,360,473	122,279
2005 MF Series A (Mission Del Rio Homes)	8,879,635		56,675		8,822,960	60,471
2005 MF Series A (Atascocita Pines Apartments)	10,890,000			100,000	10,790,000	
2005 MF Series A (Tower Ridge Apartments)	15,000,000				15,000,000	
2005 MF Series A (Prairie Ranch Apartments)	11,100,000		85,000	11,015,000		
2005 MF Series A (St Augustine Estate Apartments)	5,980,000			100,000	5,880,000	
2005 MF Series A (Park Manor Senior Community)	10,400,000			10,400,000		
2005 MF Series A (Providence at Mockingbird Apts)	10,753,459		92,903		10,660,556	98,045
2005 MF Series A (Plaza at Chase Oaks Apartments)	12,268,637		310,759		11,957,878	326,820
2005 MF Series A (Coral Hills Apartments)	4,485,000		100,000		4,385,000	100,000
2006 MF Series A (Harris Branch Apartments)	13,490,000			13,490,000		
2006 MF Series A (Bella Vista Apartments)	6,430,000		65,000		6,365,000	70,000
2006 MF Series A (Village Park Apartments)	9,580,000		195,000		9,385,000	205,000
2006 MF Series A (Oakmoor Apartments)	13,759,468		135,150		13,624,318	143,486
2006 MF Series A (The Residences at Sunset Pointe)	15,000,000				15,000,000	
2006 MF Series A (Hillcrest Apartments)	10,175,000		195,000		9,980,000	210,000
2006 MF Series A (Pleasant Village)	5,343,923		248,966	5,094,957	0	
2006 MF Series A (Red Hills Villas)	4,615,000			100,000	4,515,000	
2006 MF Series A (Champion Crossing Apartments)	4,475,000			100,000	4,375,000	100,000
2006 MF Series A (Meadowlands Apartments)	11,862,618		110,631		11,751,987	117,454
2006 MF Series A (East Tex Pines)	13,000,000		125,000		12,875,000	125,000
2006 MF Series A (Villas at Henderson)	6,615,000			100,000	6,515,000	
2006 MF Series A (Aspen Park)	9,115,000		125,000		8,990,000	135,000
2006 MF Series A (Idlewilde)	13,390,000			200,000	13,190,000	
2007 MF Series A (Lancaster)	13,380,000			200,000	13,180,000	
2007 MF Series A (Park Place at Loyola)	13,864,741		109,423		13,755,318	115,941
2007 MF Series A (Terrace at Cibolo)	4,900,000			100,000	4,800,000	
2007 MF Series A (Santora Villas)	11,766,999		97,025		11,669,974	102,804
2007 MF Series A (Villas at Mesquite Creek)	15,775,000		210,000		15,565,000	220,000
2007 MF Series A (Summit Point)	8,960,000			8,960,000		
2007 MF Series A (Costa Rialto)	10,296,693		94,312		10,202,381	99,483
2007 MF Series A (Windshire)	13,300,000			100,000	13,200,000	
2007 MF Series A (Residences at Onion Creek)	15,000,000				15,000,000	
2008 MF Series A (West Oaks Apartments)	12,215,000			140,000	12,075,000	
2008 MF Series A (Costa Ibiza Apartments)	13,120,000			200,000	12,920,000	
2008 MF Series A (Addison Park Apartments)	12,805,000			210,000	12,595,000	
2008 MF Series A (Alta Cullen Apartments Refunding)	12,100,000			200,000	11,900,000	
2009 MF Series A (Costa Mariposa Apartments)	13,270,000			105,000	13,165,000	
2009 MF Series A (Woodmont Apartments)	14,555,000			265,000	14,290,000	
2013 MF Series A (Waters @ Willow Run)	14,500,000				14,500,000	14,500,000
2014 MF Series A (Decatur Angle Apartments)	23,000,000				23,000,000	152,311
2014 MF Series A (Northcrest Apartments)	2,900,000			2,900,000		
2015 MF Series A (Good Samaritan Towers)		5,620,000			5,620,000	
2015 MF Series A (Williamsburg Apts)		23,150,000			23,150,000	172,716
2016 MF Series A (Chisholm Trace/Cheyenne Village)		13,500,000			13,500,000	
2016 MF Series A (Fifty Oaks & Edinburg Village)	-	7,400,000			7,400,000	
Total Multifamily Bonds	$ 965,352,798	$ 49,670,000	$ 8,044,834	$ 94,712,979	$ 912,264,985	$ 22,779,033
	$ 1,533,027,798	**$ 194,610,000**	**$ 15,799,834**	**$ 278,112,979**	**$ 1,433,724,985**	**$ 27,896,818**

FOOTNOTES:

(a) Bonds Outstanding balance at 8/31/16 does not include unamortized premium or discounts.

Bonds Outstanding per schedule	$ 1,433,724,985
Unamortized (Discount)/Premium:	
RMRB	1,076,055
CHMRB	17,835
Multi-Family	63,485
Bonds Outstanding	**$ 1,434,882,360**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
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SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2016

DESCRIPTION		2017	2018	2019	2020	2021
2004 Single Family, Series A (Junior Lien)	Principal	-	-	-	-	-
2004 Single Family, Series A (Junior Lien)	Interest	22,745	25,828	25,828	25,888	25,769
2004 Single Family, Series B	Principal	-	-	-	-	-
2004 Single Family, Series B	Interest	214,750	267,784	267,784	268,397	267,171
2004 Single Family, Series D	Principal	-	-	-	-	-
2004 Single Family, Series D	Interest	132,546	161,910	161,910	162,281	161,539
2005 Single Family, Series A	Principal	-	-	-	-	-
2005 Single Family, Series A	Interest	166,565	199,232	199,232	199,688	198,776
2005 Single Family, Series B	Principal	80,000	75,000	70,000	70,000	85,000
2005 Single Family, Series B	Interest	37,665	33,825	30,345	26,985	23,625
2005 Single Family, Series C	Principal	-	3,090,000	-	-	-
2005 Single Family, Series C	Interest	16,986	9,346	-	-	-
2005 Single Family, Series D	Principal	-	-	-	-	-
2005 Single Family, Series D	Interest	21,500	21,500	21,500	21,500	21,500
2007 Single Family, Series A	Principal	-	-	-	-	-
2007 Single Family, Series A	Interest	205,491	245,792	245,792	246,355	245,229
2007 Single Family, Series B	Principal	305,000	495,000	360,000	360,000	360,000
2007 Single Family, Series B	Interest	1,822,258	1,807,840	1,786,803	1,768,623	1,750,443
2013 Single Family, Series A	Principal	-	-	-	-	-
2013 Single Family, Series A	Interest	654,780	654,780	654,780	654,780	654,780
2015 Single Family, Series A	Principal	-	-	-	-	-
2015 Single Family, Series A	Interest	949,760	949,760	949,760	949,760	949,760
2015 Single Family, Series B	Principal	-	-	-	-	-
2015 Single Family, Series B	Interest	591,250	591,250	591,250	591,250	591,250
2016 Single Family, Series A	Principal	-	-	-	-	-
2016 Single Family, Series A	Interest	947,166	929,100	929,100	929,100	929,100
2016 Single Family, Series B	Principal	-	-	-	-	-
2016 Single Family, Series B	Interest	1,813,157	1,778,574	1,778,574	1,778,574	1,778,574
TOTAL SINGLE FAMILY BONDS		7,981,619	11,336,521	8,072,658	8,053,181	8,042,516
2009 Residential Mtg Revenue Bonds, Series A	Principal	305,000	300,000	295,000	-	-
2009 Residential Mtg Revenue Bonds, Series A	Interest	1,317,810	1,306,240	1,294,465	1,285,665	1,285,665
2009 Residential Mtg Revenue Bonds, Series B	Principal	815,000	1,100,000	790,000	1,300,000	1,300,000
2009 Residential Mtg Revenue Bonds, Series B	Interest	324,337	281,993	232,928	187,425	119,175
2009 Residential Mtg Revenue Bonds, Series C-1	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-1	Interest	1,310,569	1,310,569	1,310,569	1,310,569	1,310,569
2009 Residential Mtg Revenue Bonds, Series C-2	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-2	Interest	895,528	895,528	895,528	895,528	895,528
2011 Residential Mtg Revenue Bonds, Series A	Principal	1,515,000	1,570,000	1,640,000	1,720,000	1,785,000
2011 Residential Mtg Revenue Bonds, Series A	Interest	1,101,387	1,051,725	993,659	927,750	855,081
2011 Residential Mtg Revenue Bonds, Series B	Principal	2,020,000	2,020,000	2,095,000	2,170,000	2,245,000
2011 Residential Mtg Revenue Bonds, Series B	Interest	1,725,878	1,679,482	1,625,529	1,563,300	1,494,455
TOTAL RESIDENTIAL MTG REVENUE BONDS		11,330,509	11,515,537	11,172,678	11,360,237	11,290,473
1992 Coll Home Mtg Rev Bonds, Series C	Principal	-	-	-	-	-
1992 Coll Home Mtg Rev Bonds, Series C	Interest	112,474	123,722	112,474	112,474	123,722
TOTAL COLL HOME MTG REV BONDS		112,474	123,722	112,474	112,474	123,722

