

**HOUSING AUTHORITY OF THE
CITY OF SPARTANBURG**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT**

YEAR ENDED SEPTEMBER 30, 2019

TABLE OF CONTENTS

Description	Pages
INDEPENDENT AUDITOR’S REPORT	1-3
REQUIRED SUPPLEMENTAL INFORMATION Management’s Discussion and Analysis (MD&A)	4-10
FINANCIAL STATEMENTS Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows	11-15
Notes to the Financial Statements	16-43
REQUIRED SUPPLEMENTARY INFORMATION Schedule of Proportionate Share of the Net Pension Liability Schedule of Contributions OPEB Required Supplementary Information	44-47
SUPPLEMENTAL INFORMATION Financial Data Schedule (FDS)	48-63
REPORT ON SINGLE AUDIT Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	64-65
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	66-67
Schedule of Expenditures of Federal Awards	68
Notes to Schedule of Expenditures of Federal Awards	69
Schedule of Findings and Questioned Costs	70-72
Schedule of Prior Year Findings and Questioned Costs	73

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Spartanburg
Spartanburg, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Spartanburg (the Authority) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of September 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and Post-Employment Benefit Schedules on pages 4 – 10 and 44 – 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

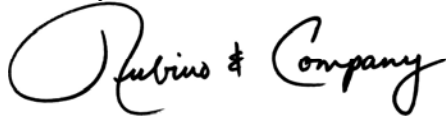
Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Housing Authority of the City of Spartanburg. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act, and the Financial Data Schedules required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the 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 financial statements.

This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2020 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rubino & Company". The signature is written in a cursive style with a large, looping initial 'R'.

Bethesda, Maryland
August 7, 2020

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2019**

Management's Discussion and Analysis

The management of the Housing Authority of the City of Spartanburg (the Authority or SHA) offers the readers of the Authority's financial statements this narrative overview and analysis of the Authority's financial activities for the year ended September 30, 2019. This discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position, and identify individual program issues or concerns. Readers should consider the information presented here in conjunction with the Authority's financial statements to obtain a full understanding of its financial position. The major focus of this MD&A relates to the primary government and as such excludes those items that relate to the statements of the Discrete Component unit that are presented in a separate column of the upper level financial statements.

This management's discussion and analysis is presented in accordance with the requirements of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) to allow the reader to gain an adequate understanding of the Authority's annual operating results and financial position as of September 30, 2019.

Questions concerning the information provided in this discussion or requests for additional information should be addressed to the Authority's Executive Director.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$41,380,100 (net position) as compared to \$40,560,880 for the prior fiscal year.
- The Authority's cash and investments balance as of September 30, 2019 was \$7,557,494, representing a decrease of \$1,137,704 from the September 30, 2018 balance of \$8,695,198. The decrease was primarily a result of decreases in revenue and pay down of debt in the current year.
- The Authority had total operating revenues of \$19,634,464 and total operating expenses of \$19,354,977 for the year ended September 30, 2019.
- During the year ended September 30, 2019, the Authority recognized a decrease of \$2.1 million in unfunded liability related to providing post-employment health care benefits for retirees as a result of changes in the OPEB plan.
- As a result of participation in the South Carolina Retirement System (SCRS), the Authority's unfunded pension liability also decreased \$711,549 from \$4,146,657 as of September 30, 2018 to \$3,435,104 as of September 30, 2019.

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2019

Overview of the Financial Reports

The following outline describes the integral parts of this financial presentation and is a guideline for understanding its components:

- I. Management Discussion and Analysis (MD&A) - Serves as an introduction to the Authority's basic financial statements
- II. Basic Financial Statements - Authority-wide financial statements & notes to the financial statements
- III. Other Supplementary Information

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

- Statement of Net Position – presents information about the Authority's assets and liabilities and is similar to a balance sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as "current" (convertible to cash within one year), and "non-current." Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.
- Statement of Revenues, Expenses & Changes in Net Position – reports the Authority's revenues by source and type and its expenses by category to substantiate the change in net position for the fiscal year.
- Statement of Cash Flows – discloses net cash provided by, or used for operating activities, non-capital financing activities, and capital and related financing activities.

