

LEAL & CARTER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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**Communication with Those Charged with Governance at the
Conclusion of the Audit**

March 3, 2023

To the Board of Directors
San Antonio Housing Trust Finance Corporation
San Antonio, Texas

We have audited the financial statements of the business-type activities of the San Antonio Housing Trust Finance Corporation (SAHTFC), a component unit of the City of San Antonio, Texas for the year ended September 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated October 7, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by SAHTFC are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during FY 2021. We noted no transactions entered into by SAHTFC during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Please see the attached schedule of adjustments for material misstatements detected as a result of audit procedures and other adjustments that were corrected by management.

Additionally, management recorded a prior period adjustment of \$45,040,540 within the FY 2021 Conduit Debt Note Disclosure in the FY 2021 Notes to Financial Statements in order to correct the balance for conduit debt reported as of September 30, 2020, based on a revised FY 2020 confirmation of conduit debt balances provided during the FY 2021 audit.

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 3, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to SAHTFC's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Issues

- We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the SAHTFC's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
- The Independent Auditor's report of SAHTFC disclosed the following ***Emphasis of a Matter*** paragraph:
As discussed in Note 8, Prior Period Adjustment, a prior period adjustment of \$45,040,540 is being recorded within the FY 2021 Conduit Debt Note Disclosure in the accompanying Notes to Financial Statements in order to report the correct balance as of September 30, 2020. Our opinion is not modified to this matter.
- We issued a Management Letter dated March 3, 2023, to the SAHTFC that contained certain matters that are opportunities for strengthening internal controls and operating efficiencies.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and we do not express an opinion or provide any assurance of the RSI.

Restriction on Use

This information is intended solely for the information and use of the SAHTFC Board and Management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Seal & Carter, P.C.

To: Leal & Carter, P. C.
 Re: FY 2021 Adjusting and Reclassification entries

We approve and agree to post the proposed adjusting and reclassification entries in the following schedule to our trial balances for our financial statements for the year ended September 30, 2021.

By: Susan F. Snowden Digitally signed by Susan F. Snowden
Date: 2023.02.08 09:27:54 -06'00' (signature)
 San Antonio Housing Trust Finance Corp (SAHTFC)

Name: Susan F. Snowden

Title: Director of Finance (CFO, Dark Horse CPAs)

Date: February 8, 2023

SAHTFC
Adjusting and Reclassification Entries Schedule
9/30/2021

Account Description		Dr.	Cr.
<u>AA#1</u>			
1800	Receivable - Interest Rio Lofts	15,000.00	
4100	Interest income		(15,000.00)

('To accrue interest income for FY 2021 in accordance with Rio Lofts Loan Agreement.)

<u>AA#2</u>			
6040	Administrative Fees	21,131.53	
2200	Due to SAHT		(21,131.53)

(To record admin fees due to to the San Antonio Housing Trust Foundation as of 9/30/2021, in accordance with agreement.)