TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Basic Financial Statements

For the Year Ended August 31, 2019

(With Independent Auditor's Report Thereon)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
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Equal Opportunity Employer/Program. Auxiliary aids and services are available upon request to individuals with disabilities. Relay Texas: 800-735-2989 (TTY) and 711 (Voice).

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

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Asusena Reséndiz, Member
Sharon Thomason, Member
Leo Vasquez, Member

December 20, 2019

Writer's direct dial: (512) 475-3296
Email: bobby.wilkinson@tdhca.state.tx.us

The Honorable Greg Abbott, Governor
The Honorable Glenn Hegar, Texas Comptroller
John McGeady, Director, Legislative Budget Board
Lisa Collier, First Assistant State Auditor

RE: ANNUAL FINANCIAL REPORT

Dear Governor Abbott, Comptroller Hegar, Mr. McGeady, and Ms. Collier:

We are pleased to submit the annual financial report of the Texas Department of Housing and Community Affairs for the year ended Aug. 31, 2019, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

The accompanying annual financial report has been prepared in accordance 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 Ernesto Palacios, III, Director of Financial Administration, at (512) 475-3354. Joe Guevara may be contacted at (512) 475-3352 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Robert Wilkinson
Executive Director

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Basic Financial Statements
for the year ended August 31, 2019

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State Auditor's Office

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

Independent Auditor's Report

Department of Housing and Community Affairs Board of Directors
Mr. J.B. Goodwin, Chair
Ms. Leslie Bingham Escareño, Vice-Chair
Mr. Paul A. Braden
Ms. Asusena Reséndiz
Ms. Sharon Thomason
Mr. Leo Vasquez

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), an agency of the State of Texas, as of and for the year ended August 31, 2019, 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.

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

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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, an agency of the State of Texas, as of August 31, 2019, 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 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, 2019, 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 Management's Discussion and Analysis, the Schedule of Changes in Department's Net Pension Liability, the Schedule of Changes in the Department's Net OPEB liability, the Schedules of Employer Contributions, and the Notes to the Required Supplementary 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.

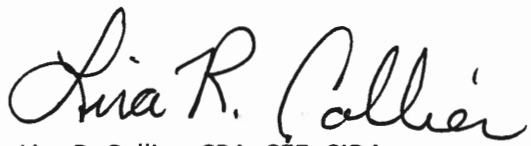
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The supplementary bond schedules are presented for purposes of additional analysis and are not a required part of the basic 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, 2019, 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 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 Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.



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

December 20, 2019

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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, 2019. 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 $48.7 million and governmental activities net position decreased $3.0 million.

- The Department's business-type activities increase of $48.7 million in Net Position can be attributed to an increase in Unrestricted Net Position of $7.0 million primarily as a result of activity within the Taxable Mortgage Program and an increase of $41.6 million in Restricted Net Position primarily as a result of activity within the Single Family and Residential Mortgage Revenue Bond indentures.

- Net Position in the Department's governmental activities decreased $3.0 million to $436.1 million. The impact on net position resulted primarily from the Department's recognition of its change in proportionate share of the OPEB and pension liability reported by the ERS plan.

- The Bond Program's debt outstanding of $1.8 billion as of August 31, 2019, increased $390.6 million due to $574.2 million in new bond issuances offset by debt retirements of $206.9million.

- The Bond Program's short-term debt of $134.3 million increased $66.5 million due to advances due to the Federal Home Loan Bank of Dallas as the end of the fiscal year.

Advances are drawn to purchase mortgage loans prior to pooling the loans into a mortgage-back security (MBS). With each MBS settlement, the advances are repaid related to the loans underlying the MBS. For additional information, see Note 4, Short-term debt.

- Loan originations in the Department's proprietary and governmental funds for the year totaled $1.5 billion and $17.2 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. It 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, 2019, the Department's four interest rate swaps had a total notional amount of $71.3 million and a negative $5.6 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 ERS 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 $56.4 million of which $29.1 million is reported in business-type activities and $27.3 million in governmental activities.

- In accordance with GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* and GASB No. 75*, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* the Department has recorded a net OPEB liability. It has relied on reports issued by ERS who is the administrator of the plan. The Department has reported its proportionate share of the OPEB liability according to their reports in the amount of $39.6 million of which $19.8 million is reported in business-type activities and $19.8 million in governmental activities.

Overview of the Financial Statements

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 sets 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, Schedule of Changes in Department's Net OPEB 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

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

Governmental Activities

Texas Department of Housing and Community Affairs
Governmental Activities
Condensed Statement of Net Position

	Governmental Activities		Increase / (Decrease)	
Assets	**2019**	**2018**	**Amount**	**%**
Current Assets:				
Cash in State Treasury	$ 54,356,683	$ 43,577,029	$ 10,779,654	24.7
Federal Receivables	25,275,351	15,142	25,260,209	166822.1
Legislative Appropriations	8,956,030	4,133,839	4,822,191	116.7
Internal Balances	37,642	(81,820)	119,462	(146.0)
Current Loans and Contracts	18,646,008	22,820,597	(4,174,589)	(18.3)
Other Current Assets	215,136	131,921	83,215	63.1
Non-current Assets:				
Loans and Contracts	439,710,920	442,410,928	(2,700,008)	(0.6)
Capital Assets	87,084	107,301	(20,217)	(18.8)
Total Assets	547,284,854	513,114,937	34,169,917	6.7
DEFERRED OUTFLOWS OF RESOURCES	4,406,698	6,226,231	(1,819,533)	(29.2)
Liabilities				
Current Liabilities:				
Accounts Payable	28,689,299	3,821,073	24,868,226	650.8
Unearned Revenues	28,258,160	18,645,318	9,612,842	51.6
Net OPEB Liability	291,536	110,514	181,022	-
Other Current Liabilities	756,772	670,047	86,725	12.9
Non-Current Liabilities:				
Net Pension Liability	27,238,914	28,910,839	(1,671,925)	(5.8)
Net OPEB Liabilities	19,527,600	21,669,626	(2,142,026)	-
Other Non-current Liabilities	446,920	428,844	18,076	4.2
Total Liabilities	105,209,201	74,256,261	30,952,940	41.7
DEFERRED INFLOWS OF RESOURCES	10,413,425	6,014,794	4,398,631	73.1
Net Position				
Invested in Capital Assets	87,084	107,301	(20,217)	(18.8)
Restricted	482,698,376	490,537,843	(7,839,467)	(1.6)
Unrestricted	(46,716,534)	(51,575,031)	4,858,497	(9.4)
Total Net Position	$ 436,068,926	$ 439,070,113	$ (3,001,187)	(0.7)

Net position of the Department's governmental activities decreased $3.0 million, or 0.7% to $436.1 million. The change is primarily a result of a decrease in Unrestricted Net Position, which resulted from recording the impact of the net pension liability and OPEB liability as required by GASB 68, GASB 74 and GASB 75.

Cash in state treasury increased by $10.8 million or 24.7%. The increase is primarily due to additional program income collected and unspent from the HOME Programs in the amount of $8.4 million due to changes in HOME program rules related to program income and TCAP in the amount of $6.9 million offset by $4.2 million in disbursements for loans.

Internal balances represent expenditure transfers after year end. Included in the 2019 transactions were payroll transfers and benefits allocations according to Accounting Policy Statements.

Governmental Activities Cont'd

Loans and contracts decreased $6.9 million. The variance primarily represents the receipts of loan repayments, disbursements for funding of loans and an adjustment of $4.4 million for estimated losses of the portfolio for the year. During the fiscal year, HOME loans decreased approximately $3.1 million, TCAP decreased $1.6 million and the Neighborhood Stabilization Program (NSP) decreased $91.3 thousand primarily due to more loan funding's compared to loan repayments. The National Housing Trust Fund (NHTF) had an increase of $2.3 million in loans in its second year of funding with no repayments received in fiscal year 2019.

Accounts payable increased by $24.9 million or 650.8% because of an increase in year-end activities recorded in Low Income Home Energy Assistance Program (LIHEAP) and Community Services Block Grant (CSBG) grants due to pending contract related payments. Federal receivables had an increase of $25.3 million in relation to these accruals as funds are due from these federal grants.

The balance in unearned revenues increased by $9.6 million or 51.6%. The change is primarily associated with additional cash in state treasury related to unspent program income received from loan repayments of the NSP, TCAP and HOME Programs.

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 and a net OPEB liability was recognized in accordance to GASB 74 and GASB 75 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 $2.7 million in unrestricted net position is primarily as a result of the recognition of the change in pension and OPEB liability. The net pension and OPEB liability also impacted the $1.8 million decrease in Deferred Outflows of Resources and the $4.4 million increase in Deferred Inflows of Resources.

Business-Type Activities

Texas Department of Housing and Community Affairs
Business-Type Activities
Condensed Statement of Net Position

	Business-Type Activities		Increase / (Decrease)	
Assets	**2019**	**2018**	**Amount**	**%**
Current Assets:				
Cash & Investments	$ 394,758,275	$ 193,334,940	$ 201,423,335	104.2
Loans and Contracts	143,429,674	79,209,960	64,219,714	81.1
Interest Receivable	7,565,908	8,954,468	(1,388,560)	(15.5)
Other Current Assets	9,537,468	1,014,429	8,523,039	840.2
Non-current Assets:				
Investments	974,004,235	675,926,486	298,077,749	44.1
Loans and Contracts	956,190,319	1,009,586,546	(53,396,227)	(5.3)
Capital Assets	99,047	113,900	(14,853)	(13.0)
Other Non-current Assets	42,960	42,960	-	-
Total Assets	2,485,627,886	1,968,183,689	517,444,197	26.3
DEFERRED OUTFLOWS OF RESOURCES	10,662,334	12,053,472	(1,391,138)	(11.5)
Liabilites				
Current Liabilities:				
Interest Payable	12,329,723	11,872,732	456,991	3.8
Bonds Payable	16,536,683	12,181,059	4,355,624	35.8
Notes and Loans Payable	223,965	214,705	9,260	4.3
Short-Term Debt	134,330,280	67,842,893	66,487,387	98.0
Net OPEB Liability	554,197	110,515	443,682	-
Other Current Liabilities	9,986,075	9,628,387	357,688	3.7
Non-current Liabilities:				
Net Pension Liability	29,112,762	30,784,686	(1,671,924)	(5.4)
Net OPEB Liability	19,264,940	21,669,626	(2,404,686)	-
Bonds Payable	1,711,919,800	1,324,365,960	387,553,840	29.3
Notes and Loans Payable	108,242,300	109,532,219	(1,289,919)	(1.2)
Derivative Hedging Instrument	5,599,045	5,097,825	501,220	9.8
Other Non-current Liabilities	137,361,308	129,169,370	8,191,938	6.3
Total Liabilities	2,185,461,078	1,722,469,977	462,991,101	26.9
DEFERRED INFLOWS OF RESOURCES	9,991,363	5,592,732	4,398,631	78.6
Net Position				
Invested in Capital Assets	99,047	113,900	(14,853)	(13.0)
Restricted	264,090,143	222,460,708	41,629,435	18.7
Unrestricted	36,648,589	29,599,844	7,048,745	23.8
Total Net Position	$ 300,837,779	$ 252,174,452	$ 48,663,327	19.3

Net position of the Department's business-type activities increased $48.7 million, or 19.3%, to $300.8 million. Restricted net position of the Department's proprietary fund increased $41.6 million or 18.7%. These restrictions are related to bond covenants and do not significantly affect the availability of resources for future use. The unrestricted net position increased $7.0 million or 23.8% primarily due to increases within the Taxable Mortgage Program offset by the impact of the Department's proportionate share of OPEB and pension liability as part of the ERS Plan.

Cash and investments increased $499.5 million, or 57.5%, to 1.4 billion, which is reflective of proceeds from bond issuances, 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

Business Type Activities Cont'd

receivable (current and non-current) increased $10.8 million, or 1.0%, to $1.1 billion, primarily as a result of loan originations related to the Department's Multifamily Bond Program, Housing Trust Fund and Homeownership Programs down payment assistance offset by loan repayments and payoffs related to these programs.

The Department has $1.7 billion in bonds outstanding related to its revenue bonds. The Department's Single Family and Residential Mortgage Revenue Bonds have been rated AA+ by Standard & Poor's. Multifamily ratings vary. Total bonds payable (current and non-current) increased by $391.9 million, or 29.3%, due to the Department's bond issuance being greater than monthly retirement of existing debt. For more information on the Department's debt, refer to Note 6.

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, 2019 and 2018 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
	2019	2018	2019	2018	2019	2018	
Program Revenues:							
Charges for Services	$ 7,246	$ 7,182	$ 155,410	$ 135,766	$ 162,656	$ 142,948	13.8
Operating Grants and Contributions	243,119	201,510	-	-	243,119	201,510	20.6
Total Revenue	250,365	208,692	155,410	135,766	405,775	344,458	17.8
Total Expenses:	262,921	216,722	136,867	109,920	399,788	326,642	22.4
Net Revenue	(12,556)	(8,030)	18,543	25,846	5,987	17,816	(66.4)
General Revenues	14,138	12,076	27,582	(20,684)	41,720	(8,608)	(584.7)
Transfers	(4,583)	(6,801)	2,539	2,495	(2,044)	(4,306)	(52.5)
Change in Net Position	(3,001)	(2,755)	48,664	7,657	45,663	4,902	831.5
Beginning Net Position	439,070	467,249	252,174	269,941	691,244	737,190	(6.2)
Restatement	-	(25,424)	-	(25,424)	-	(50,848)	-
Beginning Net Position, Restated	439,070	441,825	252,174	244,517	691,244	686,342	0.7
Ending Net Position	$ 436,069	$ 439,070	$ 300,838	$ 252,174	$ 736,907	$ 691,244	6.6

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 increased $41.7 million. This change consisted primarily of increases in operating grants and contributions primarily as a result of an increase of $45.0 million in Low-Income Home Energy Assistance Program (LIHEAP), $1.6 million in Neighborhood Stabilization Program (NSP) and $1.5 million in National Housing Trust Fund (NHTF) offset by decreases of $1.7 million in CSBG grant activities and $4.7 million in HOME 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 for LIHEAP and Section 811 increased in relation to the increase in grant revenue but were offset by decreased expenditures in CSBG.

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 $155.4 million and an increase in fair value of investments of $26.8 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 increased $19.6 million which is primarily attributed to activity within the single family indentures.

Expenses of the Department's business-type activities consist primarily of interest expense of $64.5 million which increased $9.0 million and other operating expenses of $68.8 million which increased $20.1 million. The increase in interest expense is a result of new bond issuance offset by the impact 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. The increase in other operating expenses is primarily related to an increase in servicer related expenses and costs related to the issuance of bonds. Other operating expenses also include general and

Business-Type Activities Cont'd

administrative expenses, allocations involving production or monitoring activities of the Department, as well as internal and external costs.

The Department's business-type activities charges for services of $155.4 million exceeded expenses of $136.9 million by $18.5 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	**2019**	**2018**	**Amount**	**%**
Legislative Appropriations	$ 13,516,830	$ 11,485,314	$ 2,031,516	17.7
Federal Revenues	243,028,564	201,199,512	41,829,052	20.8
Other Revenue	8,996,321	8,315,580	680,741	8.2
Total Operating Revenues	265,541,715	221,000,406	44,541,309	20.2
OPERATING EXPENDITURES				
Salaries and Wages	9,695,592	9,526,085	169,507	1.8
Professional Fees and Services	286,184	333,030	(46,846)	(14.1)
Intergovernmental Payments	75,383,227	51,823,574	23,559,653	45.5
Public Assistance Payments	165,786,566	147,348,394	18,438,172	12.5
Other Operating Expenditures	9,058,013	4,811,668	4,246,345	88.3
Total Operating Expenditures	260,209,582	213,842,751	46,366,831	21.7
Excess of Revenues over Expenditures	5,332,133	7,157,655	(1,825,522)	(25.5)
Other Financing Sources (Uses)	(4,582,538)	(6,800,860)	2,218,322	(32.6)
CHANGE IN FUND BALANCE	749,595	356,795	392,800	110.1
Beginning Fund Balance	490,537,842	490,413,542	124,300	0.0
Appropriations (Lapsed)	(1,037,126)	(232,495)	(804,631)	346.1
Ending Fund Balance	$ 490,250,311	$ 490,537,842	$ (287,531)	(0.1)

Revenues of the Department's governmental fund totaled $265.5 million. These revenues were primarily federal grants related to LIHEAP, HOME and CSBG programs. Expenditures of $260.2 million primarily consisted of intergovernmental and public assistance payments.

Total revenues of the governmental fund increased by $44.5 million primarily due to LIHEAP grant activities.

Governmental Fund Cont'd

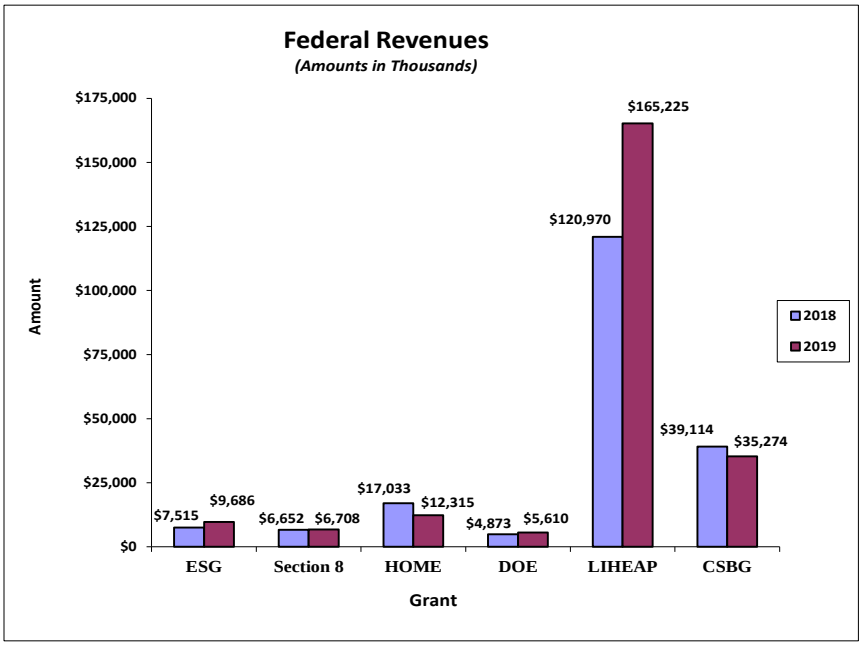
The Department experienced an increase in Intergovernmental Payments of $23.6 million and an increase in Public Assistance Payments of $18.4 million. These changes were primarily in the HOME, LIHEAP, CSBG, and Emergency Solutions Grant (ESG) programs.

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 2018 and 2019 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:

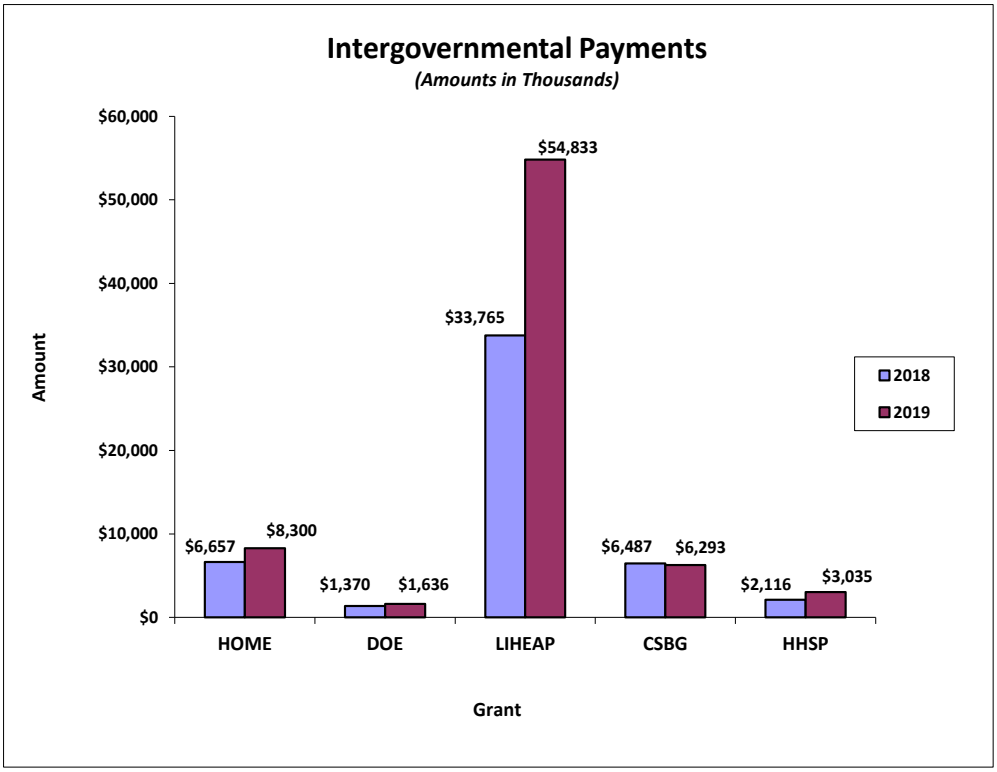
ESG	Emergency Solutions Grants Program
SEC 8	Section 8 Housing Assistance Program
HOME	HOME Investment Partnerships Program
DOE	Department of Energy
LIHEAP	Low-Income Home Energy Assistance Program
HHSP	Homeless Housing and Services Program
CSBG	Community Services Block Grant

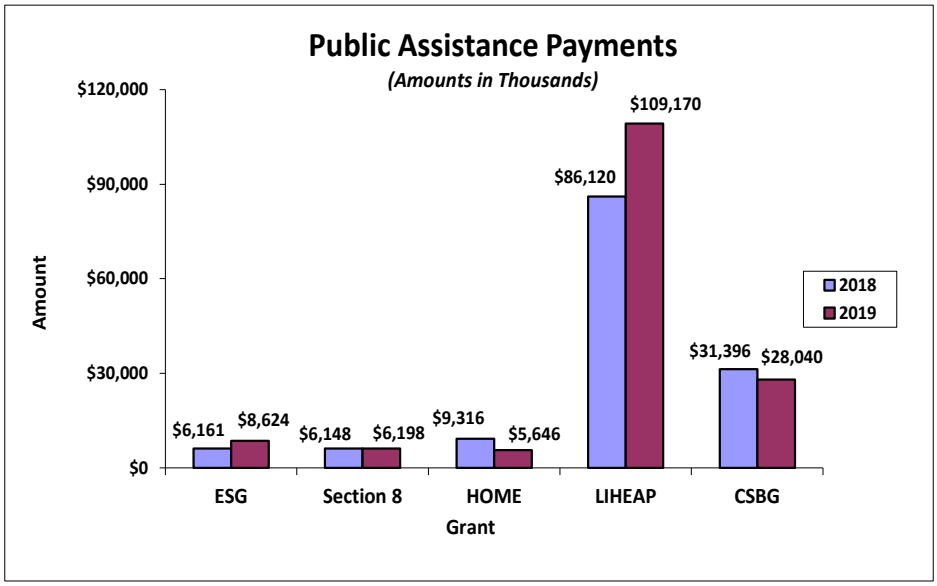
Federal Revenues: Receipts from the State's participation in programs financed with federal funds.



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, 2019 and August 31, 2018.