Our analysis of the Authority as a whole follows with the most important question, "Has the Authority's financial health improved or worsened as a result of the year's activities?" The following analysis of entity-wide net position, revenues, and expenses is provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual method of accounting, which recognizes revenue when earned and expenses when incurred regardless of when cash is received or paid.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2019**

Analysis of Authority-wide Net Position (Statement of Net Position)

**Spartanburg Housing Authority
Comparative Statement of Net Position
TABLE I**

	2019	2018	Total Change	% Change
Current Assets	\$ 8,239,897	\$ 9,020,208	\$ (780,311)	-8.65%
Capital Assets	13,555,446	13,741,976	(186,530)	-1.36%
Other Noncurrent Assets	24,091,500	24,415,347	(323,847)	-1.33%
Deferred Outflow of Resources	890,275	1,802,284	(912,009)	-50.60%
Total Assets	\$ 46,777,118	\$ 48,979,815	\$ (2,202,697)	-4.50%
Current Liabilities	\$ 632,857	\$ 1,407,714	\$ (774,857)	-55.04%
Noncurrent Liabilities	4,085,693	6,831,748	(2,746,055)	-40.20%
Deferred Inflows	678,468	179,473	498,995	278.03%
Total Liabilities	5,397,018	8,418,935	(3,021,917)	-35.89%
Investment in Capital Assets	12,988,548	13,378,194	(389,646)	-2.91%
Restricted	26,025,511	24,287,476	1,738,035	7.16%
Unrestricted, as restated	2,366,041	2,895,210	(529,169)	-18.28%
Total Net Position	41,380,100	40,560,880	819,220	2.02%
Total Liabilities & Net Position	\$ 46,777,118	\$ 48,979,815	\$ (2,202,697)	-4.50%

Total assets decreased by \$2,202,697 or 4.5%. This decrease was comprised primarily of a decrease in cash & investments of \$1,137,704, an increase in accounts receivable of \$339,431 and a reduction in capital assets of \$186,530 as discussed in Table 3 of this document. Deferred outflows were \$912,009 lower due to changes in balances as of September 30, 2019 for post-employment benefit items in relation to FY2018 levels.

Total liabilities decreased by \$3,021,917 or 35.89%. Current liabilities decreased by \$774,857 (or 55.04%) as primarily due to lower accounts payable-vendors and accounts payable – HUD offset by an increase in the accrued expenses and current portion of long-term debt. The major components that contributed to the \$2,746,055 decrease in noncurrent liabilities was the decrease in unfunded OPEB and pension liabilities.

Total Net Position increased by \$819,220 or 2.02%, which is outlined in detail on the Statement of Revenues, Expenses and Changes in Net Position.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2019**

Analysis of Entity-Wide Revenue and Expenses (Statement of Revenues, Expenses and Change in Net Position)

The following table illustrates changes in revenues and expenses from FY 2018 to FY 2019:

**Spartanburg Housing Authority
Comparative Statement of Revenues, Expenses and Changes in Net Position
TABLE II**

	2019	2018	Total Change	% Change
Revenue				
Tenant Revenue	\$ 1,748,136	\$ 1,859,969	\$ (111,833)	-6.01%
Operating Subsidies	17,228,610	17,757,518	(528,908)	-2.98%
Capital Grants	545,861	341,060	204,801	60.05%
Interest Income	19,027	5,620	13,407	238.56%
Other Income	657,718	1,188,639	(530,921)	-44.67%
Gain/ (Loss) on dispositions	-	(343,778)	343,778	-100.00%
Total Revenue	20,199,352	20,809,028	(609,676)	-2.93%
Expenses				
Administration	2,067,803	4,569,570	(2,501,767)	-54.75%
Tenant Services	141,518	89,037	52,481	58.94%
Utilities	943,762	1,029,967	(86,205)	-8.37%
Maintenance	1,817,679	1,999,652	(181,973)	-9.10%
Protective Services	16,228	13,016	3,212	24.68%
General	781,945	1,547,926	(765,981)	-49.48%
Housing Assistance Payments	12,592,424	12,496,245	96,179	0.77%
Depreciation	1,018,773	1,649,830	(631,057)	-38.25%
Total Expenses	19,380,132	23,395,243	(4,015,111)	-17.16%
Net Position				
Change in Net Position	819,220	(2,586,215)	3,405,435	-131.68%
Prior Period Adjustment/Special Item	-	(1,926,539)	1,926,539	-100.00%
Beginning Net Position	40,560,880	45,073,634	(4,512,754)	-10.01%
Ending Net Position	\$ 41,380,100	\$ 40,560,880	\$ 819,220	2.02%

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2019**

Analysis of Entity-Wide Revenue and Expenses (Statement of Revenues, Expenses and Change in Net Position)

During the year, total revenue decreased from \$20,809,028 to \$20,199,352 which represents a decrease of \$609,676, or 3%. This decrease was primarily a function of the decrease in revenue from operating subsidies \$528,908, as well as the decrease in other income of \$530,921. Revenue from tenant revenues were \$111,833 or 6.01% lower, revenue from capital grants were \$204,801 or 60.05% higher, and there is no loss on dispositions in FY19 compared to prior year.