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2016

2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	2052-56	TOTAL REQUIRED
-	-	-	3,855,000	-	-	-	3,855,000
129,141	129,141	129,201	12,989	-	-	-	526,530
11,850,000	15,080,000	12,450,000	-	-	-	-	39,380,000
1,173,370	713,764	172,854	-	-	-	-	3,345,874
8,275,000	8,600,000	8,825,000	-	-	-	-	25,700,000
690,749	433,347	129,235	-	-	-	-	2,033,517
-	3,100,000	25,225,000	2,805,000	-	-	-	31,130,000
996,160	993,494	547,210	9,025	-	-	-	3,509,382
415,000	-	-	-	-	-	-	795,000
49,981	-	-	-	-	-	-	202,426
-	-	-	-	-	-	-	3,090,000
-	-	-	-	-	-	-	26,332
45,000	250,000	135,000	-	-	-	-	430,000
107,000	59,250	16,875	-	-	-	-	290,625
-	-	25,805,000	12,600,000	-	-	-	38,405,000
1,228,960	1,228,960	914,986	99,224	-	-	-	4,660,789
2,160,000	2,870,000	13,050,000	15,520,000	-	-	-	35,480,000
8,448,361	7,813,857	6,274,525	1,722,152	-	-	-	33,194,862
-	-	23,385,000	-	-	-	-	23,385,000
3,273,900	3,273,900	3,273,900	-	-	-	-	13,095,600
-	-	-	29,680,000	-	-	-	29,680,000
4,748,800	4,748,800	4,748,800	3,324,161	-	-	-	22,319,361
-	-	-	-	18,920,000	-	-	18,920,000
2,956,250	2,956,250	2,956,250	2,956,251	2,956,248	-	-	17,737,499
-	-	-	-	30,970,000	-	-	30,970,000
4,645,500	4,645,500	4,645,500	4,645,501	4,645,499	-	-	27,891,066
-	-	-	55,930,000	-	-	-	55,930,000
8,892,870	8,892,870	8,892,870	5,335,722	-	-	-	40,941,785
60,086,042	65,789,133	141,577,206	138,495,025	57,491,747	-	-	506,925,648
4,465,000	6,335,000	5,995,000	7,530,000	-	-	-	25,225,000
6,056,917	4,566,064	2,964,572	956,696	-	-	-	21,034,094
1,295,000	-	-	-	-	-	-	6,600,000
50,925	-	-	-	-	-	-	1,196,783
-	6,735,000	17,685,000	21,165,000	-	-	-	45,585,000
6,552,845	6,382,141	4,490,535	1,653,193	-	-	-	25,631,559
-	-	10,340,000	25,770,000	-	-	-	36,110,000
4,477,640	4,477,640	4,221,208	1,930,188	-	-	-	19,584,316
10,600,000	5,410,000	-	-	-	-	-	24,240,000
2,862,093	451,126	-	-	-	-	-	8,242,821
12,930,000	14,480,000	6,890,000	-	-	-	-	44,850,000
6,108,646	3,130,640	443,804	-	-	-	-	17,771,734
55,399,066	51,967,611	53,030,119	59,005,077	-	-	-	276,071,307
1,700,000	-	-	-	-	-	-	1,700,000
336,458	-	-	-	-	-	-	921,324
2,036,458	-	-	-	-	-	-	2,621,324

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2016

DESCRIPTION		2017	2018	2019	2020	2021
1996 MF Series A/B (Brighton's Mark)	Principal	-	-	-	-	-
1996 MF Series A/B (Brighton's Mark)	Interest	494,998	494,998	494,998	494,998	494,998
1998 MF Series A-C (Residence Oaks)	Principal	312,000	321,000	329,000	339,000	347,000
1998 MF Series A-C (Residence Oaks)	Interest	148,850	140,166	131,262	122,111	112,699
2000 MF Series A (Creek Point Apts)	Principal	-	-	-	-	-
2000 MF Series A (Creek Point Apts)	Interest	35,759	36,448	36,448	36,490	36,406
2000 MF Series A (Deerwood Apts)	Principal	170,000	180,000	190,000	205,000	220,000
2000 MF Series A (Deerwood Apts)	Interest	315,618	304,750	293,253	280,968	267,840
2000 MF Series A/B (Oaks at Hampton)	Principal	148,265	159,298	171,152	183,892	197,578
2000 MF Series A/B (Oaks at Hampton)	Interest	629,570	618,536	606,681	593,943	580,257
2000 MF Series A (Timber Point Apts)	Principal	-	-	-	-	-
2000 MF Series A (Timber Point Apts)	Interest	41,830	42,636	42,636	42,685	42,587
2000 MF Series A/B (Parks @ Westmoreland)	Principal	143,995	154,715	166,227	178,599	191,891
2000 MF Series A/B (Parks @ Westmoreland)	Interest	627,979	617,262	605,748	593,377	580,084
2000 MF Series A-C (Collingham Park)	Principal	348,000	370,000	392,000	417,000	444,000
2000 MF Series A-C (Collingham Park)	Interest	707,918	684,163	658,930	632,184	603,691
2000 MF Series A-C (Highland Meadow Apts)	Principal	221,000	237,000	253,000	271,000	290,000
2000 MF Series A-C (Highland Meadow Apts)	Interest	476,517	461,330	445,062	427,681	409,085
2001 MF Series A (Bluffview Senior Apts)	Principal	117,350	126,586	136,549	147,296	158,889
2001 MF Series A (Bluffview Senior Apts)	Interest	737,117	727,882	717,919	707,172	695,579
2001 MF Series A (Knollwood Villas Apts)	Principal	150,801	162,669	175,472	189,282	204,180
2001 MF Series A (Knollwood Villas Apts)	Interest	947,229	935,361	922,558	908,747	893,850
2001 MF Series A (Oak Hollow Apts.)	Principal	74,815	80,224	86,023	92,242	98,910
2001 MF Series A (Oak Hollow Apts.)	Interest	410,495	405,086	399,287	393,068	386,400
2001 MF Series A (Skyway Villas)	Principal	195,000	205,000	215,000	225,000	245,000
2001 MF Series A (Skyway Villas)	Interest	348,257	337,290	325,777	313,719	300,942
2001 MF Series A/B (Hillside Apts.)	Principal	84,253	90,344	96,875	103,878	111,387
2001 MF Series A/B (Hillside Apts.)	Interest	841,385	835,294	828,763	821,760	814,251
2001 MF Series A/B (Meridian Apts.)	Principal	108,000	119,000	123,000	132,000	147,000
2001 MF Series A/B (Meridian Apts.)	Interest	469,530	462,775	455,565	447,870	439,695
2001 MF Series A/B (Wildwood Apts.)	Principal	89,000	96,000	100,000	108,000	114,000
2001 MF Series A/B (Wildwood Apts.)	Interest	362,200	356,580	350,790	344,490	337,935
2002 MF Series A (Clarkridge Villas Apts)	Principal	151,814	162,788	174,556	187,175	200,706
2002 MF Series A (Clarkridge Villas Apts)	Interest	891,946	880,972	869,204	856,585	843,054
2002 MF Series A (Green Crest Apts)	Principal	91,863	97,044	102,518	108,301	114,410
2002 MF Series A (Green Crest Apts)	Interest	581,073	575,891	570,417	564,634	558,525
2002 MF Series A (Hickory Trace Apts)	Principal	124,723	133,740	143,408	153,775	164,891
2002 MF Series A (Hickory Trace Apts)	Interest	737,784	728,768	719,100	708,733	697,617
2002 MF Series A (Park Meadows Apts)	Principal	105,000	120,000	125,000	135,000	140,000
2002 MF Series A (Park Meadows Apts)	Interest	233,611	226,591	218,592	210,429	201,614
2002 MF Series A/B (Ironwood Crossing)	Principal	160,780	173,262	186,713	201,208	225,179
2002 MF Series A/B (Ironwood Crossing)	Interest	706,402	693,921	680,470	665,975	650,345
2003 MF Series A/B (Ash Creek Apts)	Principal	164,649	178,399	191,406	204,713	218,945
2003 MF Series A/B (Ash Creek Apts)	Interest	1,005,412	991,916	979,262	966,231	952,295
2003 MF Series A/B (North Vista Apts)	Principal	310,000	325,000	340,000	360,000	380,000
2003 MF Series A/B (North Vista Apts)	Interest	542,108	526,227	509,440	491,903	473,356
2003 MF Series A/B (Peninsula Apts)	Principal	260,000	275,000	295,000	315,000	335,000
2003 MF Series A/B (Peninsula Apts)	Interest	541,395	527,483	512,643	496,743	479,783
2003 MF Series A/B (Primrose Houston School)	Principal	163,327	177,095	192,023	207,856	222,182
2003 MF Series A/B (Primrose Houston School)	Interest	1,013,032	999,469	984,762	969,992	956,036