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

			Increase / (Decrease)	
OPERATING REVENUES	**2019**	**2018**	**Amount**	**%**
Interest and Investment Income	$ 77,277,539	$ 68,523,400	$ 8,754,139	12.8
Net Increase (Decrease) in Fair Value	26,827,893	(21,141,333)	47,969,226	(226.9)
Other Operating Revenues	78,888,402	67,699,696	11,188,706	16.5
Total Operating Revenues	182,993,834	115,081,763	67,912,071	59.0
OPERATING EXPENSES				
Professional Fees and Services	1,865,900	1,743,449	122,451	7.0
Depreciation Expense	36,542	42,835	(6,293)	(14.7)
Interest	64,531,718	55,526,429	9,005,289	16.2
Bad Debt Expense	1,662,582	3,892,292	(2,229,710)	(57.3)
Other Operating Expenses	68,770,215	48,713,879	20,056,336	41.2
Total Operating Expenses	136,866,957	109,918,884	26,948,073	24.5
Operating Income (Loss)	46,126,877	5,162,879	40,963,998	793.4
NONOPERATING EXPENSES	(2,803)	-	(2,803)	
TRANSFERS	2,539,253	2,494,773	44,480	1.8
CHANGE IN NET POSITION	48,663,327	7,657,652	41,005,675	535.5
Beginning Net Position	252,174,452	269,940,598	(17,766,146)	(6.6)
Restatement	-	(25,423,798)	25,423,798	-
Beginning Net Assets Restated	252,174,452	244,516,800	7,657,652	3.1
Ending Net Position	$ 300,837,779	$ 252,174,452	$ 48,663,327	19.3

Net position of the Department's proprietary fund increased by $48.7 million, or 19.3%, to $300.8 million.

Earnings within the Department's proprietary fund were $183.0 million of which $160.8 million is classified as restricted and $22.2 million is unrestricted. Restricted earnings are composed of

Proprietary Fund Cont'd

$72.7 million in interest and investment income, $26.8 million net increase in fair value of investments, and $61.3 million in other operating revenues primarily related to single family activity. Interest and investment income are restricted per bond covenants for debt service. The net increase in fair value of investments is composed of a $1.9 million gain on sale of mortgage backed securities and the remaining $24.9 million is considered to be an unrealized gain due to changes in interest rates. Unrestricted earnings are composed of $4.6 million in interest and investment income and $17.6 million in other operating revenue.

Interest earned on program loans decreased by $3.4 million, or 8.8%, primarily due to a decrease in the Department's Multifamily Bond Program, resulting from various bond issuances having securitized loans in the form of mortgage-back securities and recognizing investment income instead of interest earned on program loans.

Investment income increased $12.2 million or 40.7% due to higher investment balances and rising interest rates. The change was primarily due to increases of $3.0 million, or 14.6% in the Single Family Revenue Bond Program funds, $5.0 million in the Multifamily Bond Program and $2.9 million increase in the Taxable Mortgage Program.

The net change in fair value of investments increased by $48.0 million primarily due to a higher fair value of the Department's mortgage backed securities and a $1.9 million gain on the sale of some of these assets.

Other operating revenues increased $11.2 million primarily related to activity within the single family indentures resulting from an increase of settlement fees due to an increase in mortgage volume.

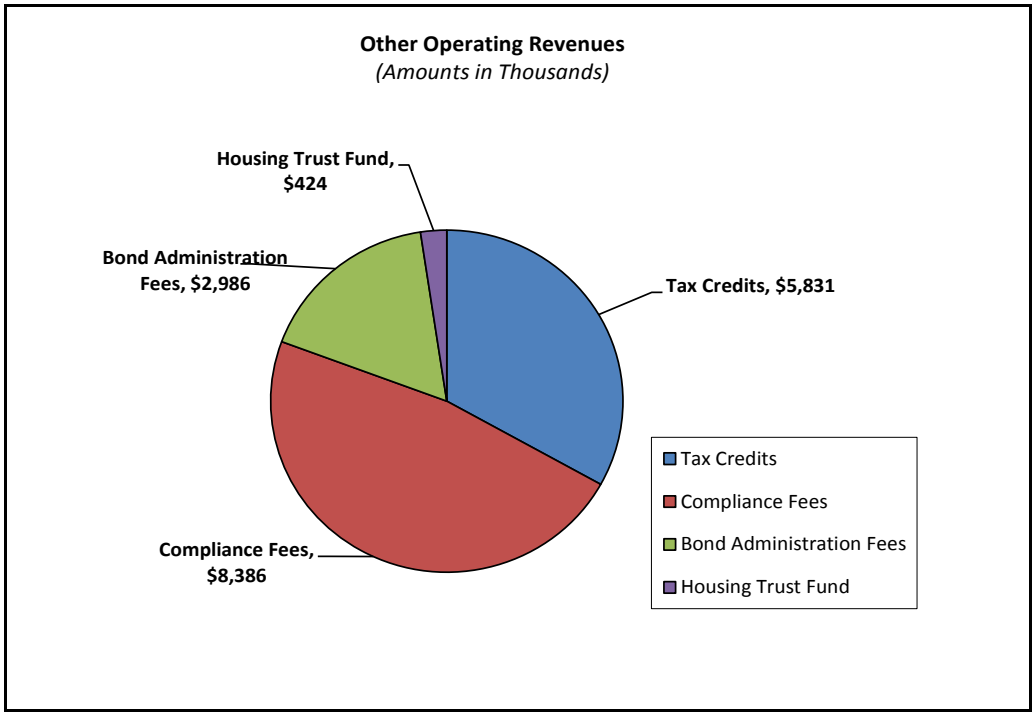
Interest expense increased $9.0 million related to the Department's increase in debt due to the issuance of bonds in the Single Family Mortgage Revenue Bond Program, Residential Mortgage Revenue Bond Program and Multifamily Bond Program offset by interest savings due to the Department's decision to pay down its bonds on a monthly basis as opposed to every six months and a decreasing trend in interest incurred related to the Department's Swaps, resulting in a decrease in interest of $715.8 thousand.

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

Proprietary Fund Cont'd

administrative fees are generated yearly from the various bond issuances to support the Department's administrative expenses. The graph below illustrates the primary composition of $17.6 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 2019 and 2018.

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

Program	2019	2018	Increase / (Decrease) Amount	%
Single Family	$ 142,836	$ 106,360	$ 36,476	34.3
RMRB	102,402	95,247	7,155	7.5
CHMRB	0	1,772	(1,772)	(100.0)
Multifamily	(547)	(2,501)	1,954	(78.1)
General Funds	6,238	8,103	(1,865)	(23.0)
TMP	28,700	20,183	8,517	42.2
Housing Trust Fund	58,254	59,131	(877)	(1.5)
Administration Fund	(54,562)	(52,004)	(2,558)	4.9
Housing Initiatives & Compliance	17,517	15,883	1,634	10.3
Total	$ 300,838	$ 252,174	$ 48,664	19.3

Proprietary Fund Cont'd

The Net Position of the Single Family Mortgage Revenue Bond Program increased by $36.5 million, or 34.3%, primarily due to a positive change in fair value of investments of $13.6 million, a positive difference between interest income and interest expense of $7.9 million and a $16.4 million positive difference between other operating revenue and other operating expenses offset by professional fees and services of $815.5 thousand and bad debt expense of $797.4 thousand.

The Net Position of the Residential Mortgage Revenue Bond Program increased by $7.2 million, or 7.5%, primarily due to a positive change in fair value of investments of $13.3 million, a positive difference between interest income and interest expense of $1.6 million offset by a $2.0 million negative difference between other operating revenue and other operating expenses, transfers out of $4.5 million, professional fees and services of $387.7 thousand and bad debt expense of $733.6 thousand.

The Net Position of the Taxable Mortgage Program increased by $8.5 million, or 42.2%, primarily due to a net transfer in of $6.0 million and a positive difference between interest income and interest expense of $2.1 million.

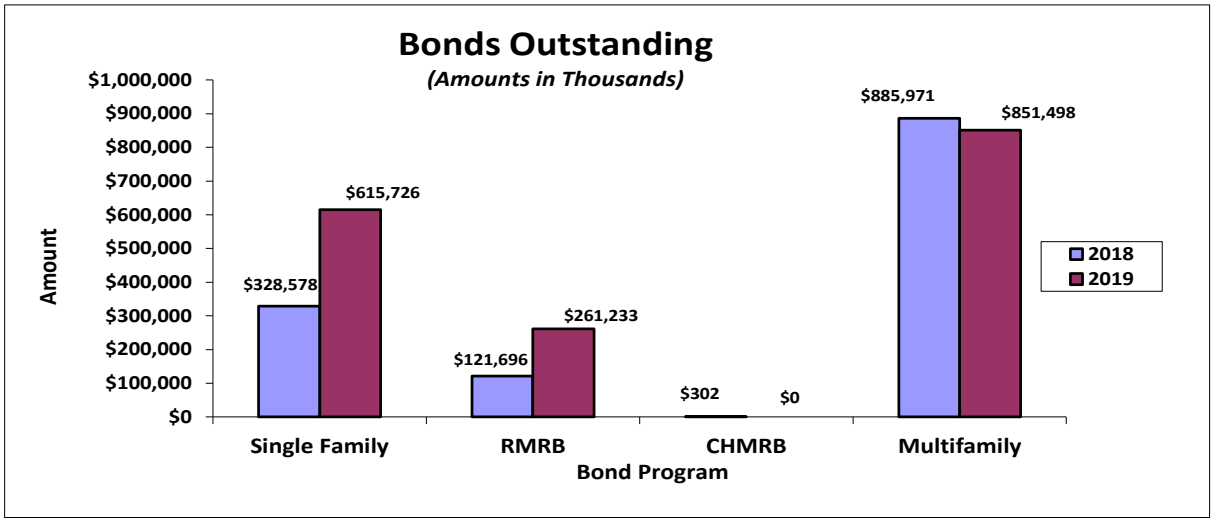
The Net Position of the Housing Initiatives & Compliance Programs increased $1.6 million or 10.3% which is reflective of a positive difference of $1.1 million between fees collected of $14.2 million and $13.1 million of transfers made to fund the operating budget.

The Net Position of the Administration Fund decreased by $2.6 million primarily due to the change in pension and OPEB expense reflective of the Department's proportionate share of the pension and OPEB liability reported by ERS Plan.

Department Bond Debt

The Department had an increase in bonds payable of $391.9 million to $1.7 billion of which $16.5 million is due within one year. It issued $574.2 million in bonds during the year and had $205.6 million in bond debt retirements during the year primarily due to consumer refinancing and paying off of original loans. For additional information, see Note 6, Bonded Indebtedness, and supplementary bond information schedules.

The following graph illustrates a comparison of bonds outstanding between fiscal year 2018 and 2019 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, Director of Administration, 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, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 3):			
Cash on Hand	$ 200.00	$ 200.00	$ 400.00
Cash in Bank	20,000.00	267,897.03	287,897.03
Cash in State Treasury		1,884,372.27	1,884,372.27
Cash Equivalents		38,833,808.36	38,833,808.36
Restricted:			
Cash and Cash Equivalents (Note 3):			
Cash in Bank		21,822,860.37	21,822,860.37
Cash in State Treasury	54,092,438.98		54,092,438.98
Cash Equivalents	244,043.55	81,542,005.35	81,786,048.90
Short-term Investments (Note 3)		250,407,131.50	250,407,131.50
Loans and Contracts	18,646,007.82	140,489,979.32	159,135,987.14
Interest Receivable		6,972,664.72	6,972,664.72
Federal Receivable	25,275,351.05		25,275,351.05
Legislative Appropriations	8,956,029.91		8,956,029.91
Receivables From:			
Interest Receivable	196,575.04	593,242.97	789,818.01
Accounts Receivable		221,225.00	221,225.00
Internal Balances (Note 11)	37,642.05	(37,642.05)	-
Due From Other Agencies (Note 11)	14,058.11		14,058.11
Consumable Inventories	4,503.57	4,503.57	9,007.14
Loans and Contracts		2,939,694.65	2,939,694.65
Other Current Assets		9,349,381.02	9,349,381.02
Total Current Assets	107,486,850.08	555,291,324.08	662,778,174.16
Non-Current Assets:			
Loans and Contracts		46,899,304.37	46,899,304.37
Capital Assets (Note 2):			
Depreciable or Amortizable, Net	87,083.92	99,047.36	186,131.28
Restricted Assets:			
Investments (Note 3)		974,004,235.35	974,004,235.35
Loans and Contracts	439,710,920.00	909,291,015.01	1,349,001,935.01
Other Non-Current Assets:			
Real Estate Owned, Net		42,959.50	42,959.50
Total Non-Current Assets	439,798,003.92	1,930,336,561.59	2,370,134,565.51
Total Assets	$ 547,284,854.00	$ 2,485,627,885.67	$ 3,032,912,739.67
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources (Note 18)	$ 4,406,697.81	$ 10,662,334.32	$ 15,069,032.13
Total Deferred Outflows of Resources	$ 4,406,697.81	$ 10,662,334.32	$ 15,069,032.13

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I (Continued)
STATEMENT OF NET POSITION - GOVERNMENT-WIDE
As of August 31, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Payables:			
Accounts Payable	$ 27,284,480.59	$ 1,494,028.47	$ 28,778,509.06
Accrued Bond Interest Payable		12,329,722.87	12,329,722.87
Payroll Payable	1,404,818.51	144,570.42	1,549,388.93
Unearned Revenues	28,258,159.61	6,743,858.61	35,002,018.22
Employees' Compensable Leave (Note 5)	756,771.89	897,155.95	1,653,927.84
Net OPEB Liability (Note 10)	291,536.00	554,196.50	845,732.50
Notes Payable (Note 5)		223,965.34	223,965.34
Revenue Bonds Payable (Notes 5 & 6)		16,536,682.76	16,536,682.76
Restricted Short-Term Debt (Note 4)		134,330,279.55	134,330,279.55
Other Current Liabilities		706,462.49	706,462.49
Total Current Liabilities	57,995,766.60	173,960,922.96	231,956,689.56
Non-Current Liabilities:			
Employees' Compensable Leave (Note 5)	446,919.87	479,962.12	926,881.99
Notes Payable (Note 5)		108,242,299.52	108,242,299.52
Net Pension Liability (Note 9)	27,238,914.11	29,112,761.89	56,351,676.00
Net OPEB Liability (Note 10)	19,527,600.00	19,264,939.50	38,792,539.50
Revenue Bonds Payable (Notes 5 & 6)		1,711,919,799.82	1,711,919,799.82
Derivative Hedging Instrument (Note 7)		5,599,045.00	5,599,045.00
Other Non-Current Liabilities (Note 5)		136,881,347.24	136,881,347.24
Total Non-Current Liabilities	47,213,433.98	2,011,500,155.09	2,058,713,589.07
Total Liabilities	$ 105,209,200.58	$ 2,185,461,078.05	$ 2,290,670,278.63
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources (Note 18)	$ 10,413,425.37	$ 9,991,363.05	$ 20,404,788.42
Total Deferred Inflows of Resources	$ 10,413,425.37	$ 9,991,363.05	$ 20,404,788.42
NET POSITION			
Invested in Capital Assets	87,083.92	99,047.36	186,131.28
Restricted	482,698,375.78	264,090,142.47	746,788,518.25
Unrestricted	(46,716,533.84)	36,648,589.06	(10,067,944.78)
Total Net Position	436,068,925.86	300,837,778.89	736,906,704.75

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 II
STATEMENT OF ACTIVITIES - GOVERNMENT-WIDE
For the Year Ended August 31, 2019

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	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expenses) Revenue and Changes in Net Position: Primary Government: 2019 Total
Primary Government						
Governmental Activities:						
Manufactured Housing	$ 5,023,935.70	$ 6,858,828.01	$ -	$ 1,834,892.31	$ -	$ 1,834,892.31
HOME Investment in Affordable Housing	18,477,211.36		12,315,606.98	(6,161,604.38)		(6,161,604.38)
Energy Assistance	170,840,963.24		170,834,963.04	(6,000.20)		(6,000.20)
Community Services	44,958,693.13		44,960,357.71	1,664.58		1,664.58
Community Development	1,549,706.89		1,487,639.38	(62,067.51)		(62,067.51)
Ending Homelessness	146.84	149,985.48		149,838.64		149,838.64
Section 8	6,946,028.58		6,708,193.46	(237,835.12)		(237,835.12)
Section 811	1,648,076.04		1,648,076.04	-		-
Temporary Assistance for Needy Families	10,000.00		10,000.00	-		-
Tax Credit Assistance Program - ARRA	2,194,291.78		1,909,616.36	(284,675.42)		(284,675.42)
Money Follows the Person	161,078.95	215,859.28		54,780.33		54,780.33
Homeless Housing & Services Program	3,846,624.81			(3,846,624.81)		(3,846,624.81)
Housing Trust Fund	512,765.76	(986.21)	0.00	(513,751.97)		(513,751.97)
National Housing Trust Fund	112,712.74		2,441,100.60	2,328,387.86		2,328,387.86
Administration	6,638,721.55	22,008.55	803,180.27	(5,813,532.73)		(5,813,532.73)
Total Governmental Activities	262,920,957.37	7,245,695.11	243,118,733.84	(12,556,528.42)		(12,556,528.42)
Business-type Activities:						
Single Family Bonds	70,964,226.39	94,475,945.46			23,511,719.07	23,511,719.07
Multifamily Bonds	41,479,655.26	43,433,516.98			1,953,861.72	1,953,861.72
Housing Trust Fund Program	4,193,131.20	789,874.88			(3,403,256.32)	(3,403,256.32)
Administration	20,229,944.59	16,710,542.86			(3,519,401.73)	(3,519,401.73)
Total Business-type Activities	136,866,957.44	155,409,880.18			18,542,922.74	18,542,922.74
Total Primary Government	$ 399,787,914.81	$ 162,655,575.29	$ 243,118,733.84	$ (12,556,528.42)	$ 18,542,922.74	$ 5,986,394.32
		General Revenues:				
		Original Appropriations		12,201,940.00		12,201,940.00
		Additional Appropriations		1,314,889.78		1,314,889.78
		Interest & Other Investment Income		1,358,214.22	756,060.37	2,114,274.59
		Appropriations Lapsed		(1,037,126.18)		(1,037,126.18)
		Other Revenues		303,190.00	948.00	304,138.00
		Net Increase in Fair Value of Investments			26,827,893.29	26,827,893.29
		(Loss) on Sale of Fixed Assets		(3,181.15)	(3,750.81)	(6,931.96)
		Transfers In (Out) (Note 11)		(4,582,585.00)	2,539,253.43	(2,043,331.57)
		Total General Revenues and Transfers		9,555,342	30,120,404.28	39,675,746
		Change in Net Position		(3,001,186.75)	48,663,327.02	45,662,140
		Net Position, September 1, 2018		439,070,112.61	252,174,451.87	691,244,564.48
		Net Position - August 31, 2019		$ 436,068,925.86	$ 300,837,778.89	$ 736,906,704.75

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, 2019

	Total
ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 3):	
Cash on Hand	200.00
Cash in Bank	20,000.00
Restricted:	
Cash and Cash Equivalents (Note 3):	
Cash in State Treasury	54,092,438.98
Cash Equivalents	244,043.55
Federal Receivable	25,275,351.05
Legislative Appropriations	8,956,029.91
Receivables From:	
Interest	196,575.04
Interfund Receivable (Note 11)	42,680.16
Due From Other Funds (Note 11)	7.50
Due From Other Agencies (Note 11)	14,058.11
Consumable Inventories	4,503.57
Restricted - Loans and Contracts	18,646,007.82
Total Current Assets	107,491,895.69
Non-Current Assets:	
Restricted - Loans and Contracts	439,710,920.00
Total Non-Current Assets	439,710,920.00
Total Assets	547,202,815.69
LIABILITIES	
Current Liabilities:	
Payables:	
Accounts Payable	27,284,480.59
Payroll Payable	1,404,818.51
Interfund Payable (Note 11)	5,045.61
Unearned Revenues	28,258,159.61
Total Liabilities	56,952,504.32
FUND FINANCIAL STATEMENT-FUND BALANCES	
Fund Balances:	
Reserved for:	
Nonspendable	4,503.57
Restricted	482,546,114.96
Assigned	147,757.25
Unassigned	7,551,935.59
Total Fund Balances as of August 31	490,250,311.37
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.	87,083.92
Long term liabilities relating to employees' compensable leave, pensions, and OPEB are not due and payable in the current year therefore are not reported in the funds.	(54,268,469.43)
NET POSITION AS OF AUGUST 31	436,068,925.86

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, 2019

	Total
REVENUES	
Legislative Appropriations:	
Original Appropriations (GR)	$ 12,201,940
Additional Appropriations (GR)	1,314,889.78
Federal Revenue (PR-OP G/C)	243,028,564.38
Federal Revenue Grant Pass-Thru Revenue (PR-OP G/C)	10,000.00
State Grant Pass-Through Revenue (PR-OP G/C)	79,221.46
Licenses, Fees & Permits (PR-C/S)	6,491,202.83
Interest and Other Investment Income (GR)	1,358,214.22
Sales of Goods and Services (PR-C/S)	754,492.28
Other (GR)	303,190.00
Total Revenues	265,541,714.95
EXPENDITURES	
Salaries and Wages	9,695,591.82
Payroll Related Costs	3,077,860.28
Professional Fees and Services	286,183.84
Travel	477,763.35
Materials and Supplies	82,627.82
Communication and Utilities	136,253.78
Repairs and Maintenance	423,528.90
Rentals & Leases	184,354.46
Printing and Reproduction	16,554.24
Claims and Judgments	29,416.77
Intergovernmental Payments	75,383,227.25
Public Assistance Payments	165,786,566.43
Other Expenditures	4,612,386.29
Capital Outlay	17,266.53
Total Expenditures	260,209,581.76
Excess of Revenues Over Expenditures	5,332,133.19
OTHER FINANCING SOURCES (USES)	
Sale of Capital Assets	47.22
Transfers In (Note 11)	149,852.47
Transfers Out (Note 11)	(4,732,437.47)
Total Other Financing (Uses)	(4,582,537.78)
Net Change in Fund Balances	749,595.41
FUND FINANCIAL STATEMENT-FUND BALANCES	
Fund Balances--Beginning	490,537,842.14
Appropriations (Lapsed)	(1,037,126.18)
Fund Balances - August 31	$ 490,250,311.37

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, 2019

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)	$	749,595.41
Appropriations (Lapsed)		(1,037,126.18)
Changes in Fund Balances		(287,530.77)
Amounts reported for governmental activities in the Statement of Activities (Exhibit II) are different because of the adjustments to:		
- capital outlay expense		17,266.53
- Gain (Loss) on Sale of Capital Assets		(3,181.15)
- Sale of Capital Assets		(47.22)
- depreciation expense		(34,255.39)
- payroll expense due to Compensable Leave		(108,203.52)
- additional pension/OPEB expense related to GASB 68/71/75		(2,586,183.23)
- Other 0perating Revenue from OPEB related to GASB 75		948.00
Change in Net Position, August 31 (Exhibit II)	$	(3,001,186.75)

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, 2019

	Total
ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	$ 200.00
Cash in Bank	267,897.03
Cash in State Treasury	1,884,372.27
Cash Equivalents	38,833,808.36
Restricted Assets:	
Cash and Cash Equivalents (Note 3)	
Cash in Bank	21,822,860.37
Cash Equivalents	81,542,005.35
Short-term Investments (Note 3)	250,407,131.50
Loans and Contracts	140,489,979.32
Interest Receivable	6,972,664.72
Receivable:	
Interest Receivable	593,242.97
Accounts Receivable	221,225.00
Consumable Inventories	4,503.57
Loans and Contracts	2,939,694.65
Other Current Assets	9,349,381.02
Total Current Assets	555,328,966.13
Non-Current Assets:	
Loans and Contracts	46,899,304.37
Capital Assets: (Note 2)	
Depreciable or Amortizable, Net	99,047.36
Restricted Assets:	
Investments (Note 3)	974,004,235.35
Loans and Contracts	909,291,015.01
Real Estate Owned, net	42,959.50
Total Non-Current Assets	1,930,336,561.59
Total Assets	$ 2,485,665,527.72
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources (Note 18)	$ 10,662,334.32
Total Deferred Outflows of Resources	$ 10,662,334.32

