TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Basic Financial Statements

For the Year Ended August 31, 2024

(With Independent Auditor's Report Thereon)

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

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

December 13, 2024

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
Jerry McGinty II, Executive Director, Legislative Budget Board
Lisa Collier, State Auditor

RE: ANNUAL FINANCIAL REPORT

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

We are pleased to submit the Annual Financial Report of the Texas Department of Housing and Community Affairs for the fiscal year ended August 31, 2024, in compliance with TEX. GOV'T CODE §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 David Cervantes, Director of Administration, at (512) 475-3875. Cristina Ortega may be contacted at (512) 475-4972 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

R G Wil II

Robert Wilkinson
Executive Director

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Table of Contents

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INDEPENDENT AUDITOR’S REPORT

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

Independent Auditor's Report

Department of Housing and Community Affairs Board of Directors
Mr. Leo Vasquez III, Chair
Mr. Kenny Marchant, Vice Chair
Ms. Cindy Conroy
Ms. Anna Maria Farias
Mr. Holland Harper
Mr. Ajay Thomas

Report on the Audit of the Financial Statements

Opinions

We have audited 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), a component unit of the State of Texas, as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of August 31, 2024, 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.

Basis for Opinions

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

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Emphasis of Matter

Department Financial Statements

As discussed in Note 1, the financial statements present only the position of the Department and do not purport to, and do not, present fairly the financial position of the State of Texas as of August 31, 2024, 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. 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 13, 2024, 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

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

December 13, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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, 2024. 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 $83.0 million and governmental activities net position increased $57.6 million.

- The Department's business-type activities increase of $83.0 million in Net Position can be attributed to an increase of $61.7 million in Restricted Net Position primarily as a result of activity within the Single Family and Residential Mortgage Revenue Bond indentures and an increase in Unrestricted Net Position of $20.8 million primarily related to the impact of the Department's recognition of its proportionate share of the Pension and OPEB liabilities as reported by the Employees Retirement System of Texas (ERS) plan and activity within the Housing Initiatives Programs.

- Net Position in the Department's governmental activities increased $57.6 million to $542.2 million, which can be attributed to an increase of $45.2 million in Restricted Net Position and an increase of $12.0 million in Unrestricted Net Position primarily related to the impact of the Department's recognition of its change in proportionate share of the OPEB and pension liability reported by the ERS plan.

- The Department's debt outstanding of $3.1 billion as of August 31, 2024, increased $937.4 million due to $1.0 billion in new debt issuances offset by debt retirements of $92.0 million.

- The Department's short-term debt of $52.3 million decreased $35.2 million due to advances due to the Federal Home Loan Bank of Dallas as of 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 $84.5 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 instrument to be reported at the end of the fiscal year in the statement of net position and GASB No. 72, *Fair Value Measurement and Application*, requires the fair value of a derivative instrument to be computed taking into account nonperformance risk. As of August 31, 2024, the Department's two interest rate swaps had a total notional amount of $9.4 million and a negative $326.7 thousand fair value which was recorded in the deferred outflow of resources account and as a derivative instrument 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 $30.4 million of which $15.2 million is reported in business-type activities and $15.2 million in governmental activities.

- In accordance with 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 $43.0 million of which $21.5 million is reported in business-type activities and $21.5 million in governmental activities.

- The Department was allocated $4.1 billion in federal grants in response to the COVID-19 pandemic through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Consolidated Appropriation Act of 2021, and the American Rescue Plan Act (ARPA). In comparison to fiscal year 2023, the conclusion of various grants have led to significant decreases in federal revenues and corresponding program expenditures along with general administrative expenditures.

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	**2024**	**2023**	**Amount**	**%**
Current Assets:				
Cash and Cash Equivalents	$ 170,584,128	$ 434,584,601	$ (264,000,473)	(60.7)
Federal Receivables	23,343,739	39,307,772	(15,964,033)	(40.6)
Legislative Appropriations	7,367,952	8,018,985	(651,033)	(8.1)
Current Loans and Contracts	18,033,669	22,727,212	(4,693,543)	(20.7)
Other Current Assets	(213,266)	310,181	(523,447)	(168.8)
Non-current Assets:				
Loans and Contracts	495,571,969	449,297,671	46,274,298	10.3
Capital Assets	371,986	26,113	345,873	1,324.5
Total Assets	715,060,177	954,272,535	(239,212,358)	(25.1)
DEFERRED OUTFLOWS OF RESOURCES	12,632,558	12,074,195	558,363	4.6
Liabilities				
Current Liabilities:				
Accounts Payable	25,528,932	52,163,578	(26,634,646)	(51.1)
Unearned Revenues	106,448,618	365,370,183	(258,921,565)	(70.9)
Net OPEB Liability	906,515	830,342	76,173	9.2
Other Current Liabilities	2,682,095	3,043,861	(361,766)	(11.9)
Non-Current Liabilities:				
Net Pension Liability	15,177,563	13,857,378	1,320,185	9.5
Net OPEB Liabilities	20,608,592	20,904,283	(295,691)	(1.4)
Other Non-current Liabilities	645,162	613,093	32,069	5.2
Total Liabilities	171,997,477	456,782,718	(284,785,241)	(62.3)
DEFERRED INFLOWS OF RESOURCES	13,466,570	24,966,812	(11,500,242)	(46.1)
Net Position				
Invested in Capital Assets	371,986	26,113	345,873	1,324.5
Restricted	577,316,958	532,076,760	45,240,198	8.5
Unrestricted	(35,460,256)	(47,505,673)	12,045,417	(25.4)
Total Net Position	$ 542,228,688	$ 484,597,200	$ 57,631,488	11.9

Net position of the Department's governmental activities increased $57.6 million, or 11.9% to $542.2 million. The change is due to an increase of $45.2 million in Restricted Net Position and an increase of $12.0 million in Unrestricted Net Position. The increase in Unrestricted Net Position is primarily from recording the impact of the net pension liability and OPEB liability as required by GASB 68 and GASB 75.

Cash and Cash Equivalents decreased by $264.0 million. The decrease is primarily due to the increase of intergovernmental payments and public assistance payments for the Homeowners Assistance Fund.

Governmental Activities Cont'd

Loans and contracts increased $41.6 million. The variance primarily represents the receipts of loan repayments, disbursements for funding of loans and an adjustment of $2.2 million for estimated losses of the portfolio for the year. During the fiscal year, National Housing Trust Fund (NHTF) loans increased approximately $18.9 million and the HOME loans increased $33.9 million due to increased funding of loans offset by minimal scheduled repayments received during the year. The TCAP decreased $5.0 million and the Neighborhood Stabilization Program (NSP) decreased $4.8 million primarily due to more loan repayments than loans funded for these programs.

Accounts payable decreased by $26.6 million or 51.1% primarily due to the nearing conclusion of grants awarded through the CARES Act, the Consolidated Appropriation Act of 2021 and the American Rescue Plan Act for COVID-19 assistance. Federal receivables had a decrease of $16.0 million in relation to these accruals as funds are due from federal grants.

The balance in unearned revenues decreased by $258.9 million. The change is primarily associated with cash previously recognized as unearned revenues received from the US Treasury for the Emergency Rental Assistance and Homeowners Assistance Fund COVID-19 grants being expended during the fiscal year.

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 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 $1.3 million increase in pension liability and $219.5 thousand decrease in OPEB liability had an impact on the increase of $12.0 million in unrestricted net position, $558.3 thousand increase in Deferred Outflows of Resources and $11.5 million decrease 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	**2024**	**2023**	**Amount**	**%**
Current Assets:				
Cash & Investments	$ 530,661,476	$ 484,850,954	$ 45,810,522	9.4
Loans and Contracts	66,170,418	102,479,417	(36,308,999)	(35.4)
Interest Receivable	12,876,992	8,075,335	4,801,657	59.5
Other Current Assets	14,681,231	10,485,145	4,196,086	40.0
Non-current Assets:				
Investments	2,672,570,746	1,720,473,847	952,096,899	55.3
Loans and Contracts	402,630,155	379,666,934	22,963,221	6.0
Capital Assets	496,763	30,624	466,139	1,522.1
Other Non-current Assets	20,614	20,613	1	0.0
Total Assets	3,700,108,395	2,706,082,869	994,025,526	36.7
DEFERRED OUTFLOWS OF RESOURCES	12,959,247	12,245,345	713,902	5.8
Liabilites				
Current Liabilities:				
Interest Payable	46,491,343	26,712,935	19,778,408	74.0
Bonds Payable	51,198,135	33,237,917	17,960,218	54.0
Short-Term Debt	52,298,439	87,509,778	(35,211,339)	(40.2)
Net OPEB Liability	906,515	830,342	76,173	9.2
Other Current Liabilities	12,411,629	12,455,380	(43,751)	(0.4)
Non-current Liabilities:				
Net Pension Liability	15,177,563	13,857,378	1,320,185	9.5
Net OPEB Liability	20,608,592	20,904,283	(295,691)	(1.4)
Bonds Payable	3,060,867,159	2,141,395,323	919,471,836	42.9
Notes and Loans Payable	10,000,000	10,000,000	-	-
Derivative Hedging Instrument	326,689	171,150	155,539	90.9
Other Non-current Liabilities	967,743	919,640	48,103	5.2
Total Liabilities	3,271,253,807	2,347,994,126	923,259,681	39.3
DEFERRED INFLOWS OF RESOURCES	13,466,570	24,966,812	(11,500,242)	(46.1)
Net Position				
Invested in Capital Assets	496,763	30,624	466,139	1,522.1
Restricted	354,097,870	292,372,107	61,725,763	21.1
Unrestricted	73,752,632	52,964,545	20,788,087	39.2
Total Net Position	$ 428,347,265	$ 345,367,276	$ 82,979,989	24.0

Net position of the Department's business-type activities increased $83.0 million, or 24.0%, to $428.3 million. Restricted net position of the Department's proprietary fund increased $61.7 million or 21.1%. These restrictions are related to bond covenants and do not significantly affect the availability of resources for future use. The unrestricted net position increased $20.8 million or 39.2% primarily due the impact of the Department's proportionate share of OPEB and pension liability as part of the ERS Plan and activity within the Housing Initiative Programs.

Business Type Activities Cont'd

Cash and investments increased $997.9 million, or 45.2%, to $3.2 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 receivable (current and non-current) decreased $13.3 million, or 2.8%, to $468.8 million, due primarily to loan activity related to the Housing Trust Fund and Homeownership Programs down payment assistance.

The Department has $3.1 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. Total bonds payable (current and non-current) increased by $937.4 million, or 43.1%, due to bond issuances and redemptions in the Single Family and Residential Mortgage Revenue Bond programs. 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 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, 2024 and 2023 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
	2024	2023	2024	2023	2024	2023	
Program Revenues:							
Charges for Services	$ 7,838	$ 7,474	$ 199,597	$ 152,422	$ 207,435	$ 159,896	29.7
Operating Grants and Contributions	699,847	1,341,829	-	-	699,847	1,341,829	(47.8)
Total Revenue	707,685	1,349,303	199,597	152,422	907,282	1,501,725	(39.6)
Total Expenses:	654,176	1,320,838	174,566	126,583	828,742	1,447,421	(42.7)
Net Revenue	53,509	28,465	25,031	25,839	78,540	54,304	44.6
General Revenues	10,893	22,740	55,900	(64,076)	66,793	(41,336)	(261.6)
Transfers	(6,770)	(6,232)	2,049	2,028	(4,721)	(4,204)	12.3
Change in Net Position	57,632	44,973	82,980	(36,209)	140,612	8,764	1,504.4
Beginning Net Position	484,597	439,638	345,367	381,029	829,964	820,667	1.1
Restatement	-	(14)	-	547	-	533	-
Beginning Net Position, Restated	484,597	439,624	345,367	381,576	829,964	821,200	1.1
Ending Net Position	$ 542,229	$ 484,597	$ 428,347	$ 345,367	$ 970,576	$ 829,964	16.9

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), the U.S. Department of Health and Human Services (HHS) and the U.S. Treasury. General Revenues are revenues appropriated to the Department in accordance with legislative acts and regulations.

Total program revenues decreased $641.6 million. This change consisted primarily of decreases in operating grants and contributions primarily as a result of a decrease of $315.6 million in Homeowner Assistance Fund (HAF), $222.1 million in Emergency Rental Assistance (ERA) funding, $112.7 million in LIHEAP and $3.3 million in CSBG, offset by an increase $34.1 million in HOME funding.

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 expense for these categories declined as a result of decreases of $283.0 million for HAF, $184.9 million for ERA, $111.6 million for LIHEAP, $34.8 million in LIHWAP, $4.6 million for ESG, and $3.2 million for CSBG, offset by increases of $1.1 million for HOME.

Transfers include Manufactured Housing’s surplus of revenues transferred to the Comptroller's Office and the transfer for the State 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 $199.6 million and an increase in fair value of investments of $52.7 million. Charges for services consist primarily of earned interest income on loans for the three housing lending programs. It also includes program investment income which is earned within the Department’s bond programs; the investments and the income which are restricted to those programs by a pledge to the respective bond indentures. Total charges for services increased $47.2 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 $109.3 million which increased $45.8 million and other operating expenses of $60.3 million which increased $1.6 million. The increase in interest expense is a result of new bond issuances 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. Other operating expenses also include general and administrative expenses, allocations involving production or monitoring activities of the Department, as well as internal and external costs.

Business-Type Activities Cont'd

The Department's business-type activities charges for services of $199.6 million exceeded expenses of $174.6 million by $25.0 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 Statement of Net Position - 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 Department has implemented GASB 84, *Fiduciary Activities,* in order to identify and properly report any activities that are classified as Fiduciary. 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 which are in an escrow 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	**2024**	**2023**	**Amount**	**%**
Legislative Appropriations	11,835,219	12,871,101	$ (1,035,882)	(8.0)
Federal Revenues	699,769,986	1,341,750,745	(641,980,759)	(47.8)
Other Revenue	7,194,413	17,734,521	(10,540,108)	(59.4)
Total Operating Revenues	718,799,618	1,372,356,367	(653,556,749)	(47.6)
OPERATING EXPENDITURES				
Salaries and Wages	18,289,183	18,971,771	(682,588)	(3.6)
Professional Fees and Services	15,103,765	86,007,565	(70,903,800)	(82.4)
Intergovernmental Payments	117,013,312	121,867,341	(4,854,029)	(4.0)
Public Assistance Payments	503,733,946	1,091,169,403	(587,435,457)	(53.8)
Other Operating Expenditures	11,377,900	12,427,244	(1,049,344)	(8.4)
Total Operating Expenditures	665,518,106	1,330,443,324	(664,925,218)	(50.0)
Excess of Revenues over Expenditures	53,281,512	41,913,043	11,368,469	27.1
Other Financing Sources (Uses)	(6,769,991)	(6,231,770)	(538,221)	8.6
CHANGE IN FUND BALANCE	46,511,521	35,681,273	10,830,248	30.4
Beginning Fund Balance	534,703,471	499,351,135	35,352,336	7.1
Restatement	0	(13,655)	13,655	-
Beginning Fund Balance Restated	534,703,471	499,337,480	35,365,991	7.1
Appropriations (Lapsed)	(223,407)	(315,282)	91,875	(29.1)
Ending Fund Balance	580,991,585	$ 534,703,471	$ 46,288,114	8.7

Revenues of the Department's governmental fund totaled $718.8 million. These revenues were primarily federal grants related to LIHEAP, HOME, ERA, HAF and CSBG programs. Expenditures of $665.5 million primarily consisted of intergovernmental and public assistance payments.

Total revenues of the governmental fund decreased by $653.6 million primarily due to the nearing conclusion of ERA and HAF grants received through COVID-19 legislation and LIHEAP grant.

Governmental Fund Cont'd

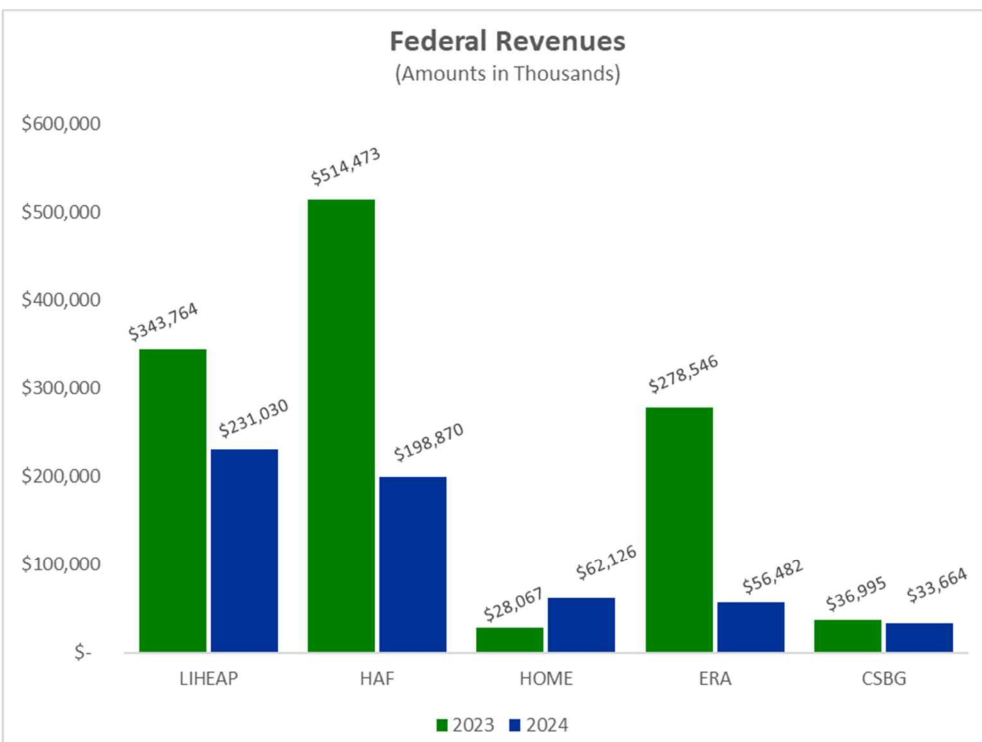
The Department experienced a decrease in Intergovernmental Payments of $4.9 million and a decrease in Public Assistance Payments of $587.4 million. These changes were primarily in the ERA, HAF, HOME, LIHEAP, LIHWAP, CSBG, and HHSP programs. Public Assistance payments related to HAF decreased $283.0 million and ERA decreased $184.9 million due to the programs nearing its conclusion.