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2016

2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	2052-56	TOTAL REQUIRED
8,075,000	-	-	-	-	-	-	8,075,000
2,474,985	-	-	-	-	-	-	4,949,975
1,886,000	1,937,000	-	-	-	-	-	5,471,000
413,268	136,304	-	-	-	-	-	1,204,660
-	-	5,360,000	-	-	-	-	5,360,000
182,240	182,240	42,564	-	-	-	-	588,595
1,360,000	1,935,000	725,000	-	-	-	-	4,985,000
1,102,080	589,920	46,878	-	-	-	-	3,201,307
1,231,607	1,763,397	2,524,810	2,431,133	-	-	-	8,811,132
2,657,572	2,125,781	1,364,369	331,347	-	-	-	9,508,056
-	-	6,270,000	-	-	-	-	6,270,000
213,180	213,180	46,296	-	-	-	-	685,030
1,196,152	1,712,639	2,451,137	2,591,726	-	-	-	8,787,081
2,663,722	2,147,235	1,407,812	383,975	-	-	-	9,627,194
2,679,000	3,669,000	2,301,000	-	-	-	-	10,620,000
2,524,032	1,483,071	235,805	-	-	-	-	7,529,794
1,778,000	2,479,000	1,585,000	-	-	-	-	7,114,000
1,717,844	1,017,834	164,093	-	-	-	-	5,119,446
1,002,904	1,464,777	2,139,354	4,458,250	-	-	-	9,751,955
3,269,434	2,807,563	2,132,981	1,120,038	-	-	-	12,915,685
1,288,780	1,882,305	2,749,170	5,729,059	-	-	-	12,531,718
4,201,369	3,607,844	2,740,981	1,439,302	-	-	-	16,597,241
612,716	868,601	1,231,354	1,745,598	1,007,588	-	-	5,898,071
1,813,834	1,557,949	1,195,200	680,954	22,299	-	-	7,264,572
1,450,000	1,955,000	1,760,000	-	-	-	-	6,250,000
1,281,046	812,328	204,103	-	-	-	-	3,923,462
690,012	978,179	1,386,690	1,965,807	6,550,479	-	-	12,057,904
3,938,179	3,650,011	3,241,497	2,662,381	151,479	-	-	17,785,000
900,000	6,336,000	10,000	-	-	-	-	7,875,000
2,047,455	1,364,640	1,975	-	-	-	-	5,689,505
683,000	4,881,000	5,000	-	-	-	-	6,076,000
1,575,220	792,250	1,000	-	-	-	-	4,120,465
1,243,313	1,762,551	2,498,638	3,542,133	2,887,115	-	-	12,810,789
3,975,486	3,456,245	2,720,159	1,676,666	186,332	-	-	16,356,649
676,452	890,010	1,170,989	7,355,066	-	-	-	10,606,653
2,688,226	2,474,668	2,193,689	100,823	-	-	-	10,307,946
1,021,924	1,448,035	2,052,770	2,910,059	2,442,915	-	-	10,596,240
3,290,970	2,864,343	2,259,607	1,402,319	177,553	-	-	13,586,794
865,000	1,195,000	920,000	-	-	-	-	3,605,000
853,308	525,339	107,908	-	-	-	-	2,577,392
1,250,259	1,549,551	1,920,494	10,223,950	-	-	-	15,891,396
3,085,653	2,786,362	2,415,420	942,987	-	-	-	12,627,535
1,345,341	1,882,694	11,080,869	-	-	-	-	15,267,016
4,516,062	3,989,870	3,064,870	-	-	-	-	16,465,918
2,240,000	2,935,000	3,855,000	-	-	-	-	10,745,000
2,050,694	1,406,257	561,393	-	-	-	-	6,561,378
8,800,000	-	-	-	-	-	-	10,280,000
1,534,614	-	-	-	-	-	-	4,092,661
1,360,979	1,895,133	11,330,570	-	-	-	-	15,549,165
4,535,378	4,012,486	3,237,009	-	-	-	-	16,708,164