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, 2019

LIABILITIES	
Current Liabilities	
Payables:	
Accounts Payable	$ 1,494,028.47
Payroll Payable	144,570.42
Accrued Bond Interest Payable	12,329,722.87
Interfund Payable (Note 11)	37,634.55
Due to Other Funds (Note 11)	7.50
Unearned Revenues	6,743,858.61
Employees' Compensable Leave (Note 5)	897,155.95
Net OPEB Liability (Note 10)	554,196.50
Notes and Loans Payable (Note 5)	223,965.34
Revenue Bonds Payable (Notes 5 & 6)	16,536,682.76
Restricted Short-Term Debt (Note 4)	134,330,279.55
Other Current Liabilities	706,462.49
Total Current Liabilities	173,998,565.01
Non-Current Liabilities	
Employees' Compensable Leave (Note 5)	479,962.12
Notes and Loans Payable (Note 5)	108,242,299.52
Net Pension Liability (Note 9)	29,112,761.89
Net OPEB Liability (Note 10)	19,264,939.50
Revenue Bonds Payable (Note 5 & 6)	1,711,919,799.82
Derivative Hedging Instrument (Note 7)	5,599,045.00
Other Non-Current Liabilities (Note 5)	136,881,347.24
Total Non-Current Liabilities	2,011,500,155.09
Total Liabilities	$ 2,185,498,720.10
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources (Note 18)	$ 9,991,363.05
Total Deferred Inflows of Resources	$ 9,991,363.05
NET POSITION	
Invested in Capital Assets	99,047.36
Restricted	264,090,142.47
Unrestricted	36,648,589.06
Total Net Position	300,837,778.89

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, 2019

	Total
OPERATING REVENUES	
Interest and Investment Income	$ 77,277,539.03
Net Increase in Fair Value	26,827,893.29
Other Operating Revenues	78,888,401.52
Total Operating Revenues	182,993,833.84
OPERATING EXPENSES	
Salaries and Wages	10,997,983.41
Payroll Related Costs	6,725,953.02
Professional Fees and Services	1,865,899.60
Travel	284,746.30
Materials and Supplies	183,250.52
Communications and Utilities	169,476.00
Repairs and Maintenance	480,337.49
Rentals and Leases	76,460.44
Printing and Reproduction	66,150.83
Depreciation and Amortization	36,542.32
Interest	64,531,718.31
Bad Debt Expense	1,662,582.03
Down Payment Assistance	3,535,519.85
Other Operating Expenses	46,250,337.32
Total Operating Expenses	136,866,957.44
Operating Income	46,126,876.40
NONOPERATING REVENUES (EXPENSES)	
Loss on Sale of Capital Assets	(3,750.81)
Other Nonoperating Revenues	948.00
Total Non-Operating Revenues (Expenses)	(2,802.81)
Income before Other Revenues, Expenses, Gains, Losses and Transfers	46,124,073.59
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS	
Transfers In (Note 11)	2,539,253.43
Total Other Revenues, Expenses, Gains, Losses and Transfers	2,539,253.43
CHANGE IN NET POSITION	48,663,327.02
Net Position, September 1, 2018	252,174,451.87
NET POSITION, AUGUST 31, 2019	$ 300,837,778.89

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, 2019

	Total
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Loan Programs	$ 1,479,755,986.37
Proceeds from Other Revenues	90,468,439.64
Payments to Suppliers for Goods/Services	(118,714,409.83)
Payments to Employees	(14,997,086.15)
Payments for Loans Provided	(1,466,073,414.12)
Net Cash (Used For) Operating Activities	(29,560,484.09)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Debt Issuance	4,829,223,971.44
Proceeds of Transfers from Other Funds	2,539,253.43
Payments of Principal on Debt Issuance	(4,326,645,766.48)
Payments of Interest	(63,975,075.03)
Payments for Other Cost of Debt	(5,502,218.55)
Net Cash Provided By Noncapital Financing Activities	435,640,164.81
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for Additions to Capital Assets	(25,440.67)
Net Cash (Used for) Capital Activities	(25,440.67)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Loan Programs	
Proceeds from Sales of Investments	486,216,336.24
Proceeds from Sale of Properties	
Proceeds from Interest/Investment Income	42,826,558.16
Payments to Acquire Investments	(983,849,802.74)
Net (Used for) Investing Activities	(454,806,908.34)
Net Decrease in Cash and Cash Equivalents	(48,752,668.29)
Cash and Cash Equivalents, September 1, 2018	193,103,811.67
Cash and Cash Equivalents, August 31, 2019	$ 144,351,143.38

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, 2019

	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	$ 46,126,876.40
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	36,542.32
Pension Expense	3,152,985.74
OPEB Expense	1,165,588.00
Provision for Uncollectibles	1,662,582.03
Operating Income and Cash Flow Categories Classification Differences	(72,751,467.95)
Changes in Assets and Liabilities:	
Decrease in Receivables	44,552.00
Decrease in Accrued Interest Receivable	1,702,300.50
(Increase) in Loans / Contracts	(10,823,487.53)
(Increase) in Other Assets	(8,921,207.88)
(Decrease) in Payables	(75,208.01)
Increase in Unearned Revenues	74,955.83
Increase in Accrued Interest Payable	456,990.42
Increase in Other Liabilities	8,587,514.04
Total Adjustments	(75,687,360.49)
Net Cash (Used For) Operating Activities	$ (29,560,484.09)

NON CASH TRANSACTIONS
Net Change in Fair Value of Investments for 2019 was $26,827,893.29

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, 2019

AGENCY FUND		**Total**
ASSETS		
Current Assets:		
Restricted:		
Cash in State Treasury (Note 3)	$	383,244.44
Total Current Assets		383,244.44
Total Assets	$	383,244.44
LIABILITIES		
Current Liabilities:		
Funds Held for Others	$	383,244.44
Total Current Liabilities		383,244.44
Total Liabilities	$	383,244.44

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.

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.

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, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS 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 No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and Statement No. 72, *Fair Value of Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair Value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

- Level 1 - inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market which the entity has the ability to access.
- Level 2 - inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 - inputs are unobservable that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

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), and Federal Home Loan Mortgage Corporation (FHLMC) has been established by each bond issue's trustee using a pricing service which is considered a Level 2 input in accordance with GASB No. 72.

The Department has reported all investment securities at fair value as of August 31, 2019 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."

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 costs of these items are expensed when the items are consumed.

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) , National Housing Trust Fund (NHTF) 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 State of Texas 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 non-accrual status when the Department becomes aware that the borrower has entered bankruptcy proceedings or when they are 90 days past due 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.

Deferred Outflows of Resources

Deferred Outflows of Resources

The Department identified its derivative instruments and measured their effectiveness in accordance with 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 outflows of resources. The Department has also implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, GASB* Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans and* GASB Statement No. 75*, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The Department will be reporting its allocated contributions as of the measurement date of August 31, 2018, contributions after the measurement date for fiscal year 2019, and the effect of changes in actuarial assumptions as deferred outflows 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.

Short-Term Debt

Short-term debt primarily consists of funds due to Federal Home Loan Bank related to an Advances and Security Agreement.

Other Current Liabilities

Other current liabilities primarily consist of escrow fees and arbitrage 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.

Net OPEB Liability

The Department has implemented GASB Statement No. 74, *Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No.75*, Accounting and Financial Reporting for Postemployment Benefits Other Than 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 OPEB liability according to their report.

Bonds Payable – Revenue Bonds

Revenue bonds are accounted for in the proprietary fund. 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 payable solely from the payments received from the assets and guarantors, which secure the notes. The Department has also issued four notes which are subordinate lien obligations. The 2016 Issuer Note has a loan agreement with Woodforest National Bank and the 2018 Issuer Notes have loan agreements with Woodforest National Bank, Tolleson Private Bank, and Hancock Whitney Bank to provide funding for down payment assistance in connection with Texas Homeownership Programs.

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, 2019, 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, GASB No. 74, and GASB No. 75. 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.

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
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.

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 Funds / Agencies
Represents amounts that must be repaid by other funds / agencies or advances from other funds / 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, 2019 is below:

	PRIMARY GOVERNMENT				
	Balance 09/01/18	Adjustments	Additions	Deletions	Balance 08/31/19
GOVERNMENTAL ACTIVITIES					
Depreciable Assets					
Furniture and Equipment	$ 594,771.84	$	$ 17,266.53	$ (112,546.47)	$ 499,491.90
Other Capital Assets	130,964.13				130,964.13
Total Depreciable Assets	$ 725,735.97	$ -	$ 17,266.53	$ (112,546.47)	$ 630,456.03
Less Accumulated Depreciation for:					
Furniture and Equipment	$ (487,470.69)	$	$ (34,255.39)	$ 109,318.10	$ (412,407.98)
Other Capital Assets	(130,964.13)				(130,964.13)
Total Accumulated Depreciation	(618,434.82)	-	(34,255.39)	109,318.10	(543,372.11)
Depreciable Assets, Net	$ 107,301.15	$ -	$ (16,988.86)	$ (3,228.37)	$ 87,083.92
Amortizable Assets - Intangible					
Computer Software	$ 1,307,012.36	$	$	$	$ 1,307,012.36
Total Amortizable Assets - Intangible	$ 1,307,012.36	$ -	$ -	$ -	$ 1,307,012.36
Less Accumulated Amortization for:					
Computer Software	$ (1,307,012.36)	$	$	$	$ (1,307,012.36)
Total Accumulated Amortization	(1,307,012.36)	-	-	-	(1,307,012.36)
Amortizable Assets - Intangible, Net	$ -	$ -	$ -	$ -	$ -
Governmental Activities Capital Assets, Net	$ 107,301.15	$ -	$ (16,988.86)	$ (3,228.37)	$ 87,083.92

	PRIMARY GOVERNMENT				
	Balance 09/01/18	Adjustments	Additions	Deletions	Balance 08/31/19
BUSINESS-TYPE ACTIVITIES					
Depreciable Assets					
Furniture and Equipment	$ 564,769.28	$	$ 25,440.67	$ (138,413.32)	$ 451,796.63
Other Capital Assets	132,278.87				132,278.87
Total Depreciable Assets	$ 697,048.15	$ -	$ 25,440.67	$ (138,413.32)	$ 584,075.50
Less Accumulated Depreciation for:					
Furniture and Equipment	$ (450,869.46)	$	$ (36,542.32)	$ 134,662.51	$ (352,749.27)
Other Capital Assets	(132,278.87)				(132,278.87)
Total Accumulated Depreciation	(583,148.33)	-	(36,542.32)	134,662.51	(485,028.14)
Depreciable Assets, Net	$ 113,899.82	$ -	$ (11,101.65)	$ (3,750.81)	$ 99,047.36
Amortizable Assets - Intangible					
Computer Software	$ 679,784.59	$	$	$	$ 679,784.59
Total Amortizable Assets - Intangible	$ 679,784.59	$ -	$ -	$ -	$ 679,784.59
Less Accumulated Amortization for:					
Computer Software	$ (679,784.59)	$	$	$	$ (679,784.59)
Total Accumulated Amortization	(679,784.59)	-	-	-	(679,784.59)
Amortizable Assets - Intangible, Net	$ -	$ -	$ -	$ -	$ -
Business-Type Activities Capital Assets, Net	$ 113,899.82	$ -	$ (11,101.65)	$ (3,750.81)	$ 99,047.36

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, 2019, the carrying amount of deposits was $22,110,757.40.

Governmental and Business-Type Activities	
CASH IN BANK - CARRYING VALUE	$ 22,110,757.40

Governmental Funds Current Assets Cash in Bank	$ 20,000.00
Texas Treasury Safekeeping Trust	267,897.03
Texas Treasury Safekeeping Trust - Restricted	266,938.68
Demand Deposits	21,555,921.69
Cash in Bank	$ 22,110,757.40

At August 31, 2019, the Department's cash and deposits in the State Treasury amounted to $56,360,055.69 which included $383,244.44 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 for bond related funds and the remaining by 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 $87,136,884.19 in overnight repurchase agreements maturing on the following business day, September 3, 2019, at a rate of 2.08%.

At August 31, 2019, the fair value of investments (including both short-term and long-term) and cash equivalents are shown below.

	Fair Value Hierarchy				
	Level 1 Inputs	**Level 2 Inputs**	**Level 3 Inputs**	**Amortized Cost**	**Total**
Governmental Activities					
Repurchase Agreements (TTSTC)	$ -	$ -	$ -	$ 244,043.55	$ 244,043.55
Total Governmental Activities					**$ 244,043.55**
Business Type Activities					
U.S. Government					
U.S. Treasury Notes	$ 69,640,128.14	$ -	$ -	$ -	$ 69,640,128.14
U.S. Government Agency Obligations		941,669,013.25			941,669,013.25
Repurchase Agreements (TTSTC)				86,892,840.64	86,892,840.64
Fixed Income Money Markets				33,482,973.07	33,482,973.07
Misc (Investment Agreements/GICs)				213,102,225.46	213,102,225.46
Total Business-Type Activities					**$ 1,344,787,180.56**
Total Investments					**$ 1,345,031,224.11**

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, 2019, the Department's credit quality distribution for securities with credit risk exposure was as follows.

Standard & Poor's

Investment Type	Not Rated	AAA	AA+	AA-
Governmental Activities				
Repurchase Agreements (TTSTC)	$244,043.55			
Business-Type Activities				
U.S. Government Agency Obligations			$255,734,932.58	
U.S. Treasury Notes			$69,640,128.14	
Repurchase Agreements (TTSTC)	$86,892,840.64			
Misc (Investment Agreements/GICs)	$28,258,279.41			$184,843,946.05
	Not Rated	**AAA-M**	**AA-M**	**A-M**
Fixed Income Money Market		$33,482,973.07		

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 $685,934,080.67 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, 2019, the Department's concentration of credit risk is as follows.

Issuer	Carrying Value	% of Total Portfolio
Natwest	$86,892,840.64	6.46%
Toronto - Dominion	$184,843,946.05	13.74%

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

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.

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)

Governmental Activities	Fair Value	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
Repurchase Agreements (TTSTC)	$ 244,043.55	$ 244,043.55	$ -	$ -	$ -
Total Governmental Activities	$ 244,043.55	$ 244,043.55	$ -	$ -	$ -
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	$ 941,669,013.25	$ 10,569.20	$ 24,919.76	$ 702,344.29	$ 940,931,180.00
U.S. Treasury Notes	69,640,128.14	64,735,255.14	4,904,873.00		
Repurchase Agreements (TTSTC)	86,892,840.64	86,892,840.64			
Fixed Income Money Markets	33,482,973.07	33,482,973.07			
Misc (Investment Agreements/GICs)	213,102,225.46	185,661,307.16	$ 9,930,096.05		17,510,822.25
Total Business-Type Activities	$ 1,344,787,180.56	$370,782,945.21	$14,859,888.81	$ 702,344.29	$ 958,442,002.25

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 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 My First Texas Home Program. Any other fluctuation in fair value generates an unrealized gain or loss. As of August 31, 2019, the Department holds $941,669,013.25 in mortgage-backed securities.

NOTE 4: SHORT-TERM DEBT

Business-Type Activities	Balance 09/01/18	Additions	Reductions	Balance 08/31/19
Short -Term Debt (Direct Borrowing)	$67,842,893.19	4,230,752,225.39	4,164,264,839.03	$134,330,279.55
Total Business-Type Activities	$67,842,893.19	4,230,752,225.39	4,164,264,839.03	$134,330,279.55

Short-Term Debt
Short-term debt in the Enterprise Fund is comprised of funds due to the Federal Home Loan Bank of Dallas (FHLB) in the amount of $134,330,279.55.

On October 1, 2016, the Idaho Housing and Finance Association (Idaho HFA) began serving as Master Servicer for the Department's Single Family Mortgage Purchase Program. Idaho HFA's servicing structure requires the purchase of program mortgage loans by the Department, and subsequent repurchase of those loans by the Idaho HFA, prior to pooling the loans into a mortgage-backed security (MBS).

The Department executed an Advances and Security Agreement with the FHLB, effective October 1, 2016, to fund the purchase of program loans is considered to be a direct borrowing. The Department borrows at short-term rates from FHLB and pledges the mortgage loans, plus additional amounts deposited in an escrow account, as collateral for advances. Borrowings, or advances, occur almost daily and are used to purchase mortgage loans within one to two business days after purchase from lenders by Idaho HFA. With each MBS settlement, the advances are repaid related to the mortgage loans underlying the related MBS.

It contains the following events of default:

- A default in the payment of any principal or interest of the loan when such payments become due and payable;
- The failure of the Department to perform any promise or obligation or satisfy any condition or liability:
- Evidence coming to the attention of FHLB that any representation, statement or warranty made or furnished by the FHLB in connection with any advance, any specification of qualifying collateral or any certification of fair value market value was false in any material respect;
- The issuance of any tax, levy, seizure, attachment, garnishment, levy of execution, or other legal process with respect to the collateral;
- A suspension of payment made by Department to any creditor or any event that results in the acceleration of any of its indebtedness.
- The appointment of a conservator or receiver for the Department under the federal bankruptcy laws.
- The sale by the Department of all or material part of its assets
- The cessation of the Department to be a type of institution that is eligible to become a borrower of FHLB.
- The merger, or consolation or other combination by the Department with any other non-eligible entity.
- FHLB reasonably and in good faith determines that a material adverse change has occurred in the financial condition of the Department
- FHLB deems itself insecure even though the Department is not otherwise in default

Upon the occurrence of or during the continuation any event of default, FHLB may at its own option declare all indebtedness and accrued interest to be immediately due and payable without presentment, demand, protest, or any further notice

As of August 31, 2019, the maximum aggregate principal amount available for advances under the Advances Agreement was $250,000,000 resulting in $115,669,720.45 available in the line of credit at August 31, 2019.

NOTE 5: SUMMARY LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2019, the following changes occurred in liabilities.

Governmental Activities	Balance 09/01/18	Additions	Reductions	Balance 08/31/19	Amounts Due Within One Year
Compensable Leave	$ 1,095,488.24	1,086,310.89	978,107.37	$ 1,203,691.76	$ 756,771.89
Total Governmental Activities	$ 1,095,488.24	1,086,310.89	978,107.37	$ 1,203,691.76	$ 756,771.89

Business-Type Activities	Balance 09/01/18	Additions	Reductions	Balance 08/31/19	Amounts Due Within One Year
Revenue Bonds Payable	$ 980,849,777.58	574,471,746.05	122,956,330.50	$ 1,432,365,193.13	$ 11,740,901.19
Revenue Bonds Payable - Direct Placements	355,697,241.72	24,000,000.00	83,605,952.27	296,091,289.45	4,795,781.57
Notes Payable - Direct Placements	87,746,923.69	-	1,280,658.83	86,466,264.86	223,965.34
Notes Payable - Direct Borrowing	22,000,000.00	-	-	22,000,000.00	-
Compensable Leave	1,415,611.54	1,378,410.76	1,416,904.23	1,377,118.07	897,155.95
Total Business-Type Activities	$ 1,447,709,554.53	599,850,156.81	209,259,845.83	$ 1,838,299,865.51	$ 17,657,804.05

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 or rehabilitation of rental housing for families with very low to moderate incomes. Loan payments provide the revenues for debt service payments. (See Note 6 for more information.) The $598,471,746.05 in additions is inclusive of the bond premium related to the issuance of bonds; $6,001,649.50 related to the 2018 Single Family Series A, $9,670,870.55 related to the 2019 Single Family Series A, and $8,649,226.00 related to the 2019 Residential Mortgage Revenue Bond Series A. The $206,562,282.77 in reductions is inclusive of $925,323.90 in amortization of bond premium/discount.

The Department has $296,091,289.45 of revenue bonds outstanding from direct placements as of August 31, 2019. They were primarily issued to provide funding to nonprofit and for-profit developers of multifamily properties to construct or rehabilitate rental housing and are secured by these assets and their respective revenue. These bonds are limited obligations of the Department and are payable solely from the payments received from the assets and guarantors, which secure the bonds.

NOTE 5: SUMMARY OF LONG-TERM LIABILITIES Cont'd

They contain the following events of default:

- A default in the payment of any interest of the loan when such interests becomes due and payable;
- A default in the payment of principal of the loan when such principal becomes due and payable.

Upon the occurrence of any event of default would trigger remedies ranging from demand of immediate payment to the acceleration of the bonds causing it to be immediately due and payable.

The following are debt service requirements for bonds payable in the business-type activities:

Texas Department of Housing and Community Affairs

Bonds Payable Debt Service Requirements

Business-Type Activities

	Revenue Bonds Payable			Revenue Bonds Payable - Direct Placement		
Year	Principal	Interest	Total	Principal	Interest	Total
2020	$ 10,252,728.31	$ 41,583,015.41	$ 51,835,743.72	$ 4,795,781.67	$ 16,167,249.80	$ 20,963,031.47
2021	79,654,472.83	43,687,097.32	123,341,570.15	5,057,198.45	15,908,098.45	20,965,296.90
2022	18,901,491.30	41,939,131.44	60,840,622.74	5,348,356.84	15,636,531.05	20,984,887.89
2023	16,953,666.43	41,327,288.65	58,280,955.08	5,628,978.74	15,348,725.58	20,977,704.32
2024	17,550,914.77	40,716,587.97	58,267,502.74	5,956,733.53	15,047,459.57	21,004,193.10
2025-29	121,114,939.00	189,469,506.36	310,584,445.36	49,561,707.60	67,652,781.74	117,214,489.34
2030-34	201,881,191.73	163,533,960.07	365,415,151.80	46,131,700.42	54,153,318.32	100,285,018.74
2035-39	406,874,793.25	115,415,612.06	522,290,405.31	77,814,076.99	35,995,968.39	113,810,045.38
2040-44	237,405,000.00	67,837,790.83	305,242,790.83	46,997,269.08	20,525,704.64	67,522,973.72
2045-49	269,887,733.00	31,519,974.19	301,407,707.19	34,383,600.86	7,941,826.74	42,325,427.60
2050-54	7,305,000.00	4,452,248.62	11,757,248.62	10,930,885.27	2,673,908.66	13,604,793.93
2055-59	20,000,000.00	3,576,488.42	23,576,488.42	3,485,000.00	442,755.48	3,927,755.48
Totals	**$ 1,407,781,930.62**	**$ 785,058,701.34**	**$ 2,192,840,631.96**	**$ 296,091,289.45**	**$ 267,494,328.42**	**$ 563,585,617.87**

Notes Payable

The Department has notes and loans payable from direct borrowings and direct placements related to business-type activities in the amount of $108,466,264.86 as of August 31, 2019 and they have no unused lines of credit. It has two Issuer Notes from direct borrowings and four Multifamily Notes from direct placements.

The Department's two Issuer notes from direct borrowings are subordinate lien obligations to provide funding for down payment assistance in connection with Texas Homeownership Programs. The 2016 Issuer Note has a loan agreement with Woodforest National Bank secured by the RMRB Indenture and the 2018 Issuer Notes with Woodforest National Bank, Tolleson Private Bank, and Hancock Whitney Bank secured by the Single Family Indenture. They contain the following events of default:

- A default in payment of any interest upon the loan when such interest becomes due and payable;
- A default in payment of principal of the loan when such principal becomes due and payable;
- A default in the Asset Test if the amount calculated pursuant to such test equals an amount less than 102% for the 2016 Note and 105% for the 2018 Note, plus the current outstanding amount of the loan.

NOTE 5: SUMMARY OF LONG-TERM LIABILITIES Cont'd

Upon the occurrence of any event of default would trigger remedies ranging from demand of immediate payment to the acceleration of the loan causing it to be immediately due and payable.

The Department's four notes from direct placements were primarily issued to provide funding to nonprofit and for-profit developers of multifamily properties to construct or rehabilitate rental housing and are secured by these assets and their respective revenue. 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. They contain the following events of default:

- A default in payment of any interest upon the loan when such interests become due and payable;
- A default in payment of principal of the loan when such principal becomes due and payable.

Upon the occurrence of any event of default would trigger remedies ranging from demand of immediate payment to the acceleration of the loan causing it to be immediately due and payable.