Total expenses decreased by \$4,015,111 or 17.16% from FY 2018 to FY 2019. Administrative costs decreased by \$2,501,767 or 54.75%. This decrease was primarily a function of a reduction of \$361,192 in administrative salaries and a reduction of \$2,222,269 in employee benefits contributions. Resident services expenses increased from \$89,037 to \$141,518 or \$52,481 (58.94%) due primarily to \$57,782 of Summer Food Program expenses incurred in FY2019, which is a new program that had no expenses in FY2018. Utilities decreased \$86,205 or 8.37%. Maintenance and operations decreased by \$181,973 (9.1%) due primarily to lower employee benefit contributions on maintenance of \$27,327 and a reduction of \$232,077 in contract cost expenses, offsetting by an increase in labor cost of \$84,031. Protective services increased by \$3,212 or 24.68% partially due to no longer using residents for these services. Housing assistance payments were \$96,179 higher (0.77%) due to higher program utilization levels. Depreciation expense decreased by \$631,057, or 38.25%. General expenses were \$765,981 lower than last year (a 49.48% decrease) due to a decrease in other general expenses of \$325,611 and a decrease in bad debt expense from \$870,898 to \$50,840, or \$821,474 due to the unusually high level of write-offs recognized in FY2018.

In closing, the change in net position reflected in the financial statements of \$819,220 includes the non-cash items of depreciation of \$1,018,773, and the \$1,988,949 gain recognized due to favorable net OPEB expense. Exclusive of these items, which are largely beyond the agency's control, additional activities resulted in a \$150,946 decrease in net position for the year which was a function of a decrease in Housing Assistance payment equity of \$275,541 offset by \$124,885 of additional net income due to favorable operating experience.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2019**

Capital Assets

During FY 2019, the Authority had total capital asset additions of \$832,243 and depreciation expense of \$1,018,773.

**Spartanburg Housing Authority
Comparative Statement of Capital Assets
TABLE III**

	2019	2018	Total Change	% Change
Land	\$ 5,063,983	\$ 5,063,983	-	0.00%
Buildings & Improvements	33,613,631	33,517,415	62,375	0.19%
Equipment	1,677,312	1,501,696	209,457	14.27%
Construction in Progress	686,356	133,083	553,273	415.74%
	<u>41,041,282</u>	<u>40,216,177</u>	825,105	2.05%
Accumulated Depreciation	<u>(27,485,836)</u>	<u>(26,474,201)</u>	<u>(1,011,635)</u>	3.82%
Total Capital Assets	<u>\$ 13,555,446</u>	<u>\$ 13,741,976</u>	<u>\$(186,530)</u>	-1.36%

Reconciliation of Capital Assets

Balance as of October 1, 2018	\$ 13,741,976
Additions	832,243
Depreciation	<u>(1,018,773)</u>
Balance as of September 30, 2019	<u>\$ 13,555,446</u>

Debt Outstanding

As of the year-end, the Authority had outstanding debt of \$375,796, which was an increase of \$12,014 from last year's balance of \$363,782. There were no new note obligations during the year. Additional details regarding long-term debt can be found in the Notes to the Financial Statements accompanying this report.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2019**

Economic Factors

Several significant economic factors are present that may impact the Authority in the future.

- Congressional funding of the Department of Housing and Urban Development, including any subsidy proration.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs.
- Health care and other insurance costs are expected to increase dramatically over the next several years especially due to the Affordable Care Act.
- The Authority signed an operating lease in 2020 to relocate its Central Offices from the County into the Spartanburg city limits to be closer to its client base.
- During 2020, The Authority will be transitioning the 80-unit Victoria Gardens under HUD's Rental Assistance Demonstration program to reposition the property and allow for needed capital improvements.
- In response to the COVID-19 Pandemic, the Authority was awarded \$346,536 of additional Public Housing and \$263,846 of Housing Choice Voucher CARES funding which will assist SHA to cover the higher costs associated with adapting to telework and increased remote servicing of its clients.
- The Authority will be submitting an application to dispose of its Scattered Sites units that are becoming increasingly harder to manage.
- The Authority will continue to execute strategies related to the development and/or preservation of Affordable Housing units for the residents of Spartanburg County.

Financial Contact

Questions concerning any of the information provided in this Management's Discussion & Analysis should be addressed to:

Shaunte Evans, Chief Executive Officer
Housing Authority of the City of Spartanburg
2271 South Pine Street
Spartanburg, South Carolina 29302
(864) 598-6102

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets

Cash and cash equivalents - unrestricted	\$	3,160,375
Cash and cash equivalents - restricted		4,397,119
Accounts receivables, net		490,057
Prepaid expenses		132,546
Assets held for sale		<u>59,800</u>

Total current assets		<u>8,239,897</u>
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Noncurrent assets

Capital assets, net		13,555,446
Notes receivable, less current portion		22,433,336
Investment in joint ventures		92,425
Other assets		<u>1,565,739</u>