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2016

DESCRIPTION		2017	2018	2019	2020	2021
2003 MF Series A/B (Reading Road)	Principal	40,000	40,000	50,000	50,000	50,000
2003 MF Series A/B (Reading Road)	Interest	168,249	166,816	163,947	160,639	157,131
2003 MF Series A/B (Timber Oaks Apts)	Principal	109,710	115,036	120,621	126,477	132,617
2003 MF Series A/B (Timber Oaks Apts)	Interest	859,970	850,158	839,870	829,083	817,773
2003 MF Series A/B (West Virginia Apts)	Principal	215,000	235,000	245,000	255,000	275,000
2003 MF Series A/B (West Virginia Apts)	Interest	391,835	380,661	368,581	356,001	342,921
2004 MF Series A (Bristol)	Principal	-	-	-	-	-
2004 MF Series A (Bristol)	Interest	76,099	76,840	76,840	76,920	76,760
2004 MF Series A (Chisholm Trail)	Principal	-	-	-	-	-
2004 MF Series A (Chisholm Trail)	Interest	69,365	70,040	70,040	70,113	69,967
2004 MF Series A (Churchill @ Pinnacle)	Principal	120,851	129,009	137,717	147,014	156,938
2004 MF Series A (Churchill @ Pinnacle)	Interest	605,485	597,327	588,619	579,323	569,399
2004 MF Series A (Evergreen @ Plano)	Principal	143,376	153,054	163,385	174,414	186,188
2004 MF Series A (Evergreen @ Plano)	Interest	899,195	889,516	879,185	868,156	856,383
2004 MF Series A (Humble Park)	Principal	180,000	190,000	205,000	215,000	235,000
2004 MF Series A (Humble Park)	Interest	686,070	674,025	661,320	647,625	633,105
2004 MF Series A (Montgomery Pines)	Principal	-	-	-	-	-
2004 MF Series A (Montgomery Pines)	Interest	72,732	73,440	73,440	73,516	73,364
2004 MF Series A (Pinnacle)	Principal	-	-	-	-	-
2004 MF Series A (Pinnacle)	Interest	89,333	90,202	90,202	90,296	90,108
2004 MF Series A (Rush Creek)	Principal	89,196	95,360	101,949	108,993	116,524
2004 MF Series A (Rush Creek)	Interest	549,146	542,983	536,394	529,350	521,819
2004 MF Series A/B (Century Park)	Principal	275,000	290,000	305,000	325,000	345,000
2004 MF Series A/B (Century Park)	Interest	576,885	561,775	546,003	529,292	511,487
2004 MF Series A/B (Timber Ridge)	Principal	63,909	68,509	73,439	78,722	84,391
2004 MF Series A/B (Timber Ridge)	Interest	420,275	415,821	411,045	405,927	400,440
2004 MF Series A/B (Veterans Memorial)	Principal	62,704	65,748	68,940	72,287	75,796
2004 MF Series A/B (Veterans Memorial)	Interest	436,154	431,924	427,489	422,839	417,963
2003 MF Series A/B (Parkview Twnhms)	Principal	121,603	127,507	133,697	140,188	146,994
2003 MF Series A/B (Parkview Twnhms)	Interest	858,733	850,530	841,929	832,910	823,453
2003 MF Series A/B (Arlington Villas)	Principal	152,933	165,710	179,553	194,552	210,803
2003 MF Series A/B (Arlington Villas)	Interest	1,095,952	1,083,255	1,069,498	1,054,592	1,038,441
2003 MF Series A (NHP-Asmara) Refunding	Principal	-	-	-	-	-
2003 MF Series A (NHP-Asmara) Refunding	Interest	107,416	109,696	109,696	109,822	109,570
2004 MF Series A (Village Fair)	Principal	142,857	152,424	162,632	173,524	185,145
2004 MF Series A (Village Fair)	Interest	847,737	838,169	827,961	817,069	805,448
2005 MF Series A (Pecan Grove)	Principal	88,796	94,743	101,088	107,858	115,082
2005 MF Series A (Pecan Grove)	Interest	839,510	833,563	827,218	820,448	813,224
2005 MF Series A (Prairie Oaks)	Principal	110,996	118,430	126,361	134,824	143,853
2005 MF Series A (Prairie Oaks)	Interest	662,840	655,406	647,475	639,012	629,983
2005 MF Series A (Port Royal)	Principal	122,279	130,468	139,206	148,527	158,475
2005 MF Series A (Port Royal)	Interest	734,831	726,642	717,904	708,581	698,634

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SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2016

2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	2052-56	TOTAL REQUIRED
330,000	460,000	9,190,000	-	-	-	-	10,210,000
726,078	596,646	410,551	-	-	-	-	2,550,057
766,142	98,906	-	10,900,000	-	-	-	12,369,509
3,899,021	3,681,582	3,678,750	1,655,439	-	-	-	17,111,646
1,620,000	2,130,000	2,790,000	-	-	-	-	7,765,000
1,485,487	1,018,994	406,215	-	-	-	-	4,750,695
-	-	-	11,300,000	-	-	-	11,300,000
384,200	384,200	384,280	63,919	-	-	-	1,600,058
-	-	-	10,300,000	-	-	-	10,300,000
350,200	350,200	350,273	46,558	-	-	-	1,446,756
958,638	1,328,924	1,842,234	2,553,814	1,923,654	-	-	9,298,793
2,673,042	2,302,761	1,789,450	1,077,871	194,827	-	-	10,978,104
1,137,312	1,576,608	2,185,591	3,029,795	5,043,370	-	-	13,793,093
4,075,542	3,636,242	3,027,262	2,183,056	727,327	-	-	18,041,864
1,425,000	1,955,000	2,710,000	3,325,000	-	-	-	10,440,000
2,908,950	2,362,800	1,612,545	573,870	-	-	-	10,760,310
-	-	-	10,800,000	-	-	-	10,800,000
367,200	367,200	367,276	61,091	-	-	-	1,529,259
-	-	-	13,265,000	-	-	-	13,265,000
451,010	451,010	451,104	75,032	-	-	-	1,878,297
715,109	998,748	1,394,889	1,948,156	2,667,673	-	-	8,236,597
2,476,604	2,192,963	1,796,821	1,243,557	340,590	-	-	10,730,227
2,035,000	2,720,000	3,620,000	855,000	-	-	-	10,770,000
2,254,279	1,625,901	789,667	34,756	-	-	-	7,430,045
522,283	739,302	4,624,635	-	-	-	-	6,255,190
1,905,034	1,694,865	1,397,367	-	-	-	-	7,050,774
437,884	555,011	703,464	4,595,049	-	-	-	6,636,883
2,007,970	1,845,229	1,638,953	1,197,442	-	-	-	8,825,963
849,199	1,076,342	1,364,243	9,106,592	-	-	-	13,066,365
3,958,548	3,642,937	3,242,908	2,506,327	-	-	-	17,558,275
1,323,334	1,868,604	2,635,853	9,380,877	-	-	-	16,112,219
4,927,643	4,394,269	3,643,704	209,307	-	-	-	18,516,661
-	-	17,140,000	-	-	-	-	17,140,000
548,480	548,480	210,076	-	-	-	-	1,853,236
1,129,185	1,561,456	2,159,210	2,985,792	4,454,579	-	-	13,106,804
3,823,785	3,391,513	2,793,758	1,967,174	700,515	-	-	16,813,129
701,873	970,563	1,342,111	9,433,642	-	-	-	12,955,756
3,939,654	3,670,966	3,299,419	848,804	-	-	-	15,892,806
877,350	1,213,213	1,677,652	2,319,889	3,525,240	-	-	10,247,808
2,991,832	2,655,967	2,191,527	1,549,294	566,326	-	-	13,189,662
966,524	1,336,528	1,848,176	2,555,690	3,954,600	-	-	11,360,473
3,319,020	2,949,015	2,437,368	1,729,855	648,693	-	-	14,670,543

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
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SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2016