The following are debt service requirements for notes payable in the business-type activities:

Texas Department of Housing and Community Affairs

Notes Payable Debt Service Requirements

Business-Type Activities

	Notes Payable - Direct Borrowing			Notes Payable - Direct Placement		
Year	Principal	Interest	Total	Principal	Interest	Total
2020	$ -	$ 420,578.48	$ 420,578.48	$ 223,965.34	$ 4,373,656.12	$ 4,597,621.46
2021	-	420,578.48	420,578.48	284,110.16	4,356,863.76	4,640,973.92
2022	-	420,578.48	420,578.48	393,778.78	4,342,390.55	4,736,169.33
2023	-	420,578.48	420,578.48	412,077.98	4,324,470.01	4,736,547.99
2024	-	420,578.48	420,578.48	429,392.25	4,311,607.96	4,741,000.21
2025-29	22,000,000.00	1,279,476.36	23,279,476.36	2,474,220.07	21,223,418.86	23,697,638.93
2030-34	-	-	-	14,140,692.16	20,063,387.53	34,204,079.69
2035-39	-	-	-	68,108,028.12	4,528,091.21	72,636,119.33
Totals	**$ 22,000,000.00**	**$ 3,382,368.76**	**$ 25,382,368.76**	**$ 86,466,264.86**	**$ 67,523,886.00**	**$ 153,990,150.86**

Other Non-Current Liabilities

Other non-current liabilities in the Enterprise Fund are comprised 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 $136,881,347.24. 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 6: BONDED INDEBTEDNESS

The Department has 84 bond issues outstanding at August 31, 2019. 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 Bonds (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 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, 2019, are as follows (in thousands):

Description	2020	2021	2022	2023	2024	2025 to 2029	2030 to 2034
Single-family	$ 2,490	$ 5,560	$ 5,870	$ 6,060	$ 6,270	$ 36,555	$ 74,890
RMRB	4,375	5,565	5,800	6,420	6,600	33,330	38,465
Multifamily	8,184	73,587	12,580	10,103	10,638	100,792	134,658
Total	$ 15,049	$ 84,712	$ 24,250	$ 22,583	$ 23,508	$ 170,677	$ 248,013

Description	2035 to 2039	2040 to 2044	2045 to 2049	2050 to 2054	2055 to 2059	2060 to 2064	Total
Single-family	$ 159,741	$ 84,050	$ 212,473	$ 5,965	$	**$**	$ 599,924
RMRB	55,445	49,170	46,115	1,340			252,625
Multifamily	269,503	151,182	45,684	10,931	23,482		851,324
Total	$ 484,689	$ 284,402	$ 304,272	$ 18,236	$ 23,482	$	$ 1,703,873

NOTE 6: BONDED INDEBTEDNESS Cont'd

The interest payment requirements at August 31, 2019, are as follows (in thousands):

Description	2020	2021	2022	2023	2024	2025 to 2029	2030 to 2034
Single-family	$ 16,421	$ 19,059	$ 18,918	$ 18,761	$ 18,596	$ 90,013	$ 82,752
RMRB	9,851	9,660	9,443	9,203	8,928	40,365	33,068
Multifamily	31,478	30,876	29,215	28,712	28,240	126,744	101,867
Total	$ 57,750	$ 59,595	$ 57,576	$ 56,676	$ 55,764	$ 257,122	$ 217,687

Description	2035 to 2039	2040 to 2044	2045 to 2049	2050 to 2054	2055 to 2059	2060 to 2064	Total
Single-family	$ 69,065	$ 45,354	$ 21,382	$ 135	$	$	$ 400,456
RMRB	24,742	14,795	5,755	26			165,836
Multifamily	57,604	28,216	12,325	6,965	4,019		486,261
Total	$ 151,411	$ 88,365	$ 39,462	$ 7,126	$ 4,019	$	$ 1,052,553

Changes in Bonds Payable

Description	Bonds Outstanding 09/01/18	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/19	Amounts Due Within One Year
Single Family	$ 328,007,912.00	$ 309,320,000.00	$ -	$ 37,404,221.00	$ 599,923,691.00	$ 3,308,012.52
RMRB	121,270,000.00	166,350,000.00	3,320,000.00	31,675,000.00	252,625,000.00	5,029,664.76
CHMRB	300,000.00			300,000.00		
Multifamily	885,782,266.94	98,480,000.00	8,073,789.62	124,863,948.25	851,324,529.07	8,199,005.48
Total	$ 1,335,360,178.94	$ 574,150,000.00	$ 11,393,789.62	$ 194,243,169.25	$ 1,703,873,220.07	$ 16,536,682.76
Unamortized Premium	1,186,840.36				24,583,262.51	
Total	$ 1,336,547,019.30				$ 1,728,456,482.58	

Demand Bonds

The Department currently holds five single family bond series in the amount $76,305,000 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 mortgage-backed securities backed by 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 08/31/19	Liquidity Facility Expiration Date
2007A	JP Morgan	Comptroller of Public Accounts	0.12%	$ 20,155,000.00	08/31/19
2005A	JP Morgan	Comptroller of Public Accounts	0.12%	19,095,000.00	08/31/19
2004D	Piper Jaffray	Comptroller of Public Accounts	0.12%	13,290,000.00	08/31/19
2004B	JP Morgan	Comptroller of Public Accounts	0.12%	19,910,000.00	08/31/19
2004A Jr. Lien	JP Morgan	Comptroller of Public Accounts	0.12%	3,855,000.00	08/31/19
Total Demand Bonds				**$ 76,305,000.00**	

NOTE 6: BONDED INDEBTEDNESS Cont'd

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 and effective September 1, 2019 the expiration date will be extended to August 31, 2021. 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 2019, 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, 2019, 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.

Pledged and Other Sources and Related Expenditures for FY 2019

	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	$ 56,724,581.17	$ 4,286,383.76	$ -	$ 15,256,610.37	$ 1,000,380,662.74	2050	100%
Total Residential Mtg Revenue Bonds	38,008,577.22	2,472,639.11	3,320,000.00	6,728,434.88	418,462,395.30	2050	100%
Total 1992 CHMRB	377,999.74	6,080.92		7,712.51			100%
Total Multifamily Bonds	160,815,383.21		8,073,789.62	35,951,435.93	1,337,583,191.79	2059	100%
Total	**$ 255,926,541.34**	**$ 6,765,103.79**	**$ 11,393,789.62**	**$ 57,944,193.69**	**$ 2,756,426,249.83**		

Defeased Bonds

During fiscal year 2019, various multifamily developers used proceeds from the sale of their projects to purchase U.S. Treasury Securities and placed these investments in escrow accounts for the purpose of debt service payments for each bond. There is no possibility that the Department will be required to make future payments. These bonds are considered to be defeased in-substance and will no longer be reported as a liability in the financial statements. Refer to Schedule 1-E Miscellaneous Bond Information – Defeased Bonds Outstanding for more information.

In November 2002, the Department issued Series 2002 Multifamily Revenue Bonds (Green Crest Apartments). The primary purpose is financing the acquisition, construction and equipping of a multifamily project. On August 22, 2019, the Borrower sold the project and used a portion of the sale proceeds to purchase U.S. Treasury Securities in the amount of $10,361,557. The securities were placed in an escrow account for the purpose of debt service requirements of these bonds and the redemption of these defeased bonds on December 1, 2019.

In November 2002, the Department issued Series 2002 Multifamily Revenue Bonds (Ironwood Crossing). The primary purpose is financing the acquisition, construction and equipping of a multifamily project. On January 9, 2019, the Borrower sold the project and used a portion of the sale proceeds to purchase U.S. Treasury Securities in the amount of $16,698,440.36. The securities were placed in an escrow account for the purpose of debt service requirements of these bonds and the redemption of these defeased bonds on October 1, 2027.

NOTE 6: BONDED INDEBTEDNESS Cont'd

In December 2003, the Department issued Series 2003 A and B Multifamily Revenue Bonds (Parkview Townhomes). The primary purpose is financing the acquisition, construction and equipping of a multifamily project. On January 9, 2019, the Borrower sold the project and used a portion of the sale proceeds to purchase U.S. Treasury Securities in the amount of $13,737,254.60. The securities were placed in an escrow account for the purpose of debt service requirements of these bonds and the redemption of these defeased bonds on January 1, 2021.

In January 2004, the Department issued Series 2004 A and B Multifamily Revenue Bonds (Providence at Veterans Memorial Apartments). The primary purpose is financing the acquisition, construction and equipping of a multifamily project. On August 22,2019, the Borrower sold the project and used a portion of the sale proceeds to purchase U.S. Treasury Securities in the amount of $6,873,864. The securities were placed in an escrow account for the purpose of debt service requirements of these bonds and the redemption of these defeased bonds on March 1, 2021.

NOTE 7: 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 non-performance by the counterparties under the swap agreements. Termination of the swap agreements may result in the Department making or receiving termination payments.

The swap agreements related to the 2004B and 2004D bonds include 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, 2019, classified by type, and the changes in fair value of such derivative instruments for the year ended as reported in the 2019 financial statements are as follows.

Business Type Activities		Changes in Fair Value		Fair Value at August 31, 2019		
Cash Flow Hedges	Bond Issue	Classification	Amount	Classification	Amount	Notional
Pay-fixed, receive-variable interest rate swap	2004B	Deferred outflow of resources	$ 14,223.00	Debt	$ (772,678.00)	$ 18,730,000.00
Pay-fixed, receive-variable interest rate swap	2004D	Deferred outflow of resources	(54,879.00)	Debt	(424,481.00)	13,290,000.00
Pay-fixed, receive-variable interest rate swap	2005A	Deferred outflow of resources	(94,475.00)	Debt	(2,356,289.00)	19,095,000.00
Pay-fixed, receive-variable interest rate swap	2007A	Deferred outflow of resources	(366,089.00)	Debt	(2,045,597.00)	20,155,000.00
Total			$ (501,220.00)		$ (5,599,045.00)	$ 71,270,000.00

NOTE 7: DERIVATIVE INSTRUMENTS Cont'd

Terms and Fair Value

The terms, including the fair value of the outstanding swaps as of August 31, 2019 are as follows. The notional amounts of the swaps match the principal amount of the associated debt except for the 2004B issue which has $19,910,000 bonds outstanding, $1,180,000 more than the notional amount of the swap.

Counterparty	Notional Amount	Fair Value	Effective Date	Fixed Rate	Variable Rate	Swap Termination Date
Bank of New York Mellon	$ 18,730,000.00	$ (772,678.00)	03/01/14	3.67%	65.5% of LIBOR + .20%	09/01/34 (a)
Goldman Sachs Bank USA	13,290,000.00	(424,481.00)	01/01/05	3.08%	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	03/01/35 (b)
JP Morgan Chase Bank	19,095,000.00	(2,356,289.00)	08/01/05	4.01%	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	09/01/36 (c)
JP Morgan Chase Bank	20,155,000.00	(2,045,597.00)	06/05/07	4.01%	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	09/01/38 (c)
Total	$ 71,270,000.00	$ (5,599,045.00)				

a. Swap Agreement has an optional early partial 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 partial 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 each March 1 and September 1 from mortgage loan repayments.

The Department has 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	$ (5,599,045.00)		$ (5,599,045.00)	
Total	$ (5,599,045.00)		$ (5,599,045.00)	

- 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 of the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

NOTE 7: DERIVATIVE INSTRUMENTS Cont'd

Credit Risk

As of August 31, 2019, 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 scheduled 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+/Stable	A1/Stable
JP Morgan Chase Bank	A+/Stable	Aa2/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.

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 partial par termination rights began September 2015, with 100% par termination rights in September 2021.
2004D Single Family	March 2035	Optional early partial par termination rights began 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.

NOTE 7: DERIVATIVE INSTRUMENTS Cont'd

Swap Payments and Associated Debt

Using rates as of August 31, 2019, 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		Interest Rate Swaps, Net	Total
	Principal	Interest		
2020	$ -	$ 1,103,517.75	$ 1,388,466.99	$ 2,491,984.74
2021	-	1,023,002.39	1,388,466.99	2,411,469.38
2022	-	1,025,350.87	1,388,466.99	2,413,817.86
2023	-	1,025,350.87	1,388,466.99	2,413,817.86
2024	-	1,027,699.58	1,388,466.99	2,416,166.57
2025-2029	1,810,000.00	5,124,406.10	6,942,334.96	13,876,741.06
2030-2034	32,725,000.00	4,165,559.39	5,653,213.27	42,543,772.66
2035-2039	37,915,000.00	1,098,206.83	1,617,857.56	40,631,064.39
	$ 72,450,000.00	**$ 15,593,093.78**	**$ 21,155,740.74**	**$ 109,198,834.52**

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 netted amount. As of August 31, 2019, the Department has an aggregate liability related to the interest rate swaps in the amount of $698,383.83 payable on September 1, 2019.

NOTE 8: 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: $157,668.24 for Governmental activities and $50,014.29 for Business-Type Activities.

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, 2021 and August 31, 2023. 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
2020 (Future Year 1)	$ 135,084.97	$ 59,290.91	$ 194,375.88
2021 (Future Year 2)	21,315.05	29,353.75	50,668.80
2022 (Future Year 3)	3,787.66	9,193.46	12,981.12
2023 (Future Year 4)	3,787.66	9,193.46	12,981.12
2024 (Future Year 5)	-	-	-
Total Minimum Future Lease Rental Payments	$ 163,975.34	$ 107,031.58	$ 271,006.92

NOTE 9: 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 Plan), the Judicial Retirement System of Texas Plan One (JRS1 Plan) and Judicial Retirement System of Texas Plan Two (JRS2 Plan).
- TRS – the Teacher Retirement System of Texas Plan (TRS Plan).
- TESRS – the Texas Emergency Services Retirement System Plan (TESRS 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, JRS1 and JRS2 Plans. Elected class includes elected state officials not included in the coverage of JRS1 and JRS2 Plans, and members 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 September 1, 2009 and before September 1, 2013, the average monthly compensation is the average of the highest 48 months of compensation. For members hired on or after September 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 August 31, 2018 is presented in the table below:

Employees Retirement System's Membership	
Retirees and Beneficiaries Currently Receiving Benefits	111,361
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	119,736
Current Employees Vested and Non-Vested	141,535
Total Members	372,632

NOTE 9: PENSION PLANS – DEPARTMENT'S NOTE DISCLOSURE – ERS PLAN Cont'd

The contribution rates for the state and the members for the ERS plan for the measurement period of fiscal 2018 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	10.00%	10.00%	10.00%	9.50%	9.50%	9.50%

The amount of Department's contributions recognized in the ERS plan during the fiscal 2018 measurement period was $1,945,911.07. It is the proportionate share of the collective amounts in the ERS Plan.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an annual actuarial valuation performed as of August 31, 2018.

The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2018:

Actuarial Methods and Assumptions	
Actuarial Valuation Date	August 31, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	31 Years
Asset Valuation Method	Marked to market. Future gains and losses each recognized over closed five-year period, with allowance of direct offsetting of deferrals by subsequent gains or losses.
Actuarial Assumptions:	
Discount Rate	5.69%
Investment Rate of Return	7.50%
Inflation	2.50%
Last Experience Study	5-year period from September 1, 2011 to August 31, 2016%
Salary Increase	0% to 9.5%
Mortality	2017 State Retirees of Texas (SRT) Mortality Tables. Generational mortality improvements in accordance with the ultimate rates from the scale most recently published by Retirement Plans Experience Committee of the Society of Actuaries ("Scale U-MP") and projected from the year 2017. Rates for male LECO members are set forward one year.
Cost-of-living Adjustments	None - Employee 2.75% - Elected

NOTE 9: PENSION PLANS – DEPARTMENT'S NOTE DISCLOSURE – ERS PLAN Cont'd

A single discount rate of 5.69% was applied to measure the total pension liability. The 5.69% discount rate incorporated a 7.5% long-term expected rate of return on pension plan investments and 3.69% 20-year municipal bond rate based on the rate for Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index". The long-term expected investment rate of return was applied to projected benefit payments through fiscal 2049 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. The Legislature passed House Bill No. 9 in the 84th legislative session during fiscal 2015 to increase the state contributions for fiscal 2016 and 2017 and maintained the changes made by the 83rd legislative session in Senate Bill 1459, which established proportional decreases to the employee contribution if the state contribution was decreased. The passage of this bill is an indicator that the Legislature is committed to increase the funding levels for the pension funds. Projected employer contributions are based on fiscal year 2018 funding levels.

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.

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 Portfolio Real Rate of Return
Global Equity	50%	3.91%
Global Credit	11%	0.57%
Opportunistic Credit	3%	0.20%
Intermediate Treasuries	11%	0.29%
Real Estate	12%	0.90%
Infrastructure	7%	0.49%
Hedge Funds	5%	0.31%
Cash	1%	0.02%
Total	100%	

NOTE 9: PENSION PLANS – DEPARTMENT'S NOTE DISCLOSURE – ERS PLAN Cont'd

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 4.69%	**Current Discount Rate 5.69%**	**1% Increase 6.69%**
$74,265,970.93	$56,351,675.61	$41,524,401.95

Note: The amounts in this schedule are for the Department's proportionate share (.27909334%) of the collective amounts for ERS. They are reported in the Business Type and Governmental Activities.

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 No. 72. Employees Retirement System issues a stand-alone audited Comprehensive Annual Financial Report (CAFR). Information on vesting and tier requirements may be obtained from ERS' CAFR:

Employees Retirement System of Texas
200 E. 18th Street
Austin, Texas 78701

NOTE 9: 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, 2018. For fiscal 2019 reporting, the measurement date of the net pension liability is August 31, 2018. The schedule of changes in the Department's net pension liability for the fiscal year ending August 31, 2019 is presented below:

Schedule of Changes in Department's Net Pension Liability For Fiscal Year Ending August 31, 2019		
Total Pension Liability-For Department		**Department's Pension Liability**
Service Cost	$	4,034,454.25
Interest on the Total Pension Liability		7,144,016.28
Benefit Changes		
Difference between Expected and Actual Experience of the Total Pension Liability		256,433.51
Assumption Changes		(5,534,180.35)
Benefit Payments and Refunds		(6,715,995.18)
Net Change in Total Pension Liability		(815,271.49)
Total Pension Liability - Beginning		134,624,656.50
Total Pension Liability - Ending	$	133,809,385.01
Plan Fiduciary Net Position		
Contributions - Employer	$	1,945,809.22
Contributions - Member		1,908,810.98
Pension Plan Net Investment Income		6,782,797.14
Benefit Payments and Refunds		(6,715,995.57)
Pension Plan Administrative Expense		(65,726.39)
Net Change in Plan Fiduciary Net Position		3,855,695.38
Plan Fiduciary Net Position - Beginning		73,602,013.63
Plan Fiduciary Net Position - Ending	$	77,457,709.01
Net Pension Liability - Beginning	$	61,022,642.87
Net Pension Liability - Ending	$	56,351,676.00

Notes to schedule:

1. The change in the total pension liability is due to the change in the single discount rate and included as an assumption change.
2. Assumption changes for fiscal 2017 include the impact of the new assumptions adopted by the board effective August 31, 2017.
3. The covered payroll is the actual annual payroll for the fiscal year as reported by ERS.

Note: The amounts in this schedule are for the Department's proportionate share (.27909334%) of the collective amounts for ERS. They are reported in the Business Type and Governmental Activities.

NOTE 9: PENSION PLANS – DEPARTMENT'S NOTE DISCLOSURE – ERS PLAN Cont'd

The change of discount rate is the assumption change 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 is .27909334% in fiscal year 2019 as compared with the .27302363% in the prior measurement period.

For the fiscal year ending August 31, 2019, the Department recognized pension expense of $7,521,008.00. At August 31, 2019, 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	$ 331,756.74	$ -
Changes of assumptions	4,179,411.45	4,184,146.42
Net difference between projected and actual investment return		878,090.00
Contributions subsequent to the measurement date	1,988,903.54	
Total	**$ 6,500,071.73**	**$ 5,062,236.42**

The $1,988,903.54 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, 2020.

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

Year ended August 31:	
2020	$ 2,267,614.53
2021	$ (1,202,101.93)
2022	$ (1,342,099.82)
2023	$ (274,481.01)
2024	-
Thereafter	-

Note: The amounts in this schedule are for the Department's proportionate share (.13374255%) of the collective amounts for ERS. They are reported in the Business Type and Governmental Activities.

NOTE 10: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

ERS Plan

Employees Retirement System is the administrator of the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer defined benefit OPEB plan with a special funding situation. The 61 employers of SRHP include state of Texas agencies and universities, community and junior colleges, and other entities specified by the Legislature. Benefits are provided to retirees through the Texas Employees Group Benefits Program as authorized by Texas Insurance Code, Chapter 1551. The SRHP provides post-employment health care, life and dental insurance benefits to retirees. The benefit and contribution provisions of the SRHP are authorized by state law and may be amended by the Legislature. Retirees must meet certain age and service requirements and have at least 10 years of service at retirement to participate in the plan. Surviving spouses and dependents of retirees are also covered by the plan. The plan does not provide automatic cost of living adjustments.

ERS issued a stand-alone audited Comprehensive Annual Financial Report (CAFR). The ERS CAFR may be obtained from:

Employees Retirement System of Texas
200 E. 18th Street
Austin, Texas 78701

During the measurement period of 2018 for fiscal 2019 reporting, the amount of the Department's contributions recognized by the plan was $3,885,166.30. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. The contribution requirements for the state and the members in the measurement period are presented in the table below:

Employer Contribution Rates - Retiree Health and Basic Life Premium	
Retiree Only	$ 621.90
Retiree and Spouse	1,334.54
Retiree and Children	1,099.06
Retiree and Family	1,811.70

NOTE 10: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS – Cont'd

The total OPEB liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total OPEB liability as of the August 31, 2018 measurement date.

Actuarial Methods and Assumptions	
Actuarial Valuation Date	August 31, 2018
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount Rate	3.96%*
Inflation	2.50%
Salary Increase	2.5% to 9.5%, including inflation
Health Cost and Trend Rate	7.30% for FY 2020, 7.40% for FY 2021, 7.00% for FY 2022, decreasing 0.50% per year to an ultimate rate of 4.50% for FY 2027 and later years
Aggregate Payroll Growth	3.00%
Retirement Age	Experience-based tables of rates that are specific to the class of employee
Mortality:	
Service Retirees, Survivors, and other Inactive Members	2017 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2017
Disable Retirees	RP-2014 Disabled Retiree Mortality with Ultimate MP Projection Scale projected from the year 2014
Active Members	RP-2014 Active Member Mortality tables with Ultimate MP Projection Scale projected from the year 2014
Ad Hoc Post-Employment Benefit Changes	None

** The source of the municipal bond rate is the Bond Buyer Index of general obligations bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.*

The many actuarial assumptions used in the valuation were primarily based on the result of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2011 to August 31, 2016 for state agency members. The mortality rates were based on the tables identified in the table above titled *Actuarial Methods and Assumptions.*

NOTE 10: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS – Cont'd

The following assumptions and other inputs have been adopted since the prior valuation to reflect plan experience and trends as expected by ERS and the actuaries attesting to the results of the valuation:

a. Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the Trustees from TRS;
b. Assumed expenses, assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost, Retiree Contribution and expense trends have been updated to reflect recent experience and its effects on our short-term expectations;
c. Percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence;
d. Percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends; and,
e. Discount rate assumption was increased from 3.51% to 3.96% to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

The only benefit revisions that have been adopted since the prior valuation for retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect plans.

The discount rate that was used to measure the total OPEB liability is the municipal bond rate of 3.96% as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 3.51%. Projected cash flows into the plan are equal to projected benefit payments out of the plan. As the plan operates on a pay as you go basis and is not intended to accumulate assets, there is no long-term expected rate of return. ERS' board of trustees adopted an amendment to the investment policy in August 2017 to require that all funds in this plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments be at least 2.4%. The investment rate of return used to calculate the projected earnings on OPEB plan investments was 3.51%.

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

Sensitivity of Department's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate ($ thousands)		
1% Decrease (2.96%)	**Current Discount Rate (3.96%)**	**1% Increase (4.96%)**
$47,059.85	$39,638.27	$34,020.97

Note: The amounts in this schedule are for the Department's proportionate share (.13374255%) of the collective amounts for ERS. They are reported in the Business Type and Governmental Activities.