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 2023 and 2024 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:

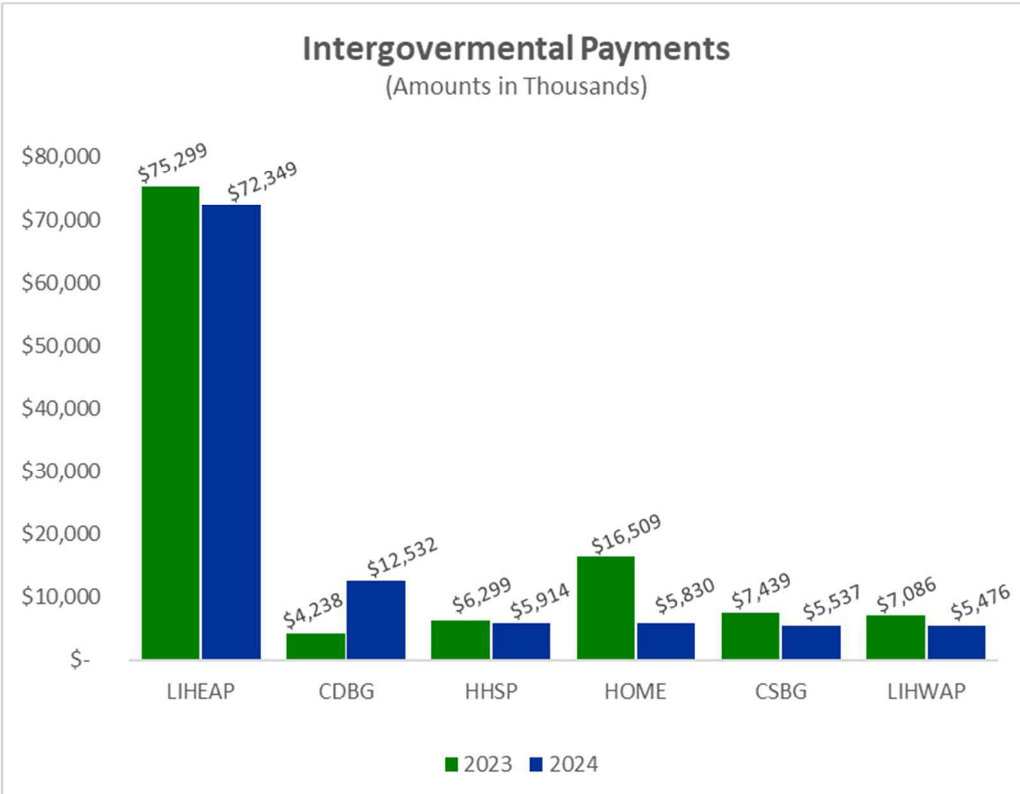
ERA	Emergency Rental Assistance Program
ESG	Emergency Solutions Grants Program
HAF	Homeowners Assistance Fund Program
HOME	HOME Investment Partnerships Program
CDBG	Community Development Block Grant Program
LIHEAP	Low-Income Home Energy Assistance Program
LIHWAP	Low-income Household Water Assistance Program
HHSP	Homeless Housing and Services Program
CSBG	Community Services Block Grant

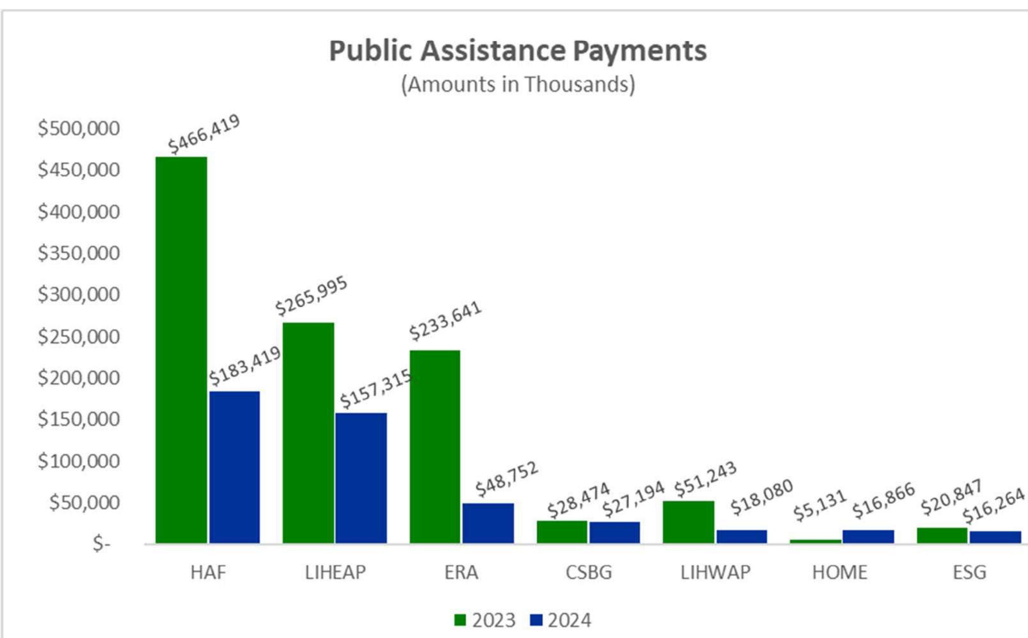
Federal Revenues: Receipts from the State's participation in programs financed with federal funds.



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, 2024 and August 31, 2023.

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

			Increase / (Decrease)	
OPERATING REVENUES	**2024**	**2023**	**Amount**	**%**
Interest and Investment Income	$ 138,322,453	$ 83,813,418	$ 54,509,035	65.0
Net Change in Fair Value	52,725,258	(66,274,590)	118,999,848	(179.6)
Other Operating Revenues	64,448,162	70,806,718	(6,358,556)	(9.0)
Total Operating Revenues	255,495,873	88,345,546	167,150,327	189.2
OPERATING EXPENSES				
Professional Fees and Services	2,313,874	1,749,941	563,933	32.2
Depreciation Expense	54,280	28,701	25,579	89.1
Interest	109,301,280	63,504,742	45,796,538	72.1
Bad Debt Expense	2,549,800	2,603,013	(53,213)	(2.0)
Other Operating Expenses	60,346,852	58,696,571	1,650,281	2.8
Total Operating Expenses	174,566,086	126,582,968	47,983,118	37.9
Operating Income (Loss)	80,929,787	(38,237,422)	119,167,209	(311.7)
NONOPERATING EXPENSES	1,223	1,211	12	1.0
TRANSFERS	2,048,979	2,027,899	21,080	1.0
CHANGE IN NET POSITION	82,979,989	(36,208,312)	119,188,301	(329.2)
Beginning Net Position	345,367,276	381,028,774	(35,661,498)	(9.4)
Restatement	-	546,814	(546,814)	-
Beginning Net Assets Restated	345,367,276	381,575,588	(36,208,312)	(9.5)
Ending Net Position	$ 428,347,265	$ 345,367,276	$ 82,979,989	24.0

Net position of the Department's proprietary fund increased by $83.0 million, or 24.0%, to $428.3 million.

Proprietary Fund Cont'd

Earnings within the Department's proprietary fund were $255.5 million of which $224.7 million is classified as restricted and $30.8 million is unrestricted. Restricted earnings are composed of $131.7 million in interest and investment income, $52.8 million net change in fair value of investments, and $40.3 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 change in fair value of investments is considered to be an unrealized gain due to changes in interest rates. Unrestricted earnings are composed of $6.6 million in interest and investment income and $24.2 million in other operating revenue.

Investment income increased $54.3 million or 65.0% due to increasing investment balances and rising interest rates. The change was primarily due to increases of $23.6 million in the Single Family Revenue Bond Program and $29.0 million in the Residential Mortgage Revenue Bond Program.

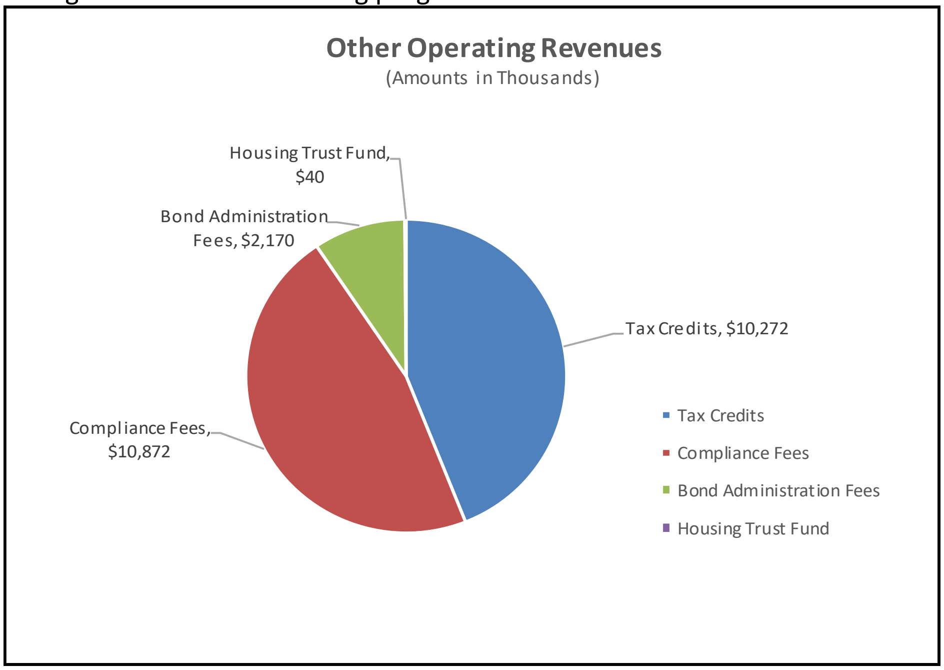
Other operating revenues decreased $6.4 million primarily related to activity within the single family indentures resulting from a decrease of settlement fees due to a decrease in mortgage volume.

Interest expense increased $45.8 million, or 72.1%, primarily related to by the issuance of bonds in the Single Family Mortgage Revenue Bond Program and Residential Mortgage Revenue Bond Program.

Interest and investment income earned from unrestricted investments are used to support various housing initiatives such as those related to the State 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.

Proprietary Fund Cont'd

Fees earned under the Tax Credit Program are application fees, commitment fees, inspection fees and asset management fees. Yearly compliance fees are generated from the Department's portfolio of multifamily properties. The Department performs on-site visits and desk reviews to ensure the properties are in compliance with the various housing regulations. Bond administrative fees are generated yearly from the various bond issuances to support the Department's administrative expenses. The graph below illustrates the primary composition of $24.2 million in other operating revenues, classified as unrestricted earnings, according to the different housing programs.



The following table illustrates the changes in net position by program of the Department's proprietary fund for fiscal years 2024 and 2023.

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

Program	2024	2023	Increase / (Decrease) Amount	Increase / (Decrease) %
Single Family	$ 191,278	$ 157,530	$ 33,748	21.4
RMRB	131,921	104,515	27,406	26.2
General Funds	10,046	9,805	241	2.5
TMP	31,347	30,295	1,052	3.5
State Housing Trust Fund	57,099	56,320	779	1.4
Administration Fund	(34,509)	(50,786)	16,277	(32.1)
Housing Initiatives & Compliance	41,165	37,689	3,476	9.2
Total	$ 428,347	$ 345,368	$ 82,979	24.0

Proprietary Fund Cont'd

The Net Position of the Single Family Mortgage Revenue Bond Program increased by $33.7 million, or 21.4%, primarily due to a positive change in fair value of investments of $29.2 million, a positive difference between interest income and interest expense of $13.1 million, offset by a negative difference of $5.1 million between other operating revenue and expenses primarily related to TMP activity, $1.1 million in bad debt expenses, and professional fees and services of $975.3 thousand.

The Net Position of the Residential Mortgage Revenue Bond Program increased by $27.4 million, or 26.2%, primarily due to a positive change in fair value of investments of $23.2 million and a positive difference of $10.7 million between interest income and interest expense offset by a negative difference of $3.4 million between other operating revenue and expenses primarily related to TMP activity, $1.4 million in bad debt expenses, and professional fees and services of $295.5 thousand.

The Net Position of the Taxable Mortgage Program increased by $1.1 million, or 3.5%, primarily due to a positive net change in fair value of investments of $206.1 thousand, a positive difference of $1.0 million between interest income and interest expense and a positive difference of $566.9 thousand between other operating revenue and expenses offset by a $743.9 thousand transfer out.

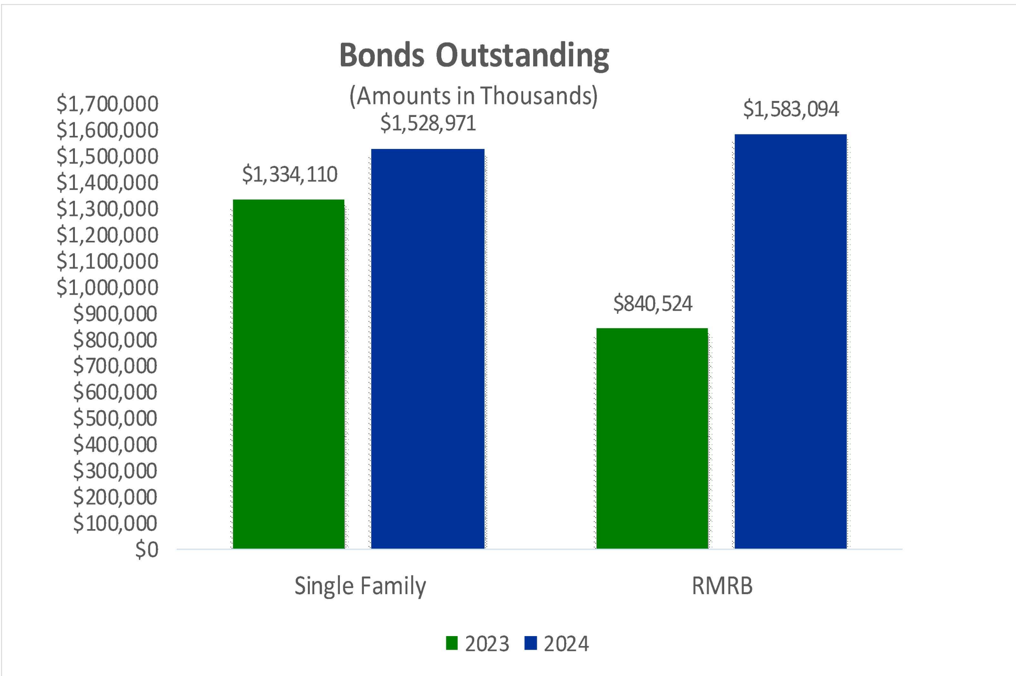
The Net Position of the Housing Initiatives & Compliance Programs increased $3.5 million, or 9.2%, which is reflective of fees collected of $21.1 million, and interest income of $2.4 million offset by a $20.0 million of transfers made to fund the operating budget.