DESCRIPTION		2017	2018	2019	2020	2021
2005 MF Series A (Del Rio)	Principal	60,471	64,521	68,842	73,452	78,372
2005 MF Series A (Del Rio)	Interest	571,712	567,662	563,341	558,730	553,811
2005 MF Series A (Atascocita Pines)	Principal	-	-	-	-	-
2005 MF Series A (Atascocita Pines)	Interest	72,665	73,372	73,372	73,448	73,296
2005 MF Series A (Tower Ridge)	Principal	-	-	-	-	-
2005 MF Series A (Tower Ridge)	Interest	104,567	105,000	105,000	105,109	104,891
2005 MF Series A (St Augustine)	Principal	-	-	-	-	-
2005 MF Series A (St Augustine)	Interest	39,599	39,984	39,984	40,026	39,942
2005 MF Series A (Mockingbird)	Principal	98,045	103,473	109,201	115,246	121,625
2005 MF Series A (Mockingbird)	Interest	573,268	567,841	562,113	556,068	549,688
2005 MF Series A (Chase Oaks)	Principal	326,820	343,712	361,477	380,160	399,809
2005 MF Series A (Chase Oaks)	Interest	596,377	579,485	561,720	543,037	523,388
2005 MF Series A (Coral Hills)	Principal	100,000	100,000	110,000	115,000	125,000
2005 MF Series A (Coral Hills)	Interest	220,180	215,130	209,954	204,399	198,465
2006 MF Series A (Bella Vista)	Principal	70,000	70,000	80,000	80,000	85,000
2006 MF Series A (Bella Vista)	Interest	391,447	387,142	382,837	377,917	372,997
2006 MF Series A (Village Park)	Principal	205,000	220,000	235,000	245,000	265,000
2006 MF Series A (Village Park)	Interest	474,219	464,244	453,675	442,394	430,638
2006 MF Series A (Oakmoor)	Principal	143,486	152,336	161,731	171,707	182,297
2006 MF Series A (Oakmoor)	Interest	813,556	804,706	795,310	785,335	774,745
2006 MF Series A (Sunset Pointe)	Principal	-	-	-	-	-
2006 MF Series A (Sunset Pointe)	Interest	104,567	105,000	105,000	105,109	104,891
2006 MF Series A (Hillcrest)	Principal	210,000	225,000	230,000	245,000	265,000
2006 MF Series A (Hillcrest)	Interest	521,194	510,038	498,094	485,888	472,631
2006 MF Series A (Red Hills Villas)	Principal	-	-	-	-	-
2006 MF Series A (Red Hills Villas)	Interest	29,660	29,799	29,799	29,830	29,768
2006 MF Series A (Champion Crossing)	Principal	100,000	100,000	100,000	100,000	100,000
2006 MF Series A (Champion Crossing)	Interest	28,137	27,612	26,952	26,319	25,605
2006 MF Series A (Meadowlands)	Principal	117,454	124,698	132,389	140,555	149,224
2006 MF Series A (Meadowlands)	Interest	701,925	694,681	686,990	678,824	670,155
2006 MF Series A (East Tex Pines)	Principal	125,000	135,000	145,000	155,000	160,000
2006 MF Series A (East Tex Pines)	Interest	743,125	735,585	727,465	718,765	709,630
2006 MF Series A (Villas at Henderson)	Principal	-	-	-	-	-
2006 MF Series A (Villas at Henderson)	Interest	43,148	43,651	43,651	43,696	43,605
2006 MF Series A (Aspen Park Apts)	Principal	135,000	140,000	150,000	160,000	165,000
2006 MF Series A (Aspen Park Apts)	Interest	447,875	441,000	433,875	426,250	418,250
2006 MF Series A (Idlewilde Apts)	Principal	-	-	-	-	-
2006 MF Series A (Idlewilde Apts)	Interest	88,827	89,692	89,692	89,785	89,599
2007 MF Series A (Lancaster Apts)	Principal	-	-	-	-	-
2007 MF Series A (Lancaster Apts)	Interest	88,760	89,624	89,624	89,717	89,531

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2016

2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	2052-56	TOTAL REQUIRED
477,980	660,960	913,988	6,424,374	-	-	-	8,822,960
2,682,932	2,499,952	2,246,926	611,120	-	-	-	10,856,186
-	-	-	10,790,000	-	-	-	10,790,000
366,860	366,860	366,936	122,145	-	-	-	1,588,954
-	-	-	15,000,000	-	-	-	15,000,000
525,000	525,000	525,109	170,768	-	-	-	2,270,444
-	-	-	5,880,000	-	-	-	5,880,000
199,920	199,920	199,962	83,321	-	-	-	882,658
716,890	938,530	1,228,698	7,228,848	-	-	-	10,660,556
2,639,678	2,418,034	2,127,866	1,433,954	-	-	-	11,428,510
2,331,214	2,999,243	4,815,444	-	-	-	-	11,957,879
2,284,771	1,616,746	685,506	-	-	-	-	7,391,030
3,835,000	-	-	-	-	-	-	4,385,000
887,158	-	-	-	-	-	-	1,935,286
530,000	710,000	970,000	1,320,000	2,450,000	-	-	6,365,000
1,777,349	1,594,079	1,344,696	1,006,446	546,125	-	-	8,181,035
1,560,000	6,655,000	-	-	-	-	-	9,385,000
1,935,714	170,532	-	-	-	-	-	4,371,416
1,094,667	1,476,542	1,991,635	2,686,418	5,563,499	-	-	13,624,318
3,690,540	3,308,663	2,793,570	2,098,788	1,107,944	-	-	16,973,157
-	-	-	15,000,000	-	-	-	15,000,000
525,000	525,000	525,109	305,973	-	-	-	2,405,649
1,615,000	7,190,000	-	-	-	-	-	9,980,000
2,131,369	372,487	-	-	-	-	-	4,991,701
200,000	1,000,000	1,300,000	2,015,000	-	-	-	4,515,000
147,128	123,156	86,379	1,128	-	-	-	506,647
500,000	1,000,000	1,300,000	1,075,000	-	-	-	4,375,000
118,256	92,136	55,352	601	-	-	-	400,970
896,068	1,208,663	1,630,305	2,199,037	2,966,171	2,187,424	-	11,751,988
3,200,824	2,888,231	2,466,590	1,897,857	1,130,722	10,937	-	15,027,736
955,000	1,265,000	1,675,000	2,225,000	2,950,000	3,085,000	-	12,875,000
3,392,855	3,073,275	2,649,005	2,086,985	1,341,830	89,465	-	16,267,985
6,515,000	-	-	-	-	-	-	6,515,000
96,628	-	-	-	-	-	-	314,379
1,005,000	7,235,000	-	-	-	-	-	8,990,000
1,952,250	358,748	-	-	-	-	-	4,478,248
-	-	-	13,190,000	-	-	-	13,190,000
448,460	448,460	448,553	343,820	-	-	-	2,136,888
-	-	-	13,180,000	-	-	-	13,180,000
448,120	448,120	448,213	350,904	-	-	-	2,142,613