NOTE 10: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS – Cont'd

Sensitivity analysis was performed on the impact of changes in the healthcare cost trend rates on the proportionate share of the Department's net OPEB liability. The result of the analysis is presented in the table below:

Sensitivity of Department's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate ($ thousands)		
1% Decrease (6.30% decreasing to 3.50%)	**Current Healthcare Cost Trend Rates (7.30% decreasing to 4.50%)**	**1% Increase (8.30% decreasing to 5.50%)**
$33,568.49	$39,638.27	$47,468.30

Note: The amounts in this schedule are for the Department's proportionate share (.13374255%) of the collective amounts for ERS. They are reported in the Business Type and Governmental Activities.

The OPEB plan's fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by ERS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the Other Employee Benefit Trust Fund are reported at fair value in accordance with GASB Statement No. 72. 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. More detailed information on the plan's investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS' fiscal 2018 CAFR.

At August 31, 2019, the Department reported a liability of $39,638,272.00 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of August 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Department's proportion at August 31, 2018 was .13374255%. The Department's proportion of the collective net OPEB liability was based on its contributions to the OPEB plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period September 1, 2017 through August 31, 2018.

NOTE 10: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS – Cont'd

For the year ending August 31, 2019, the Department recognized OPEB expense of $282,198.00. At August 31, 2019, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ -	$ 1,452,219.00
Changes of assumptions		13,890,333.00
Net difference between projected and actual investment return	18,770.40	
Effect of change in proportion and contribution difference	2,382,034.00	
Contributions subsequent to the measurement date	569,111.00	
Total	**$ 2,969,915.40**	**$15,342,552.00**

The $569,111.00 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability for the year ending August 31, 2020.

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

Year ended August 31:	
2020	$ (3,384,231.00)
2021	$ (3,384,231.00)
2022	$ (3,384,231.00)
2023	$ (2,116,786.00)
2024	$ (672,269.00)
Thereafter	-

Note: The amounts in this schedule are for the Department's proportionate share (.13374255%) of the collective amounts for ERS. They are reported in the Business Type and Governmental Activities.

NOTE 11: 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, 2019, follows:

Fund	Current Interfund Receivable	Current Interfund Payable	Purpose
Governmental Fund (01)			
General Revenue (0001)	$ 7.50	$ 5,045.61	Expenditure Transfer
Consolidated Federal (0127, 0369)	42,680.16	-	Expenditure Transfer
Subtotal Governmental Fund (01)	***$ 42,687.66***	***$ 5,045.61***	
Governmental Fund (01) (Exhibit III)	37,642.05		*Net Receivable/Payable above*
Enterprise Fund (05, 0896) (Exhibit V)		37,642.05	Expenditure Transfer
Total Internal Balances (Exhibit I)	**$ 37,642.05**	**$ 37,642.05**	

Governmental Fund (01)	Due From Other Agencies	Due To Other Agencies	Source
Appd Fund 0001, D23 Fund 0077			
(Agency 551, D23 Fund 0001)	$ 14,058.11		State P-T
Total Due From Other Agencies/Due To Other Agencies (Exhibit I)	**$ 14,058.11**	**$ -**	

NOTE 11: INTERFUND ACTIVITY AND TRANSACTIONS Con't

Governmental Fund	Transfers In	Transfers Out	Purpose
General Fund (01)			
Appd Fund 0001, D23 Fund 0001		$ 2,539,253.43	Article VII-6, Rider 9
Appd Fund 0001, D23 Fund 0001		1,440,430.74	Article IX, Sect. 13.11
Appd Fund 0127, D23 Fund 0369		603,695.42	Article IX, Sect. 13.11
Appd Fund 0802, D23 Fund 0802	794.59		TEX. TRANSP. CODE ANN. Sec. 504.6012
Total Transfers for Fund 01	**$ 794.59**	**$ 4,583,379.59**	
Special Revenue (02)			
Appd Fund 0809, D23 Fund 0809		149,057.88	SB 1, RS 85th Leg , HB 4102
Appd Fund 0809, D23 Fund 1809	149,057.88		SB 1, RS 85th Leg , HB 4102
Total Transfers for Fund 01 (Exhibit II & IV)	**$ 149,057.88**	**$ 149,057.88**	
Enterprise Fund (05)			
Appd Fund 3054, D23 Fund 0999	$ 2,539,253.43		Article VII-6, Rider 9
Total Transfers for Fund 3054 (Exhibit II & VI)	**$ 2,539,253.43**	**$ -**	
Total Transfers*	**$ 2,689,105.90**	**$ 4,732,437.47**	

*The difference between total transfers in and out represents transfers to the Comptroller's Office of $2,043,331.57.

NOTE 12: 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 13: CONTINGENCIES AND COMMITMENTS

Derivative Instruments

All of the Department's derivative instruments include provisions that require posting collateral in the event the Single Family Trust Indenture 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.

Series	Collateral Posting Exposure at Current Credit Rating	Credit Rating Downgrade Threshold	MTM Threshold for Indenture or Counterparty
2004B [(1)]	None	A3/A- or below for AGM and TDHCA	After downgrade of AGM and Indenture 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 Indenture is downgraded to A3/A- or below.

As of August 31, 2019, the credit rating related to the Single Family Trust Indenture was AA+ issued by Standard & Poor's and Aaa by Moody's, therefore no collateral was posted. The Department's aggregate fair value of all hedging derivative instruments with these collateral provisions is a negative ($5,599,045.00). If the collateral posting requirements had been triggered at August 31, 2019, 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 (MBS) 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 MBS, available indenture funds and ongoing fees related to the loans originated and securitized through the TMP program. Escrow agreements were negotiated and established to limit the recourse to the servicer and TBA provider, who delivers the MBS to the purchaser of the MBS backed by the mortgage loans. The amount of the escrow is $2.5 million, which is funded from residual funds generated through the Single Family Mortgage Revenue Bond Program. The TMP program commenced on October 1, 2012.

NOTE 13: CONTINGENCIES AND COMMITMENTS Con't

The Department has entered into a Warehouse Agreement with Hilltop Securities, as Warehouse Provider, and The Bank of New York Mellon Trust Company, as trustee under the bond indentures and as Custodian. The purpose is to warehouse MBS relating to various series of bonds issued or to be issued and delivered under the Department's Trust Indentures, including MBS retained by the Department under its TMP Program. The Department has deposited $750,000 into a Warehouse Escrow Account for the benefit of the Warehouse Provider. As of August 31, 2019, there were no MBS held under the Warehouse Agreement.

The Department has established the TDHCA Liquid Yield Account with Federal Home Loan Bank to secure the Department's obligations under the Advances and Security Agreement. The amount on deposit as of August 31, 2019 is $15,000,000.

NOTE 14 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 Liability Insurance coverage in the amount of $10,000,000; 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 and Terrorism Insurance in the amount of $6,377,516 for the Alpine Retirement Center, the Insurance Annex Building, the Twin Towers Office Center and leased field office located in Lubbock, Texas.

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 re-evaluated 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.

Changes in the balances of the Department's claims liabilities during fiscal year 2019 and 2018 were:

	Beginning Balance	Increases	Decreases	Ending Balance
2019	$ -	$29,416.77	($29,416.77)	$ -
2018	$ -	$167,730.00	($167,730.00)	$ -

NOTE 15: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund 0896 within the Department's Enterprise Fund reported a negative change in Net Position of ($2,556,577.74) primarily from the recognition of its proportionate share of the Net Pension/OPEB Liability and Pension/OPEB Expense resulting in a negative Net Position balance of ($54,561,070.65) at August 31, 2019.

NOTE 16: 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. The Collateralized Home Mortgage Revenue Bonds were fully redeemed during fiscal year 2019 and have no assets at the end of the year. 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.

CONDENSED STATEMENT OF NET POSITION

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Restricted Assets:			
Current Assets	$ 203,247,916.55	$ 30,787,676.19	$ -
Non-Current Assets	574,026,023.60	345,115,497.18	-
Total Assets	777,273,940.15	375,903,173.37	-
Deferred Outflows of Resources:	5,599,045.00	-	-
Liabilities:			
Current Liabilities	10,020,133.61	7,298,102.48	
Non-Current Liabilities	630,016,891.59	266,203,197.18	-
Total Liabilities	640,037,025.20	273,501,299.66	-
Deferred Inflows of Resources:	-	-	-
Net Position:			
Restricted Net Position	$ 142,835,959.95	$ 102,401,873.71	$
Net Position	$ 142,835,959.95	$ 102,401,873.71	$ -

NOTE 16: 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 (Expenses):			
Interest and Investment Income	$ 23,986,851.25	$ 8,258,547.93	$ 77,999.59
Net Increase (Decrease) in Fair Value	13,633,881.20	13,306,507.79	(77,207.14)
Other Operating Revenues	50,478,049.16	7,731,345.11	0.15
Operating Expenses	(51,878,357.20)	(17,644,680.40)	(11,446.97)
Operating Income (Loss)	36,220,424.41	11,651,720.43	(10,654.37)
Nonoperating Revenues (Expenses):			
Transfers In (Out)	255,994.68	(4,496,690.44)	(1,761,156.24)
Changes in Net Position	36,476,419.09	7,155,029.99	(1,771,810.61)
Net Position, September 1, 2018	106,359,540.86	95,246,843.72	1,771,810.61
Net Position, August 31, 2019	$ 142,835,959.95	$ 102,401,873.71	$ -

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	$ (22,878,378.57)	$ (5,926,889.74)	$ (8,164.09)
Noncapital Financing Activities	265,037,922.33	129,546,525.85	(539,327.68)
Investing Activities	(245,757,663.87)	(122,464,001.54)	483,996.09
Net Increase (Decrease)	(3,598,120.11)	1,155,634.57	(63,495.68)
Beginning Cash and Cash Equivalents	29,698,243.72	17,611,597.36	63,495.68
Ending Cash and Cash Equivalents	$ 26,100,123.61	$ 18,767,231.93	$ (0.00)

NOTE 17: SUBSEQUENT EVENTS

Note Issuance	Series	Amount	Date of Issuance	Purpose
Governmental Note	Multifamily Governmental Note 2019 Ventura at Hickory Tree Apartments	$28,100,000.00	12/11/19	The multifamily governmental notes are issued for the primary purpose to finance the acquisition, construction, and equipping of multifamily rental housing developments. The Ventura at Hickory Tree Apartments is located in Balch Springs, Texas.

NOTE 18: Deferred Outflows of Resources and Deferred Inflows of Resources

Governmental Type Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Plans (Note 9):		
To record the effect of changes of assumptions on total pension liability less the amortization related to the current period.	$ 1,928,071.04	$ 2,303,104.37
To record contribution to the plan in fiscal year 2019 after the measurement date of August 31, 2018.	994,451.77	-
To record effect on total pension liability between expected and actual experience less the amortization related to the current period.	165,878.37	-
To record difference between projected and actual investment return less the amortization related to the current period.	-	439,045.00
OPEB Plans (Note 10):		
To record the effect of changes of assumptions on total OPEB liability less the amortization related to the current period.	-	6,945,166.50
To record the effect of change in proportion and contribution difference.	987,943.43	-
To record contribution to the plan in fiscal year 2019 after the measurement date of August 31, 2018.	320,968.00	-
To record effect on total OPEB liability between expected and actual experience less the amortization related to the current period.	-	726,109.50
To record difference between projected and actual investment return less the amortization related to the current period.	9,385.20	-
Total Governmental Activities (Exhibit I):	**$ 4,406,697.81**	**$ 10,413,425.37**

Due to the implementation of GASB 68, GASB 74 and GASB 75 by the State of Texas and recognition of its pension and OPEB liability, TDHCA recorded total deferred outflows of resources of $4,406,697.81 and total deferred inflows of $10,413,425.37 for Governmental-Type Activities.

These accounts reflect the unamortized balances of changes in net pension liability and OPEB liability related to the changes of assumptions, difference between expected and actual experience, and difference between projected and actual investment return based on the August 31, 2018 actuarial valuation performed for the ERS plan, and contributions made after the measurement date of August 31, 2018. Details of the deferred outflows and deferred inflows of resources related to the agency employees' pension are disclosed in Note 9 and OPEB in Note 10.

NOTE 18: Deferred Outflows of Resources and Deferred Inflows of Resources Cont'd

Business-Type Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
Derivatives (Note 7)	$ 5,599,045.00	$ -
Pension Plans (Note 9):		
To record the effect of changes of assumptions on total pension liability less the amortization related to the current period.	2,251,340.41	1,881,042.05
To record contribution to the plan in fiscal year 2019 after the measurement date of August 31, 2018.	994,451.77	-
To record effect on total pension liability between expected and actual experience less the amortization related to the current period.	165,878.37	-
To record difference between projected and actual investment return less the amortization related to the current period.	-	439,045.00
OPEB Plans (Note 10):		
To record the effect of changes of assumptions on total OPEB liability less the amortization related to the current period.	-	6,945,166.50
To record the effect of change in proportion and contribution difference.	1,394,090.57	-
To record contribution to the plan in fiscal year 2019 after the measurement date of August 31, 2018.	248,143.00	-
To record effect on total OPEB liability between expected and actual experience less the amortization related to the current period.	-	726,109.50
To record difference between projected and actual investment return less the amortization related to the current period.	9,385.20	-
Total Business-Type Activities (Exhibit I) :	**$ 10,662,334.32**	**$ 9,991,363.05**

Deferred outflows of resources in the amount of $5,599,045.00 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 7.

Due to the implementation of GASB 68, GASB 74 and GASB 75 by the State of Texas and recognition of its pension and OPEB liability, TDHCA recorded additional deferred outflows of resources of $5,063,289.32 and total deferred inflows of $9,991,363.05 for Business-Type activities.

These accounts reflect the unamortized balances of changes in net pension liability and OPEB liability related to the changes of assumptions, difference between expected and actual experience, and difference between projected and actual investment return based on the August 31, 2018 actuarial valuation performed for the ERS plan, and contributions made after the measurement date of August 31, 2018. Details of the deferred outflows and deferred inflows of resources related to the agency employees' pension are disclosed in Note 9 and OPEB in Note 10.

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REQUIRED SUPPLEMENTARY

INFORMATION

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Required Supplementary Information
Schedule of Changes in Department's Net Pension Liability (Unaudited)
For the fiscal year ended August 31, 2019

	2019	2018	2017	2016	2015
Total Pension Liability-For Department	**Pension Liability**	**Pension Liability**	**Pension Liability**	**Pension Liability**	**Pension Liability**
Proportionate Share	0.27909334%	0.27302363%	0.27406237%	0.29237245%	0.30593152%
Net Pension Liability	$ 56,351,676.00	$ 59,695,525.00	$ 54,146,438.00	$ 38,787,429.43	$ 44,240,145.43
Covered-Employee Payroll	$ 30,497,388.53	$ 30,090,760.48	$ 27,848,706.01	$ 25,728,026.97	$ 26,724,094.91
Net Pension Liability as a Percentage of Covered-Employee Payroll	184.78%	198.38%	194.43%	150.76%	165.54%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	57.89%	54.67%	55.32%	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 five years of information is available. Information for future years will be added when it becomes available.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Required Supplementary Information
Schedule of Employer Contributions (Unaudited)
For the fiscal year ended August 31, 2019

Schedule of Employer Contributions						
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Required Employer Contributions	$ 1,988,903.54	$ 1,945,911.07	$ 1,911,553.65	$ 1,882,372.32	$ 1,463,345.34	$ 1,475,596.49
Contributions Made to the Plan	1,988,903.54	1,945,911.07	1,911,553.65	1,882,372.32	1,463,345.34	1,475,596.49
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$30,497,388.53	$30,090,760.48	$27,848,706.01	$25,728,026.97	$26,724,094.91	$ 24,787,150
Contributions as a percentage of covered-employee payroll	6.52%	6.47%	6.86%	7.32%	8.14%	8.10%

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Notes to the Required Supplementary Information
Summary of Actuarial Assumptions (Unaudited)
For the fiscal year ended August 31, 2019

Summary of Actuarial Assumptions	
Valuation Date	Actuarially determined contribution rates are calculated based on the actuarial valuation as of August 31, 2018. A new set of assumptions were adopted for the Aug. 31, 2017, actuarial valuation and was first reflected for the ADEC determined for the fiscal year ending 2018.
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	Marked to market as of Aug. 31, 2017. Future gains and losses each recognized over closed five-year period, with allowance of direct offsetting of deferrals by subsequent gains or losses.
Inflation	2.5%
Salary Increases	0% to 9.5%
Investment Rate of Return	7.5%
Retirement Age	Experience-based table of rates that are specific to the class of employee. Updated for the 2017 valuation pursuant to an experience study of the 5-year period from September 1, 2011 through August 31, 2016.
Mortality	2017 State Retirees of Texas (SRT) mortality table. Generational mortality improvements in accordance with the ultimate rates from the scale most recently published by Retirement Plans Experience Committee of the Society of Actuaries (Scale U-MP) and projected from the year 2017. Rates for male LECO members are set forward one year.

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.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Required Supplementary Information
Schedule of Changes in Department's Net OPEB Liability (Unaudited)
For the fiscal year ended August 31, 2019

	2019	2018
Total Pension Liability-For Department	**OPEB Liability**	**OPEB Liability**
Proportionate Share	0.13374255%	0.12784394%
Net OPEB Liability	$ 39,638,272.00	$ 43,560,281.00
Covered-Employee Payroll	$ 30,497,388.53	$ 30,090,760.48
Net OPEB Liability as a Percentage of Covered-Employee Payroll	129.97%	144.76%
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	1.27%	2.04%

* 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.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Required Supplementary Information (Continued)
Schedule of Employer Contributions (Unaudited)
For the fiscal year ended August 31, 2019

Schedule of Employer Contributions		
	2019	**2018**
Required Employer Contributions	$ 3,885,166.30	$ 1,198,204.92
Contributions Made to the Plan	3,885,166.30	1,198,204.92
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 30,497,388.53	$ 30,090,760.48
Contributions as a percentage of covered-employee payroll	12.74%	3.98%

* 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.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Notes to the Required Supplementary Information
Summary of Actuarial Assumptions (Unaudited)
For the fiscal year ended August 31, 2019

Actuarial Methods and Assumptions	
Actuarial Valuation Date	August 31, 2018
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount Rate	3.96%
Inflation	2.50%
Salary Increase	2.5% to 9.5%, including inflation
Health Cost and Trend Rate	7.30% for Fiscal Year 2020, 7.40% for Fiscal Year 2021, 7.00% for Fiscal Year 2022, decreasing 0.50% per year to 4.50% for Fiscal Year 2027 and later years
Aggregate Payroll Growth	3.00%
Retirement Age	Experience-based tables of rates that are specific to the class of employess
Mortality:	
Service Retirees, Survivors, and other Inactive Members	2017 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2017
Disable Retirees	RP-2014 Disabled Retiree Mortality with Ultimate MP Projection Scale projected from the year 2014
Active Members	RP-2014 Active Member Mortality tables with Ultimate MP Projection Scale projected from the year 2014
Ad Hoc Post-Employment Benefit Changes	None

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SUPPLEMENTARY BOND

SCHEDULES

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-A
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2019

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Maturity First Year	Scheduled Maturity Final Maturity Date	First Call Date	
2004 Single Family Series B	$ 53,000,000	VAR - Weekly		2015	09/01/2034	03/01/2015	(c)
2004 Single Family Series A (Jr. Lien)	4,140,000	VAR - Weekly		2036	09/01/2036	09/01/2036	(c)
2004 Single Family Series D	35,000,000	VAR - Weekly		2035	03/01/2035	(d)	
2005 Single Family Series A	100,000,000	VAR - Weekly		2007	09/01/2036	03/01/2006	
2007 Single Family Series A	143,005,000	VAR - Weekly		2008	09/01/2038	03/01/2008	(c)
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	
2017 Single Family Series A	61,303,867	2.84%	2.84%	2017	09/01/2047	(l)	
2017 Single Family Series B	29,610,000	2.75%	2.75%	2017	09/01/2038	(l)	
2017 Single Family Series C	42,787,085	3.10%	3.10%	2017	09/01/2047	(l)	
2018 Single Family Series A	143,995,000	1.65%	4.75%	2019	03/01/2049	N/A	
2019 Single Family Series A	165,325,000	1.25%	4.00%	2019	03/01/2050	09/01/2028	
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	
2019 RMRB Series A	166,350,000	1.85%	5.00%	2020	01/01/2050	07/01/2028	
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 & CHMRB BONDS	**$ 1,604,325,952**						
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	
2000 MF Series A (Timber Point Apartments)	8,100,000	VAR - Weekly		2003	09/01/2032	07/01/2000	(a)
2000 MF Series A (Creek Point Apartments)	7,200,000	VAR - Weekly		2004	10/01/2032	07/01/2000	(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-C (Collingham Park Apartments)	13,500,000	6.72%	7.72%	2004	11/01/2033	05/01/2019	
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/B (Hillside Apartments)	12,900,000	7.00%	9.25%	2003	12/01/2041	11/01/2018	
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 (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 (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	
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	
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 (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	(b)
2005 MF Series A (Port Royal Homes)	12,200,000	5.00%	6.50%	2007	02/01/2045	02/01/2022	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Supplementary Bond Schedules
SCHEDULE 1-A (Continued)
MISCELLANEOUS BOND INFORMATION (Continued)
For the fiscal year ended August 31, 2019

Description of Issue	Bonds Issued To Date	Range Of Interest Rates	Scheduled Maturity First Year	Scheduled Maturity Final Maturity Date	First Call Date	
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	(c)	
2005 MF Series A (Tower Ridge Apartments)	15,000,000	VAR - Weekly (b)	2009	04/01/2038	(c)	
2005 MF Series A (St Augustine Estate Apartments)	7,650,000	VAR - Weekly	2009	09/15/2038	N/A	
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	(e)	
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 (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	(f)	
2006 MF Series A (Hillcrest Apartments)	12,435,000	5.25% 5.25%	2009	04/01/2027	04/01/2021	
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	(h)	
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	(g)	
2007 MF Series A (Lancaster)	14,250,000	VAR - Weekly	2010	07/15/2040	(g)	
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	(i)	
2007 MF Series A (Santora Villas)	13,072,000	5.80% 5.80%	2010	05/01/2047	06/01/2024	
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	(g)	
2007 MF Series A (Residences at Onion Creek)	15,000,000	VAR - Weekly	2011	12/15/2040	(g)	
2008 MF Series A (West Oaks Apartments)	13,125,000	VAR - Weekly	2011	07/01/2041	(j)	
2008 MF Series A (Costa Ibiza Apartments)	13,900,000	VAR - Weekly	2011	08/01/2041	(c)	
2008 MF Series A (Addison Park Apartments)	14,000,000	VAR - Weekly	2008	01/01/2044	(j)	
2008 MF Series A (Alta Cullen Apartments Refunding)	14,000,000	VAR - Weekly	2011	03/01/2045	(j)	
2009 MF Series A (Costa Mariposa Apartments)	13,690,000	VAR - Weekly	2012	05/01/2042	(j)	
2009 MF Series A (Woodmont Apartments)	15,000,000	VAR - Weekly	2012	06/01/2042	(j)	
2014 MF Series A (Decatur-Angle Apartments)	23,000,000	5.75% 5.75%	2016	01/01/2054	09/01/2016	
2015 MF Series A (Williamsburg Apartments)	23,150,000	3.45% 3.45%	2016	01/01/2032	01/26/2016	(k)
2016 MF Series A (Skyline Place Apartments)	18,750,000	2.60% 2.60%	2016	10/01/2032	10/26/2016	(k)
2017 MF Series A (Casa Inc Apartments)	24,000,000	3.15% 3.15%	2017	11/01/2033	N/A	
2017 MF Series A (Casa Brendan Apartments)	5,000,000	3.15% 3.15%	2017	11/01/2033	N/A	
2017 MF Series A (Nuestro Hogar Apartments)	5,700,000	3.15% 3.15%	2017	11/01/2033	N/A	
2017 MF Series A (Emli at Liberty Crossing)	17,600,000	1.80% 1.80%	2019	12/01/2020	(m)	
2018 MF Series A (Vista on Gessner)	50,000,000	3.40% 3.40%	2018	03/01/2035	N/A	
2018 MF Series A (Springs Apartments)	20,000,000	2.23% 2.23%	2020	05/01/2021	05/01/2020	
2018 MF Series A (Crosby Plaza Apartments)	7,000,000	2.00% 2.00%	2020	08/01/2021	02/01/2020	
2018 MF Series A (Oaks on Lamar)	16,810,000	3.55% 3.55%	2018	09/01/2034	N/A	
2018 MF Series A (Riverside Townhomes)	19,200,000	3.55% 3.55%	2018	09/01/2034	N/A	
2018 MF Series A/B (Forestwood)	20,100,000	VAR - Monthly	2021	10/01/2058	04/01/2031	
2018 MF Series A (Related Rd Portfolio)	20,000,000	2.20% 2.20%	2020	05/01/2021	N/A	
2018 MF Series A/B (Park Yellowstone)	15,380,000	2.11% 3.50%	2018	08/01/2036	N/A	
2019 MF Series A (Lago de Plata)	14,000,000	4.90% 4.90%	2019	04/01/2059	06/01/2030	
2019 MF Series A (McMullen Square)	10,000,000	3.59% 3.59%	2019	01/09/2036	06/20/2020	
2019 MF Series A (Northgate Village)	19,000,000	2.95% 2.95%	2019	07/01/2036	N/A	
TOTAL MULTIFAMILY BONDS	**$ 1,130,531,000**					
TOTAL BONDS ISSUED	**$ 2,734,856,952**					

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Supplementary Bond Schedules
SCHEDULE 1-A (Continued)
MISCELLANEOUS BOND INFORMATION (Continued)
For the fiscal year ended August 31, 2019

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) 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.