Total noncurrent assets		<u>37,646,946</u>
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Total assets		<u>45,886,843</u>
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Deferred outflows of resources

Pension plan		<u>890,275</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$	<u><u>46,777,118</u></u>
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The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Current liabilities	
Accounts payable	\$ 335,889
Accrued liabilities	64,900
Accrued compensated absences, current portion	26,394
Other current liabilities	56,132
Unearned revenue	13,127
Notes payable, current portion	5,134
Tenant security deposits	<u>131,281</u>
Total current liabilities	<u>632,857</u>
Noncurrent liabilities	
Notes payable, less current portion	370,662
Accrued compensated absences, less current portion	148,103
Trust deposits	77,878
Accrued pension/OPEB liabilities	<u>3,489,050</u>
Total noncurrent liabilities	<u>4,085,693</u>
Total liabilities	<u>4,718,550</u>
Deferred inflows of resources	
Pension plan	<u>678,468</u>
Net position	
Net investment in capital assets	12,988,548
Restricted	26,025,511
Unrestricted	<u>2,366,041</u>
Total net position	<u>41,380,100</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u><u>\$ 46,777,118</u></u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Operating Revenues	
Dwelling rent	\$ 1,748,136
Government grants & subsidy	17,228,610
Other income	<u>657,718</u>
Total operating revenues	<u>19,634,464</u>
Operating Expenses	
Administration	2,067,803
Tenant services	141,518
Utilities	943,762
Maintenance & operations	1,817,679
Protective services	16,228
General expense	756,790
Housing assistance payments	12,592,424
Depreciation expense	<u>1,018,773</u>
Total operating expenses	<u>19,354,977</u>
Operating income	279,487
Non-operating revenues (expenses)	
Interest expense	(13,966)
Extraordinary maintenance	(11,189)
Interest income	<u>19,027</u>
Net non-operating revenues (expenses)	<u>(6,128)</u>
Net income (loss) before other revenues, expenses, gains, losses, and transfers	<u>273,359</u>
HUD capital grants	<u>545,861</u>
Change in net position	819,220
Net position, beginning of year	<u>40,560,880</u>
Net position, end of year	<u>\$ 41,380,100</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Cash flows from operating activities	
Receipts from customers and users	\$ 2,392,363
Governmental grants and subsidy - operations	17,228,610
Payments to suppliers	(6,228,010)
Payments to employees	(1,678,879)
Payments for housing assistance	(12,592,424)
Net cash flows provided/(used) by operating activities	<u>(878,340)</u>
Cash flows from capital and related financing activities	
Grant revenue - Capital Fund grants	545,861
Acquisition of capital assets - Capital Fund grants	(545,861)
Acquisition of capital assets - operations	(278,970)
Payment of debt obligations - net	(1,952)
Net cash flows provided/(used) by capital and related financing activities	<u>(280,922)</u>
Cash flows from investing activities	
Change in investment in joint ventures	2,531
Interest received, net	19,027
Net cash flows provided by investing activities	<u>21,558</u>
NET DECREASE IN CASH	(1,137,704)
CASH AND CASH EQUIVALENTS, beginning of year	<u>8,695,198</u>
CASH AND CASH EQUIVALENTS, end of year	
Restricted	4,397,119
Unrestricted	3,160,375
Total CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 7,557,494</u></u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Cash flows from operating activities	
Operating income	\$ 279,487
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:	
Depreciation	1,018,773
Changes in operating assets and liabilities	
Decrease (increase) in accounts receivable	(339,431)
Decrease (increase) in prepaid expenses	(17,962)
Decrease (increase) in other assets	321,316
Increase (decrease) in accounts payable	(880,518)
Increase (decrease) in accrued liabilities	(1,234,744)
Increase (decrease) in security/trust deposits	(153,129)
Increase (decrease) in unearned revenue	4,624
Increase (decrease) in other liabilities	<u>123,244</u>
Net cash provided/(used) by operating activities	<u>\$ (878,340)</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial statements of the Housing Authority of the City of Spartanburg (the “Authority”) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to local governmental units. The more significant accounting policies of the Authority are described below.

Organization

The Authority is a public body and a body corporate and politic organized under the laws of the State of South Carolina for the purpose of providing adequate housing for qualified low-income individuals. The Authority is a separate non-profit corporation with a Board of Commissioners. The applicable jurisdictions appoint the Board of Commissioners. However, the Authority has complete legislative and administrative authority and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board of Commissioners. Additionally, the Authority has entered into annual contribution contracts with the U. S. Department of Housing and Urban Development ("HUD") to be the administrator of the housing and housing related programs described herein. The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report. The authority is responsible for its debts and is entitled to surpluses.