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2016

DESCRIPTION		2017	2018	2019	2020	2021
2007 MF Series A (Park Place)	Principal	115,941	122,847	130,165	137,918	146,133
2007 MF Series A (Park Place)	Interest	794,760	787,853	780,536	772,782	764,567
2007 MF Series A (Terrace at Cibolo)	Principal	-	-	-	-	-
2007 MF Series A (Terrace at Cibolo)	Interest	31,419	32,160	32,160	32,197	32,123
2007 MF Series A (Santora Villas)	Principal	102,804	108,928	115,416	122,291	129,576
2007 MF Series A (Santora Villas)	Interest	674,155	668,031	661,543	654,668	647,384
2007 MF Series A (Villas @ Mesquite Creek)	Principal	220,000	235,000	245,000	260,000	275,000
2007 MF Series A (Villas @ Mesquite Creek)	Interest	779,631	766,704	752,946	740,000	726,875
2007 MF Series A (Costa Rialto)	Principal	99,483	104,938	110,691	116,761	123,163
2007 MF Series A (Costa Rialto)	Interest	543,414	537,959	532,205	526,135	519,733
2007 MF Series A (Windshire)	Principal	-	-	-	-	-
2007 MF Series A (Windshire)	Interest	88,895	89,760	89,760	89,853	89,667
2007 MF Series A (Residences @ Onion Creek)	Principal	-	-	-	-	-
2007 MF Series A (Residences @ Onion Creek)	Interest	104,567	105,000	105,000	105,109	104,891
2008 MF Series A (Addison Park)	Principal	-	-	-	-	-
2008 MF Series A (Addison Park)	Interest	87,242	88,165	88,165	88,266	88,064
2008 MF Series A (Costa Ibiza)	Principal	-	-	-	-	-
2008 MF Series A (Costa Ibiza)	Interest	76,443	77,520	77,520	77,609	77,431
2008 MF Series A (West Oaks)	Principal	-	-	-	-	-
2008 MF Series A (West Oaks)	Interest	80,320	82,110	82,110	82,204	82,016
2009 MF Series A (Costa Mariposa Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Costa Mariposa Apartments)	Interest	77,892	78,990	78,990	79,080	78,900
2009 MF Series A (Woodmont Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Woodmont Apartments)	Interest	84,549	85,740	85,740	85,838	85,642
2008 MF Series A (Alta Cullen Apartments)	Principal	-	-	-	-	-
2008 MF Series A (Alta Cullen Apartments)	Interest	77,540	78,540	78,540	78,630	78,450
2013 MF Series A (Waters @ Willow Run)	Principal	14,500,000	-	-	-	-
2013 MF Series A (Waters @ Willow Run)	Interest	47,125	-	-	-	-
2014 MF Series A (Decatur Angle Apartments)	Principal	152,311	161,464	171,167	181,453	192,357
2014 MF Series A (Decatur Angle Apartments)	Interest	1,318,528	1,309,532	1,299,995	1,289,884	1,279,166
2015 MF Series A (Good Samaritan Towers)	Principal	-	5,620,000	-	-	-
2015 MF Series A (Good Samaritan Towers)	Interest	53,390	26,695	-	-	-
2015 MF Series A (Williamsburg Apts)	Principal	156,691	273,696	286,332	296,738	313,252
2015 MF Series A (Williamsburg Apts)	Interest	808,368	799,950	790,175	782,126	769,352
2016 MF Series A (Chisolm Trace/Cheyenne Village)	Principal	-	13,500,000	-	-	-
2016 MF Series A (Chisolm Trace/Cheyenne Village)	Interest	108,000	108,000	-	-	-
2016 MF Series A (Fifty Oaks-Edinburg)	Principal	-	7,400,000	-	-	-
2016 MF Series A (Fifty Oaks-Edinburg)	Interest	44,893	48,100	-	-	-
TOTAL MULTIFAMILY BONDS		60,204,117	72,293,416	45,588,977	45,592,907	45,630,846
Total		79,628,719	95,269,196	64,946,787	65,118,799	65,087,557
Less Interest		51,816,368	51,198,421	50,255,866	49,484,921	48,647,795
Total Principal		27,812,351	44,070,775	14,690,921	15,633,878	16,439,762

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SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2016

2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	2052-56	TOTAL REQUIRED
872,082	1,164,660	1,555,399	2,077,226	2,774,121	4,658,827	-	13,755,319
3,681,419	3,388,839	2,998,100	2,476,270	1,779,374	131,209	-	18,355,709
-	-	-	4,800,000	-	-	-	4,800,000
160,800	160,800	160,837	120,556	-	-	-	763,052
773,273	1,032,701	1,379,167	1,841,867	2,459,805	3,604,147	-	11,669,975
3,111,526	2,852,096	2,505,629	2,042,924	1,424,988	148,452	-	15,391,396
1,595,000	2,025,000	2,610,000	3,340,000	4,270,000	490,000	-	15,565,000
3,411,875	2,966,250	2,396,750	1,665,875	731,750	12,250	-	14,950,906
724,831	946,568	1,236,140	1,614,296	2,108,136	3,017,375	-	10,202,382
2,489,647	2,267,908	1,978,336	1,600,177	1,106,336	138,004	-	12,239,854
-	-	-	13,200,000	-	-	-	13,200,000
448,800	448,800	448,893	396,571	-	-	-	2,190,999
-	-	-	15,000,000	-	-	-	15,000,000
525,000	525,000	525,109	455,000	-	-	-	2,554,676
-	-	-	-	12,595,000	-	-	12,595,000
440,825	440,825	440,926	440,724	213,287	-	-	2,416,489
-	-	-	12,920,000	-	-	-	12,920,000
387,600	387,600	387,689	387,511	-	-	-	1,936,923
-	-	-	12,075,000	-	-	-	12,075,000
410,550	410,550	410,644	403,483	-	-	-	2,043,987
-	-	-	-	13,165,000	-	-	13,165,000
394,950	394,950	395,040	394,860	59,081	-	-	2,032,733
-	-	-	-	14,290,000	-	-	14,290,000
428,700	428,700	428,798	428,602	71,411	-	-	2,213,720
-	-	-	-	11,900,000	-	-	11,900,000
392,700	392,700	392,790	392,610	281,237	-	-	2,243,737
-	-	-	-	-	-	-	14,500,000
-	-	-	-	-	-	-	47,125
1,149,715	1,539,261	2,060,796	2,759,036	3,693,854	4,945,411	5,993,175	23,000,000
6,211,115	5,828,226	5,315,610	4,629,304	3,710,464	2,480,304	638,744	35,310,872
-	-	-	-	-	-	-	5,620,000
-	-	-	-	-	-	-	80,085
1,794,120	2,248,421	17,780,750	-	-	-	-	23,150,000
3,670,499	3,319,077	259,484	-	-	-	-	11,199,031
-	-	-	-	-	-	-	13,500,000
-	-	-	-	-	-	-	216,000
-	-	-	-	-	-	-	7,400,000
-	-	-	-	-	-	-	92,993
252,268,358	240,313,806	266,322,515	373,560,600	132,863,289	24,998,805	6,631,919	1,566,269,555
369,789,924	358,070,550	460,929,840	571,060,702	190,355,036	24,998,805	6,631,919	2,351,887,834
227,482,814	187,905,924	146,141,615	76,757,523	24,822,237	3,010,621	638,744	918,162,849
142,307,110	170,164,626	314,788,225	494,303,179	165,532,799	21,988,184	5,993,175	1,433,724,985

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Supplementary Bond Schedules
SCHEDULE 1-D
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Fiscal Year Ended August 31, 2016