The Net Position of the Administration Fund increased by $16.3 million, or 32.1%, 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 $937.4 million to $3.1 billion of which $51.2 million is due within one year. It issued $1.0 billion in bonds during the year and had $92.0 million in bond debt retirements (See Schedule I-B) 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 2023 and 2024 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, 2024

	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	289,827.67	309,827.67
Cash in State Treasury		6,167,412.71	6,167,412.71
Cash Equivalents		75,975,231.32	75,975,231.32
Restricted:			
Cash and Cash Equivalents (Note 3):			
Cash in Bank		11,262,956.80	11,262,956.80
Cash in State Treasury	169,905,173.41		169,905,173.41
Cash Equivalents	658,754.47	436,946,690.20	437,605,444.67
Short-term Investments (Note 3)		19,157.24	19,157.24
Loans and Contracts	18,033,668.64	63,644,606.04	81,678,274.68
Interest Receivable		11,037,368.92	11,037,368.92
Federal Receivable	23,343,739.35		23,343,739.35
Legislative Appropriations	7,367,951.75		7,367,951.75
Receivables From:			
Interest Receivable	87,140.51	1,839,623.35	1,926,763.86
Accounts Receivable	85.00	584,629.00	584,714.00
Internal Balances (Note 10)	(311,169.26)	311,169.26	-
Consumable Inventories	10,677.95	10,677.96	21,355.91
Loans and Contracts		2,525,812.10	2,525,812.10
Other Current Assets		13,774,755.18	13,774,755.18
Total Current Assets	219,116,221.82	624,390,117.75	843,506,339.57
Non-Current Assets:			
Loans and Contracts		35,662,123.03	35,662,123.03
Capital Assets (Note 2):			
Depreciable or Amortizable, Net	371,985.97	496,763.44	868,749.41
Restricted Assets:			
Investments (Note 3)		2,672,570,746.08	2,672,570,746.08
Loans and Contracts	495,571,968.88	366,968,031.49	862,540,000.37
Other Non-Current Assets:			
Real Estate Owned, Net		20,613.84	20,613.84
Total Non-Current Assets	495,943,954.85	3,075,718,277.88	3,571,662,232.73
Total Assets	$ 715,060,176.67	$ 3,700,108,395.63	$ 4,415,168,572.30
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources (Note 16)	$ 12,632,558.52	$ 12,959,247.53	$ 25,591,806.05
Total Deferred Outflows of Resources	$ 12,632,558.52	$ 12,959,247.53	$ 25,591,806.05

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I (Continued)
STATEMENT OF NET POSITION - GOVERNMENT-WIDE
As of August 31, 2024

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
LIABILITIES			
Current Liabilities:			
Payables:			
Accounts Payable	$ 25,528,931.95	$ 1,256,637.38	$ 26,785,569.33
Accrued Bond Interest Payable		46,491,342.71	46,491,342.71
Payroll Payable	1,719,054.91	533,685.10	2,252,740.01
Unearned Revenues	106,448,618.37	7,923,541.77	114,372,160.14
Employees' Compensable Leave (Note 5)	963,039.83	1,444,559.74	2,407,599.57
Net OPEB Liability (Note 9)	906,515.00	906,515.00	1,813,030.00
Revenue Bonds Payable (Notes 5 & 6)		51,198,135.06	51,198,135.06
Restricted Short-Term Debt (Note 4)		52,298,438.77	52,298,438.77
Other Current Liabilities		1,253,205.24	1,253,205.24
Total Current Liabilities	135,566,160.06	163,306,060.77	298,872,220.83
Non-Current Liabilities:			
Employees' Compensable Leave (Note 5)	645,162.29	967,743.43	1,612,905.72
Notes Payable (Note 5)		10,000,000.00	10,000,000.00
Net Pension Liability (Note 8)	15,177,562.50	15,177,562.50	30,355,125.00
Net OPEB Liability (Note 9)	20,608,592.00	20,608,592.00	41,217,184.00
Revenue Bonds Payable (Notes 5 & 6)		3,060,867,159.35	3,060,867,159.35
Derivative Hedging Instrument (Note 7)		326,689.00	326,689.00
Total Non-Current Liabilities	36,431,316.79	3,107,947,746.28	3,144,379,063.07
Total Liabilities	$ 171,997,476.85	$ 3,271,253,807.05	$ 3,443,251,283.90
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources (Note 16)	13,466,570.25	$ 13,466,570.25	$ 26,933,140.50
Total Deferred Inflows of Resources	$ 13,466,570.25	$ 13,466,570.25	$ 26,933,140.50
NET POSITION			
Invested in Capital Assets	371,985.97	496,763.44	868,749.41
Restricted	577,316,958.38	354,097,870.00	931,414,828.38
Unrestricted	(35,460,256.26)	73,752,632.42	38,292,376.16
Total Net Position	542,228,688.09	428,347,265.86	970,575,953.95

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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, 2024

		Program Revenues		Net (Expenses) Revenue and Changes in Net Position		
				Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**2024 Total**
Primary Government						
Governmental Activities:						
Manufactured Housing	$ 6,291,248.98	$ 7,352,249.84	$ -	$ 1,061,000.86	$ -	$ 1,061,000.86
HOME Investment in Affordable Housing	28,195,865.73		38,903,442.23	10,707,576.50		10,707,576.50
ARPA - Home	1,027,582.37		22,921,646.15	21,894,063.78		21,894,063.78
Energy Assistance	271,512,306.86		271,928,293.86	415,987.00		415,987.00
Community Services	50,033,609.86		50,355,556.61	321,946.75		321,946.75
Community Development	14,097,279.20		14,262,462.06	165,182.86		165,182.86
Emergency Rental Assistance	12,222,539.13		11,100,722.34	(1,121,816.79)		(1,121,816.79)
ERA - Stabilization	45,189,860.18		45,189,860.18	-		-
Ending Homelessness	331,083.23	223,712.23		(107,371.00)		(107,371.00)
Section 8	18,509,260.07		18,683,678.63	174,418.56		174,418.56
Section 811	5,042,915.80		5,039,816.24	(3,099.56)		(3,099.56)
Mainstream	119,233.47		151,630.47	32,397.00		32,397.00
Mortgage Assistance	197,940,247.70		198,607,248.57	667,000.87		667,000.87
Tax Credit Assistance Program - ARRA	668,493.15		1,878,175.84	1,209,682.69		1,209,682.69
Money Follows the Person	146,144.07	122,380.95		(23,763.12)		(23,763.12)
Homeless Housing & Services Program	7,188,008.09			(7,188,008.09)		(7,188,008.09)
Housing Trust Fund	109,266.12	5,082.80		(104,183.32)		(104,183.32)
National Housing Trust Fund	679,005.76		19,693,853.26	19,014,847.50		19,014,847.50
Administration	(5,127,994.96)	134,299.63	1,130,491.65	6,392,786.24		6,392,786.24
Total Governmental Activities	654,175,954.81	7,837,725.45	699,846,878.09	53,508,648.73		53,508,648.73
Business-type Activities:						
Single Family Bonds	161,802,960.75	174,944,155.18			13,141,194.43	13,141,194.43
Housing Trust Fund Program	2,356,313.08	1,085,755.38			(1,270,557.70)	(1,270,557.70)
Administration	10,406,811.64	23,567,303.06			13,160,491.42	13,160,491.42
Total Business-type Activities	174,566,085.47	199,597,213.62			25,031,128.15	25,031,128.15
Total Primary Government	$ 828,742,040.28	$ 207,434,939.07	$ 699,846,878.09	$ 53,508,648.73	$ 25,031,128.15	$ 78,539,776.88

	Governmental Activities	Business-type Activities	2024 Total
General Revenues:			
Original Appropriations	11,100,584.00		11,100,584.00
Additional Appropriations	462,139.33		462,139.33
Interest & Other Investment Income	(1,118,196.81)	3,173,401.26	2,055,204.45
Appropriations Lapsed	(223,407.48)		(223,407.48)
Other Revenues	671,710.82	1,223.00	672,933.82
Net Increase in Fair Value of Investments		52,725,257.72	52,725,257.72
Transfers In (Out) (Note 10)	(6,769,990.73)	2,048,979.36	(4,721,011.37)
Total General Revenues and Transfers	4,122,839.13	57,948,861.34	62,071,700.47
Change in Net Position	57,631,487.86	82,979,989.49	140,611,477.35
Net Position, September 1, 2023	484,597,200.23	345,367,276.37	829,964,476.60
Net Position - August 31, 2024	$ 542,228,688.09	$ 428,347,265.86	$ 970,575,953.95

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT III
STATEMENT OF NET POSITION - GOVERNMENTAL FUND
As of August 31, 2024

	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	169,905,173.41
Cash Equivalents	658,754.47
Federal Receivable	23,343,739.35
Legislative Appropriations	7,367,951.75
Receivables From:	
Accounts Receivable	85.00
Interest	87,140.51
Interfund Receivable (Note 10)	63,055.81
Due From Other Funds (Note 10)	219,068.41
Consumable Inventories	10,677.95
Restricted - Loans and Contracts	18,033,668.64
Total Current Assets	219,709,515.30
Non-Current Assets:	
Restricted - Loans and Contracts	495,571,968.88
Total Non-Current Assets	495,571,968.88
Total Assets	715,281,484.18
LIABILITIES	
Current Liabilities:	
Payables:	
Accounts Payable	25,528,931.95
Payroll Payable	1,719,054.91
Due to Other Funds (Note 10)	219,068.41
Interfund Payable (Note 10)	374,225.07
Unearned Revenues	106,448,618.37
Total Liabilities	134,289,898.71
FUND FINANCIAL STATEMENT-FUND BALANCES	
Fund Balances:	
Reserved for:	
Nonspendable	10,677.95
Restricted	577,143,152.40
Assigned	163,128.03
Unassigned	3,674,627.09
Total Fund Balances as of August 31	580,991,585.47
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.	371,985.97
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.	(39,134,883.35)
NET POSITION AS OF AUGUST 31	542,228,688.09

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, 2024

	Total
REVENUES	
Legislative Appropriations:	
Original Appropriations (GR)	11,100,584.00
Additional Appropriations (GR)	734,635.02
Federal Revenue (PR-OP G/C)	699,769,986.09
State Grant Pass-Through Revenue (PR-OP G/C)	76,892.00
Licenses, Fees & Permits (PR-C/S)	6,971,161.50
Unexpended Balance Forward	(272,495.69)
Interest and Other Investment Income (GR)	(1,118,196.81)
Sales of Goods and Services (PR-C/S)	866,563.95
Other (GR)	670,487.82
Total Revenues	718,799,617.88
EXPENDITURES	
Salaries and Wages	18,289,183.43
Payroll Related Costs	4,269,381.77
Professional Fees and Services	15,103,764.87
Travel	518,731.34
Materials and Supplies	244,306.05
Communication and Utilities	244,563.50
Repairs and Maintenance	711,540.01
Rentals & Leases	34,283.51
Printing and Reproduction	7,141.01
Claims and Judgments	88,961.21
State Grant Pass-Through Expenditures	189,080.00
Intergovernmental Payments	117,013,311.89
Public Assistance Payments	503,733,946.28
Other Expenditures	5,069,911.44
Total Expenditures	665,518,106.31
Excess of Revenues Over Expenditures	53,281,511.57
OTHER FINANCING SOURCES (USES)	
Transfers In (Note 10)	3,818,787.72
Transfers Out (Note 10)	(10,588,778.45)
Total Other Financing (Uses)	(6,769,990.73)
Net Change in Fund Balances	46,511,520.84
FUND FINANCIAL STATEMENT-FUND BALANCES	
Fund Balances--Beginning	534,703,472.11
Appropriations (Lapsed)	(223,407.48)
Fund Balances - August 31	580,991,585.47

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, 2024

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)	$ 46,511,520.84
Appropriations (Lapsed)	(223,407.48)
Changes in Fund Balances	46,288,113.36
Amounts reported for governmental activities in the Statement of Activities (Exhibit II) are different because of the adjustments to:	
- capital outlay expense	387,238.51
- depreciation expense	(41,365.16)
- payroll expense due to Compensable Leave	39,563.45
- additional pension/OPEB expense related to GASB 68/71/75	10,956,714.70
- Other Operating Revenue from OPEB related to GASB 75	1,223.00
Change in Net Position, August 31 (Exhibit II)	$ 57,631,487.86

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V
STATEMENT OF NET POSITION - PROPRIETARY FUND
August 31, 2024

	Total
ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	$ 200.00
Cash in Bank	289,827.67
Cash in State Treasury	6,167,412.71
Cash Equivalents	75,975,231.32
Restricted Assets:	
Cash and Cash Equivalents (Note 3)	
Cash in Bank	11,262,956.80
Cash Equivalents	436,946,690.20
Short-term Investments (Note 3)	19,157.24
Loans and Contracts	63,644,606.04
Interest Receivable	11,037,368.92
Receivable:	
Interest Receivable	1,839,623.35
Accounts Receivable	584,629.00
Interfund Receivable (Note 10)	311,169.26
Consumable Inventories	10,677.96
Loans and Contracts	2,525,812.10
Other Current Assets	13,774,755.18
Total Current Assets	624,390,117.75
Non-Current Assets:	
Loans and Contracts	35,662,123.03
Capital Assets: (Note 2)	
Depreciable or Amortizable, Net	496,763.44
Restricted Assets:	
Investments (Note 3)	2,672,570,746.08
Loans and Contracts	366,968,031.49
Real Estate Owned, net	20,613.84
Total Non-Current Assets	3,075,718,277.88
Total Assets	$3,700,108,395.63
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources (Note 16)	$ 12,959,247.53
Total Deferred Outflows of Resources	$ 12,959,247.53

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V (Continued)
STATEMENT OF NET POSITION - PROPRIETARY FUND
August 31, 2024

LIABILITIES	
Current Liabilities	
Payables:	
Accounts Payable	$ 1,256,637.38
Payroll Payable	533,685.10
Accrued Bond Interest Payable	46,491,342.71
Unearned Revenues	7,923,541.77
Employees' Compensable Leave (Note 5)	1,444,559.74
Net OPEB Liability (Note 9)	906,515.00
Revenue Bonds Payable (Notes 5 & 6)	51,198,135.06
Restricted Short-Term Debt (Note 4)	52,298,438.77
Other Current Liabilities	1,253,205.24
Total Current Liabilities	163,306,060.77
Non-Current Liabilities	
Employees' Compensable Leave (Note 5)	967,743.43
Notes and Loans Payable (Note 5)	10,000,000.00
Net Pension Liability (Note 8)	15,177,562.50
Net OPEB Liability (Note 9)	20,608,592.00
Revenue Bonds Payable (Note 5 & 6)	3,060,867,159.35
Hedging Derivative Instrument (Note 7)	326,689.00
Total Non-Current Liabilities	3,107,947,746.28
Total Liabilities	$3,271,253,807.05
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources (Note 16)	$ 13,466,570.25
Total Deferred Inflows of Resources	$ 13,466,570.25
NET POSITION	
Invested in Capital Assets	496,763.44
Restricted	354,097,870.00
Unrestricted	73,752,632.42
Total Net Position	428,347,265.86

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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, 2024

	Total
OPERATING REVENUES	
Interest and Investment Income	$ 138,322,452.73
Net Increase in Fair Value	52,725,257.72
Other Operating Revenues	64,448,162.15
Total Operating Revenues	255,495,872.60
OPERATING EXPENSES	
Salaries and Wages	12,911,395.10
Payroll Related Costs	(5,562,077.68)
Professional Fees and Services	2,313,873.50
Travel	213,805.74
Materials and Supplies	128,542.63
Communications and Utilities	185,689.02
Repairs and Maintenance	514,841.69
Rentals and Leases	52,034.11
Printing and Reproduction	4,651.35
Depreciation and Amortization	54,279.73
Interest	109,301,279.97
Bad Debt Expense	2,549,800.11
Down Payment Assistance	1,834,169.83
Other Operating Expenses	50,063,800.37
Total Operating Expenses	174,566,085.47
Operating Income	80,929,787.13
NONOPERATING REVENUES (EXPENSES)	
Other Nonoperating Revenues	1,223.00
Total Non-Operating Revenues (Expenses)	1,223.00
Income before Other Revenues, Expenses, Gains, Losses and Transfers	80,931,010.13
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS	
Transfers In (Note 10)	2,048,979.36
Total Other Revenues, Expenses, Gains, Losses and Transfers	2,048,979.36
CHANGE IN NET POSITION	82,979,989.49
Net Position, September 1, 2023	345,367,276.37
NET POSITION, AUGUST 31, 2024	$ 428,347,265.86

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the fiscal year ended August 31, 2024

	Total
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Loan Programs	$ 1,501,980,560.03
Proceeds from Other Revenues	64,593,371.80
Payments to Suppliers for Goods/Services	(50,606,634.94)
Payments to Employees	(18,354,517.34)
Payments for Loans Provided	(1,490,533,823.27)
Net Cash Provided By Operating Activities	7,078,956.28
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Debt Issuance	5,243,757,537.99
Proceeds of Transfers from Other Funds	2,048,979.36
Payments of Principal on Debt Issuance	(4,333,268,007.95)
Payments of Interest	(97,556,327.10)
Payments for Other Cost of Debt	(10,138,088.72)
Net Cash Provided By Noncapital Financing Activities	804,844,093.58
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for Additions to Capital Assets	(520,419.06)
Net Cash (Used for) Capital Activities	(520,419.06)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	110,339,659.85
Proceeds from Interest/Investment Income	133,764,121.35
Payments to Acquire Investments	(1,009,702,165.88)
Net (Used for) Investing Activities	(765,598,384.68)
Net Increase in Cash and Cash Equivalents	45,804,246.12
Cash and Cash Equivalents, September 1, 2023	484,838,072.58
Cash and Cash Equivalents, August 31, 2024	$ 530,642,318.70

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII (Continued)
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the fiscal year ended August 31, 2024

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	$ 80,929,787.13
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	54,279.73
Pension Expense	(8,369,245.32)
OPEB Expense	1,361,833.00
Provision for Uncollectibles	2,549,800.11
Operating Income and Cash Flow Categories Classification Differences	(93,565,039.89)
Changes in Assets and Liabilities:	
(Increase) in Receivables	(76,312.00)
(Increase) in Accrued Interest Receivable	(4,801,657.33)
Decrease in Loans / Contracts	13,345,777.80
(Increase) in Other Assets	(4,133,025.78)
Increase in Payables	4,974.66
(Decrease) in Unearned Revenues	(253,900.57)
Increase in Accrued Interest Payable	19,778,407.89
Increase in Other Liabilities	253,276.85
Total Adjustments	(73,850,830.85)
Net Cash Provided By Operating Activities	$ 7,078,956.28

NON CASH TRANSACTIONS
Net Change in Fair Value of Investments for 2024 was $52,725,257.72

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VIII
STATEMENT OF FIDUCIARY NET POSITION
August 31, 2024

	CUSTODIAL FUND
ASSETS	
Current Assets:	
Restricted:	
Cash in State Treasury (Note 3)	$ 1,091,323.90
Total Current Assets	1,091,323.90
Total Assets	$ 1,091,323.90
LIABILITIES	
Current Liabilities:	-
Total Liabilities	$ -
Total Net Position	$ 1,091,323.90

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT IX
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
As of August 31, 2024

	CUSTODIAL FUND
ADDITIONS	
Escrow payments collected for other governments	$ 2,868,930.59
Total Additions	2,868,930.59
DEDUCTIONS	
Escrow payments distributed to other governments	2,185,301.78
Total Deductions	2,185,301.78
Net increase (decrease) in Fiduciary Net Position	683,628.81
Net Position, September 1, 2023	407,695.09
Net position -- ending	$ 1,091,323.90

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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.