(c) 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.

(d) 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.

(e) 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.

(f) 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.

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

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) The Series 2017 bonds are subject to redemption prior to maturity, in whole or in part, at any time and from time to time on and after September 1, 2026, at the option of the Department, after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of the Series 2017 Bonds or portions thereof to be redeemed, plus accrued interest, to but not including, the redemption date.

(m) The Bonds are subject to optional redemption on or after the Mandatory Tender Date, in whole by the Issuer at the written direction of the Borrower on any date on or after the later to occur of (i) the date the Development is placed in service or (ii) the Optional Redemption Date at a redemption price equal to 100% of the principal amount of such Bonds, plus accrued interest to the Redemption Date.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-B
CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2019

Description of Issue	Bonds Outstanding 9/1/2018	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2019	Amounts Due Within One Year
2004 Single Family Series A (Jr. Lien)	$ 3,855,000.00	$	$	$	$ 3,855,000.00	$
2004 Single Family Series B	23,035,000.00			3,125,000.00	19,910,000.00	
2004 Single Family Series D	15,765,000.00			2,475,000.00	13,290,000.00	
2005 Single Family Series A	22,060,000.00			2,965,000.00	19,095,000.00	
2007 Single Family Series A	24,750,000.00			4,595,000.00	20,155,000.00	
2013 Single Family Series A	16,335,000.00			1,975,000.00	14,360,000.00	
2015 Single Family Series A	20,945,000.00			2,065,000.00	18,880,000.00	
2015 Single Family Series B	14,765,000.00			1,550,000.00	13,215,000.00	
2016 Single Family Series A	25,010,000.00			3,175,000.00	21,835,000.00	
2016 Single Family Series B	36,700,000.00			5,515,000.00	31,185,000.00	
2017 Single Family Series A	59,316,953.00			3,127,516.00	56,189,437.00	18,610.92
2017 Single Family Series B	23,670,049.00			3,374,091.00	20,295,958.00	
2017 Single Family Series C	41,800,910.00			2,697,614.00	39,103,296.00	
2018 Single Family Series A		143,995,000.00		765,000.00	143,230,000.00	2,788,829.88
2019 Single Family Series A		165,325,000.00			165,325,000.00	500,571.72
2009 RMRB Series A	17,295,000.00		125,000.00	17,170,000.00	-	
2009 RMRB Series B	4,160,000.00		345,000.00	3,815,000.00	-	
2009 RMRB Series C-1	31,665,000.00			2,980,000.00	28,685,000.00	
2009 RMRB Series C-2	25,370,000.00			2,990,000.00	22,380,000.00	
2011 RMRB Series A	14,475,000.00		1,265,000.00	1,330,000.00	11,880,000.00	1,276,989.76
2011 RMRB Series B	28,305,000.00		1,585,000.00	3,320,000.00	23,400,000.00	1,575,587.28
2019 RMRB Series A		166,350,000.00		70,000.00	166,280,000.00	2,177,087.72
1992 Coll Home Mtg Rev Bonds, Series C	300,000.00			300,000.00	-	-
Total Single Family Bonds	**$ 449,577,912.00**	**$ 475,670,000.00**	**$ 3,320,000.00**	**$ 69,379,221.00**	**$ 852,548,691.00**	**$ 8,337,677.28**
1996 MF Series A/B (Brighton's Mark Development)	$ 8,075,000.00	$	$	$	$ 8,075,000.00	$
1998 MF Series A-C (Residence at the Oaks Projects)	4,838,000.00		329,000.00		4,509,000.00	339,000.00
2000 MF Series A (Timber Point Apartments)	5,870,000.00			300,000.00	5,570,000.00	
2000 MF Series A (Creek Point Apartments)	4,960,000.00			200,000.00	4,760,000.00	
2000 MF Series A-C (Highland Meadow Village Apts)	6,656,000.00		293,000.00		6,363,000.00	345,000.00
2000 MF Series A-C (Collingham Park Apartments)	9,902,000.00		440,000.00		9,462,000.00	505,000.00
2001 MF Series A (Bluffview Apartments)	9,508,018.58		136,549.01	9,371,469.57	-	
2001 MF Series A (Knollwood Apartments)	12,218,248.20		175,471.91	12,042,776.29	-	
2001 MF Series A (Skyway Villas Apartments)	5,850,000.00		215,000.00		5,635,000.00	225,000.00
2001 MF Series A/B (Meridian Apartments)	7,648,000.00		123,000.00		7,525,000.00	132,000.00
2001 MF Series A/B (Wildwood Apartments)	5,891,000.00		100,000.00		5,791,000.00	108,000.00
2001 MF Series A/B (Hillside Apartments)	11,883,306.51		31,543.25	11,851,763.26	-	
2002 MF Series A (Clarkridge Villas Apartments)	12,496,187.20		174,556.31	12,321,630.89	-	
2002 MF Series A (Green Crest Apartments)	10,417,746.26		102,518.70	10,315,227.56	-	
2002 MF Series A/B (Ironwood Crossing)	15,557,353.97		76,104.17	15,481,249.80	-	
2003 MF Series A/B (Reading Road)	9,630,000.00		50,000.00	300,000.00	9,280,000.00	50,000.00
2003 MF Series A/B (West Virginia Apartments)	7,315,000.00		245,000.00		7,070,000.00	255,000.00
2003 MF Series A/B (Primrose Houston School)	15,208,743.00		192,023.00		15,016,720.00	207,856.00
2003 MF Series A/B (Timber Oaks Apartments)	12,144,762.72		120,620.66	12,024,142.06	-	
2003 MF Series A/B (Ash Creek Apartments)	14,923,968.00		191,406.00		14,732,562.00	204,713.00
2003 MF Series A/B (Peninsula Apartments)	9,730,000.00		300,000.00	15,000.00	9,415,000.00	325,000.00
2003 MF Series A/B (Arlington Villas)	15,793,576.00		179,553.00		15,614,023.00	194,552.00
2003 MF Series A/B (Parkview Townhomes)	12,817,254.19		66,056.36	12,751,197.83	-	
2004 MF Series A/B (Timber Ridge II Apartments)	6,122,772.00		73,439.00		6,049,333.00	78,722.00
2004 MF Series A/B (Providence at Veterans Memorial)	6,508,431.07		68,940.08	6,439,490.99	-	
2004 MF Series A (Providence at Rush Creek II)	8,052,041.50		101,948.53		7,950,092.97	108,992.78
2004 MF Series A (Humble Parkway Townhomes)	10,070,000.00		205,000.00		9,865,000.00	215,000.00
2004 MF Series A (Chisholm Trail Apartments)	9,800,000.00			300,000.00	9,500,000.00	
2004 MF Series A (Evergreen at Plano Parkway)	13,496,663.93		163,385.30		13,333,278.63	174,414.36
2004 MF Series A (Montgomery Pines Apartments)	10,300,000.00			200,000.00	10,100,000.00	
2004 MF Series A (Bristol Apartments)	11,000,000.00			200,000.00	10,800,000.00	
2004 MF Series A (Pinnacle Apartments)	12,765,000.00			300,000.00	12,465,000.00	
2004 MF Series A (Churchill at Pinnacle Park)	9,048,932.52		137,717.68		8,911,214.84	147,013.77
2005 MF Series A (Port Royal Homes)	11,107,727.10		139,205.20		10,968,521.90	148,527.00
2005 MF Series A (Mission Del Rio Homes)	8,697,968.11		68,841.82		8,629,126.29	73,452.26
2005 MF Series A (Atascocita Pines Apartments)	10,390,000.00			200,000.00	10,190,000.00	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Supplementary Bond Schedules
SCHEDULE 1-B
CHANGES IN BOND INDEBTEDNESS (Continued)
For the fiscal year ended August 31, 2019

Description of Issue	Bonds Outstanding 09/01/18	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/2019	Amounts Due Within One Year
2005 MF Series A (Tower Ridge Apartments)	$ 15,000,000.00				$ 15,000,000.00	$ -
2005 MF Series A (St Augustine Estate Apartments)	5,580,000.00			100,000.00	5,480,000.00	
2005 MF Series A (Providence at Mockingbird Apts)	10,459,037.72		109,200.78		10,349,836.94	115,245.79
2005 MF Series A (Plaza at Chase Oaks Apartments)	11,287,346.32		361,477.03		10,925,869.29	380,160.10
2005 MF Series A (Coral Hills Apartments)	4,165,000.00		120,000.00		4,045,000.00	125,000.00
2006 MF Series A (Bella Vista Apartments)	6,225,000.00			6,225,000.00	-	
2006 MF Series A (Village Park Apartments)	8,960,000.00		235,000.00		8,725,000.00	245,000.00
2006 MF Series A (Oakmoor Apartments)	13,328,497.02		161,731.34		13,166,765.68	171,706.54
2006 MF Series A (The Residences at Sunset Pointe)	15,000,000.00				15,000,000.00	
2006 MF Series A (Hillcrest Apartments)	9,570,000.00		220,000.00		9,350,000.00	230,000.00
2006 MF Series A (Meadowlands Apartments)	11,509,835.65		132,389.40		11,377,446.25	140,554.86
2006 MF Series A (East Tex Pines)	12,615,000.00		145,000.00		12,470,000.00	155,000.00
2006 MF Series A (Aspen Park)	8,715,000.00		150,000.00		8,565,000.00	160,000.00
2006 MF Series A (Idlewilde)	12,790,000.00			200,000.00	12,590,000.00	
2007 MF Series A (Lancaster)	12,780,000.00			200,000.00	12,580,000.00	
2007 MF Series A (Park Place at Loyola)	13,516,531.03		130,164.52		13,386,366.51	137,918.01
2007 MF Series A (Terrace at Cibolo)	4,700,000.00			100,000.00	4,600,000.00	
2007 MF Series A (Santora Villas)	11,458,242.59		115,416.44		11,342,826.15	122,291.46
2007 MF Series A (Costa Rialto)	9,997,961.69		110,691.43		9,887,270.26	116,760.81
2007 MF Series A (Windshire)	12,800,000.00			200,000.00	12,600,000.00	
2007 MF Series A (Residences at Onion Creek)	15,000,000.00				15,000,000.00	
2008 MF Series A (West Oaks Apartments)	11,675,000.00			200,000.00	11,475,000.00	
2008 MF Series A (Costa Ibiza Apartments)	12,620,000.00			200,000.00	12,420,000.00	
2008 MF Series A (Addison Park Apartments)	12,195,000.00			12,195,000.00	-	
2008 MF Series A (Alta Cullen Apartments Refunding)	11,500,000.00			200,000.00	11,300,000.00	
2009 MF Series A (Costa Mariposa Apartments)	12,775,000.00			225,000.00	12,550,000.00	
2009 MF Series A (Woodmont Apartments)	13,950,000.00			205,000.00	13,745,000.00	
2014 MF Series A (Decatur Angle Apartments)	22,686,225.54		171,166.80		22,515,058.74	181,452.93
2015 MF Series A (Williamsburg Apartments)	22,719,612.35		286,332.39		22,433,279.96	312,233.30
2016 MF Series A (Skyline Place Apartments)	18,526,781.71		276,354.09		18,250,427.62	284,558.39
2017 MF Series A (Casa Inc Apartments)	23,774,174.78		309,420.87		23,464,753.91	319,855.77
2017 MF Series A (Casa Brendan Apartments)	4,952,953.12		64,462.71		4,888,490.41	66,636.60
2017 MF Series A (Nuestro Hogar Apartments)	5,646,366.56		73,487.40		5,572,879.16	75,965.75
2017 MF Series A (Emli Liberty Crossing Apartments)	17,600,000.00				17,600,000.00	
2018 MF Series A (Vista on Gessnar Apartments)	50,000,000.00				50,000,000.00	231,532.78
2018 MF Series A (Springs Apartments)	20,000,000.00				20,000,000.00	
2018 MF Series A (Crosby Plaza Apartments)	7,000,000.00				7,000,000.00	
2018 MF Series A (Oaks on Lamar)	16,810,000.00		176,214.09		16,633,785.91	197,319.09
2018 MF Series A (Riverside Townhomes)	19,200,000.00		201,267.70		18,998,732.30	225,373.36
2018 MF Series A/B (Forestwood)		20,100,000.00			20,100,000.00	
2018 MF Series A (Related RD Portfolio)		20,000,000.00			20,000,000.00	
2018 MF Series A/B (Park Yellowstone)		15,380,000.00			15,380,000.00	
2019 MF Series A (Lago de Plata)		14,000,000.00	5,000.00		13,995,000.00	120,000.00
2019 MF Series A (McMullen Square)		10,000,000.00			10,000,000.00	
2019 MF Series A (Northgate Village)		19,000,000.00	19,132.65		18,980,867.35	247,196.77
Total Multifamily Bonds	**$ 885,782,266.94**	**$ 98,480,000.00**	**$ 8,073,789.62**	**$ 124,863,948.25**	**$ 851,324,529.07**	**$ 8,199,005.48**
	$1,335,360,178.94	**$ 574,150,000.00**	**$ 11,393,789.62**	**$ 194,243,169.25**	**$1,703,873,220.07**	**$ 16,536,682.76**

FOOTNOTES:

(a) Bonds Outstanding balance at 08/31/19 does not include unamortized premium or discounts.

Bonds Outstanding per schedule	$ 1,703,873,220.07
Unamortized (Discount)/Premium:	
Single Family	15,802,168.11
RMRB	8,607,861.94
Multi-Family	173,232.46
Bonds Outstanding per Exhibit III	**$ 1,728,456,482.58**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
For the fiscal year ended August 31, 2019

DESCRIPTION		2020	2021	2022	2023	2024
2004 Single Family, Series A (Junior Lien)	Principal	-	-	-	-	-
2004 Single Family, Series A (Junior Lien)	Interest	89,992.71	84,231.12	84,424.50	84,424.50	84,617.88
2004 Single Family, Series B	Principal	-	-	-	-	-
2004 Single Family, Series B	Interest	300,036.74	276,115.15	276,749.09	276,749.09	277,383.02
2004 Single Family, Series D	Principal	-	-	-	-	-
2004 Single Family, Series D	Interest	198,080.57	182,981.88	183,401.90	183,401.90	183,822.03
2005 Single Family, Series A	Principal	-	-	-	-	-
2005 Single Family, Series A	Interest	294,525.38	274,338.15	274,967.91	274,967.91	275,597.75
2007 Single Family, Series A	Principal	-	-	-	-	-
2007 Single Family, Series A	Interest	310,875.06	289,567.21	290,231.97	290,231.97	290,896.78
2013 Single Family, Series A	Principal	-	-	-	-	-
2013 Single Family, Series A	Interest	402,080.02	402,080.04	402,080.04	402,080.04	402,080.04
2015 Single Family, Series A	Principal	-	-	-	-	-
2015 Single Family, Series A	Interest	604,160.02	604,160.04	604,160.04	604,160.04	604,160.04
2015 Single Family, Series B	Principal	-	-	-	-	-
2015 Single Family, Series B	Interest	412,968.74	412,968.72	412,968.72	412,968.72	412,968.72
2016 Single Family, Series A	Principal	-	-	-	-	-
2016 Single Family, Series A	Interest	655,050.00	655,050.00	655,050.00	655,050.00	655,050.00
2016 Single Family, Series B	Principal	-	-	-	-	-
2016 Single Family, Series B	Interest	991,683.00	991,683.00	991,683.00	991,683.00	991,683.00
2017 Single Family, Series A	Principal	-	-	-	-	-
2017 Single Family, Series A	Interest	1,592,970.48	1,592,970.48	1,592,970.48	1,592,970.48	1,592,970.48
2017 Single Family, Series B	Principal	-	-	-	-	-
2017 Single Family, Series B	Interest	558,138.84	558,138.84	558,138.84	558,138.84	558,138.84
2017 Single Family, Series C	Principal	-	-	-	-	-
2017 Single Family, Series C	Interest	1,212,202.20	1,212,202.20	1,212,202.20	1,212,202.20	1,212,202.20
2018 Single Family, Series A	Principal	2,490,000.00	2,580,000.00	2,675,000.00	2,765,000.00	2,875,000.00
2018 Single Family, Series A	Interest	5,830,622.39	5,765,036.10	5,693,492.34	5,615,897.28	5,532,493.38
2019 Single Family, Series A	Principal	-	2,980,000.00	3,195,000.00	3,295,000.00	3,395,000.00
2019 Single Family, Series A	Interest	2,967,736.01	5,757,646.50	5,685,421.56	5,606,341.56	5,522,291.46
TOTAL SINGLE FAMILY BONDS		**18,911,122.16**	**24,619,169.43**	**24,787,942.59**	**24,821,267.53**	**24,866,355.62**
2009 Residential Mtg Revenue Bonds, Series C-1	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-1	Interest	824,693.82	824,693.88	824,693.88	824,693.88	824,693.88
2009 Residential Mtg Revenue Bonds, Series C-2	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-2	Interest	555,024.00	555,024.00	555,024.00	555,024.00	555,024.00
2011 Residential Mtg Revenue Bonds, Series A	Principal	1,270,000.00	1,305,000.00	1,345,000.00	1,600,000.00	1,630,000.00
2011 Residential Mtg Revenue Bonds, Series A	Interest	558,853.31	505,137.66	447,020.16	380,865.06	299,812.50
2011 Residential Mtg Revenue Bonds, Series B	Principal	1,560,000.00	1,575,000.00	1,650,000.00	1,885,000.00	1,900,000.00
2011 Residential Mtg Revenue Bonds, Series B	Interest	936,102.61	886,962.60	833,507.58	771,072.60	694,527.54
2019 Residential Mtg Revenue Bonds, Series A	Principal	1,545,000.00	2,685,000.00	2,805,000.00	2,935,000.00	3,070,000.00
2019 Residential Mtg Revenue Bonds, Series A	Interest	6,976,637.42	6,888,282.48	6,782,782.44	6,671,503.68	6,553,819.92
TOTAL RESIDENTIAL MTG REVENUE BONDS		**14,226,311.16**	**15,225,100.62**	**15,243,028.06**	**15,623,159.22**	**15,527,877.84**
1996 MF Series A/B (Brighton's Mark Development)	Principal	-	-	-	-	-
1996 MF Series A/B (Brighton's Mark Development)	Interest	503,247.42	501,872.43	501,872.43	501,872.43	503,247.42
1998 MF Series A-C (Residence at the Oaks Projects)	Principal	339,000.00	347,000.00	357,000.00	368,000.00	376,000.00
1998 MF Series A-C (Residence at the Oaks Projects)	Interest	122,110.80	112,698.90	103,053.60	93,119.82	82,911.60
2000 MF Series A (Creek Point Apartments)	Principal	-	-	-	-	-
2000 MF Series A (Creek Point Apartments)	Interest	67,261.97	67,039.11	67,115.96	67,115.96	67,192.85
2000 MF Series A (Timber Point Apartments)	Principal	-	-	-	-	-
2000 MF Series A (Timber Point Apartments)	Interest	78,707.85	78,447.08	78,537.05	78,537.05	78,626.97
2000 MF Series A-C (Collingham Park Apartments)	Principal	505,000.00	525,000.00	545,000.00	565,000.00	587,000.00
2000 MF Series A-C (Collingham Park Apartments)	Interest	341,267.64	322,627.20	303,255.66	283,153.14	262,301.40

DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
For the fiscal year ended August 31, 2019

2025-29	2030-34	2035-39	2040-44	2045-49	2050-54	2055-59	REQUIRED
-	-	3,855,000.00	-	-	-	-	3,855,000.00
421,929.12	422,122.50	211,485.30	-	-	-	-	1,483,227.63
1,075,000.00	16,955,000.00	1,880,000.00	-	-	-	-	19,910,000.00
1,383,111.50	798,485.49	13,173.40	-	-	-	-	3,601,803.48
735,000.00	10,165,000.00	2,390,000.00	-	-	-	-	13,290,000.00
916,589.59	567,026.70	24,941.15	-	-	-	-	2,440,245.72
-	5,605,000.00	13,490,000.00	-	-	-	-	19,095,000.00
1,374,209.87	1,348,887.30	295,770.55	-	-	-	-	4,413,264.82
-	-	20,155,000.00	-	-	-	-	20,155,000.00
1,450,495.14	1,451,159.90	764,321.73	-	-	-	-	5,137,779.76
-	-	14,360,000.00	-	-	-	-	14,360,000.00
2,010,400.20	2,010,400.20	804,160.08	-	-	-	-	6,835,360.66
-	-	-	18,880,000.00	-	-	-	18,880,000.00
3,020,800.20	3,020,800.20	3,020,800.20	302,080.02	-	-	-	12,385,280.80
-	-	-	-	13,215,000.00	-	-	13,215,000.00
2,064,843.60	2,064,843.60	2,064,843.60	2,064,843.60	825,937.44	-	-	11,150,155.46
-	-	-	-	21,835,000.00	-	-	21,835,000.00
3,275,250.00	3,275,250.00	3,275,250.00	3,275,250.00	1,310,100.00	-	-	17,686,350.00
-	-	31,185,000.00	-	-	-	-	31,185,000.00
4,958,415.00	4,958,415.00	4,958,415.00	-	-	-	-	19,833,660.00
-	-	-	-	56,189,437.00	-	-	56,189,437.00
7,964,852.40	7,964,852.40	7,964,852.40	7,964,852.40	4,911,658.98	-	-	44,735,920.98
-	-	20,295,958.00	-	-	-	-	20,295,958.00
2,790,694.20	2,790,694.20	2,279,066.93	-	-	-	-	10,651,149.53
-	-	-	-	39,103,296.00	-	-	39,103,296.00
6,061,011.00	6,061,011.00	6,061,011.00	6,061,011.00	3,737,623.45	-	-	34,042,678.45
16,060,000.00	19,775,000.00	24,860,000.00	31,445,000.00	37,705,000.00	-	-	143,230,000.00
26,156,392.08	22,932,253.50	18,411,337.14	12,342,995.52	4,564,231.44	-	-	112,844,751.17
18,685,000.00	22,390,000.00	27,270,000.00	33,725,000.00	44,425,000.00	5,965,000.00	-	165,325,000.00
26,163,696.89	23,086,137.68	18,915,943.98	13,342,674.96	6,032,515.20	134,937.48	-	113,215,343.28
126,567,690.79	**157,642,339.67**	**228,806,330.46**	**129,403,707.50**	**233,854,799.51**	**6,099,937.48**	**-**	**1,000,380,662.74**
480,000.00	10,095,000.00	12,885,000.00	5,225,000.00	-	-	-	28,685,000.00
4,123,469.40	3,428,438.34	1,802,841.42	173,578.32	-	-	-	13,651,796.82
-	1,400,000.00	13,600,000.00	7,380,000.00	-	-	-	22,380,000.00
2,775,120.00	2,773,879.98	1,857,891.60	257,920.02	-	-	-	10,439,931.60
4,730,000.00	-	-	-	-	-	-	11,880,000.00
486,020.10	-	-	-	-	-	-	2,677,708.79
10,445,000.00	4,385,000.00	-	-	-	-	-	23,400,000.00
2,238,613.32	451,957.26	-	-	-	-	-	6,812,743.51
17,675,000.00	22,585,000.00	28,960,000.00	36,565,000.00	46,115,000.00	1,340,000.00	-	166,280,000.00
30,742,275.30	26,414,154.54	21,081,552.66	14,363,039.52	5,754,701.64	26,464.98	-	132,255,214.58
73,695,498.12	**71,533,430.12**	**80,187,285.68**	**63,964,537.86**	**51,869,701.64**	**1,366,464.98**	**-**	**418,462,395.30**
8,075,000.00	-	-	-	-	-	-	8,075,000.00
835,995.72	-	-	-	-	-	-	3,348,107.85
2,048,000.00	674,000.00	-	-	-	-	-	4,509,000.00
251,761.74	18,725.58	-	-	-	-	-	784,382.04
-	4,760,000.00	-	-	-	-	-	4,760,000.00
335,502.99	212,610.77	-	-	-	-	-	883,839.61
-	5,570,000.00	-	-	-	-	-	5,570,000.00
392,595.23	242,353.11	-	-	-	-	-	1,027,804.34
3,272,000.00	3,463,000.00	-	-	-	-	-	9,462,000.00
970,641.24	321,621.96	-	-	-	-	-	2,804,868.24