	Pledged and Other Sources and Related Expenditures for FY 2016			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2004 Single Family Series A (Jr. Lien)	$ 211	$ 792	$	$ 14,308
2004 Single Family Series B	6,847,289	87,052		1,168,425
2004 Single Family Series D	5,084,724	61,166		764,604
2005 Single Family Series A	7,490,814	77,227		1,259,545
2005 Single Family Series B	779,725	2,386	120,000	56,518
2005 Single Family Series C	232,138	9,274		11,558
2005 Single Family Series D	427,304	1,291		30,854
2006 Single Family Series A	15,739,986	4,485	130,000	356,688
2006 Single Family Series B	16,374,116	4,680	280,000	371,021
2006 Single Family Series C	26,251,934	7,410	315,000	609,960
2006 Single Family Series D	5,567,169	1,755		129,193
2006 Single Family Series E	3,624,779	1,170	1,645,000	74,493
2006 Single Family Series H	36,463,942	286,917		197,345
2007 Single Family Series A	11,929,259	96,131		1,583,977
2007 Single Family Series B	12,785,576	11,919	565,000	2,078,431
2013 Single Family Series A	6,133,994	10,740		709,427
2015 Single Family Series A	5,443,774	527,795		856,480
2015 Single Family Series B	1,777,925	336,452		513,124
2016 Single Family Series A	1,380,524	423,381		488,606
2016 Single Family Series B	5,322,938	764,600		957,453
Total Single Family Bonds	$ 169,658,121	$ 2,716,623	$ 3,055,000	$ 12,232,010
2009 RMRB Series A	$ 5,236,059	$ 166,267	$ 315,000	$ 1,426,361
2009 RMRB Series B	1,290,361	43,503	815,000	373,024
2009 RMRB Series C-1	9,565,617	12,506		1,416,081
2011 RMRB Series A	5,259,788	6,650	1,505,000	1,232,450
2009 RMRB Series C-2	7,432,744	10,361		956,494
2011 RMRB Series B	9,595,319	12,868	2,065,000	1,885,510
Total Residential Mtg Revenue Bonds	$ 38,379,888	$ 252,155	$ 4,700,000	$ 7,289,920
1992 CHMRB Series C	1,151,133	701		155,857
Total 1992 CHMRB	$ 1,151,133	$ 701	$	$ 155,857
1996 MF Series A/B (Brighton's Mark Development)	$ 503,247	$	$	$ 503,247
1998 MF Series A-C (Residence at the Oaks Projects)	154,502		304,000	154,502
1999 MF Series A-C (Mayfield Apartments)	8,492,904		162,000	309,902
2000 MF Series A (Creek Point Apartments)	112,492			12,492
2000 MF Series A (Deerwood Apartments)	323,099		155,000	323,099
2000 MF Series A (Timber Point Apartments)	214,712			14,712
2000 MF Series A/B (Greenbridge at Buckingham Apartments)	20,231,623		132,697	1,162,722
2000 MF Series A/B (Oaks at Hampton Apartments)	639,014		137,994	639,014
2000 MF Series A/B (Parks at Westmoreland Apartments)	637,150		134,021	637,150
2000 MF Series A/B (Williams Run Apartments)	11,642,308		18,647	189,086
2000 MF Series A-C (Collingham Park Apartments)	722,904		327,000	722,904
2000 MF Series A-C (Highland Meadow Village Apartments)	486,067		207,000	486,067
2001 MF Series A (Bluffview Apartments)	744,990		108,788	744,990
2001 MF Series A (Knollwood Apartments)	957,347		139,798	957,347
2001 MF Series A (Oak Hollow Apartments)	415,132		69,771	415,132
2001 MF Series A (Skyway Villas Apartments)	355,729		180,000	355,729
2001 MF Series A/B (Hillside Apartments)	846,606		78,573	846,606
2001 MF Series A/B (Meridian Apartments)	475,455		105,000	475,455
2001 MF Series A/B (Wildwood Apartments)	366,870		84,000	366,870
2002 MF Series A (Clarkridge Villas Apartments)	901,355		141,579	901,355
2002 MF Series A (Park Meadows Apartments)	238,916		105,000	238,916
2002 MF Series A (Green Crest Apartments)	585,580		86,957	585,580
2002 MF Series A (Hickory Trace Apartments)	745,516		116,315	745,516
2002 MF Series A/B (Ironwood Crossing)	717,053		149,198	717,053
2003 MF Series A (NHP Foundation-Asmara Project) Refunding	613,803			34,459
2003 MF Series A/B (Reading Road)	332,269		40,000	132,268
2003 MF Series A/B (Arlington Villas)	1,106,728		141,142	1,106,728
2003 MF Series A/B (Ash Creek Apartments)	1,017,011		151,881	1,017,011
2003 MF Series A/B (North Vista Apartments)	553,147		290,000	553,147
2003 MF Series A/B (Parkview Townhomes)	865,918		115,973	865,918

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Supplementary Bond Schedules
SCHEDULE 1-D (Continued)
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Fiscal Year Ended August 31, 2016

	Pledged and Other Sources and Related Expenditures for FY 2016			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2003 MF Series A/B (Peninsula Apartments)	$ 574,412	$	$ 240,000	$ 549,412
2003 MF Series A/B (Primrose Houston School)	1,024,537		150,631	1,024,537
2003 MF Series A/B (Timber Oaks Apartments)	868,564		104,630	868,564
2003 MF Series A/B (West Virginia Apartments)	399,590		205,000	399,590
2004 MF Series A (Bristol Apartments)	224,658			24,658
2004 MF Series A (Chisholm Trail Apartments)	322,537			22,537
2004 MF Series A (Churchill at Pinnacle Park)	612,509		113,209	612,509
2004 MF Series A (Evergreen at Plano Parkway)	907,527		134,309	907,527
2004 MF Series A (Humble Parkway Townhomes)	695,475		165,000	695,475
2004 MF Series A (Montgomery Pines Apartments)	323,620			23,620
2004 MF Series A (Pinnacle Apartments)	28,804			28,804
2004 MF Series A (Providence at Rush Creek II)	554,445		83,432	554,445
2004 MF Series A (Providence at Village Fair)	855,978		133,890	855,978
2004 MF Series A/B (Century Park Townhomes)	587,227		255,000	587,227
2004 MF Series A/B (Timber Ridge II Apartments)	424,093		59,619	424,093
2004 MF Series A/B (Providence at Veterans Memorial)	395,433		59,801	395,433
2005 MF Series A (Atascocita Pines Apartments)	123,447			23,447
2005 MF Series A (Mission Del Rio Homes)	575,201		56,675	575,201
2005 MF Series A (Park Manor Senior Community)	10,400,000			-
2005 MF Series A (Homes at Pecan Grove)	844,632		83,223	844,632
2005 MF Series A (Plaza at Chase Oaks Apartments)	611,131		310,759	611,131
2005 MF Series A (Port Royal Homes)	741,885		114,603	741,885
2005 MF Series A (Providence at Prairie Oaks)	703,931		104,309	671,032
2005 MF Series A (Prairie Ranch Apartments)	11,416,919		85,000	401,919
2005 MF Series A (Providence at Mockingbird Apartments)	577,992		92,903	577,992
2005 MF Series A (St Augustine Estate Apartments)	112,776			12,776
2005 MF Series A (Tower Ridge Apartments)	42,822			42,822
2006 MF Series A (Aspen Park)	453,208		125,000	453,208
2006 MF Series A (Bella Vista Apartments)	393,779		65,000	393,779
2006 MF Series A (Champion Crossing Apartments)	110,176			10,176
2005 MF Series A (Coral Hills Apartments)	224,809		100,000	224,809
2006 MF Series A (East Tex Pines)	747,354		125,000	747,354
2006 MF Series A (Harris Branch Apartments)	13,490,331			333
2006 MF Series A (Hillcrest Apartments)	527,428		195,000	527,428
2006 MF Series A (Idlewilde)	228,693			28,693
2006 MF Series A (Meadowlands Apartments)	708,194		110,631	708,194
2006 MF Series A (Oakmoor Apartments)	821,216		135,150	821,216
2006 MF Series A (Pleasant Village)	5,260,618		248,967	165,662
2006 MF Series A (Red Hills Villas)	110,655			10,655
2006 MF Series A (The Residences at Sunset Pointe)	42,822			42,822
2006 MF Series A (Village Park Apartments)	481,341		195,000	481,341
2006 MF Series A (Villas at Henderson)	114,096			14,096
2007 MF Series A (Villas at Mesquite Creek)	790,588		210,000	790,588
2007 MF Series A (Costa Rialto)	548,162		94,312	548,162
2007 MF Series A (Lancaster)	228,705			28,705
2007 MF Series A (Park Place at Loyola)	800,748		109,423	800,748
2007 MF Series A (Santora Villas)	679,465		97,024	679,465
2007 MF Series A (Summit Point)	9,061,745			101,745
2007 MF Series A (Terrace at Cibolo)	110,393			10,393
2007 MF Series A (Windshire)	128,710			28,710
2007 MF Series A (Residences at Onion Creek)	42,822			42,822
2008 MF Series A (West Oaks Apartments)	166,242			26,242
2008 MF Series A (Costa Ibiza Apartments)	226,329			26,329
2008 MF Series A (Addison Park Apartments)	246,186			36,186
2008 MF Series A (Alta Cullen Apartments Refunding)	227,620			27,619
2009 MF Series A (Costa Mariposa Apartments)	131,737			26,737
2009 MF Series A (Woodmont Apartments)	294,191			29,191

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Supplementary Bond Schedules
SCHEDULE 1-D (Continued)
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Fiscal Year Ended August 31, 2016