Reporting Entity

The accompanying basic financial statements include all accounts of all Authority operations and its blended component units. These statements do not include any City agencies, and the Authority is not a component unit of the City under the definitions of Government Accounting Standards Board (GASB) Statement Number 62.

Financial Accountability - The Authority is responsible for its debts, does not impose a financial burden on Spartanburg and is entitled to all surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.

Appointment of a Voting Majority - The Authority is governed by a Board of Commissioners and has governance responsibilities over all activities related to all housing activities within Spartanburg. The Board of Commissioners has decision making authority and the power to designate management. The members do not serve at the discretion of the City; i.e., they can be removed only for cause. The Authority's Board elects its own chairperson.

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Imposition of Will -The City has no influence over the management, budget, or policies of the Authority. The Authority's Board of Commissioners has the responsibility to significantly influence the Authority's operations. This includes, but is not limited to, adoption of the budget, personnel management, sole title to, and residual interest in all assets (including facilities and properties), signing contracts, issuing bonds, and deciding which programs are to be provided.

The Authority operated the following programs under its Annual Contributions Contracts with HUD:

Low Rent Public Housing Program- The objective of this program is to provide decent safe and sanitary housing and related facilities for eligible low-income families and the elderly. The Authority currently operates 608 Public Housing units located in ten (10) communities throughout the City of Spartanburg.

Capital Fund Program - The objective of this program is to improve the physical condition of the Low-Income Public Housing units and upgrade the management of the program.

Housing Choice Voucher Program - This program provides rental assistance to help low-income families afford decent, safe and sanitary rental housing. The Authority provides rental assistance in the form of a Housing Assistance Payment to a landlord on behalf of the tenant. SHA currently has an allocation of 2,290 vouchers.

Mainstream – 5 Voucher Program - This program provides rental assistance to help low-income families afford decent, safe and sanitary rental housing. The Authority provides rental assistance in the form of a Housing Assistance Payment to a landlord on behalf of the tenant. SHA was awarded funding in February 2019 and has an allocation of 40 vouchers.

Multifamily Housing Service Coordinators - This program provides funding for the employment of Service Coordinators in insured and assisted apartment housing that is designed for the elderly and persons with disabilities.

YouthBuild Program - This program assisted low-income young people ages 16-24 work toward their GEDs or high school diplomas while learning job skills by building affordable housing for homeless and low-income people and participating in leadership development activities in their communities. Funding for this program ended in May 2019.

Resident Opportunities and Supportive Services (ROSS) - This program provides public housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summer Food Program - is a federally funded, state-administered program to assist in serving free, nutritious meals to program participants during the summer months.

Section 8 Moderate Rehabilitation Programs - The Section 8 Moderate Rehabilitation programs are funded by the U.S. Department of Housing and Urban Development. These programs aid very low-income families in obtaining decent safe and sanitary housing by providing housing assistance payments to landlords on behalf of the tenant. SHA currently has an allocation of 226 vouchers.

Section 8 New Construction and Substantial Rehabilitation Programs - This program provides rental assistance in connection with the development of newly constructed or substantially rehabilitated privately owned rental housing financed with any type of construction or permanent financing, including the applicable FHA Multifamily Mortgage Insurance Programs.

Blended Component Unit - Spartanburg Leased Housing Corporation (SLHC) - This entity is a member in Cedar Springs Place, LLC, and its primary purpose is to acquire, construct, own, finance, lease and operate 48 elderly low-income housing tax credit units located in a building at 324 Cedar Springs Road, Spartanburg, SC. SLHC was created solely for the financial benefit and convenience of the Housing Authority. While the entity was dissolved by the State of South Carolina in 2016, it continues for Internal Revenue Service purposes only.

Spartanburg Area Housing Corporation – is an entity that was created with the primary purpose is to acquire, construct, own, finance, lease and operate communities that are owned and operated by the Authority. SAHC was created solely for the financial benefit and convenience of the Housing Authority and while it had limited activity during the audit period became the owner of record for Country Garden Estates 1 and 2 in March 2020 which previously were assets of the Spartanburg Housing Limited Partnership and SHA-2, Inc.

Board Information

The Board is made up of seven members (one vacancy in July 2020) with the following terms:

Matthew Myers, Chair	September 30, 2024
John Fairey, Vice-Chair	September 30, 2022
Andrew Poliakoff	September 30, 2020
Veronica Cunningham	September 30, 2025
Charles White	September 30, 2020
Keisha Gray	September 30, 2022

Basis of Presentation, Basis of Accounting, and Measurement Focus- The basic financial statements (i.e. the statements of net position, the statements of revenues, expenses, and changes in net position, and the statements of cash flows for the proprietary fund) report information on all of the activities of the Authority.

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of Funds- A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of its assets, deferred outflow of resources, liabilities, deferred inflow of resources, net position, revenues, and expenses. The funds maintained by the Authority allow compliance and financial accountability by separate functions and activities. All funds are presented in the financial statements as a single enterprise fund.