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
For the fiscal year ended August 31, 2019

DESCRIPTION		2020	2021	2022	2023	2024
2000 MF Series A-C (Highland Meadow Village Apts)	Principal	345,000.00	357,000.00	369,000.00	383,000.00	397,000.00
2000 MF Series A-C (Highland Meadow Village Apts)	Interest	221,821.56	209,524.62	196,803.66	183,640.98	169,983.60
2001 MF Series A (Skyway Villas Apartments)	Principal	225,000.00	245,000.00	255,000.00	270,000.00	295,000.00
2001 MF Series A (Skyway Villas Apartments)	Interest	313,719.24	300,941.94	287,198.04	272,773.02	257,350.20
2001 MF Series A/B (Meridian Apartments)	Principal	132,000.00	147,000.00	160,000.00	169,000.00	180,000.00
2001 MF Series A/B (Meridian Apartments)	Interest	447,870.00	439,695.00	430,440.00	420,540.00	410,070.00
2001 MF Series A/B (Wildwood Apartments)	Principal	108,000.00	114,000.00	120,000.00	129,000.00	135,000.00
2001 MF Series A/B (Wildwood Apartments)	Interest	344,490.00	337,935.00	330,840.00	323,460.00	315,555.00
2003 MF Series A/B (Ash Creek Apartments)	Principal	204,713.00	218,945.00	234,166.00	250,445.00	267,856.00
2003 MF Series A/B (Ash Creek Apartments)	Interest	966,231.26	952,295.08	937,389.93	921,448.31	904,398.61
2003 MF Series A/B (Peninsula Apartments)	Principal	325,000.00	340,000.00	360,000.00	380,000.00	405,000.00
2003 MF Series A/B (Peninsula Apartments)	Interest	494,755.02	477,397.50	459,112.44	439,767.48	419,097.48
2003 MF Series A/B (Primrose Houston School)	Principal	207,856.00	222,182.00	237,391.00	253,642.00	271,006.00
2003 MF Series A/B (Primrose Houston School)	Interest	969,992.23	956,036.36	941,146.71	925,237.91	908,240.10
2003 MF Series A/B (Reading Road)	Principal	50,000.00	50,000.00	60,000.00	60,000.00	65,000.00
2003 MF Series A/B (Reading Road)	Interest	209,668.28	205,884.67	202,463.30	198,413.30	194,485.82
2003 MF Series A/B (West Virginia Apartments)	Principal	255,000.00	275,000.00	290,000.00	305,000.00	325,000.00
2003 MF Series A/B (West Virginia Apartments)	Interest	356,000.70	342,920.64	328,684.92	313,688.88	298,067.88
2003 MF Series A/B (Arlington Villas)	Principal	194,552.00	210,803.00	228,427.00	246,156.00	263,690.00
2003 MF Series A/B (Arlington Villas)	Interest	1,054,591.95	1,038,440.81	1,020,940.32	1,003,646.07	986,494.80
2004 MF Series A (Bristol Apartments)	Principal	-	-	-	-	-
2004 MF Series A (Bristol Apartments)	Interest	150,276.25	149,963.84	150,120.02	150,120.02	150,276.25
2004 MF Series A (Chisholm Trail Apartments)	Principal	-	-	-	-	-
2004 MF Series A (Chisholm Trail Apartments)	Interest	132,187.36	131,912.56	132,049.94	132,049.94	132,187.36
2004 MF Series A (Churchill at Pinnacle Park)	Principal	147,013.77	156,937.57	167,531.26	178,840.06	190,912.23
2004 MF Series A (Churchill at Pinnacle Park)	Interest	579,322.85	569,398.67	558,804.93	547,496.25	535,424.21
2004 MF Series A (Evergreen at Plano Parkway)	Principal	174,414.36	186,187.76	198,755.91	212,172.45	226,494.64
2004 MF Series A (Evergreen at Plano Parkway)	Interest	868,156.16	856,382.54	843,814.52	830,397.91	816,075.83
2004 MF Series A (Humble Parkway Townhomes)	Principal	215,000.00	235,000.00	245,000.00	265,000.00	285,000.00
2004 MF Series A (Humble Parkway Townhomes)	Interest	647,625.00	633,105.00	617,430.00	600,930.00	583,110.00
2004 MF Series A (Montgomery Pines Apartments)	Principal	-	-	-	-	-
2004 MF Series A (Montgomery Pines Apartments)	Interest	140,536.08	140,243.91	140,389.95	140,389.95	140,536.08
2004 MF Series A (Pinnacle Apartments)	Principal	-	-	-	-	-
2004 MF Series A (Pinnacle Apartments)	Interest	173,443.81	173,083.22	173,263.47	173,263.47	173,443.81
2004 MF Series A (Providence at Rush Creek II)	Principal	108,992.78	116,523.77	124,575.14	133,182.81	142,385.22
2004 MF Series A (Providence at Rush Creek II)	Interest	529,349.61	521,818.62	513,767.27	505,159.71	495,957.29
2004 MF Series A/B (Timber Ridge II Apartments)	Principal	78,722.00	84,391.00	90,464.00	96,973.00	103,953.00
2004 MF Series A/B (Timber Ridge II Apartments)	Interest	405,926.88	400,439.84	394,557.80	388,252.55	381,493.53
2005 MF Series A (Port Royal Homes)	Principal	148,527.00	158,475.00	169,088.00	180,412.00	192,495.00
2005 MF Series A (Port Royal Homes)	Interest	708,581.19	698,634.13	688,020.64	676,696.46	664,613.85
2005 MF Series A (Mission Del Rio Homes)	Principal	73,452.26	78,371.50	83,620.19	89,220.39	95,195.63
2005 MF Series A (Mission Del Rio Homes)	Interest	558,730.42	553,811.18	548,562.59	542,962.27	536,986.90
2005 MF Series A (Atascocita Pines Apartments)	Principal	-	-	-	-	-
2005 MF Series A (Atascocita Pines Apartments)	Interest	141,788.38	141,493.66	141,641.07	141,641.07	141,788.38
2005 MF Series A (Tower Ridge Apartments)	Principal	-	-	-	-	-
2005 MF Series A (Tower Ridge Apartments)	Interest	222,259.77	221,769.05	222,000.06	222,000.06	222,231.01
2005 MF Series A (St Augustine Estate Apartments)	Principal	-	-	-	-	-
2005 MF Series A (St Augustine Estate Apartments)	Interest	76,251.24	76,092.77	76,172.09	76,172.09	76,251.24
2005 MF Series A (Providence at Mockingbird Apts)	Principal	115,245.79	121,625.43	128,358.19	135,463.71	142,962.54
2005 MF Series A (Providence at Mockingbird Apts)	Interest	556,067.66	549,688.06	542,955.30	535,849.79	528,350.83
2005 MF Series A (Plaza at Chase Oaks Apartments)	Principal	380,160.10	399,808.85	420,473.12	442,205.43	465,061.02
2005 MF Series A (Plaza at Chase Oaks Apartments)	Interest	543,037.00	523,388.32	502,724.07	480,991.78	458,136.23

DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
For the fiscal year ended August 31, 2019

2025-29	2030-34	2035-39	2040-44	2045-49	2050-54	2055-59	REQUIRED
2,205,000.00	2,307,000.00	-	-	-	-	-	6,363,000.00
627,407.58	205,956.00	-	-	-	-	-	1,815,138.00
1,735,000.00	2,340,000.00	270,000.00	-	-	-	-	5,635,000.00
1,016,729.22	455,821.32	7,605.24	-	-	-	-	2,912,138.22
1,065,000.00	5,662,000.00	10,000.00	-	-	-	-	7,525,000.00
1,871,425.00	281,420.00	175.00	-	-	-	-	4,301,635.00
5,180,000.00	-	5,000.00	-	-	-	-	5,791,000.00
1,397,015.00	1,500.00	100.00	-	-	-	-	3,050,895.00
1,645,890.00	2,303,289.00	9,607,258.00	-	-	-	-	14,732,562.00
4,221,754.87	3,578,012.71	1,007,798.02	-	-	-	-	13,489,328.79
7,605,000.00	-	-	-	-	-	-	9,415,000.00
201,532.50	-	-	-	-	-	-	2,491,662.42
1,660,063.00	2,311,600.00	9,852,980.00	-	-	-	-	15,016,720.00
4,242,599.91	3,604,799.14	1,162,849.36	-	-	-	-	13,710,901.72
400,000.00	565,000.00	8,030,000.00	-	-	-	-	9,280,000.00
897,611.72	739,276.47	229,095.23	-	-	-	-	2,876,898.79
1,905,000.00	2,500,000.00	1,215,000.00	-	-	-	-	7,070,000.00
1,220,983.26	671,001.54	78,270.96	-	-	-	-	3,609,618.78
1,628,386.00	2,296,993.00	10,545,016.00	-	-	-	-	15,614,023.00
4,629,270.05	3,975,195.49	1,559,375.81	-	-	-	-	15,267,955.30
-	-	10,800,000.00	-	-	-	-	10,800,000.00
750,443.97	750,600.15	425,271.56	-	-	-	-	2,677,072.06
-	-	9,500,000.00	-	-	-	-	9,500,000.00
660,112.36	660,249.74	352,012.62	-	-	-	-	2,332,761.88
1,166,170.25	1,616,615.15	2,241,048.83	3,046,145.72	-	-	-	8,911,214.84
2,465,512.98	2,015,068.37	1,390,634.99	525,008.83	-	-	-	9,186,672.08
1,383,522.25	1,917,921.48	2,658,737.74	6,375,072.04	-	-	-	13,333,278.63
3,829,329.04	3,294,930.33	2,554,114.12	1,480,767.37	-	-	-	15,373,967.82
1,730,000.00	2,375,000.00	3,290,000.00	1,225,000.00	-	-	-	9,865,000.00
2,602,050.00	1,942,380.00	1,030,095.00	82,170.00	-	-	-	8,738,895.00
-	-	10,100,000.00	-	-	-	-	10,100,000.00
701,803.80	701,949.84	397,707.51	-	-	-	-	2,503,557.12
-	-	12,465,000.00	-	-	-	-	12,465,000.00
866,137.19	866,317.44	490,834.14	-	-	-	-	3,089,786.55
873,821.45	1,220,411.27	1,704,473.30	3,525,727.23	-	-	-	7,950,092.97
2,317,890.61	1,971,298.30	1,487,238.22	759,225.72	-	-	-	9,101,705.35
643,366.00	910,684.00	4,040,780.00	-	-	-	-	6,049,333.00
1,787,775.49	1,528,885.67	516,300.96	-	-	-	-	5,803,632.72
1,174,010.00	1,623,444.00	2,244,929.00	3,104,320.00	1,972,821.90	-	-	10,968,521.90
3,111,533.83	2,662,100.66	2,040,617.78	1,181,221.36	59,145.76	-	-	12,491,165.66
580,589.69	802,849.47	6,825,827.16	-	-	-	-	8,629,126.29
2,580,322.41	2,358,063.74	1,474,031.72	-	-	-	-	9,153,471.23
-	-	10,190,000.00	-	-	-	-	10,190,000.00
708,057.84	708,205.25	519,221.14	-	-	-	-	2,643,836.79
-	-	15,000,000.00	-	-	-	-	15,000,000.00
1,109,769.23	1,110,000.24	805,282.35	-	-	-	-	4,135,311.77
-	-	5,480,000.00	-	-	-	-	5,480,000.00
380,780.96	380,860.28	311,157.60	-	-	-	-	1,453,738.27
842,655.51	1,103,180.36	1,444,252.08	6,316,093.33	-	-	-	10,349,836.94
2,513,910.45	2,253,383.61	1,912,311.07	332,771.75	-	-	-	9,725,288.52
2,711,688.59	3,488,743.79	2,617,728.39	-	-	-	-	10,925,869.29
1,904,297.91	1,127,244.70	113,627.80	-	-	-	-	5,653,447.81

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
For the fiscal year ended August 31, 2019

DESCRIPTION		2020	2021	2022	2023	2024
2005 MF Series A (Coral Hills Apartments)	Principal	125,000.00	135,000.00	145,000.00	150,000.00	160,000.00
2005 MF Series A (Coral Hills Apartments)	Interest	202,757.28	196,318.56	189,374.88	181,926.24	174,225.06
2006 MF Series A (Village Park Apartments)	Principal	245,000.00	265,000.00	270,000.00	295,000.00	315,000.00
2006 MF Series A (Village Park Apartments)	Interest	442,393.80	430,637.58	417,687.54	403,465.62	388,090.56
2006 MF Series A (Oakmoor Apartments)	Principal	171,706.54	182,297.04	193,540.72	205,477.91	218,151.36
2006 MF Series A (Oakmoor Apartments)	Interest	785,335.18	774,744.73	763,501.00	751,563.81	738,890.22
2006 MF Series A (The Residences at Sunset Pointe)	Principal	-	-	-	-	-
2006 MF Series A (The Residences at Sunset Pointe)	Interest	222,259.77	221,769.05	222,000.06	222,000.06	222,231.01
2006 MF Series A (Hillcrest Apartments)	Principal	230,000.00	240,000.00	250,000.00	260,000.00	270,000.00
2006 MF Series A (Hillcrest Apartments)	Interest	487,856.28	475,650.12	462,918.84	449,662.50	435,881.22
2006 MF Series A (Meadowlands Apartments)	Principal	140,554.86	149,223.99	158,427.80	168,199.28	178,573.46
2006 MF Series A (Meadowlands Apartments)	Interest	678,823.86	670,154.79	660,950.91	651,179.33	640,805.24
2006 MF Series A (East Tex Pines)	Principal	155,000.00	160,000.00	170,000.00	180,000.00	190,000.00
2006 MF Series A (East Tex Pines)	Interest	718,765.02	709,630.02	700,060.02	689,910.00	679,180.02
2006 MF Series A (Aspen Park)	Principal	160,000.00	165,000.00	180,000.00	190,000.00	200,000.00
2006 MF Series A (Aspen Park)	Interest	426,249.78	418,249.86	409,749.84	400,624.86	390,999.90
2006 MF Series A (Idlewilde)	Principal	-	-	-	-	-
2006 MF Series A (Idlewilde)	Interest	175,183.12	174,818.95	175,001.04	175,001.04	175,183.12
2007 MF Series A (Lancaster)	Principal	-	-	-	-	-
2007 MF Series A (Lancaster)	Interest	175,043.98	174,680.11	174,862.06	174,862.06	175,043.98
2007 MF Series A (Park Place at Loyola)	Principal	137,918.01	146,133.40	154,838.11	164,061.32	173,833.96
2007 MF Series A (Park Place at Loyola)	Interest	772,782.38	764,566.80	755,862.18	746,639.04	736,866.41
2007 MF Series A (Terrace at Cibolo)	Principal	-	-	-	-	-
2007 MF Series A (Terrace at Cibolo)	Interest	65,461.63	65,245.22	65,320.04	65,320.04	65,394.84
2007 MF Series A (Santora Villas)	Principal	122,291.46	129,575.97	137,294.42	145,472.62	154,137.98
2007 MF Series A (Santora Villas)	Interest	654,668.15	647,383.52	639,665.06	631,487.05	622,821.65
2007 MF Series A (Costa Rialto)	Principal	116,760.81	123,162.98	129,916.19	137,039.73	144,553.82
2007 MF Series A (Costa Rialto)	Interest	526,135.18	519,732.80	512,979.47	505,855.89	498,341.64
2007 MF Series A (Windshire)	Principal	-	-	-	-	-
2007 MF Series A (Windshire)	Interest	174,109.26	173,699.08	173,880.01	173,880.01	174,060.93
2007 MF Series A (Residences at Onion Creek)	Principal	-	-	-	-	-
2007 MF Series A (Residences at Onion Creek)	Interest	222,259.77	221,769.05	222,000.06	222,000.06	222,231.01
2008 MF Series A (Alta Cullen Apartments Refunding)	Principal	-	-	-	-	-
2008 MF Series A (Alta Cullen Apartments Refunding)	Interest	159,577.50	159,147.54	159,330.04	159,330.04	159,512.49
2008 MF Series A (Costa Ibiza Apartments)	Principal	-	-	-	-	-
2008 MF Series A (Costa Ibiza Apartments)	Interest	175,394.04	174,921.46	175,122.04	175,122.04	175,322.59
2008 MF Series A (West Oaks Apartments)	Principal	-	-	-	-	-
2008 MF Series A (West Oaks Apartments)	Interest	158,778.43	158,173.64	158,355.01	158,355.01	158,536.36
2009 MF Series A (Costa Mariposa Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Costa Mariposa Apartments)	Interest	169,691.24	169,230.95	169,424.99	169,424.99	169,619.03
2009 MF Series A (Woodmont Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Woodmont Apartments)	Interest	194,105.56	193,582.55	193,804.52	193,804.52	194,026.48
2014 MF Series A (Decatur Angle Apartments)	Principal	181,452.93	192,357.19	203,916.79	216,171.03	229,161.67
2014 MF Series A (Decatur Angle Apartments)	Interest	1,289,884.37	1,279,166.38	1,267,804.39	1,255,759.62	1,242,990.81
2015 MF Series A (Williamsburg Apts)	Principal	296,737.80	313,251.86	327,714.20	342,844.28	356,024.10
2015 MF Series A (Williamsburg Apts)	Interest	782,125.99	769,351.70	758,164.53	746,460.89	736,265.68
2016 MF Series A (Skyline Place Apartments)	Principal	284,558.39	296,644.25	307,374.99	318,493.88	328,344.27
2016 MF Series A (Skyline Place Apartments)	Interest	478,999.77	470,047.15	462,098.37	453,862.06	446,565.46
2017 MF Series A (Casa Inc Apartments)	Principal	319,855.77	336,149.91	350,428.17	365,312.95	378,284.77
2017 MF Series A (Casa Inc Apartments)	Interest	746,808.17	734,320.05	723,376.89	711,968.76	702,026.79
2017 MF Series A (Casa Brendan Apartments)	Principal	66,636.60	70,031.21	73,005.86	76,106.85	78,809.30
2017 MF Series A (Casa Brendan Apartments)	Interest	155,584.48	152,982.70	150,702.75	148,326.03	146,254.87

DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
For the fiscal year ended August 31, 2019

2025-29	2030-34	2035-39	2040-44	2045-49	2050-54	2055-59	REQUIRED
3,330,000.00	-	-	-	-	-	-	4,045,000.00
323,326.20	-	-	-	-	-	-	1,267,928.22
7,335,000.00	-	-	-	-	-	-	8,725,000.00
897,003.18	-	-	-	-	-	-	2,979,278.28
1,309,967.70	1,766,950.12	2,383,350.85	3,214,783.24	3,520,540.20	-	-	13,166,765.68
3,475,238.82	3,018,255.18	2,401,855.25	1,570,424.05	279,776.27	-	-	14,559,584.51
-	-	15,000,000.00	-	-	-	-	15,000,000.00
1,109,769.23	1,110,000.24	1,091,145.44	-	-	-	-	4,421,174.86
8,100,000.00	-	-	-	-	-	-	9,350,000.00
1,219,706.04	-	-	-	-	-	-	3,531,675.00
1,072,308.12	1,446,382.90	1,950,953.83	2,631,544.41	3,481,277.60	-	-	11,377,446.25
3,024,586.00	2,650,511.93	2,145,941.17	1,465,348.58	355,839.59	-	-	12,944,141.40
1,130,000.00	1,500,000.00	1,985,000.00	2,635,000.00	4,365,000.00	-	-	12,470,000.00
3,212,039.94	2,833,010.16	2,331,165.00	1,665,325.20	522,724.92	-	-	14,061,810.30
7,670,000.00	-	-	-	-	-	-	8,565,000.00
1,109,624.70	-	-	-	-	-	-	3,155,498.94
-	-	-	12,590,000.00	-	-	-	12,590,000.00
874,823.10	875,005.19	875,005.19	146,016.28	-	-	-	3,646,037.03
-	-	-	12,580,000.00	-	-	-	12,580,000.00
874,128.32	874,310.27	874,310.27	160,233.26	-	-	-	3,657,474.31
1,037,391.63	1,385,430.48	1,850,234.38	2,470,977.31	5,865,547.91	-	-	13,386,366.51
3,516,108.29	3,168,067.71	2,703,262.11	2,082,517.04	745,888.15	-	-	15,992,560.11
-	-	-	4,600,000.00	-	-	-	4,600,000.00
326,525.36	326,600.18	326,600.18	48,975.60	-	-	-	1,355,443.09
919,851.63	1,228,456.56	1,640,596.56	2,191,007.24	4,674,141.71	-	-	11,342,826.15
2,964,945.72	2,656,339.26	2,244,196.76	1,693,785.75	632,373.22	-	-	13,387,666.14
850,718.11	1,110,967.22	1,450,830.98	1,894,664.75	3,928,655.67	-	-	9,887,270.26
2,363,757.75	2,103,508.29	1,763,641.71	1,319,807.55	512,516.21	-	-	10,626,276.49
-	-	-	12,600,000.00	-	-	-	12,600,000.00
869,219.11	869,400.04	869,400.04	246,766.69	-	-	-	3,724,415.17
-	-	-	15,000,000.00	-	-	-	15,000,000.00
1,109,769.23	1,110,000.24	1,110,000.24	296,231.01	-	-	-	4,736,260.67
-	-	-	-	11,300,000.00	-	-	11,300,000.00
796,467.65	796,650.15	796,650.15	796,832.60	92,359.88	-	-	4,075,858.04
-	-	-	12,420,000.00	-	-	-	12,420,000.00
875,409.59	875,610.17	875,610.17	350,244.05	-	-	-	3,852,756.15
-	-	-	11,475,000.00	-	-	-	11,475,000.00
791,593.66	791,775.03	791,775.03	303,260.67	-	-	-	3,470,602.84
-	-	-	12,550,000.00	-	-	-	12,550,000.00
846,930.91	847,124.95	847,124.95	465,570.59	-	-	-	3,854,142.60
-	-	-	13,745,000.00	-	-	-	13,745,000.00
968,800.62	969,022.59	969,022.59	549,024.30	-	-	-	4,425,193.73
1,369,693.67	1,833,774.62	2,455,095.89	3,286,933.81	4,400,615.87	8,145,885.27	-	22,515,058.74
5,994,895.61	5,538,749.91	4,928,049.49	4,110,430.08	3,015,785.89	1,459,301.43	-	31,382,817.98
2,054,350.18	18,742,357.54	-	-	-	-	-	22,433,279.96
3,469,199.31	1,538,971.07	-	-	-	-	-	8,800,539.17
1,836,106.56	14,878,905.28	-	-	-	-	-	18,250,427.62
2,088,837.57	1,189,671.03	-	-	-	-	-	5,590,081.41
2,157,937.21	19,556,785.13	-	-	-	-	-	23,464,753.91
3,305,878.65	2,513,896.79	-	-	-	-	-	9,438,276.10
449,570.05	4,074,330.54	-	-	-	-	-	4,888,490.41
688,720.97	523,727.26	-	-	-	-	-	1,966,299.06