In response to the COVID-19 pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, additional funding through the Consolidated Appropriation Act 2021, and the American Rescue Plan Act (ARPA). The Department was allocated $4.1 billion in funding for various grants. Activity related to these various grants have declined during fiscal year 2024 as programs are nearing conclusion.

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
Custodial Fund
The Department has implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, by identifying activity related to Custodial Funds. Custodial funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Custodial 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 Governmental Accounting Standards Board Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.

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 Governmental Accounting Standards Board 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 Governmental Accounting Standards Board Statement No. 72*, Fair Value Measurement and Application*.

The Department has reported all investment securities at fair value as of August 31, 2024 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 General 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 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 statement of net position. 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 Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.* The Department contracted a service provider to measure its derivative instruments effectiveness. Since the derivative instruments were deemed to be effective, the Department will be deferring the changes in fair value for these derivative instruments and reporting them as deferred outflows of resources.

The Department has also implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Governmental Accounting Standards Board 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, 2023, contributions after the measurement date for fiscal year 2024, 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 statement of net position 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 Governmental Accounting Standards Board 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 Governmental Accounting Standards Board 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. The Department has implemented Governmental Accounting Standards Board Statement No. 91, *Conduit Debt Obligations* to improve accounting and financial reporting for conduit debt. The Department has eliminated debt related to Multifamily bonds payable where the Department is only a conduit issuer.

Notes Payable

The Department has issued one note which is subordinate lien obligation. The 2016 Issuer Note has a loan agreement with Woodforest National Bank to provide funding for down payment assistance in connection with Texas Homeownership Programs. The Department has implemented Governmental Accounting Standards Board Statement No. 91, *Conduit Debt Obligations* to improve accounting and financial reporting for conduit debt. The Department has eliminated debt related to Multifamily notes payable where the Department is only a conduit issuer.

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 Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application,* 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, 2024, the fair value of the Department's two 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.

Deferred Inflows of Resources

The Department has implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*—an amendment of GASB Statement No. 27, and Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* 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.

<u>Nonspendable Fund Balance</u>
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.

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

<u>Committed Fund Balance</u>
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.

<u>Assigned Fund Balance</u>
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.

<u>Unassigned Fund Balance</u>
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

<u>Invested in Capital Assets</u>
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, 2024 is below:

	PRIMARY GOVERNMENT				
	Balance 09/01/23	Adjustments	Additions	Deletions	Balance 08/31/24
GOVERNMENTAL ACTIVITIES					
Non-depreciable or Non-amortizable Assets					
Construction in Progress	$ -		$ 157,990.68		$ 157,990.68
Total Non-depreciable or Non-amortizable Assets	-	-	157,990.68	-	157,990.68
Depreciable Assets					
Furniture and Equipment	$ 494,854.04		$ 229,247.83		$ 724,101.87
Other Capital Assets	130,964.13				130,964.13
Total Depreciable Assets	$ 625,818.17	$ -	$ 229,247.83	$ -	$ 855,066.00
Less Accumulated Depreciation for:					
Furniture and Equipment	$ (468,741.42)		$ (41,365.16)		$ (510,106.58)
Other Capital Assets	(130,964.13)				(130,964.13)
Total Accumulated Depreciation	(599,705.55)	-	(41,365.16)	-	(641,070.71)
Depreciable Assets, Net	$ 26,112.62	$ -	$ 187,882.67	$ -	$ 213,995.29
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	$ 26,112.62	$ -	$ 345,873.35	$ -	$ 371,985.97

	PRIMARY GOVERNMENT				
	Balance 09/01/23	Adjustments	Additions	Deletions	Balance 08/31/24
BUSINESS-TYPE ACTIVITIES					
Non-depreciable or Non-amortizable Assets					
Construction in Progress	$ -	$ -	$ 217,373.32	$	$ 217,373.32
Total Non-depreciable or Non-amortizable Assets	-	-	217,373.32	-	217,373.32
Depreciable Assets					
Furniture and Equipment	$ 452,710.95		$ 303,045.74	$	$ 755,756.69
Other Capital Assets	132,278.87				132,278.87
Total Depreciable Assets	$ 584,989.82	$ -	$ 303,045.74	$ -	$ 888,035.56
Less Accumulated Depreciation for:					
Furniture and Equipment	$ (422,086.84)		$ (54,279.73)		$ (476,366.57)
Other Capital Assets	(132,278.87)				(132,278.87)
Total Accumulated Depreciation	(554,365.71)	-	(54,279.73)	-	(608,645.44)
Depreciable Assets, Net	$ 30,624.11	$ -	$ 248,766.01	$ -	$ 279,390.12
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	$ 30,624.11	$ -	$ 466,139.33	$ -	$ 496,763.44

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, 2024, the carrying amount of deposits was $11,572,784.47.

Governmental and Business-Type Activities CASH IN BANK - CARRYING VALUE	$ 11,572,784.47

Governmental Funds Current Assets Cash in Bank	$ 20,000.00
Texas Treasury Safekeeping Trust	289,827.67
Texas Treasury Safekeeping Trust - Restricted	180,128.32
Demand Deposits	11,082,828.48
Cash in Bank	$ 11,572,784.47

At August 31, 2024, the Department's cash and deposits in the State Treasury amounted to $177,163,910.02 which included $1,091,323.90 in Fiduciary Funds. The total amount was fully collateralized by securities held with a trustee in the State's name, as reported to the Department by the Comptroller of Public Accounts of the State of Texas.

Investments

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

The Department holds $513,580,675.99 in overnight repurchase agreements maturing on the following business day, September 3, 2024, at a rate of 5.28%.

At August 31, 2024, 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)	$ -	$ -	$ -	$ 658,754.47	$ 658,754.47
Total Governmental Activities					**$ 658,754.47**
Business Type Activities					
U.S. Government					
U.S. Government Agency Obligation	$ -	$2,629,493,462.47	$ -	$ -	$ 2,629,493,462.47
Repurchase Agreements (TTSTC)				512,921,921.52	512,921,921.52
Miscellaneous Investments				43,096,440.85	43,096,440.85
Total Business-Type Activities					**$ 3,185,511,824.84**

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, 2024, 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)	$658,754.47			
Business-Type Activities				
U.S. Government Agency Obligations			$18,834,755.49	
Repurchase Agreements (TTSTC)	$512,921,921.52			
Miscellaneous Investments	$43,096,440.85			

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 $2,610,658,706.98 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, 2024, the Department's concentration of credit risk is as follows.

Issuer	Carrying Value	% of Total Portfolio
Natwest	$513,580,675.99	16.12%

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)	$ 658,754.47	$ 658,754.47	$ -	$ -	$ -
Total Governmental Activities	$ 658,754.47	$ 658,754.47	$ -	$ -	$ -
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	$ 2,629,493,462.47	$ 19,157.24	$ 91,227.16	$ 2,117,583.80	$ 2,627,265,494.27
Repurchase Agreements (TTSTC)	512,921,921.62	512,921,921.62			
Miscellaneous Investments	43,096,440.85				43,096,440.85
Total Business-Type Activities	$ 3,185,511,824.94	$ 512,941,078.86	$ 91,227.16	$ 2,117,583.80	$ 2,670,361,935.12

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, 2024, the Department holds $2,629,493,462.47 in mortgage-backed securities.

NOTE 4: SHORT-TERM DEBT

Business-Type Activities	Balance 09/01/23	Additions	Reductions	Balance 08/31/24
Short -Term Debt	$ 87,509,778.03	4,206,044,388.69	4,241,255,727.95	$ 52,298,438.77
Total Business-Type Activities	$ 87,509,778.03	4,206,044,388.69	4,241,255,727.95	$ 52,298,438.77

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 $52,298,438.77.

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, and 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 related to the mortgage loans underlying the related MBS are repaid.

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

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, 2024, the maximum aggregate principal amount available for advances under the Advances Agreement was $250,000,000 resulting in $197,701,561.23 available in the line of credit at August 31, 2024.

NOTE 5: SUMMARY LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2024, the following changes occurred in liabilities.

Governmental Activities	Balance 09/01/23	Additions	Reductions	Balance 08/31/24	Amounts Due Within One Year
Compensable Leave	$ 1,647,765.57	1,608,202.12	1,647,765.57	$ 1,608,202.12	$ 963,039.83
Total Governmental Activities	$ 1,647,765.57	1,608,202.12	1,647,765.57	$ 1,608,202.12	$ 963,039.83

Business-Type Activities	Balance 09/01/23	Additions	Reductions	Balance 08/31/24	Amounts Due Within One Year
Revenue Bonds Payable	$ 2,174,633,239.87	1,037,713,149.30	100,281,094.76	$ 3,112,065,294.41	$ 51,198,135.06
Notes Payable - Direct Borrowing	$ 10,000,000.00	-	-	$ 10,000,000.00	$ -
Compensable Leave	$ 2,471,648.36	2,412,303.17	2,471,648.36	$ 2,412,303.17	$ 1,444,559.74
Total Business-Type Activities	$ 2,187,104,888.23	1,040,125,452.47	102,752,743.12	$ 3,124,477,597.58	$ 52,642,694.80

Revenue Bonds Payable

The Department issues bonds to assist in financing the purchase of homes for families with very low to moderate incomes. Loan payments provide the revenues for debt service payments. (See Note 6 for more information.) The $1,037,713,149.30 in additions is inclusive of $37,713,149.30 in bond premium related to the issuance of the 2023 Single Family Mortgage Revenue Bonds Series C and D for $9,266,408.45, the 2023 Residential Mortgage Revenue Bonds Series B and C for $9,446,975.65, the 2024 Residential Mortgage Revenue Bonds Series A and B for $10,699,781.20 and the 2024 Residential Mortgage Revenue Bonds Series C and D for $8,299,984.00. The $100,281,094.76 in reductions is inclusive of $8,268,814.76 in amortization of bond premium/discount.

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

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			
Year	**Principal**	**Interest**	**Total**
2025	$ 42,825,000.00	$ 139,405,157.81	$ 182,230,157.81
2026	50,270,000.00	135,541,004.12	185,811,004.12
2027	52,520,000.00	133,464,423.86	185,984,423.86
2028	53,550,000.00	131,004,008.06	184,554,008.06
2029	56,275,000.00	128,354,853.36	184,629,853.36
2030-34	326,210,000.00	599,367,855.62	925,577,855.62
2035-39	460,609,802.00	519,996,505.48	980,606,307.48
2040-44	569,116,990.00	409,571,415.91	978,688,405.91
2045-49	756,667,741.00	262,838,755.32	1,019,506,496.32
2050-54	617,005,000.00	82,450,332.24	699,455,332.24
Totals	**$ 2,985,049,533.00**	**$ 2,541,994,311.78**	**$ 5,527,043,844.78**

Notes Payable
The Department has one Issuer Note from direct borrowings related to business-type activities in the amount of $10,000,000 as of August 31, 2024 and they have no unused lines of credit.

The Department's Issuer Note from direct borrowings is a subordinate lien obligation 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. It contains 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%, plus the current outstanding amount of the loan.

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.

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

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

Year	Principal	Interest	Total
2025	$ -	$ -	$ -
2026	-	-	-
2027	10,000,000.00	824,383.62	10,824,383.62
2028	-	-	-
2029	-	-	-
Totals	**$ 10,000,000.00**	**$ 824,383.62**	**$ 10,824,383.62**

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.

NOTE 6: BONDED INDEBTEDNESS

The Department has 34 bond series outstanding at August 31, 2024. 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 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, and 1-E.)

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 the remaining Single Family and RMRB issues were used to acquire pass-through certificates (GNMA, FNMA, FHLMC) backed by mortgage loans.

Interest on bonds and collateralized mortgage obligations is payable periodically.

The Single Family and RMRB bonds are collateralized by the revenues and assets pledged under the trust indentures, primarily mortgage-backed securities and investments.

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, 2024 are as follows (in thousands):

Description	2025	2026	2027	2028	2029	2030 to 2034
Single-family	$ 21,995	$ 24,380	$ 25,430	$ 26,575	$ 27,875	$ 157,995
RMRB	20,830	25,890	27,090	26,975	28,400	168,215
Total	$ 42,825	$ 50,270	$ 52,520	$ 53,550	$ 56,275	$ 326,210

Description	2035 to 2039	2040 to 2044	2045 to 2049	2050 to 2054	Total
Single-family	$ 248,450	$ 258,795	$ 403,338	$ 270,720	$ 1,465,553
RMRB	212,160	310,322	353,330	346,285	1,519,497
Total	$ 460,610	$ 569,117	$ 756,668	$ 617,005	$ 2,985,050

NOTE 6: BONDED INDEBTEDNESS Cont'd

The interest payment requirements at August 31, 2024, are as follows (in thousands):

Description	2025	2026	2027	2028	2029	2030 to 2034
Single-family	$ 67,414	$ 63,840	$ 62,891	$ 61,743	$ 60,462	$ 282,257
RMRB	71,991	71,701	70,573	69,261	67,893	317,111
Total	$ 139,405	$ 135,541	$ 133,464	$ 131,004	$ 128,355	$ 599,368

Description	2035 to 2039	2040 to 2044	2045 to 2049	2050 to 2054	Total
Single-family	$ 244,693	$ 190,587	$ 120,293	$ 35,354	$ 1,189,534
RMRB	275,304	218,984	142,546	47,096	$ 1,352,460
Total	$ 519,997	$ 409,571	$ 262,839	$ 82,450	$ 2,541,994

Interest requirements on variable rate debt are calculated using the interest rate in effect at August 31, 2024. Interest rates on variable rate debt reset on a weekly basis by the remarketing agent.

Changes in Bonds Payable

Description	Bonds Outstanding 09/01/23	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/24	Amounts Due Within One Year
Single Family	$ 1,275,581,446.00	$ 250,000,000.00	$ 14,685,000.00	$ 45,343,903.00	$ 1,465,552,543.00	$ 26,023,794.19
RMRB	801,480,367.00	750,000,000.00	11,755,000.00	20,228,377.00	1,519,496,990.00	25,174,340.87
Total	$ 2,077,061,813.00	$ 1,000,000,000.00	$ 26,440,000.00	$ 65,572,280.00	$ 2,985,049,533.00	$ 51,198,135.06
Unamortized Premium	97,571,426.87				127,015,761.41	
Total	$ 2,174,633,239.87				$ 3,112,065,294.41	

Demand Bonds

The Department currently holds two single family bond series in the amount $9,395,000 in variable rate demand bonds. The proceeds of these bonds were used to refund outstanding bonds or provide funds for the primary purpose of purchasing mortgaged-backed securities 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 08/31/24**	**Liquidity Facility Expiration Date**
2007A	JP Morgan	Comptroller of Public Accounts	0.12%	$ 6,430,000.00	08/31/25
2005A	JP Morgan	Comptroller of Public Accounts	0.12%	2,965,000.00	08/31/25
Total Demand Bonds				**$ 9,395,000.00**	

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. 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 2024 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, 2024, the Bond Program had no liabilities to the IRS or reported in the Statement of Net Position.

Pledged and Other Sources

Governmental Accounting Standards Board Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues,* 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 2024

	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	$ 111,603,522.73	$ 3,020,423.34	$ 14,685,000.00	$ 61,568,665.79	$ 2,655,087,157.80	2054	100%
Total Residential Mtg Revenue Bonds	77,378,769.76	7,752,505.87	11,755,000.00	52,337,517.58	2,871,956,686.98	2054	100%
Total	**$ 188,982,292.49**	**$ 10,772,929.21**	**$ 26,440,000.00**	**$ 113,906,183.36**	**$ 5,527,043,844.78**		

The Department has adopted Governmental Accounting Standards Board Statement No. 91 – Conduit Debt Obligations, to improve accounting and financial reporting for conduit debt. In accordance to Governmental Accounting Standards Board Statement No. 91, the Department eliminated debt related to the Multifamily Bond Program where the Department is only a conduit issuer. As of August 31, 2024, the Department has fourty-nine bonds issues outstanding in the amount of $912,202,863.72 and twenty-one notes outstanding in the amount of $519,906,399.73. 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 and notes are not limited obligations of the Department and are payable solely from the payments received from the assets and guarantors, which secure the bonds and notes

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.