The Authority's operating activities are maintained in accordance with the principles of a single enterprise fund accounting to ensure the observance of limitations and restrictions on the resources available. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, was issued to incorporate GASB and AICPA guidance into GASB authoritative literature. HACS has elected not to follow any FASB guidance not included in GASB 62.

HUD requires all Public Housing Agencies meeting certain criteria to account for financial activity by projects referred to as the asset management projects (AMPs) since fiscal year 2008. The Authority is required to report financial activity by AMPs as well as by fund through HUD's on-line reporting system to provide additional information to the reader of the financial statements.

Basis of Accounting and Measurement Focus

The basis of accounting for the funds used by the Authority is determined by measurement focus. The flow of economic resources measurement focus and the accrual basis of accounting are used to account for the Authority's funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. All assets and liabilities associated with the operation of these funds are included on the Statements of Net Position.

Net position in enterprise fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, granters, or laws and regulations of other governments. The Authority's restricted net position consists of escrows held for debt service, investment in joint ventures, program income, reserve accounts, and excess housing assistance payments.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses in the financial statements and in the disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets

The Authority adopts budgets on the basis of accounting consistent with the basis of accounting for the fund to which the budget applies. The Authority prepares annual operating budgets that are formally adopted by its Governing Board of Commissioners. The budgets for programs funded by HUD form the basis of the Federal Financial Assistance received through HUD.

Cash, Cash Equivalents, and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.

Restricted cash – The Authority has amounts that it has designated as restricted cash according to various program specific requirements as detailed in Note 2. It is the policy of the Authority to include restricted cash equivalents with unrestricted cash and cash equivalents and regardless of the timing of the establishment and release of restrictions.

Investments are stated at fair market value, except for U.S. Treasury Bills, which are reported at amortized cost. The Authority reports all money market investments having a remaining maturity at time of purchase of one year or less at amortized cost. Investment securities are normally held to mature at par value and adjustments are made to the investment portfolio to reflect increases/ (decreases) in gains made.

Accounts Receivable

Accounts receivable consists of payments due from HUD and related affiliates, rent payments from tenants and other miscellaneous receivables arising from the normal course of operations. A reserve for uncollectible accounts is established based on management's estimates. Collection losses on accounts receivable are expensed, in the appropriate Fund, on the specific write-off method.

Capital Assets and Depreciation

Capital assets are stated at historical cost, less accumulated depreciation. Donated capital assets are stated at their fair value on the date donated. This includes site acquisition and improvement, structures and equipment. All infrastructure assets are capitalized at the end of development activities and then dedicated to the County for maintenance and repairs. Depreciation of exhaustible capital assets used by proprietary funds is computed on the straight-line method and charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Position. Assets are capitalized if they have a useful life beyond one year and an original cost greater than \$5,000.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets and Depreciation (Continued)

The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings & Improvements	20 years
Furniture, fixtures, & equipment	5 years

Proceeds from the disposal of capital assets are recognized in the period received. Proceeds from the sale of property acquired or significantly improved with HUD or other grant funds are refunded to HUD or the applicable grantor as required by contract, or retained and used for special purposes as approved by HUD or the grantor.

Notes Receivable

A significant portion of notes receivables represents loans to related party Owner-Entities and developers for Development Projects. The Authority subordinated these loans in conjunction with financing arrangements related to the development of mixed-income, multi-family rental communities. Such loans are interest-bearing and are payable from cash flow from the property owned by each respective Project. Such loans are typically funded from various programs and Capital Fund grants, representing a significant portion of the construction costs associated with the Authority assisted component of the mixed-income rental property. Interest and principal on these loans are subordinated and are contingent on cash flow from the property; however, interest income is accrued as it occurs. Based on the status of the previous mixed-financing projects and the contingent nature of the payments, management elected to establish an allowance based on the expected amount the Authority intends to collect.

Compensated Absences

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. In accordance with GASB Statement No.16, *Accounting for Compensated Absences*, the Authority accrues the liability for those absences that the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay is recorded as an expense and related liability in the year earned by employees.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

Net position is displayed in three components:

Net Investment in Capital Assets: This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of net position consists of restricted resources when constraints are placed on the resource by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc. This also includes investments in joint ventures.

Unrestricted Net Position: This component of net position consists of resources that do not meet the definition of "Net Investment in Capital Assets" or "Restricted Net Position."

Certain assets including cash and investments may be classified in restricted net position on the Statements of Net Position because their use is restricted for specific purposes. It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Revenues and Expenses

Revenues and expenses are recognized on the accrual basis of accounting. Revenues relating to the Authority's operating activities include rental related income, interest income and other sources of revenues that are recognized in the accounting period in which they are earned. Other major sources of revenues include the operating subsidy from HUD and other HUD funding for capital and operating expenses.