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
For the fiscal year ended August 31, 2019

DESCRIPTION		2020	2021	2022	2023	2024
2017 MF Series A (Nuestro Hogar)	Principal	75,965.75	79,835.61	83,226.71	86,761.83	89,842.64
2017 MF Series A (Nuestro Hogar)	Interest	177,366.92	174,401.11	171,802.04	169,092.60	166,731.61
2017 MF Series A (Emli Liberty Crossing Apartments)	Principal	-	17,600,000.00	-	-	-
2017 MF Series A (Emli Liberty Crossing Apartments)	Interest	316,800.00	158,400.00	-	-	-
2018 MF Series A (Vista on Gessner Apartments)	Principal	231,532.78	587,542.86	614,606.72	642,917.20	666,535.77
2018 MF Series A (Vista on Gessner Apartments)	Interest	1,726,999.82	1,706,454.00	1,685,776.00	1,664,145.48	1,646,099.76
2018 MF Series A (Springs Apartments)	Principal	-	20,000,000.00	-	-	-
2018 MF Series A (Springs Apartments)	Interest	446,000.04	446,000.04	-	-	-
2018 MF Series A (Crosby Plaza Apartments)	Principal	-	7,000,000.00	-	-	-
2018 MF Series A (Crosby Plaza Apartments)	Interest	140,000.04	140,000.04	-	-	-
2018 MF Series A (Oaks on Lamar Apartments)	Principal	197,319.09	208,645.19	218,388.29	228,586.32	237,260.16
2018 MF Series A (Oaks on Lamar Apartments)	Interest	597,111.84	588,196.62	580,527.43	572,500.06	565,672.54
2018 MF Series A (Riverside Townhomes)	Principal	225,373.36	238,309.77	249,438.10	261,086.11	270,993.15
2018 MF Series A (Riverside Townhomes)	Interest	682,007.30	671,824.55	663,064.98	653,896.35	646,098.14
2018 MF Series A/B (Forestwood Apartments)	Principal	-	-	100,000.00	-	-
2018 MF Series A/B (Forestwood Apartments)	Interest	865,732.44	863,382.58	858,646.48	857,699.26	860,049.12
2018 MF Series A (Related RD Portfolio)	Principal	-	20,000,000.00	-	-	-
2018 MF Series A (Related RD Portfolio)	Interest	440,000.04	440,000.04	-	-	-
2019 MF Series A/B (Park Yellowstone)	Principal	-	-	3,019,155.47	145,786.04	151,150.54
2019 MF Series A/B (Park Yellowstone)	Interest	505,560.14	504,344.91	471,725.02	436,295.89	432,214.07
2019 MF Series A (Lago de Plato)	Principal	120,000.00	120,000.00	130,000.00	130,000.00	145,000.00
2019 MF Series A (Lago de Plato)	Interest	683,060.00	677,180.00	671,136.64	664,705.30	658,090.19
2019 MF Series A (McMullen Square)	Principal	-	-	-	-	-
2019 MF Series A (McMullen Square)	Interest	364,983.35	363,986.13	363,986.13	363,986.13	364,983.35
2019 MF Series A (Northgate Village)	Principal	247,196.77	259,259.17	269,725.79	280,614.97	289,980.07
2019 MF Series A (Northgate Village)	Interest	565,900.39	556,799.63	548,902.84	540,687.17	533,621.40
TOTAL MULTIFAMILY BONDS		**39,661,341.87**	**104,462,597.00**	**41,794,539.98**	**38,814,232.65**	**38,877,462.38**
Total		**72,798,775.19**	**144,306,867.05**	**81,825,510.63**	**79,258,659.40**	**79,271,695.84**
Less Interest		**57,750,265.21**	**59,595,195.77**	**57,575,662.49**	**56,676,014.23**	**55,764,047.54**
Total Principal		**15,048,509.98**	**84,711,671.28**	**24,249,848.14**	**22,582,645.17**	**23,507,648.30**

DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
For the fiscal year ended August 31, 2019

2025-29	2030-34	2035-39	2040-44	2045-49	2050-54	2055-59	REQUIRED
512,510.09	4,644,736.53	-	-	-	-	-	5,572,879.16
785,146.16	597,050.21	-	-	-	-	-	2,241,590.65
-	-	-	-	-	-	-	17,600,000.00
-	-	-	-	-	-	-	475,200.00
3,849,483.71	4,821,814.93	38,585,566.03	-	-	-	-	50,000,000.00
7,835,636.93	7,092,732.66	767,245.49	-	-	-	-	24,125,090.14
-	-	-	-	-	-	-	20,000,000.00
-	-	-	-	-	-	-	892,000.08
-	-	-	-	-	-	-	7,000,000.00
-	-	-	-	-	-	-	280,000.08
1,372,234.46	1,724,068.03	12,447,284.37	-	-	-	-	16,633,785.91
2,682,007.18	2,405,064.13	38,050.66	-	-	-	-	8,029,130.46
1,567,334.91	1,969,191.24	14,217,005.66	-	-	-	-	18,998,732.30
3,063,326.84	2,747,009.88	43,460.60	-	-	-	-	9,170,688.64
-	-	-	-	-	-	20,000,000.00	20,100,000.00
4,290,846.16	4,290,846.16	4,290,846.16	4,293,196.02	4,290,846.16	4,290,846.16	3,576,488.42	33,629,425.12
-	-	-	-	-	-	-	20,000,000.00
-	-	-	-	-	-	-	880,000.08
878,033.08	1,108,167.68	10,077,707.19	-	-	-	-	15,380,000.00
2,068,030.07	1,892,927.16	698,774.31	-	-	-	-	7,009,871.57
815,000.00	1,050,000.00	1,335,000.00	1,705,000.00	2,175,000.00	2,785,000.00	3,485,000.00	13,995,000.00
3,176,648.70	2,949,737.73	2,660,025.11	2,290,095.76	1,817,776.73	1,214,607.23	442,755.48	17,905,818.87
-	-	10,000,000.00	-	-	-	-	10,000,000.00
1,820,927.87	1,820,927.87	516,561.14	-	-	-	-	5,980,341.97
1,643,992.75	2,003,841.83	13,986,256.00	-	-	-	-	18,980,867.35
2,521,669.65	2,250,172.75	778,474.90	-	-	-	-	8,296,228.73
227,535,745.79	**236,524,400.75**	**327,106,834.55**	**179,397,519.19**	**58,008,633.64**	**17,895,640.09**	**27,504,243.90**	**1,337,583,191.79**
427,798,934.70	**465,700,170.54**	**636,100,450.69**	**372,765,764.55**	**343,733,134.79**	**25,362,042.55**	**27,504,243.90**	**2,756,426,249.83**
257,122,288.10	**217,687,278.39**	**151,411,580.45**	**88,363,495.47**	**39,461,800.93**	**7,126,157.28**	**4,019,243.90**	**1,052,553,029.76**
170,676,646.60	**248,012,892.15**	**484,688,870.24**	**284,402,269.08**	**304,271,333.86**	**18,235,885.27**	**23,485,000.00**	**1,703,873,220.07**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-D
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Fiscal Year Ended August 31, 2019

	Pledged and Other Sources and Related Expenditures for FY 2019			
	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)	$ 2,641.94	$ 3,027.10	$	$ 92,302.45
2004 Single Family Series B	4,221,824.05	57,378.37		694,789.77
2004 Single Family Series D	3,170,280.56	50,123.85		399,176.14
2005 Single Family Series A	3,915,142.33	25,945.18		761,708.06
2007 Single Family Series A	5,865,234.57	35,002.19		815,118.06
2013 Single Family Series A	2,700,922.70	4,032.60		422,333.32
2015 Single Family Series A	2,968,664.71	7,880.94		635,453.32
2015 Single Family Series B	2,177,970.39	5,476.58		440,052.09
2016 Single Family Series A	4,224,889.98	8,360.08		691,550.00
2016 Single Family Series B	7,025,817.30	12,030.36		1,065,644.50
2017 Single Family Series A	5,579,739.40	19,879.40		1,632,263.02
2017 Single Family Series B	4,224,862.38	6,896.93		592,436.68
2017 Single Family Series C	4,399,156.76	13,793.87		1,253,588.07
2018 Single Family Series A	6,207,982.35	1,980,227.05		5,696,031.55
2019 Single Family Series A	39,451.75	2,056,329.26	-	64,163.34
Total Single Family Bonds	**$ 56,724,581.17**	**$ 4,286,383.76**	**$ -**	**$ 15,256,610.37**
2009 RMRB Series A	$ 17,274,225.43	$ 113,198.49	$ 125,000.00	$ 369,916.99
2009 RMRB Series B	3,919,225.43	113,198.49	345,000.00	88,326.30
2009 RMRB Series C-1	4,328,731.46	9,948.01		863,422.42
2009 RMRB Series C-2	3,862,037.12	8,373.12		591,728.07
2011 RMRB Series A	1,880,890.31	4,063.27	1,265,000.00	630,172.00
2011 RMRB Series B	4,227,630.48	8,714.88	1,585,000.00	1,041,618.51
2019 RMRB Series A	2,515,836.99	2,215,142.86	-	3,143,250.59
Total Residential Mtg Revenue Bonds	**$ 38,008,577.22**	**$ 2,472,639.11**	**$ 3,320,000.00**	**$ 6,728,434.88**
1992 CHMRB Series C	$ 377,999.74	$ 6,080.92	$	$ 7,712.51
Total 1992 CHMRB	**$ 377,999.74**	**$ 6,080.92**	**$**	**$ 7,712.51**
1996 MF Series A/B (Brighton's Mark Development)	$ 501,872.42	$ -	$ -	$ 501,872.43
1998 MF Series A-C (Residence at the Oaks Projects)	128,234.01		329,000.00	128,234.01
2000 MF Series A (Creek Point Apartments)	279,156.20			79,156.27
2000 MF Series A (Timber Point Apartments)	393,863.57			93,863.55
2000 MF Series A-C (Collingham Park Apartments)	403,613.18		440,000.00	403,613.18
2000 MF Series A-C (Highland Meadow Village Apartments)	265,216.99		293,000.00	265,216.99
2001 MF Series A (Bluffview Apartments)	10,070,717.02		136,549.01	699,247.45
2001 MF Series A (Knollwood Apartments)	12,941,341.86		175,471.91	898,565.57
2001 MF Series A (Skyway Villas Apartments)	322,597.74		215,000.00	322,597.74
2001 MF Series A/B (Hillside Apartments)	12,070,968.94		31,543.25	219,205.68
2001 MF Series A/B (Meridian Apartments)	454,950.00		123,000.00	454,950.00
2001 MF Series A/B (Wildwood Apartments)	350,290.00		100,000.00	350,290.00
2002 MF Series A (Clarkridge Villas Apartments)	13,168,253.14		174,556.31	846,622.25
2002 MF Series A (Green Crest Apartments)	10,870,991.53		102,518.70	555,763.97
2002 MF Series A/B (Ironwood Crossing)	15,710,040.35		76,104.17	228,790.55
2003 MF Series A/B (Reading Road)	533,792.83		50,000.00	233,794.27
2003 MF Series A/B (Arlington Villas)	1,068,300.80		179,553.00	1,068,300.80
2003 MF Series A/B (Ash Creek Apartments)	978,209.33		191,406.00	978,209.33
2003 MF Series A/B (Parkview Townhomes)	13,032,575.33		66,056.36	281,377.50
2003 MF Series A/B (Peninsula Apartments)	519,758.76		300,000.00	504,758.76
2003 MF Series A/B (Primrose Houston School)	983,481.33		192,023.00	983,481.33
2003 MF Series A/B (Timber Oaks Apartments)	12,860,816.07		120,620.66	836,674.01
2003 MF Series A/B (West Virginia Apartments)	365,241.07		245,000.00	365,241.07
2004 MF Series A (Bristol Apartments)	377,495.55			177,495.10
2004 MF Series A (Chisholm Trail Apartments)	457,255.53			157,255.55
2004 MF Series A (Churchill at Pinnacle Park)	587,867.68		137,717.68	587,867.68
2004 MF Series A (Evergreen at Plano Parkway)	878,292.56	-	163,385.30	878,292.56
2004 MF Series A (Humble Parkway Townhomes)	659,065.00		205,000.00	659,065.00

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-D (Continued)
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Fiscal Year Ended August 31, 2019

	Pledged and Other Sources and Related Expenditures for FY 2019			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2004 MF Series A (Montgomery Pines Apartments)	$ 365,511.79			$ 165,511.50
2004 MF Series A (Pinnacle Apartments)	505,917.74			205,918.50
2004 MF Series A (Providence at Rush Creek II)	535,824.66		101,948.53	535,824.66
2004 MF Series A/B (Timber Ridge II Apartments)	410,630.50		73,439.00	410,630.50
2004 MF Series A/B (Providence at Veterans Memorial)	6,855,998.41		68,940.08	416,507.42
2005 MF Series A (Atascocita Pines Apartments)	367,555.25			167,555.25
2005 MF Series A (Mission Del Rio Homes)	562,968.11		68,841.82	562,968.11
2005 MF Series A (Plaza at Chase Oaks Apartments)	560,199.19		361,477.03	560,199.19
2005 MF Series A (Port Royal Homes)	717,149.61		139,205.20	717,149.61
2005 MF Series A (Providence at Mockingbird Apartments)	561,620.21		109,200.78	561,620.21
2005 MF Series A (St Augustine Estate Apartments)	190,119.12			90,119.20
2005 MF Series A (Tower Ridge Apartments)	253,910.87			253,910.95
2005 MF Series A (Coral Hills Apartments)	208,312.50		120,000.00	208,312.50
2006 MF Series A (Aspen Park)	432,625.00		150,000.00	432,625.00
2006 MF Series A (Bella Vista Apartments)	6,260,093.46			35,093.46
2006 MF Series A (East Tex Pines)	723,960.85		145,000.00	723,960.85
2006 MF Series A (Hillcrest Apartments)	494,725.00		220,000.00	494,725.00
2006 MF Series A (Idlewilde)	407,051.06			207,050.61
2006 MF Series A (Meadowlands Apartments)	686,326.82		132,389.40	686,326.82
2006 MF Series A (Oakmoor Apartments)	794,501.65		161,731.34	794,501.65
2006 MF Series A (The Residences at Sunset Pointe)	253,910.90			253,910.98
2006 MF Series A (Village Park Apartments)	450,940.62		235,000.00	450,940.62
2007 MF Series A (Costa Rialto)	531,709.37		110,691.43	531,709.37
2007 MF Series A (Lancaster)	406,474.94			206,474.97
2007 MF Series A (Park Place at Loyola)	779,905.61		130,164.52	779,905.61
2007 MF Series A (Santora Villas)	660,984.15		115,416.44	660,984.15
2007 MF Series A (Terrace at Cibolo)	175,666.38			75,666.27
2007 MF Series A (Windshire)	407,715.89			207,715.95
2007 MF Series A (Residences at Onion Creek)	253,910.94			253,910.96
2008 MF Series A (West Oaks Apartments)	388,483.82			188,483.84
2008 MF Series A (Costa Ibiza Apartments)	404,425.01			204,424.97
2008 MF Series A (Addison Park Apartments)	12,390,538.34			195,538.26
2008 MF Series A (Alta Cullen Apartments Refunding)	386,701.60			186,701.52
2009 MF Series A (Costa Mariposa Apartments)	424,867.25			199,867.27
2009 MF Series A (Woodmont Apartments)	431,776.58			226,776.40
2014 MF Series A (Decatur Angle Apartments)	1,299,174.35		171,166.80	1,299,174.35
2015 MF Series A (Williamsburg Apartments)	789,324.40		286,332.39	789,324.38
2016 MF Series A (Skyline Place Apartments)	484,458.34		276,354.09	484,458.27
2017 MF Series A (Casa Inc Apartments)	753,966.67		309,420.87	753,966.75
2017 MF Series A (Casa Brendan Apartments)	157,076.38		64,462.71	157,076.34
2017 MF Series A (Nuestro Hogar Apartments)	179,067.08		73,487.40	179,067.11
2017 MF Series A (Emli at Liberty Crossing)	316,800.00			316,800.00
2018 MF Series A (Vista on Gessner)	1,723,611.23			1,723,611.10
2018 MF Series A (Springs Apartments)	446,000.01			446,000.01
2018 MF Series A (Crosby Plaza Apartments)	139,999.99			139,999.99
2018 MF Series A (Oaks on Lamar)	601,870.19		176,214.09	601,870.30
2018 MF Series A (Riverside Townhomes)	687,442.47		201,267.70	687,442.60
2018 MF Series A/B (Forestwood)	756,401.95			756,401.95
2018 MF Series A (Related RD Portfolio)	306,777.80			306,777.80
2018 MF Series A/B (Park Yellowstone)	361,142.30			361,142.30
2019 MF Series A (Lago De Plata)	148,592.50		5,000.00	148,592.50
2019 MF Series A (McMullen Square)	72,797.22			72,797.22
2019 MF Series A (Northgate Village)	113,608.34		19,132.65	113,608.23
Total Multifamily Bonds	**$ 160,815,383.21**	**$ -**	**$ 8,073,789.62**	**$ 35,951,435.93**
Total	**$ 255,926,541.34**	**$ 6,765,103.79**	**$ 11,393,789.62**	**$ 57,944,193.69**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-E
DEFEASED BONDS OUTSTANDING
For the fiscal year ended August 31, 2019

Description of Issue	Year Defeased	Par Value Outstanding
Business-Type Activities		
2002 MF Series A (Green Crest Apartments)	2019	10,315,227.56
2002 MF Series A (Ironwood Crossing)	2019	15,000,000.00
2003 MF Series A/B (Parkview Townhomes)	2019	12,683,556.88
2004 MF Series A/B (Providence at Veterans Memorial)	2019	6,439,491.04
Total Business-Type Activities		**$ 44,438,275.48**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-F
EARLY EXTINGUISHMENT AND REFUNDING
For the fiscal year ended August 31, 2019

Description of Issue	Category	Amount Extinguished or Refunded	For Refunding Only: Refunding Issue Par Value	For Refunding Only: Cash Flow Increase (Decrease)	For Refunding Only: Economic Gain/ (Loss)
Business-Type Activities					
2004 Single Family Series B	Early Extinguishment	3,125,000.00			
2004 Single Family Series D	Early Extinguishment	2,475,000.00			
2005 Single Family Series A	Early Extinguishment	2,965,000.00			
2007 Single Family Series A	Early Extinguishment	4,595,000.00			
2013 Single Family Series A	Early Extinguishment	1,975,000.00			
2015 Single Family Series A	Early Extinguishment	2,065,000.00			
2015 Single Family Series B	Early Extinguishment	1,550,000.00			
2016 Single Family Series A	Early Extinguishment	3,175,000.00			
2016 Single Family Series B	Early Extinguishment	5,515,000.00			
2017 Single Family Series A	Early Extinguishment	3,127,516.00			
2017 Single Family Series B	Early Extinguishment	3,374,091.00			
2017 Single Family Series C	Early Extinguishment	2,697,614.00			
2018 Single Family Series A	Early Extinguishment	765,000.00			
2009 RMRB Series A	Early Extinguishment	17,170,000.00			
2009 RMRB Series B	Early Extinguishment	3,815,000.00			
2009 RMRB Series C-1	Early Extinguishment	2,980,000.00			
2009 RMRB Series C-2	Early Extinguishment	2,990,000.00			
2011 RMRB Series A	Early Extinguishment	1,330,000.00			
2011 RMRB Series B	Early Extinguishment	3,320,000.00			
2019 RMRB Series A	Early Extinguishment	70,000.00			
1992 Coll Home Mtg Rev Bonds, Series C	Early Extinguishment	300,000.00			
2000 MF Series A (Timber Point Apartments)	Early Extinguishment	300,000.00			
2000 MF Series A (Creek Point Apartments)	Early Extinguishment	200,000.00			
2001 MF Series A (Bluffview Apartments)	Early Extinguishment	9,371,469.57			
2001 MF Series A (Knollwood Villas Apartments)	Early Extinguishment	12,042,776.29			
2001 MF Series A/B (Hillside Apartments)	Early Extinguishment	11,851,763.26			
2002 MF Series A (Clarkridge Villas Apartments)	Early Extinguishment	12,321,630.89			
2002 MF Series A (Green Crest Apartments)	Early Extinguishment	10,315,227.56			
2002 MF Series A/B (Iron Wood Crossing)	Early Extinguishment	15,481,249.80			
2003 MF Series A/B (Reading Road)	Early Extinguishment	300,000.00			
2003 MF Series A/B (Timber Oaks Apartments)	Early Extinguishment	12,024,142.06			
2003 MF Series A/B (Peninsula Apartments)	Early Extinguishment	15,000.00			
2003 MF Series A/B (Parkview Townhomes)	Early Extinguishment	12,751,197.83			
2004 MF Series A/B (Providence at Veterans Memorial)	Early Extinguishment	6,439,490.99			
2004 MF Series A (Chisholm Trail Apartments)	Early Extinguishment	300,000.00			
2004 MF Series A (Montgomery Pines Apartments)	Early Extinguishment	200,000.00			
2004 MF Series A (Bristol Apartments)	Early Extinguishment	200,000.00			
2004 MF Series A (Pinnacle Apartments)	Early Extinguishment	300,000.00			
2005 MF Series A (Atascocita Pines Apartments)	Early Extinguishment	200,000.00			
2005 MF Series A (St Augustine Estate Apartments)	Early Extinguishment	100,000.00			
2006 MF Series A (Bella Vista Apartments)	Early Extinguishment	6,225,000.00			
2006 MF Series A (Idlewilde)	Early Extinguishment	200,000.00			
2007 MF Series A (Lancaster)	Early Extinguishment	200,000.00			
2007 MF Series A (Terraces at Cibolo)	Early Extinguishment	100,000.00			
2007 MF Series A (Windshire)	Early Extinguishment	200,000.00			
2008 MF Series A (West Oaks Apartments)	Early Extinguishment	200,000.00			
2008 MF Series A (Costa Ibiza Apartments)	Early Extinguishment	200,000.00			
2008 MF Series A (Addison Park Apartments)	Early Extinguishment	12,195,000.00			
2008 MF Series A (Alta Cullen Apartments Refunding)	Early Extinguishment	200,000.00			
2009 MF Series A (Costa Mariposa Apartments)	Early Extinguishment	225,000.00			
2009 MF Series A (Woodmont Apartments)	Early Extinguishment	205,000.00			
Total Business-Type Activities		194,243,169.25	-	-	-

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State Auditor's Office

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

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. J.B. Goodwin, Chair
Ms. Leslie Bingham Escareño, Vice-Chair
Mr. Paul A. Braden
Ms. Asusena Reséndiz
Ms. Sharon Thomason
Mr. Leo Vasquez

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, 2019, 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, 2019.

In addition, we have audited the financial statements of the Revenue Bond Program of the Department, as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the Revenue Bond Program's basic financial statements. We also have audited the Computation of Unencumbered Fund Balances of the Department's Housing Finance Division, as of August 31, 2019, 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.

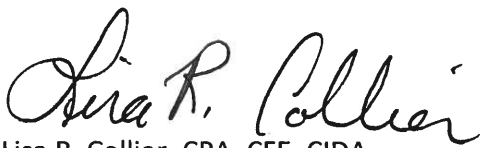
Compliance and Other Matters

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*.

Auditors communicated certain issues that were not material or significant to the audit objectives in writing to the Department's management.

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, CPA, CFE, CIDA
First Assistant State Auditor

December 20, 2019