Summary

The fair value balances and notional amounts of derivative instruments outstanding as of August 31, 2024, classified by type, and the changes in fair value of such derivative instruments for the year ended as reported in the 2024 financial statements are as follows.

Business Type Activities		Changes in Fair Value		Fair Value at August 31, 2024		
Cash Flow Hedges	Bond Issue	Classification	Amount	Classification	Amount	Notional
Pay-fixed, receive-variable interest rate swap	2005A	Deferred outflow of resources	(156,630.69)	Debt	(307,889.00)	6,430,000.00
Pay-fixed, receive-variable interest rate swap	2007A	Deferred outflow of resources	1,091.66	Debt	(18,800.00)	2,965,000.00
Total			$ (155,539.03)		$ (326,689.00)	$ 9,395,000.00

Terms and Fair Value

The terms, including the fair value of the outstanding swaps as of August 31, 2024 are as follows. The notional amounts of the swaps match the principal amount of the associated debt.

Counterparty	Notional Amount	Fair Value	Effective Date	Fixed Rate	Variable Rate	Swap Termination Date
JP Morgan Chase Bank	6,430,000.00	(307,889.00)	08/01/05	4.01%	Formula*, currently 65% of 1M Fallback SOFR	09/01/36 (a)
JP Morgan Chase Bank	2,965,000.00	(18,800.00)	06/05/07	4.013%	Formula*, currently 65% of 1M Fallback SOFR	09/01/38 (a)
Total	$ 9,395,000.00	$ (326,689.00)				

a. Swap Agreement is subject to mandatory early termination each March 1 and September 1 from mortgage loan repayments.

The Department has adopted Governmental Accounting Standards Board Statement No. 72 – *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements. In accordance to Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, 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

NOTE 7: DERIVATIVE INSTRUMENTS Cont'd

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	$ (326,689.00)		$ (326,689.00)	
Total	$ (326,689.00)		$ (326,689.00)	

- 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.

Credit Risk

As of August 31, 2024 , 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.

Counterparty	Standard & Poor's	Moody's
JP Morgan Chase Bank	A+/Positive	Aa2/Negative

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 Fallback Secured Overnight Financing Rate (SOFR) as the rate for payments received on these swaps. The Department will be exposed to basis risk should SOFR 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.

NOTE 7: DERIVATIVE INSTRUMENTS Cont'd

Associated Debt Issuance	Debt Maturity Date	Swap Termination Date
2005A Single Family	September 2036	Mandatory par termination each March 1 and September 1 from mortgage loan repayments.
2007A Single Family	September 2038	Mandatory par termination each March 1 and September 1 from mortgage loan repayments.

Swap Payments and Associated Debt

Using rates as of August 31, 2024, debt service requirements of the Department's outstanding variable-rate debt and net swap payments are as follows. As rates vary, variable-rate debt bond interest payments and new swap payments will vary. The Department's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds outstanding.

Fiscal Year Ending August 31	Variable-Rate Bonds Principal	Variable-Rate Bonds Interest	Interest Rate Swaps, Net	Total
2025	$ -	$ 304,648.00	$ 127,777.00	$ 432,425.00
2026	-	281,850.00	127,777.00	409,627.00
2027	-	281,850.00	127,777.00	409,627.00
2028	-	282,496.00	127,777.00	410,273.00
2029	-	281,204.00	127,777.00	408,981.00
2030-2034	-	1,409,250.00	638,885.00	2,048,135.00
2035-2039	9,395,000.00	774,616.00	39,285.00	10,208,901.00
2040-2044	-	-	-	-
	$ 9,395,000.00	**$ 3,615,914.00**	**$ 1,317,055.00**	**$ 14,327,969.00**

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, 2024, the Department has an aggregate liability related to the interest rate swaps in the amount of $21,387.33 payable on September 1, 2024.

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

The Employees Retirement System of Texas (ERS) is one of three retirement systems for the state of Texas. The Department's employees participate in 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 and is administered through trust.

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 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 the Teacher Retirement System (TRS), or the Judicial Retirement System (JRS) Plans 1 and 2. Elected class includes elected state officials not included in the coverage of JRS1 and JRS2 Plans, members of the Legislature and district and criminal district attorneys.

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

The benefit and contribution provisions of the ERS Plan are authorized by state law *(Texas Government Code (TGC), Title 8, Subtitle B)* 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.

- Members hired on or before Aug. 31, 2009, the average monthly compensation is the average of the highest 36 months of compensation.
- Members hired on or after Sept. 1, 2009 and before Sept. 1, 2013, the average monthly compensation is the average of the highest 48 months of compensation.
- Members hired on or after Sept. 1, 2013, the average monthly compensation is the average of the highest 60 months of compensation.
- Members hired on or after Sept. 1, 2022 are enrolled in a defined benefit retirement structure known as a cash balance benefit; standard monthly annuity is equal to member account balance plus 150 percent state match multiplied by an annuity conversion factor.

The average monthly compensation of the elected class may vary depending on the hire date.

- Members hired prior to Sept. 1, 2019, the monthly standard annuity of the elected class is determined by a statutory percentage of 2.3 percent of the current state salary of a district judge multiplied by number of years of service credit. Retirement benefits are automatically adjusted as state judicial salaries change.
- Members hired on or after Sept. 1, 2019, the monthly standard annuity of the elected class is determined by a statutory percentage of 2.3 percent of the current state base salary of a district judge multiplied by number of years of service credit. Retirement benefits are automatically adjusted as state judicial salaries change.
- Members hired on or after Sept. 1, 2022 are enrolled in a defined benefit retirement structure known as a cash balance benefit; non-legislative standard monthly annuity is equal to member account balance plus 150 percent state match multiplied by an annuity conversion factor. Legislative standard monthly annuity is equal to member notional account balance plus 150 percent state match multiplied by an annuity conversion factor.

The ERS Plan's membership as of the measurement date of Aug. 31, 2023 is presented in the table below:

ERS Membership Data	ERS Plan
Retirees and Beneficiaries Currently Receiving Benefits	124,504
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	164,112
Current Employees Vested and Non-Vested	139,958
Total Members	**428,574**

NOTE 8: 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 2023 are presented in the table below:

Employer Required Contribution Rates

Hire Date	Employee Class	Elected Class Legislators	Elected Class Other
On or Before 09/01/22	10.0%	10.0%	10.0%
On or After 09/01/22	10.0%	10.0%	10.0%

Member Required Contribution Rates

Hire Date	Employee Class	Elected Class Legislators	Elected Class Other
On or Before 09/01/22	9.5%	9.5%	9.5%
On or After 09/01/22	6.0%	6.0%	6.0%

The amount of the Department's contributions recognized in the ERS plan during the fiscal 2023 measurement period was $2,841,365.77.

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, 2023. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2024:

ERS Plan Actuarial Assumptions

Valuation Date	Actuarially determined contribution rates are calculated as of Aug. 31, 2023. Members and employers contribute based on statutorily fixed rates. Provisions of the Legacy Payment structure adopted during the 2021 legislative session were reflected in disclosures for the fiscal years 2022 and later.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll, plus Level Dollar Legacy Payment, Closed
Remaining Amortization Period	Unfunded Actuarial Accrued Liability (UAAL) to be eliminated by 2054
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 and losses.
Investment Rate of Return	7.0%
Inflation Rate	2.3%
Projected Salary Increase	0% to 8.8%
Last Experience Study	5-year period from Sept. 1, 2014 to Aug. 31, 2019
Mortality	2020 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 2020. Rates for male LECO members are set forward one year.
Cost-of-Living Adjustments	None – Employee 2.3% - Elected

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

A single discount rate of 7 percent was used to measure the total pension liability as of Aug. 31, 2023, remaining unchanged from the prior measurement period. This single discount rate was based on an expected rate of return on pension plan investments of 7 percent and a municipal bond rate of 4.13 percent. The source of the municipal bond rate as of Aug. 31, 2023 is 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."

Assumptions reflected as of the measurement date of Aug. 31, 2023 were last updated at the May 2020 Board meeting. These include a long-term rate of return assumption of 7 percent after considering the long-term expected return from the building block method; an analysis of long-term expected return performed by the Board investment consultant; and analyses and recommendations of the Board pension actuary. This actuarial valuation also incorporates the most significant across-the-board pay increases budgeted by the State Legislature when they are granted for the current biennium. There have been no changes to the benefit provisions of the ERS Plan since the prior measurement date for employees hired before Sept. 1, 2022.

The projected cash flow from the employer are based on contributions for the most recent five-year period, modified for consideration of subsequent events. The legislature passed Senate Bill (SB) 321 in the 87th Legislative Session requiring a legacy payment to pay off the current unfunded actuarial liability by 2054. The legacy payment is an actuarially determined amount each biennium. The actuarially determined amount for fiscal year 2022 and 2023 is $510 million each year. The passage of this bill indicates that the legislature is committed to funding the state pension obligations.

During fiscal year 2023, across the board salary increases approved by the 88th Legislative Session increased the UAAL; however, the State made an additional $900,000,000 contribution toward the unfunded liability with SB 30 in the same session. Projected employer contributions are based on fiscal year 2023 funding levels.

The long-term expected rate of return on plan investments was developed using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 weighting the expected future geometric 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	Geometric Real Return Basis	Long-Term Expected Portfolio Real Rate of Return
Global Equity	35.00%	5.07%	1.78%
Private Equity	16.00%	7.61%	1.22%
Global Credit	12.00%	4.73%	0.57%
Special Situations	0.00%	4.39%	0.00%
Real Estate Investment Trust	3.00%	4.68%	0.14%
Private Real Asset- Infrastructure/Land	5.00%	4.20%	0.21%
Private Real Estate	9.00%	3.37%	0.30%
Fixed Income-Rates	12.00%	2.05%	0.25%
Absolute Returns	6.00%	3.71%	0.22%
Cash	2.00%	0.39%	0.01%
Totals	**100.00%**		**4.70%**
Inflation			2.50%
Expected Nominal Rate of Return			**7.20%**

NOTE 8: 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 6.00%	**Current Discount Rate 7.00%**	**1% Increase 8.00%**
$43,021,452.29	$30,355,125.15	$19,833,253.77

Note: Some amounts in this schedule are for the Department's proportionate share (.21771307%) of the collective amounts for ERS. The proportionate amount is split between Proprietary 50% and Governmental 50%.

The pension plan's fiduciary net position is determined using economic resources measurement focus and the accrual basis of accounting, which is the same basis used by ERS. 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. ERS issues a stand-alone audited Annual Comprehensive Financial Report (ACFR). ERS's ACFR, information on vesting, tier requirements and other financial data is at the agency's website at www.ers.texas.gov/about-ers/reports-and-studies.

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

The Department's total pension liability is based on an actuarial valuation performed as of Aug. 31, 2023. For fiscal 2024 reporting, the measurement date of the Department's net pension liability is Aug. 31, 2023. The schedule of changes in the Department's net pension liability for the fiscal year ending Aug. 31, 2024 is presented below:

Schedule of Changes in Department's Net Pension Liability
For Fiscal Year Ending August 31, 2024

Total Pension Liability-For Department		**Department's Pension Liability**
Service Cost	$	2,234,812.63
Interest on the Total Pension Liability		6,845,175.07
Benefit Changes		-
Difference between Expected and Actual Experience of the Total Pension Liability		1,912,859.42
Assumption Changes		-
Benefit Payments and Refunds		(6,355,635.07)
Net Change in Total Pension Liability		4,637,212.05
Total Pension Liability - Beginning		99,848,626.45
Total Pension Liability - Ending	$	104,485,838.50
Plan Fiduciary Net Position		
Contributions - Employer	$	2,841,341.79
Contributions - Member		1,650,396.01
Pension Plan Net Investment Income		4,489,407.53
Benefit Payments and Refunds		(6,355,635.07)
Pension Plan Administrative Expense		(92,116.96)
Other		1,959,417.79
Net Change in Plan Fiduciary Net Position		4,492,811.09
Plan Fiduciary Net Position - Beginning		69,637,902.41
Plan Fiduciary Net Position - Ending	$	74,130,713.50
Net Pension Liability - Beginning	$	27,714,755.00
Net Pension Liability - Ending	$	30,355,125.00

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. Additional one-time state funding in accordance with Senate Bill 1, Appropriation 38202 to pay down the unfunded liability

The amounts in this schedule are for the Department's proportionate share (.21771307%) of the collective amounts for ERS. The proportionate amount is split between Proprietary 50% and Governmental 50%.

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

The Department's proportion of the entire ERS plan is .21771307% in fiscal year 2024 as compared with the .19972591% in the prior measurement period.

For the fiscal year ending August 31, 2024, the Department recognized pension expense of ($16,738,490.65). Negative pension expense for the ERS Plan is due primarily to the recognition of deferred inflows resulting from changes in assumptions as the ERS Plan has changed from a contribution rate structure to an actuarially determined structure.

At August 31, 2024, 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	$ 1,651,282.00	$ 115,891.00
Changes of assumptions	1,591,221.44	12,194,100.50
Net difference between projected and actual investment return	-	46,076.00
Contributions subsequent to the measurement date	3,007,830.38	
Total	**$ 6,250,333.82**	**$12,356,067.50**

The $3,007,830.38 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, 2024.

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:	
2025	$ (10,292,434.81)
2026	$ (275,596.25)
2027	$ 1,391,110.00
2028	$ 63,357.00
2029	-
Thereafter	-
	(9,113,564.06)

Note: The amounts in this schedule are for the Department's proportionate share (.21771307%) of the collective amounts for ERS. The proportionate amount is split between Proprietary 50% and Governmental 50%.

NOTE 9: 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 Annual Comprehensive Financial Report (ACFR). The ERS ACFR may be obtained from their website at www.ers.texas.gov and searching for reports and studies.

During the measurement period of 2023 for fiscal 2024 reporting, the amount of the Department's contributions recognized by the plan was $4,802,970.52. 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	$ 624.82
Retiree and Spouse	1,340.82
Retiree and Children	1,104.22
Retiree and Family	1,820.22

NOTE 9: 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, 2023 measurement date.

Actuarial Methods and Assumptions	
Actuarial Valuation Date	August 31, 2023
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount Rate	3.81%*
Inflation	2.30%
Salary Increase	2.30% to 8.95%, including inflation
Health Cost and Trend Rate	
HealthSelect	5.60% for FY 2025, 5.30% for FY 2026, 5.00% for FY 2027, 4.75% for FY 2028, 4.60% for FY 2029, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2032 and later years
HealthSelect Medicare Advantage	16.40% for FY 2025, 8.40% for FY 2026, 5.00% for FY 2027, 4.75% for FY 2028, 4.60% for FY 2029, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2032 and later years
Pharmacy	10.00% for FY 2025 and FY 2026, decreasing 100 basis points per year to 5.00% for FY 2031, and 4.30% for FY 2032 and later years
Aggregate Payroll Growth	2.70%
Retirement Age	Experience-based tables of rates that are specific to the class of employee
Mortality:	
Service Retirees, Survivors, and other Inactive Members	2020 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 2020
Disable Retirees	2020 State Retirees of Texas Mortality table set forward three years for males and females. Generational mortality improvements in accordance with the Ultimate MP-2019 Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively
Active Members	Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members and Pub-2010 Public Safety Active Member Mortality table for CPO/CO members with Ultimate MP-2019 Projection Scale from the year 2010
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.*

NOTE 9: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS – Cont'd

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 Sept. 1, 2014 to Aug. 31, 2019 for state agency members and for the period Sept. 1, 2010 to Aug. 31, 2017 for higher education members. The mortality rates were based on the tables identified in the table above titled *Actuarial Methods and Assumptions*.

The following assumptions have been changed since the previous Other Postemployment Benefits valuation:

a. The 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;
b. Proportion of future retirees assumed to cover dependent children;
c. The proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement;
d. Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short term expectations.
e. The patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in fees have been updated to reflect recent plan experience and expected trends; and
f. The discount rate was changed from 3.59% as of August 31, 2022 to 3.81% as of August 31, 2023 as a result of requirements by GASB No. 74 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 discount rate that was used to measure the total OPEB liability is the municipal bond rate of 3.81% as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 3.59%. 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 funds in advance of retirement, there is no long-term expected rate of return. ERS' board of trustees amended the investment policy statement in August 2022 to require that all funds in this plan be invested in cash and equivalent securities. The investment rate of return used to calculate the projected earnings on OPEB plan investments was 3.59%.

NOTE 9: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS – Cont'd

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 (2.81%)	**Current Discount Rate (3.59%)**	**1% Increase (4.59%)**
$49,930.38	$43,030.21	$37,480.26

Note: Some amounts in this schedule are for the Department's proportionate share (.16105611%) of the collective amounts for ERS. The proportionate amount is split between Proprietary 50% and Governmental 50%.