	Pledged and Other Sources and Related Expenditures for FY 2016			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2013 MF Series A (Waters at Willow Run)	$ 69,479	$	$	$ 69,479
2014 MF Series A (Decatur Angle Apartments)	1,322,500			1,322,500
2014 MF Series A (Northcrest Apartments)	2,903,263			3,263
2015 MF Series A (Good Samaritan Towers)	53,093			53,093
2015 MF Series A (Williamsburg Apartments)	599,362			610,099
2015 MF Series A (Chisolm Trace/Cheyenne Village)	30,600			30,600
2015 MF Series A (Fifty Oaks & Edinburg Village)	802			802
Total Multifamily Bonds	$ 133,327,054	$ -	$ 8,044,834	$ 38,615,467
Total	$ 342,516,196	$ 2,969,479	$ 15,799,834	$ 58,293,254

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Supplementary Bond Schedules
SCHEDULE 1-E
MISCELLANEOUS BOND INFORMATION - DEFEASED BONDS OUTSTANDING
For the fiscal year ended August 31, 2016

Description of Issue	Year Refunded	Par Value Outstanding
Business-Type Activities		
2007 MF Series A (Summit Point)	2016	$ 8,850,000
Total Business-Type Activities		$ 8,850,000

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Supplementary Bond Schedules
SCHEDULE 1-F
EARLY EXTINGUISHMENT AND REFUNDING
For the fiscal year ended August 31, 2016

			For Refunding Only		
Description of Issue	Category	Amount Extinguished or Refunded	Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Business-Type Activities					
2004 Single Family Series B	Early Extinguishment	$ 4,880,000			
2004 Single Family Series D	Early Extinguishment	3,885,000			
2005 Single Family Series A	Early Extinguishment	5,985,000			
2005 Single Family Series B	Early Extinguishment	720,000			
2005 Single Family Series D	Early Extinguishment	395,000			
2006 Single Family Series A	Early Extinguishment	1,380,000			
2006 Single Family Series A	Current Refunding	13,920,000	13,811,330	3,499,742	3,740,561
2006 Single Family Series B	Early Extinguishment	1,435,000			
2006 Single Family Series B	Current Refunding	14,480,000	14,366,960	3,640,536	3,891,043
2006 Single Family Series C	Early Extinguishment	2,300,000			
2006 Single Family Series C	Current Refunding	23,225,000	23,043,690	5,839,189	6,240,986
2006 Single Family Series D	Early Extinguishment	200,000			
2006 Single Family Series D	Current Refunding	5,195,000	5,154,445	1,306,118	1,395,992
2006 Single Family Series E	Early Extinguishment	125,000			
2006 Single Family Series E	Current Refunding	3,385,000	3,358,575	851,051	909,612
2006 Single Family Series H	Early Extinguishment	1,260,000			
2006 Single Family Series H	Current Refunding	34,740,000	33,825,000	(24,735,357)	(16,046,131)
2007 Single Family Series A	Early Extinguishment	9,785,000			
2007 Single Family Series B	Early Extinguishment	10,450,000			
2013 Single Family Series A	Early Extinguishment	4,940,000			
2015 Single Family Series A	Early Extinguishment	4,145,000			
2015 Single Family Series B	Early Extinguishment	950,000			
2016 Single Family Series A	Early Extinguishment	540,000			
2016 Single Family Series B	Early Extinguishment	3,805,000			
2009 RMRB Series A	Early Extinguishment	3,725,000			
2009 RMRB Series B	Early Extinguishment	895,000			
2009 RMRB Series C-1	Early Extinguishment	7,535,000			
2009 RMRB Series C-2	Early Extinguishment	6,100,000			
2011 RMRB Series A	Early Extinguishment	4,180,000			
2011 RMRB Series B	Early Extinguishment	7,940,000			
1992 Coll Home Mtg Rev Bonds, Series C	Early Extinguishment	900,000			
1999 MF Series A-C (Mayfield Apartments)	Early Extinguishment	8,183,000			
2000 MF Series A (Timber Point Apartments)	Early Extinguishment	200,000			
2000 MF Series A (Creek Point Apartments)	Early Extinguishment	100,000			
2000 MF Series A/B (Greenbridge at Buckingham Apts)	Early Extinguishment	19,068,902			
2000 MF Series A/B (Williams Run Apartments)	Early Extinguishment	11,453,222			
2003 MF Series A/B (Reading Road)	Early Extinguishment	200,000			
2003 MF Series A/B (Peninsula Apartments)	Early Extinguishment	25,000			
2003 MF Series A (NHP Foundation-Asmara Proj Refunding)	Early Extinguishment	570,000			
2004 MF Series A (Chisholm Trail Apartments)	Early Extinguishment	300,000			
2004 MF Series A (Montgomery Pines Apartments)	Early Extinguishment	300,000			
2004 MF Series A (Bristol Apartments)	Early Extinguishment	200,000			
2005 MF Series A (Providence at Prairie Oaks)	Early Extinguishment	32,899			
2005 MF Series A (Atascocita Pines Apartments)	Early Extinguishment	100,000			
2005 MF Series A (Prairie Ranch Apartments)	Early Extinguishment	11,015,000			
2005 MF Series A (St Augustine Estate Apartments)	Early Extinguishment	100,000			
2005 MF Series A (Park Manor Senior Community)	Early Extinguishment	10,400,000			
2006 MF Series A (Harris Branch Apartments)	Early Extinguishment	13,490,000			
2006 MF Series A (Pleasant Village)	Early Extinguishment	5,094,956			
2006 MF Series A (Red Hills Villas)	Early Extinguishment	100,000			
2006 MF Series A (Champion Crossing Apartments)	Early Extinguishment	100,000			
2006 MF Series A (Villas at Henderson)	Early Extinguishment	100,000			
2006 MF Series A (Idlewilde)	Early Extinguishment	200,000			
2007 MF Series A (Lancaster)	Early Extinguishment	200,000			
2007 MF Series A (Terrace at Cibolo)	Early Extinguishment	100,000			
2007 MF Series A (Summit Point)	Early Extinguishment	8,960,000			
2007 MF Series A (Windshire)	Early Extinguishment	100,000			
2008 MF Series A (West Oaks Apartments)	Early Extinguishment	140,000			
2008 MF Series A (Costa Ibiza Apartments)	Early Extinguishment	200,000			
2008 MF Series A (Addison Park Apartments)	Early Extinguishment	210,000			
2008 MF Series A (Alta Cullen Apartments Refunding)	Early Extinguishment	200,000			
2009 MF Series A (Costa Mariposa Apartments)	Early Extinguishment	105,000			
2009 MF Series A (Woodmont Apartments)	Early Extinguishment	265,000			
2014 MF Series A (Northcrest Apartments)	Early Extinguishment	2,900,000			
Total Business-Type Activities		$ 278,112,979	$ 93,560,000	$ (9,598,721)	$ 132,063

State Auditor's Office

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*

Independent Auditor's Report

Department of Housing and Community Affairs Board of Directors
Mr. Paul Oxer, P.E., Chair
Dr. Juan Sanchez Muñoz, Vice-Chair
Mr. T. Tolbert Chisum
Ms. Leslie Bingham Escareño
Mr. Tom H. Gann
Mr. J.B. Goodwin

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 governmental activities, the business-type activities, the governmental fund, the proprietary fund, and the aggregate remaining fund information of the Department of Housing and Community Affairs (Department) as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements and have issued our report thereon dated December 20, 2016.

In addition, we have audited the accompanying financial statements of the Revenue Bond Program Enterprise Fund (Program) of the Department, as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements. We also have audited the accompanying Computation of Unencumbered Fund Balances (Computation) of the Department's Housing Finance Division, as of August 31, 2016, and the related notes to the Computation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the 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 Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department'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 over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting 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 over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Lisa R. Collier

Lisa R. Collier, CPA, CFE, CIDA
First Assistant State Auditor

December 20, 2016