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)		
HealthSelect (HS) or HealthSelect Medicare Advantage (HSMA)		
1% Decrease HS/HSMA/Pharmacy (4.60%/15.40/9.00% decreasing to 3.30%)	**Trend Rates HS/HSMA/Pharmacy (5.60%/16.40/10.00% decreasing to 4.30%)**	**1% Increase HS/HSMA/Pharmacy (6.60%/17.40/11.00% decreasing to 5.30%)**
$37,011,964.56	$43,030,213.81	$50,673,420.64

Note: Some amounts in this schedule are for the Department's proportionate share (.16105611%) of the collective amounts for ERS. The proportionate amount is split between Proprietary 50% and Governmental 50%.

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 Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. 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 2023 ACFR.

At August 31, 2024, the Department reported a liability of $43,030,214.00 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of August 31, 2023, 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, 2023 was .16105611%. 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, 2022 through August 31, 2023.

NOTE 9: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS – Cont'd

For the year ending August 31, 2024, the Department recognized OPEB expense of $2,723,666.00 At August 31, 2024, 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	$ -	$ 1,138,172.00
Changes of assumptions	1,435,439.86	13,438,905.00
Net difference between projected and actual investment return	3,475.00	
Effect of change in proportion and contribution difference	12,685,093.00	
Contributions subsequent to the measurement date	4,890,774.37	
Total	**$ 19,014,782.23**	**$ 14,577,077.00**

The $4,890,774.37 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, 2024.

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:		
2025	$	(61,653.00)
2026	$	(65,005.00)
2027	$	(139,035.00)
2028	$	(343,830.52)
2029	$	156,454.38
Thereafter		-
Total	**$**	**(453,069.14)**

Note: The amounts in this schedule are for the Department's proportionate share (.16105611%) of the collective amounts for ERS. The proportionate amount is split between Proprietary 50% and Governmental 50%.

NOTE 10: 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, 2024, follows:

Fund	Current Interfund Receivable	Current Interfund Payable	Purpose
Governmental Fund (01)			
General Revenue (0001)	$ 152,650.03	$ 270,491.26	Expenditure Transfer
Consolidated Federal (0127, 0325)	129,474.19	322,802.22	Expenditure Transfer
Subtotal Governmental Fund (01)	***$ 282,124.22***	***$ 593,293.48***	
Governmental Fund (01) (Exhibit III)		311,169.26	*Net Receivable/Payable above*
Enterprise Fund (05)			
Enterprise Fund (05, 0896)	$ 311,169.26	$ -	Expenditure Transfer
Subtotal Enterprise Fund (05)	***$ 311,169.26***	***$ -***	
Enterprise Fund (05) (Exhibit V)	311,169.26		*Net Receivable/Payable above*
Total Internal Balances (Exhibit I)	**$ 311,169.26**	**$ 311,169.26**	

Governmental Fund	Transfers In	Transfers Out	Purpose
General Fund (01)			
Appd Fund 0001, D23 Fund 0001	$ 3,591,085.08	$ 5,640,064.44	Article VII-6, Rider 9
Appd Fund 0001, D23 Fund 0001		1,627,469.54	Article IX, Sect. 13.11
Appd Fund 0001, D23 Fund 0066		710,026.60	Gov't Code, Sect. 403.021
Appd Fund 0001, D23 Fund 0077		6,691.84	Gov't Code, Sect. 403.021
Appd Fund 0127, D23 Fund 0127			Gov't Code, Sect. 403.021
Appd Fund 0127, D23 Fund 0369		2,375,771.44	Article IX, Sect. 13.11
Appd Fund 0802, D23 Fund 0802		1,051.95	TEX. TRANSP. CODE ANN. Sec. 504.6012
Total Transfers for Fund 01	**$ 3,591,085.08**	**$ 10,361,075.81**	
Special Revenue (02)			
Appd Fund 0809, D23 Fund 0809		227,702.64	SB 1, RS 85th Leg , HB 4102
Appd Fund 0809, D23 Fund 1809	227,702.64		SB 1, RS 85th Leg , HB 4102
Total Transfers for Fund 01 (Exhibit II & IV)	**$ 3,818,787.72**	**$ 10,588,778.45**	
Enterprise Fund (05)			
Appd Fund 3054, D23 Fund 0999	$ 2,048,979.36		Article VII-6, Rider 9
Total Transfers for Fund 3054 (Exhibit II & VI)	**$ 2,048,979.36**	**$ -**	
Total Transfers*	**$ 5,867,767.08**	**$ 10,588,778.45**	

* The difference between total transfers in and out represents transfers to the Comptroller's Office of $4,721,011.37.

NOTE 11: CONTINUANCE SUBJECT TO REVIEW

Under the Texas Sunset Act, the Department will be abolished effective September 1, 2029 unless continued in existence as provided by the Act. If abolished, the Department may continue until September 1, 2030 to close out its operations.

NOTE 12: 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
2005A	Infinite	A/A2	After downgrade to A/A2, collateral exposure if MTM exceeds ($7.5M); after downgrade to A-/A3 or below, collateral exposure with no threshold
2007A	Infinite	A/A2	After downgrade to A/A2, collateral exposure if MTM exceeds ($7.5M); after downgrade to A-/A3 or below, collateral exposure with no threshold

As of August 31, 2024, the credit rating related to the Single Family Trust Indenture was AA+ issued by Standard & Poor's and Aa1 by Moody's, therefore no collateral was posted. The Department's aggregate fair value of all hedging derivative instruments with these collateral provisions is a negative ($326,689.00). If the collateral posting requirements had been triggered at August 31, 2024, 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 12: CONTINGENCIES AND COMMITMENTS – Cont'd

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, 2024, there were no MBS held under the Warehouse Agreement.

The Department has established the TDHCA Liquid Yield Certificate of Deposit 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, 2024 is $11,082,133.25 in CDs and $5,543,440.76 in MBS.

NOTE 13: RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. It is the Department's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The Department assumes substantially all risks associated with the performance of its duties. The Department carries Public Official 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; Commercial General Liability Insurance in the amount of $1,000,000; General Aggregate Insurance in the amount of $2,000,000; Commercial Property, Equipment Breakdown and Terrorism Insurance in the amount of $250,000,000 for the Insurance Annex Building, the Twin Towers Office Center and leased field office located in Lubbock, Texas; and Forced Placed Insurance in the amount of $1,000,000.

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 2024 and 2023 were:

	Beginning Balance	Increases	Decreases	Ending Balance
2024	$ -	$ 88,961.21	$ (88,961.21)	$ -
2023	$ -	$ -	$ -	$ -

NOTE 14: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund 0896 within the Department's Enterprise Fund reported a positive change in Net Position of $16,276,496.44 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 ($34,509,496.40) at August 31, 2024.

NOTE 15: SEGMENT INFORMATION FOR ENTERPRISE FUND

The Segment information below is for the Department's direct debt associated with the issuance of Single Family bonds only and does not include the Multifamily bonds where the Department is only a conduit issuer. 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
Restricted Assets:		
Current Assets	$ 94,764,261.58	$ 364,180,281.82
Non-Current Assets	1,660,428,799.08	1,373,637,663.73
Total Assets	1,755,193,060.66	1,737,817,945.55
Deferred Outflows of Resources:	326,689.00	-
Liabilities:		
Current Liabilities	60,967,636.36	37,977,122.60
Non-Current Liabilities	1,503,274,249.38	1,567,919,598.97
Total Liabilities	1,564,241,885.74	1,605,896,721.57
Deferred Inflows of Resources:	-	-
Net Position:		
Restricted Net Position	$ 191,277,863.92	$ 131,921,223.98
Net Position	$ 191,277,863.92	$ 131,921,223.98

NOTE 15: SEGMENT INFORMATION FOR ENTERPRISE FUND Cont'd

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

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds
Operating Revenues (Expenses):		
Interest and Investment Income	$ 71,024,980.91	$ 60,700,288.57
Net Increase in Fair Value	29,228,887.83	23,290,248.19
Other Operating Revenues	10,906,062.54	29,361,432.44
Operating Expenses	(76,034,957.58)	(84,406,697.88)
Operating Income	35,124,973.70	28,945,271.32
Nonoperating Revenues (Expenses):		
Transfers In (Out)	(1,377,014.48)	(1,539,118.56)
Changes in Net Position	33,747,959.22	27,406,152.76
Net Position, September 1, 2023	157,529,904.70	104,515,071.22
Net Position, August 31, 2024	$ 191,277,863.92	$ 131,921,223.98

CONDENSED STATEMENT OF CASH FLOWS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds
Net Cash Provided (Used) By:		
Operating Activities	$ (13,660,292.67)	$ (17,598,327.99)
Noncapital Financing Activities	146,822,526.95	689,565,912.97
Investing Activities	(381,583,781.29)	(390,558,511.20)
Net Increase (Decrease)	(248,421,547.01)	281,409,073.78
Beginning Cash and Cash Equivalents	323,418,242.68	77,288,057.92
Ending Cash and Cash Equivalents	$ 74,996,695.67	$ 358,697,131.70

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

Governmental Type Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Plans (Note 8):		
To record the effect of changes of assumptions on total pension liability less the amortization related to the current period.	$ 795,610.72	$ 6,097,050.25
To record contribution to the plan in fiscal year 2024 after the measurement date of August 31, 2023.	1,503,915.19	-
To record effect on total pension liability between expected and actual experience less the amortization related to the current period.	825,641.00	57,945.50
To record difference between projected and actual investment return less the amortization related to the current period.	-	23,036.00
OPEB Plans (Note 9):		
To record the effect of changes of assumptions on total OPEB liability less the amortization related to the current period.	717,719.93	6,719,452.50
To record the effect of change in proportion and contribution difference.	6,342,546.50	-
To record contribution to the plan in fiscal year 2024 after the measurement date of August 31, 2023.	2,445,387.18	-
To record effect on total OPEB liability between expected and actual experience less the amortization related to the current period.	-	569,086.00
To record difference between projected and actual investment return less the amortization related to the current period.	1,738.00	-
Total Governmental Activities (Exhibit I):	**$ 12,632,558.52**	**$ 13,466,570.25**

Due to the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*—an amendment of Governmental Accounting Standards Board Statement No. 27, and Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* by the State of Texas and recognition of its pension and OPEB liability, TDHCA recorded total deferred outflows of resources of $12,632,558.52 and total deferred inflows of $13,466,570.25 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, 2023 actuarial valuation performed for the ERS plan, and contributions made after the measurement date of August 31, 2023. Details of the deferred outflows and deferred inflows of resources related to the agency employees' pension are disclosed in Note 8 and OPEB in Note 9.

NOTE 16: 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)	$ 326,689.00	$ -
Pension Plans (Note 8):		
To record the effect of changes of assumptions on total pension liability less the amortization related to the current period.	795,610.72	6,097,050.25
To record contribution to the plan in fiscal year 2024 after the measurement date of August 31, 2023.	1,503,915.19	-
To record effect on total pension liability between expected and actual experience less the amortization related to the current period.	825,641.00	57,945.50
To record difference between projected and actual investment return less the amortization related to the current period.	-	23,036.00
OPEB Plans (Note 9):		
To record the effect of changes of assumptions on total OPEB liability less the amortization related to the current period.	717,719.93	6,719,452.50
To record the effect of change in proportion and contribution difference.	6,342,546.50	-
To record contribution to the plan in fiscal year 2024 after the measurement date of August 31, 2023.	2,445,387.19	-
To record effect on total OPEB liability between expected and actual experience less the amortization related to the current period.	-	569,086.00
To record difference between projected and actual investment return less the amortization related to the current period.	1,738.00	-
Total Business-Type Activities (Exhibit I) :	**$ 12,959,247.53**	**$ 13,466,570.25**

Deferred outflows of resources in the amount of $326,689.00 reported in Business-Type Activities is due to the implementation of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* 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 Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*—an amendment of GASB Statement No. 27, and Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* by the State of Texas and recognition of its pension and OPEB liability, TDHCA recorded total deferred outflows of resources of $12,632,558.53 and total deferred inflows of $13,466,570.25 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, 2023 actuarial valuation performed for the ERS plan, and contributions made after the measurement date of August 31, 2023. Details of the deferred outflows and deferred inflows of resources related to the agency employees' pension are disclosed in Note 8 and OPEB in Note 9.

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Total Pension Liability-For Department	2024 Pension Liability	2023 Pension Liability	2022 Pension Liability	2021 Pension Liability	2020 Pension Liability
Proportionate Share	0.21771307%	0.19972591%	0.29223014%	0.27679229%	0.27908653%
Net Pension Liability	$ 30,355,125.00	$ 27,714,755.00	$ 30,904,631.00	$ 105,155,246.00	$ 83,684,539.37
Covered-Employee Payroll	$ 29,907,882.62	$ 31,973,636.01	$ 27,729,045.07	$ 37,103,597.14	$ 34,183,840.29
Net Pension Liability as a Percentage of Covered-Employee Payroll	101.50%	86.68%	111.45%	283.41%	244.81%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	247.86%	69.74%	76.06%	42.38%	47.70%

Total Pension Liability-For Department	2019 Pension Liability	2018 Pension Liability	2017 Pension Liability	2016 Pension Liability	2015 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. Assumption changes for fiscal 2017 include the impact of the new assumptions adopted by the board effective Aug. 31, 2017.
5. Assumption changes for fiscal 2020 include the impact of the new assumptions adopted by the Board effective Aug. 31, 2020.
6. Additional one-time state funding in accordance with Senate Bill 1, Appropriation 38202 to pay off the unfunded liability.
7. This schedule is intended to present 10 years of information

Schedule is intended to show information for 10 years.

Schedule of Employer Contributions

	2024	2023	2022	2021	2020
Required Employer Contributions	$ 3,007,830.38	$ 2,841,365.77	$ 2,516,313.54	$ 2,161,334.19	$ 2,036,923.35
Contributions Made to the Plan	3,007,830.38	2,841,365.77	2,516,313.54	2,161,334.19	2,036,923.35
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 29,907,882.62	$ 31,973,636.01	$ 27,729,045.07	$ 37,103,597.14	$ 34,183,840.29
Contributions as a percentage of covered-employee payroll	10.06%	8.89%	9.07%	5.83%	5.96%

	2019	2018	2017	2016	2015
Required Employer Contributions	$ 1,988,903.54	$ 1,945,911.07	$ 1,911,553.65	$ 1,882,372.32	$ 1,463,345.34
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
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
Contributions as a percentage of covered-employee payroll	6.52%	6.47%	6.86%	7.32%	8.14%

Summary of Actuarial Assumptions

Actuarial Valuation Date	Actuarially determined contribution rates are calculated as of Aug. 31, 2023. Members and employers contribute based on statutorily fixed rates. Provisions of the Legacy Payment structure adopted during the 2021 legislative session were reflected in disclosures for the fiscal years 2022 and later.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll, plus Level Dollar Legacy Payment
Remaining Amortization Period	UAAL to be eliminated by 2054
Asset Valuation Method	Marked to market as of Aug. 31, 2023. Future gains and losses each recognized over closed five-year period, with allowance of direct offsetting of deferrals by subsequent gains or losses.
Inflation	2.3%
Salary Increases	0.0% to 8.8%
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the class of employee. Updated for the 2020 valuation pursuant to an experience study of the 5-year period from September 1, 2014 to August 31, 2019.
Mortality	2020 State Retirees of Texas (SRT) mortality table. Generational mortality improvements in accordance with the ultimate rates from the scales published through 2019 by Retirement Plans Experience Committee of the Society of Actuaries (“Ultimate MP”) and projected from the year 2020. 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. The covered payroll is the actual annual payroll for the fiscal year as reported by ERS.
3. This schedule is intended to present 10 years of information.

Total OPEB Liability-For Department	2024 OPEB Liability	2023 OPEB Liability	2022 OPEB Liability	2021 OPEB Liability
Proportionate Share	0.16105611%	0.15259346%	0.14209104%	0.13659890%
Net OPEB Liability	$ 43,030,214.00	$ 43,469,247.00	$ 50,975,881.00	$ 45,138,605.00
Covered-Employee Payroll	$ 29,907,882.62	$ 31,973,636.01	$ 27,729,045.07	$ 37,103,597.14
Net OPEB Liability as a Percentage of Covered-Employee Payroll	143.88%	135.95%	183.84%	121.66%
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.63%	0.57%	0.38%	0.17%

Total OPEB Liability-For Department	2020 OPEB Liability	2019 OPEB Liability	2018 OPEB Liability
Proportionate Share	0.13583200%	0.13374255%	0.12784394%
Net OPEB Liability	$ 46,947,173.00	$ 39,638,272.00	$ 43,560,281.00
Covered-Employee Payroll	$ 34,183,840.29	$ 30,497,388.53	$ 30,090,760.48
Net OPEB Liability as a Percentage of Covered-Employee Payroll	137.34%	129.97%	144.76%
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.17%	1.27%	2.04%

* This schedule is intended to present 10 years of information. Currently, only seven years of information is available. Information for future years will be added when it becomes available.

Schedule of Employer Contributions

	2024	2023	2022	2021
Required Employer Contributions	$ 4,890,774.37	$ 4,802,970.52	$ 4,499,335.48	$ 4,270,555.44
Contributions Made to the Plan	4,890,774.37	4,802,970.52	4,499,335.48	4,270,555.44
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 29,907,882.62	$ 31,973,636.01	$ 27,729,045.07	$ 37,103,597.14
Contributions as a percentage of covered-employee payroll	16.35%	15.02%	16.23%	11.51%

Schedule of Employer Contributions

	2020	2019	2018
Required Employer Contributions	$ 4,025,020.12	$ 3,885,166.30	$ 1,198,204.92
Contributions Made to the Plan	4,025,020.12	3,885,166.30	1,198,204.92
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 34,183,840.29	$ 30,497,388.53	$ 30,090,760.48
Contributions as a percentage of covered-employee payroll	11.77%	12.74%	3.98%

* This schedule is intended to present 10 years of information. Currently, only seven years of information is available. Information for future years will be added when it becomes available.

Actuarial Methods and Assumptions	
Actuarial Valuation Date	August 31, 2023
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount Rate	3.81%*
Inflation	2.30%
Salary Increase	2.3% to 8.95%, including inflation
Health Cost and Trend Rate	
HealthSelect	5.60% for FY 2025, 5.30% for FY 2026, 5.00% for FY 2027, 4.75% for FY 2028, 4.60% for FY 2029, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2032 and later years
HealthSelect Medicare Advantage	16.40% for FY 2025, 8.40% for FY 2026, 5.00% for FY 2027, 4.75% for FY 2028, 4.60% for FY 2029, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2032 and later years
Pharmacy	10.00% for FY 2025 and FY 2026, decreasing 100 basis points per year to 5.00% for FY 2031, and 4.30% for FY 2032 and later years
Aggregate Payroll Growth	2.70%
Retirement Age	Experience-based tables of rates that are specific to the class of employee
Mortality:	
Service Retirees, Survivors, and other Inactive Members	2020 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 2020
Disable Retirees	2020 State Retirees of Texas Mortality table with a 3 year set forward for males and females with minimum rates at all ages of 3.0% for males and 2.5% for females, respectively.,
Active Members	Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members and Pub-2010 Public Safety Active Member Mortality table for CPO/CO members with Ultimate MP Projection Scale from the year 2010
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.*

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SUPPLEMENTARY BOND SCHEDULES

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-A
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2024

Description of Issue		Bonds Issued To Date	Range Of Interest Rates		Scheduled Maturity First Year	Scheduled Maturity Final Maturity Date	First Call Date	
2005 Single Family Series A	$	100,000,000	VAR - Weekly		2007	9/1/2036	3/1/2006	
2007 Single Family Series A		143,005,000	VAR - Weekly		2008	9/1/2038	3/1/2008	(a)
2015 Single Family Series A		33,825,000	3.20%	3.20%	2039	9/1/2039	9/1/2024	
2015 Single Family Series B		19,870,000	3.13%	3.13%	2046	3/1/2046	9/1/2024	
2016 Single Family Series A		31,510,000	3.00%	3.00%	2046	3/1/2046	3/1/2025	
2016 Single Family Series B		59,735,000	3.18%	3.18%	2039	3/1/2039	3/1/2025	
2017 Single Family Series A		61,303,867	2.84%	2.84%	2017	9/1/2047	(b)	
2017 Single Family Series B		29,610,000	2.75%	2.75%	2017	9/1/2038	(b)	
2017 Single Family Series C		42,787,085	3.10%	3.10%	2017	9/1/2047	(b)	
2018 Single Family Series A		143,995,000	1.65%	4.75%	2019	3/1/2049	N/A	
2019 Single Family Series A		165,325,000	1.25%	4.00%	2019	3/1/2050	9/1/2028	
2020 Single Family Series A		174,250,000	0.35%	5.00%	2020	3/1/2051	(c)	
2020 Single Family Series B		12,395,143	2.00%	2.00%	2020	3/1/2036	N/A	
2020 Single Family (Jr Lien)		30,000,000	2.04%	3.00%	2020	9/1/2045	9/1/2030	
2021 Single Family Series A		150,000,000	0.13%	5.00%	2021	3/1/2052	9/1/2022	
2021 Single Family Series B		24,829,558	1.55%	1.55%	2039	3/1/2039	3/1/2030	
2022 Single Family Series A		190,000,000	2.05%	5.50%	2023	9/1/2052	(d)	
2022 Single Family Series B		190,000,000	2.70%	6.00%	2024	3/1/2053	3/1/2032	
2023 Single Family Series A		200,000,000	3.90%	5.75%	2024	3/1/2054	9/1/2032	
2023 Single Family Series B		50,000,000	4.83%	5.75%	2024	9/1/2053	3/1/2033	
2023 Single Family Series C		150,000,000	3.95%	6.00%	2025	3/1/2054	9/1/2032	
2023 Single Family Series D		100,000,000	4.98%	6.25%	2025	9/1/2053	9/1/2032	
2019 RMRB Series A		166,350,000	1.85%	5.00%	2020	1/1/2050	7/1/2028	
2021 RMRB Series A		100,000,000	0.25%	5.00%	2022	1/1/2052	7/1/2030	
2021 RMRB Series B		61,369,927	1.70%	1.70%	2022	7/1/2042	1/1/2030	
2022 RMRB Series A		190,000,000	0.50%	5.00%	2023	7/1/2052	(e)	
2022 RMRB Series B		150,000,000	2.65%	5.75%	2024	1/1/2053	1/1/2032	
2023 RMRB Series A		230,000,000	3.13%	5.50%	2024	7/1/2053	7/1/2032	
2023 RMRB Series B		200,000,000	4.15%	6.00%	2025	1/1/2054	1/1/2032	
2023 RMRB Series C		50,000,000	5.38%	6.25%	2025	7/1/2053	1/1/2032	
2024 RMRB Series A		150,000,000	3.70%	5.75%	2025	7/1/2054	1/1/2033	
2024 RMRB Series B		100,000,000	4.71%	6.00%	2025	1/1/2054	1/1/2033	
2024 RMRB Series C		150,000,000	3.75%	6.00%	2025	7/1/2054	1/1/2033	
2024 RMRB Series D		100,000,000	4.68%	6.00%	2025	1/1/2054	1/1/2033	
TOTAL SINGLE FAMILY & RMRB BONDS	$	3,750,160,580						
TOTAL BONDS ISSUED	**$**	**3,750,160,580**						

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-A
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2024

FOOTNOTES Cont.:

(a) 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.

(b) 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.

(c) The Series 2020A Bonds are subject to redemption prior to maturity, in whole or in part, at any time from time to time, on and after March 1, 2029, 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 such Series 2020A Bonds or portions thereof to be redeemed, plus accured interest to, but not including, the redemption date. The Premium PAC Term Bonds are subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after March 1, 2029, at the option of the Department after giving notice as provided in the Trust Indenture, at the Redemption Prices set forth, in each case together with interest accrued thereon to the redemption date.

(d) The Series 2022A Bonds (except for the Premium PAC Term Bond) maturing on or after September 1, 2032, are subject to redemption prior to maturity, in whole or in part, at any time and from time to time, on and after March 1, 2032, 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 such Series 2022A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date. The Premium PAC Term Bond is subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after March 1, 2032, at the option ofthe Department after giving notice as provided in the Trust Indenture, at the Redemption Prices set forth below (expressed as a percentage of the principal amount to be redeemed), in each case together with interest accrued thereon to the redemption date.

(e) The Series 2022A Bonds (except for the Premium PAC Term Bond) maturing on or after July 1, 2031, are subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after January 1, 2031, at the option of the Department after giving notice as provided in the Trust Indenture, at the Redemption Price applicable to such Series 2022A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date. The Premium PAC Term Bond is subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after January 1, 2031, at the option ofthe Department after giving notice as provided in the Trust Indenture, at the Redemption Prices set forth below (expressed as a percentage of the principal amount to be redeemed), in each case together with interest accrued thereon to, but not including, the redemption date.

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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, 2024

Description of Issue	Bonds Outstanding 09/01/23	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/24	Amounts Due Within One Year
2005 Single Family Series A	$ 7,485,000.00	$ -	$ -	$ 1,055,000.00	$ 6,430,000.00	$ -
2007 Single Family Series A	5,215,000.00	-	-	2,250,000.00	2,965,000.00	-
2015 Single Family Series A	8,880,000.00	-	-	950,000.00	7,930,000.00	-
2015 Single Family Series B	5,685,000.00	-	-	255,000.00	5,430,000.00	-
2016 Single Family Series A	8,130,000.00	-	-	585,000.00	7,545,000.00	-
2016 Single Family Series B	13,650,000.00	-	-	2,130,000.00	11,520,000.00	-
2017 Single Family Series A	32,333,558.00	-	-	2,351,578.00	29,981,980.00	-
2017 Single Family Series B	9,708,894.00	-	-	1,449,916.00	8,258,978.00	-
2017 Single Family Series C	22,116,473.00	-	-	1,635,712.00	20,480,761.00	-
2018 Single Family Series A	74,540,000.00	-	1,775,000.00	5,855,000.00	66,910,000.00	1,953,900.64
2019 Single Family Series A	113,765,000.00	-	2,665,000.00	8,425,000.00	102,675,000.00	3,027,325.61
2020 Single Family Series A	147,620,000.00	-	3,470,000.00	6,810,000.00	137,340,000.00	3,963,162.76
2020 Single Family Series B	7,090,542.00	-	-	920,450.00	6,170,092.00	-
2020 Single Family (Jr Lien)	30,000,000.00	-	-	-	30,000,000.00	-
2021 Single Family Series A	144,040,000.00	-	3,230,000.00	2,015,000.00	138,795,000.00	3,742,249.22
2021 Single Family Series B	17,126,979.00	-	-	2,286,247.00	14,840,732.00	-
2022 Single Family Series A	188,785,000.00	-	2,765,000.00	1,135,000.00	184,885,000.00	3,409,026.34
2022 Single Family Series B	189,410,000.00	-	780,000.00	2,040,000.00	186,590,000.00	3,334,039.17
2023 Single Family Series A	200,000,000.00	-	-	1,910,000.00	198,090,000.00	3,278,262.98
2023 Single Family Series B	50,000,000.00	-	-	230,000.00	49,770,000.00	1,298,977.89
2023 Single Family Series C	-	150,000,000.00	-	635,000.00	149,365,000.00	1,313,569.25
2023 Single Family Series D	-	100,000,000.00	-	420,000.00	99,580,000.00	703,280.33
2019 RMRB Series A	102,950,000.00	-	2,260,000.00	5,775,000.00	94,915,000.00	2,767,694.16
2021 RMRB Series A	93,000,000.00	-	2,085,000.00	3,160,000.00	87,755,000.00	2,395,597.98
2021 RMRB Series B	40,995,367.00	-	-	4,203,377.00	36,791,990.00	-
2022 RMRB Series A	185,755,000.00	-	3,785,000.00	915,000.00	181,055,000.00	4,644,099.19
2022 RMRB Series B	148,790,000.00	-	1,805,000.00	2,520,000.00	144,465,000.00	2,674,085.10
2023 RMRB Series A	229,990,000.00	-	1,820,000.00	1,340,000.00	226,830,000.00	4,357,161.77
2023 RMRB Series B	-	200,000,000.00	-	1,915,000.00	198,085,000.00	3,102,820.79
2023 RMRB Series C	-	50,000,000.00	-	375,000.00	49,625,000.00	749,866.42
2024 RMRB Series A	-	150,000,000.00	-	15,000.00	149,985,000.00	1,845,855.56
2024 RMRB Series B	-	100,000,000.00	-	10,000.00	99,990,000.00	494,829.35
2024 RMRB Series C	-	150,000,000.00	-	-	150,000,000.00	1,458,034.98
2024 RMRB Series D	-	100,000,000.00	-	-	100,000,000.00	684,295.57
Total Single Family and RMRB Bonds	**$ 2,077,061,813.00**	**$ 1,000,000,000.00**	**$ 26,440,000.00**	**$ 65,572,280.00**	**$ 2,985,049,533.00**	**$ 51,198,135.06**

Unamortized Premium:	
Single Family	63,418,811.57
RMRB	63,596,949.84
Bonds Outstanding per Exhibit I	**$ 3,112,065,294.41**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2023

DESCRIPTION		2025	2026	2027	2028	2029
2005 Single Family Series A	Principal	-	-	-	-	-
2005 Single Family Series A	Interest	208,503.30	192,900.00	192,900.00	193,341.85	192,458.14
2007 Single Family Series A	Principal	-	-	-	-	-
2007 Single Family Series A	Interest	96,144.99	88,950.02	88,950.02	89,153.77	88,746.26
2015 Single Family Series A	Principal	-	-	-	-	-
2015 Single Family Series A	Interest	253,760.01	253,760.04	253,760.04	253,760.04	253,760.04
2015 Single Family Series B	Principal	-	-	-	-	-
2015 Single Family Series B	Interest	169,687.55	169,687.56	169,687.56	169,687.56	169,687.56
2016 Single Family Series A	Principal	-	-	-	-	-
2016 Single Family Series A	Interest	226,350.00	226,350.00	226,350.00	226,350.00	226,350.00
2016 Single Family Series B	Principal	-	-	-	-	-
2016 Single Family Series B	Interest	366,336.00	366,336.00	366,336.00	366,336.00	366,336.00
2017 Single Family Series A	Principal	-	-	-	-	-
2017 Single Family Series A	Interest	849,989.16	849,989.16	849,989.16	849,989.16	849,989.16
2017 Single Family Series B	Principal	-	-	-	-	-
2017 Single Family Series B	Interest	227,121.84	227,121.84	227,121.84	227,121.84	227,121.84
2017 Single Family Series C	Principal	-	-	-	-	-
2017 Single Family Series C	Interest	634,903.56	634,903.56	634,903.56	634,903.56	634,903.56
2018 Single Family Series A	Principal	1,730,000.00	1,790,000.00	1,855,000.00	1,925,000.00	1,990,000.00
2018 Single Family Series A	Interest	2,810,069.09	2,756,383.02	2,697,726.72	2,635,082.94	2,567,644.20
2019 Single Family Series A	Principal	2,605,000.00	2,680,000.00	2,735,000.00	2,790,000.00	2,905,000.00
2019 Single Family Series A	Interest	3,670,789.07	3,605,571.36	3,536,021.34	3,461,818.86	3,382,978.86
2020 Single Family Series A	Principal	3,460,000.00	3,575,000.00	3,730,000.00	3,830,000.00	3,925,000.00
2020 Single Family Series A	Interest	4,233,032.66	4,170,562.62	4,048,850.16	3,884,337.60	3,709,662.66
2020 Single Family Series B	Principal	-	-	-	-	-
2020 Single Family Series B	Interest	123,401.88	123,401.88	123,401.88	123,401.88	123,401.88
2020 Single Family Series A (Jr. Lien)	Principal	-	-	-	-	-
2020 Single Family Series A (Jr. Lien)	Interest	755,550.00	755,550.00	755,550.00	755,550.00	755,550.00
2021 Single Family Series A	Principal	3,270,000.00	3,315,000.00	3,405,000.00	3,555,000.00	3,715,000.00
2021 Single Family Series A	Interest	3,540,385.38	3,492,421.62	3,440,652.84	3,317,832.84	3,166,407.78
2021 Single Family Series B	Principal	-	-	-	-	-
2021 Single Family Series B	Interest	230,031.36	230,031.36	230,031.36	230,031.36	230,031.36
2022 Single Family Series A	Principal	2,880,000.00	3,010,000.00	3,155,000.00	3,335,000.00	3,540,000.00
2022 Single Family Series A	Interest	8,976,542.08	8,858,202.48	8,730,398.82	8,564,465.10	8,378,290.08
2022 Single Family Series B	Principal	2,645,000.00	2,770,000.00	2,905,000.00	3,060,000.00	3,250,000.00
2022 Single Family Series B	Interest	10,094,270.34	9,979,710.36	9,856,764.12	9,716,180.34	9,538,317.78
2023 Single Family Series A	Principal	2,615,000.00	2,760,000.00	2,930,000.00	3,115,000.00	3,310,000.00
2023 Single Family Series A	Interest	10,527,534.02	10,378,828.02	10,221,590.58	10,054,665.60	9,877,221.84
2023 Single Family Series B	Principal	1,285,000.00	1,330,000.00	1,370,000.00	1,410,000.00	1,460,000.00
2023 Single Family Series B	Interest	2,720,934.31	2,655,771.72	2,590,196.82	2,522,830.56	2,452,175.34
2023 Single Family Series C	Principal	840,000.00	1,765,000.00	1,865,000.00	1,985,000.00	2,090,000.00
2023 Single Family Series C	Interest	9,669,563.84	8,003,990.94	7,901,628.48	7,793,441.04	7,678,691.04
2023 Single Family Series D	Principal	665,000.00	1,385,000.00	1,480,000.00	1,570,000.00	1,690,000.00
2023 Single Family Series D	Interest	7,029,439.26	5,819,601.24	5,748,379.62	5,672,988.18	5,592,025.68
TOTAL SINGLE FAMILY BONDS		**89,409,339.70**	**88,220,024.80**	**88,321,190.92**	**88,318,270.08**	**88,336,751.06**
2019 RMRB Series A	Principal	2,310,000.00	2,410,000.00	2,510,000.00	2,610,000.00	2,740,000.00
2019 RMRB Series A	Interest	4,336,495.34	4,240,041.54	4,138,290.30	4,031,299.02	3,918,326.52
2021 RMRB Series A	Principal	2,130,000.00	2,170,000.00	2,215,000.00	2,280,000.00	2,390,000.00
2021 RMRB Series A	Interest	2,454,319.20	2,420,522.88	2,384,511.60	2,332,570.32	2,236,845.36
2021 RMRB Series B	Principal	-	-	-	-	-
2021 RMRB Series B	Interest	696,921.24	696,921.24	696,921.24	696,921.24	696,921.24
2022 RMRB Series A	Principal	3,785,000.00	3,875,000.00	3,975,000.00	4,100,000.00	4,300,000.00
2022 RMRB Series A	Interest	5,827,841.52	5,753,299.02	5,673,283.98	5,564,966.52	5,383,979.10

DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2024

2030-2034	2035-2039	2040-2044	2045-2049	2050-2054	REQUIRED
-	6,430,000.00	-	-	-	6,430,000.00
964,499.99	415,469.53	-	-	-	2,360,072.81
-	2,965,000.00	-	-	-	2,965,000.00
444,750.09	359,146.50	-	-	-	1,255,841.65
-	-	7,930,000.00	-	-	7,930,000.00
1,268,800.20	1,268,800.20	126,880.02	-	-	3,933,280.59
-	-	-	5,430,000.00	-	5,430,000.00
848,437.80	848,437.80	848,437.80	339,375.12	-	3,733,126.31
-	-	-	7,545,000.00	-	7,545,000.00
1,131,750.00	1,131,750.00	1,131,750.00	452,700.00	-	4,979,700.00
-	11,520,000.00	-	-	-	11,520,000.00
1,831,680.00	1,831,680.00	-	-	-	5,495,040.00
-	-	-	29,981,980.00	-	29,981,980.00
4,249,945.80	4,249,945.80	4,249,945.80	2,620,799.91	-	19,620,583.11
-	8,258,978.00	-	-	-	8,258,978.00
1,135,609.20	927,414.18	-	-	-	3,198,632.58
-	-	-	20,480,761.00	-	20,480,761.00
3,174,517.80	3,174,517.80	3,174,517.80	1,957,619.31	-	14,655,690.51
4,495,000.00	14,210,000.00	17,795,000.00	21,120,000.00	-	66,910,000.00
12,182,660.64	10,275,985.14	6,867,906.54	2,495,481.12	-	45,288,939.41
8,975,000.00	18,675,000.00	24,520,000.00	32,325,000.00	4,465,000.00	102,675,000.00
15,805,767.36	13,661,607.06	9,673,644.24	4,389,684.84	98,037.48	61,285,920.47
17,205,000.00	23,155,000.00	30,545,000.00	36,935,000.00	10,980,000.00	137,340,000.00
16,981,426.62	14,470,277.64	10,419,262.62	5,156,450.28	358,437.42	67,432,300.28
-	6,170,092.00	-	-	-	6,170,092.00
617,009.40	195,386.31	-	-	-	1,429,405.11
15,000,000.00	-	-	15,000,000.00	-	30,000,000.00
2,706,750.00	2,247,750.00	2,247,750.00	674,325.00	-	11,654,325.00
20,470,000.00	23,530,000.00	27,110,000.00	31,505,000.00	18,920,000.00	138,795,000.00
14,082,281.40	11,567,904.96	8,521,921.38	4,819,274.94	820,219.98	56,769,303.12
-	14,840,732.00	-	-	-	14,840,732.00
1,150,156.80	1,054,310.40	-	-	-	3,354,624.00
21,565,000.00	30,850,000.00	32,850,000.00	43,755,000.00	39,945,000.00	184,885,000.00
38,781,176.10	32,492,743.08	25,171,667.76	16,097,819.76	4,121,016.84	160,172,322.10
19,445,000.00	25,730,000.00	34,075,000.00	45,355,000.00	47,355,000.00	186,590,000.00
44,630,126.52	38,807,890.20	31,167,696.84	20,571,612.54	6,245,306.16	190,607,875.20
19,835,000.00	25,945,000.00	34,450,000.00	46,045,000.00	57,085,000.00	198,090,000.00
46,344,653.82	40,674,290.28	33,205,930.56	22,812,029.46	8,447,450.58	202,544,194.76
8,100,000.00	5,420,000.00	7,325,000.00	9,975,000.00	12,095,000.00	49,770,000.00
11,055,554.34	9,207,401.40	7,504,568.28	5,128,712.22	1,811,393.76	47,649,538.75
11,875,000.00	18,915,000.00	25,550,000.00	34,200,000.00	50,280,000.00	149,365,000.00
36,486,826.56	32,704,863.30	27,149,073.18	19,371,393.06	8,620,221.48	165,379,692.92
11,030,000.00	11,835,000.00	16,645,000.00	23,685,000.00	29,595,000.00	99,580,000.00
26,382,232.20	23,124,984.06	19,126,351.80	13,405,704.12	4,832,499.96	116,734,206.12
440,251,612.64	**493,142,357.64**	**449,382,304.62**	**523,630,722.68**	**306,074,583.66**	**2,655,087,157.80**
16,475,000.00	17,275,000.00	21,815,000.00	27,580,000.00	7,225,000.00	102,950,000.00
17,481,861.84	13,860,681.90	9,888,564.72	4,788,410.82	245,388.72	66,929,360.72
13,175,000.00	15,345,000.00	17,715,000.00	20,425,000.00	15,155,000.00	93,000,000.00
9,952,518.42	8,217,205.62	6,127,476.66	3,618,179.16	800,475.12	40,544,624.34
-	-	40,995,367.00	-	-	40,995,367.00
3,484,606.20	3,484,606.20	2,729,608.19	-	-	13,183,426.79
24,495,000.00	27,930,000.00	34,110,000.00	40,885,000.00	38,300,000.00	185,755,000.00
24,211,323.18	20,479,331.64	16,021,240.68	10,132,850.10	2,912,690.40	101,960,806.14

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2023

DESCRIPTION		2025	2026	2027	2028	2029
2022 RMRB Series B	Principal	2,175,000.00	2,275,000.00	2,380,000.00	2,520,000.00	2,675,000.00
2022 RMRB Series B	Interest	7,604,609.06	7,514,121.48	7,417,281.48	7,289,763.96	7,146,157.68
2023 RMRB Series A	Principal	3,765,000.00	3,945,000.00	4,135,000.00	2,780,000.00	2,895,000.00
2023 RMRB Series A	Interest	11,677,800.94	11,516,643.54	11,348,044.80	11,177,347.32	11,022,797.40
2023 RMRB Series B	Principal	2,565,000.00	2,920,000.00	3,095,000.00	3,285,000.00	3,480,000.00
2023 RMRB Series B	Interest	10,756,755.24	10,609,880.22	10,448,855.22	10,278,080.28	10,096,955.22
2023 RMRB Series C	Principal	740,000.00	785,000.00	840,000.00	895,000.00	960,000.00
2023 RMRB Series C	Interest	2,968,718.46	2,927,036.04	2,883,935.94	2,837,435.70	2,787,013.98
2024 RMRB Series A	Principal	1,235,000.00	2,130,000.00	2,270,000.00	2,390,000.00	2,535,000.00
2024 RMRB Series A	Interest	7,860,995.04	7,762,426.20	7,641,307.38	7,512,351.18	7,376,526.18
2024 RMRB Series B	Principal	450,000.00	1,380,000.00	1,445,000.00	1,535,000.00	1,615,000.00
2024 RMRB Series B	Interest	5,643,084.48	5,603,935.50	5,536,112.52	5,466,684.54	5,392,878.24
2024 RMRB Series C	Principal	970,000.00	2,340,000.00	2,470,000.00	2,600,000.00	2,740,000.00
2024 RMRB Series C	Interest	7,431,443.11	7,715,184.12	7,585,565.34	7,448,840.40	7,305,009.12
2024 RMRB Series D	Principal	650,000.00	1,600,000.00	1,670,000.00	1,750,000.00	1,830,000.00
2024 RMRB Series D	Interest	5,403,741.25	5,618,478.06	5,538,131.16	5,457,207.96	5,373,774.06
)TAL RESIDENTIAL MTG REVENUE BONDS		**92,820,818.11**	**97,590,979.32**	**97,663,232.94**	**96,235,737.98**	**96,293,102.30**
Total		**182,230,157.81**	**185,811,004.12**	**185,984,423.86**	**184,554,008.06**	**184,629,853.36**
Less Interest		**139,405,157.81**	**135,541,004.12**	**133,464,423.86**	**131,004,008.06**	**128,354,853.36**
Total Principal		**42,825,000.00**	**50,270,000.00**	**52,520,000.00**	**53,550,000.00**	**56,275,000.00**

DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2024

2030-2034	2035-2039	2040-2044	2045-2049	2050-2054	REQUIRED
15,960,000.00	20,145,000.00	27,525,000.00	36,465,000.00	32,345,000.00	144,465,000.00
33,277,632.12	28,750,726.44	22,720,014.54	14,419,790.22	3,642,637.62	139,782,734.60
20,230,000.00	32,365,000.00	42,440,000.00	56,360,000.00	57,915,000.00	226,830,000.00
52,480,128.66	46,064,613.36	36,872,061.90	24,202,353.96	7,233,131.16	223,594,923.04
20,690,000.00	26,050,000.00	35,105,000.00	46,445,000.00	54,450,000.00	198,085,000.00
47,401,250.40	41,514,460.32	33,631,560.00	22,710,613.86	7,971,224.94	205,419,635.70
5,950,000.00	6,445,000.00	8,770,000.00	11,910,000.00	12,330,000.00	49,625,000.00
12,995,361.42	11,203,378.08	8,993,145.24	5,949,851.16	1,793,750.04	55,339,626.06
15,095,000.00	19,410,000.00	25,005,000.00	32,755,000.00	47,160,000.00	149,985,000.00
34,568,581.02	30,430,720.92	25,136,158.56	17,830,137.60	7,868,390.70	153,987,594.78
9,595,000.00	12,955,000.00	17,590,000.00	23,990,000.00	29,435,000.00	99,990,000.00
25,641,482.46	22,732,755.00	18,642,656.46	12,920,443.20	4,609,500.00	112,189,532.40
16,035,000.00	20,150,000.00	25,345,000.00	32,290,000.00	45,060,000.00	150,000,000.00
34,109,656.56	29,848,994.28	24,495,735.24	17,248,613.22	7,574,228.46	150,763,269.85
10,540,000.00	13,520,000.00	17,660,000.00	23,290,000.00	27,490,000.00	100,000,000.00
25,429,300.92	22,304,799.78	17,983,645.38	12,191,962.20	4,281,600.00	109,582,640.77
485,326,242.98	**487,463,949.84**	**529,306,101.29**	**495,875,773.64**	**393,380,748.58**	**2,871,956,686.98**
925,577,855.62	**980,606,307.48**	**978,688,405.91**	**1,019,506,496.32**	**699,455,332.24**	**5,527,043,844.78**
599,367,855.62	**519,996,505.48**	**409,571,415.91**	**262,838,755.32**	**82,450,332.24**	**2,541,994,311.78**
326,210,000.00	**460,609,802.00**	**569,116,990.00**	**756,667,741.00**	**617,005,000.00**	**2,985,049,533.00**

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, 2024

	Pledged and Other Sources and Related Expenditures for FY 2024			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2005 Single Family Series A	$ 1,442,743.04	$ 32,073.60	$ -	$ 271,396.58
2007 Single Family Series A	2,762,556.24	19,463.47	-	141,351.12
2015 Single Family Series A	1,347,611.91	4,292.27	-	265,533.33
2015 Single Family Series B	509,210.90	2,744.24	-	172,330.73
2016 Single Family Series A	941,986.42	2,887.70	-	235,087.50
2016 Single Family Series B	2,737,841.73	4,916.90	-	396,585.75
2017 Single Family Series A	3,648,254.46	9,907.75	-	879,529.47
2017 Single Family Series B	1,838,918.94	2,972.32	-	245,489.97
2017 Single Family Series C	2,543,385.52	6,935.42	-	666,524.82
2018 Single Family Series A	9,189,944.12	24,577.85	1,775,000.00	2,947,576.46
2019 Single Family Series A	12,676,937.49	23,837.48	2,665,000.00	3,878,244.58
2020 Single Family Series A	11,467,330.92	31,935.65	3,470,000.00	4,358,660.00
2020 Single Family Series B	1,165,572.68	1,680.82	-	131,651.82
2021 Single Family Series A (JrLien)	-	-	-	755,550.00
2021 Single Family Series A	6,107,232.80	30,981.11	3,230,000.00	3,584,972.50
2021 Single Family Series B	2,792,028.58	3,829.13	-	245,912.35
2022 Single Family Series A	10,815,309.74	43,343.96	2,765,000.00	9,069,775.83
2022 Single Family Series B	12,569,615.44	101,447.56	780,000.00	10,186,700.00
2023 Single Family Series A	13,276,996.11	50,641.14	-	10,636,258.13
2023 Single Family Series B	3,071,749.03	12,660.28	-	2,745,556.38
2023 Single Family Series C	6,420,978.00	1,565,576.81	-	5,647,734.20
2023 Single Family Series D	4,277,318.66	1,043,717.88	-	4,106,244.26
Total Single Family Bonds	$ 111,603,522.73	$ 3,020,423.34	$ 14,685,000.00	$ 61,568,665.78
2019 RMRB Series A	$ 10,275,848.44	$ 21,584.21	$ 2,260,000.00	$ 4,175,676.46
2021 RMRB Series A	6,325,123.68	20,763.27	2,085,000.00	2,389,631.67
2021 RMRB Series B	5,625,389.09	9,328.43	-	654,370.42
2022 RMRB Series A	7,475,229.11	39,685.57	3,785,000.00	5,798,728.75
2022 RMRB Series B	10,778,114.60	28,934.93	1,805,000.00	7,761,370.21
2023 RMRB Series A	14,582,634.30	52,856.37	1,820,000.00	11,809,461.25
2023 RMRB Series B	12,614,904.50	2,162,046.06	-	10,068,869.64
2023 RMRB Series C	3,049,976.13	540,511.52	-	2,780,879.99
2024 RMRB Series A	2,997,152.96	1,536,106.61	-	3,079,067.77
2024 RMRB Series B	1,998,101.97	1,024,071.07	-	2,210,385.88
2024 RMRB Series C	993,776.99	1,389,970.70	-	931,638.60
2024 RMRB Series D	662,517.99	926,647.13	-	677,436.94
Total Residential Mtg Revenue Bonds	$ 77,378,769.76	$ 7,752,505.87	$ 11,755,000.00	$ 52,337,517.58
Total	$ 188,982,292.49	$ 10,772,929.21	$ 26,440,000.00	$ 113,906,183.36

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, 2024

Description of Issue	Amount Extinguished or Refunded	For Refunding Only: Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Business-Type Activities				
2005 Single Family Series A	$ 1,055,000.00			
2007 Single Family Series A	2,250,000.00			
2015 Single Family Series A	950,000.00			
2015 Single Family Series B	255,000.00			
2016 Single Family Series A	585,000.00			
2016 Single Family Series B	2,130,000.00			
2017 Single Family Series A	2,351,578.00			
2017 Single Family Series B	1,449,916.00			
2017 Single Family Series C	1,635,712.00			
2018 Single Family Series A	5,855,000.00			
2019 Single Family Series A	8,425,000.00			
2020 Single Family Series A	6,810,000.00			
2020 Single Family Series B	920,450.00			
2021 Single Family Series A	2,015,000.00			
2021 Single Family Series B	2,286,247.00			
2022 Single Family Series A	1,135,000.00			
2022 Single Family Series B	2,040,000.00			
2023 Single Family Series A	1,910,000.00			
2023 Single Family Series B	230,000.00			
2023 Single Family Series C	635,000.00			
2023 Single Family Series D	420,000.00			
2019 RMRB Series A	5,775,000.00			
2021 RMRB Series A	3,160,000.00			
2021 RMRB Series B	4,203,377.00			
2022 RMRB Series A	915,000.00			
2022 RMRB Series B	2,520,000.00			
2023 RMRB Series A	1,340,000.00			
2023 RMRB Series B	1,915,000.00			
2023 RMRB Series C	375,000.00			
2024 RMRB Series A	15,000.00			
2024 RMRB Series B	10,000.00			
Total Business-Type Activities	$ 65,572,280.00	$ -	$ -	$ -

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INDEPENDENT AUDITOR’S REPORT

Lisa R. Collier,
CPA, CFE, CIDA,
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. Leo Vasquez III, Chair
Mr. Kenny Marchant, Vice Chair
Ms. Cindy Conroy
Ms. Anna Maria Farias
Mr. Holland Harper
Mr. Ajay Thomas

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, 2024, 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 13, 2024.

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, 2024, and the related notes to the financial statements, which collectively comprise the Revenue Bond Program's financial statements. We have also audited the Computation of Unencumbered Fund Balances of the Department's Housing Finance Division, as of and for the year ended August 31, 2024, and the related notes to the Computation.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Lisa R. Collier

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

December 13, 2024

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