Operating Revenue

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating Revenue (Continued)

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position in the non-operating revenue and expense. Pursuant to the Annual Contributions Contract HUD contributes an operating subsidy approved in the operating budget. For the year ended September 30, 2019, the subsidy paid was \$2,414,652 for the Public Housing Operating Fund program.

Taxes

Under Federal, State and City laws, the Authority is exempt from income, property and excise taxes. Housing authorities are, however, required to make payments in lieu of taxes (PILOT) in accordance with the provisions of agreements with local taxing authorities.

Insurance

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a large deductible amount. The use of a large deductible clause reduces the cost of insurance, but, should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the Authority. The Authority secures required insurance coverage through the competitive bid process. As of the date of the fieldwork, the Authority had the required coverage in force.

New Accounting Pronouncements

GASB Statement No. 87, Leases is effective for periods beginning after December 15, 2019 with earlier application encouraged. This Statement is designed to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Upon implementation, the Authority will adopt the provisions of this Statement. As of the dates of this report, the effective date for this statement has been postponed by 18 months due to the COVID-19 pandemic.

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

2. CASH AND CASH EQUIVALENTS

All the deposits of the Authority are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names. The Authority has no policy regarding custodial credit risk for deposits.

At September 30, 2019, the Authority's Primary Government cash and cash equivalents had a carrying amount of \$7,557,494 and bank balances of \$7,732,096. Of the bank balances held in various financial institutions, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method.

Inherent rate risk – The Authority's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

Credit Risk – The Authority has no policy regarding credit risk.

Custodial credit risk – For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that in the possession of an outside party. The Authority's policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

Concentration of credit risk – The Authority placed no limit on the amount that it may invest in certificates of deposits. The Authority has no policy regarding credit risk.

Collateralization – In addition to the above-mentioned FDIC insurance, BB&T Bank participates in public funds of pooled securities for the Authority. As of September 30, 2019, there was \$9,260,346 of specified pledged security for the Authority.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

2. CASH AND CASH EQUIVALENTS (continued)

Restricted Cash and Cash Equivalents:

Restricted cash and cash equivalents were comprised of the following as of September 30, 2019:

HCVP program - Housing Assistance Payment equity	\$ 179,486
Mainstream 5 program - Housing Assistance Payment equity	94,195
Security deposits	131,281
Restricted deposits - Moderate Rehabilitation program	107,553
Restricted deposits and funded reserves - JC Bull (New Construction)	1,950,058
Restricted deposits - Modernization	94,478
Restricted deposits - Public Housing Reserves	1,762,190
FSS participants escrow accounts	77,878
	<u>\$ 4,397,119</u>

3. ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2019 consisted of the following:

Accounts receivable - tenants (net of allowance of \$5,343)	\$ 18,001
Accounts receivable - HUD	377,341
Fraud recovery (net of allowance of \$93,361)	-
Due from affiliate - (net of allowance of \$22,462)	38,216
Accounts receivable - CGE predevelopment costs	20,253
Accounts receivable - Workers comp refund	17,485
Accounts receivable – Section 8 portables	14,123
Accounts receivable – miscellaneous	4,638
	<u>\$ 490,057</u>

4. PREPAID EXPENSES & OTHER CURRENT ASSETS

Prepaid charges and other assets at September 30, 2019 consisted of the following:

Prepaid insurance expenses	\$ 132,546
Assets held for sale	59,800
	<u>\$ 192,346</u>

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

5. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance at 10/1/2018	Additions	Transfers/ Disposals	Depreciation	Balance at 9/30/2019
Enterprise Activities					
Capital assets not being depreciated:					
Land	\$ 5,063,983	\$ -	\$ -	\$ -	\$ 5,063,983
Construction in progress	133,083	553,273	-	-	686,356
Total capital assets not being depreciated	5,197,066	553,273	-	-	5,750,339
Buildings & improvements	33,517,415	103,354	(7,138)	-	33,613,631
Furniture & equipment	1,501,696	175,616	-	-	1,677,312
Total capital assets being depreciated	35,019,111	278,970	(7,138)	-	35,290,943
Less accumulated depreciation for:					
Total accumulated depreciation	(26,474,201)	-	7,138	(1,018,773)	(27,485,836)
Total capital assets being depreciated	8,544,910	-	-	-	7,805,107
Enterprise activity capital assets, net	\$ 13,741,976				\$ 13,555,446

6. NOTES RECEIVABLE

Notes Receivable at September 30, 2019 consisted of the following:

<u>Entity/Partnership</u>	<u>Notes Receivable</u>	<u>Accrued Interest</u>	<u>Total Receivable</u>	<u>Allowance for Doubtful Accts</u>	<u>Net Receivable</u>
Spartanburg Housing, LP	\$ 1,000,000	\$ 1,047,541	\$ 2,047,541	\$ (1,047,541)	\$ 1,000,000
Spartanburg Housing 2, LP	335,000	-	335,000	-	335,000
CS1, LLC	10,697,421	58,553	10,755,974	(58,553)	10,697,421
HC1, LLC	780,000	860,946	1,640,946	(860,946)	780,000
SHA 7	8,244,574	1,096,770	9,341,344	(1,096,770)	8,244,574
Highland Avenue LLC	350,000	24,614	374,614	(24,614)	350,000
Cedar Springs Place, LLC	914,375	354,379	1,268,754	(354,379)	914,375
Homeowners Notes Receivable	738,371	-	738,371	(626,405)	111,966
Total notes receivable	\$23,059,741	\$3,442,803	\$ 26,502,544	\$ (4,069,208)	\$22,433,336

Notes Receivable - Spartanburg Housing Limited Partnership, (affiliate) consists of the following loans made to the Partnership, a related party, by the Authority for the development of the project:

Second mortgage note ("Hope VI Loan") in the amount of \$800,000. The note bears interest at the Applicable Federal Rate (AFR) applicable to long-term loans with annual compounding for December 2001, which equals 5.05 percent. The interest rate will remain stable throughout the life

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

6. NOTES RECEIVABLE (continued)

of the note. The loan is secured by an investment in real property. The principal amount and any unpaid accrued interest will be payable only from net available cash flow, net proceeds, or condemnation proceeds, as defined. The note matures on November 30, 2031. The balance of the note as of September 30, 2019, was \$800,000 and accrued interest receivable as of September 30, 2019 was \$842,844. An allowance for doubtful accounts of \$842,844 has been recognized to fully reserve all accrued interest as of September 30, 2019.

Third mortgage note ("CFP Loan") in the amount of \$200,000. The note bears interest at the Applicable Federal Rate (AFR) applicable to long-term loans with annual compounding for December 2001, which equals 5.05 percent. The interest rate will remain stable throughout the life of the loan. The note is secured by an investment in real property. The principal amount and any unpaid accrued interest will be payable only from net available cash flow, net proceeds or condemnation proceeds, as defined. The note matures on November 30, 2031. The balance of the note as of September 30, 2019, was \$200,000. Accrued interest receivable as of September 30, 2019 was \$205,297. An allowance for doubtful accounts of \$205,297 has been recognized to fully reserve all accrued interest as of September 30, 2019.

Notes Receivable - SHA 2 ('Stabilization Reserve') - the Authority has a note receivable from SHA2, LP for the stabilization reserve in the amount of \$335,000. The loan is non-interest bearing and payable from available cash flow beginning in 2021. The note has a final maturity of September 30, 2053 at which time all principal and other outstanding sums shall be due and payable in full. As of September 30, 2019, the balance is \$335,000.

Notes Receivable- CS1, LLC, affiliate consists of the following loans made to the Partnership, a related party, by the Authority for the development of the project:

CS1, LLC, has a permanent loan from the Housing Authority. The loan bears interest at a rate equal to the Bond Market Association Index (BMA) plus 198 basis points and is guaranteed by the Managing Member and its affiliate. This loan was used to fund construction of the Project. On March 9, 2011, this loan converted to a permanent loan under the same terms, after a principal pay down of \$635,021. Principal and interest payments are due monthly. This loan is secured by all property, security agreements and assignments of rents and matures in 2040.

The balance of the loan as of September 30, 2019, was \$3,445,000. This loan is a conduit obligation in which proceeds will be used to repay the Spartanburg Multifamily Housing Revenue Bonds, Series 2007 and therefore it is not included in the financial statements of the Authority.

Cedar Springs 1, LLC, has 42-year non-recourse Hope VI loan from the Housing Authority. The loan does not bear interest and is subordinate to the bond loan. This loan was used to fund the construction of the Project. No payments are due until maturity. All principal is due on March 14, 2049. The loan is secured by the property. The balance of the loan as of September 30, 2019 was \$7,768,309.

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

6. NOTES RECEIVABLE (continued)

Cedar Springs 1, LLC, has a 42-year non-recourse program income fund loan from the Housing Authority. The loan does not bear interest and is subordinate to the bond loan. This loan was used to fund the construction of the Project. No payments are due until maturity. All principal is due on February 28, 2049. The loan is secured by the property. The balance of the loan as of September 30, 2019 was \$2,308,443.

Cedar Springs 1, LLC, has a 42-year non-recourse state loan from the Housing Authority. The loan bears interest at 5.23% and is subordinate to the bond loan. This loan was used to fund construction costs. No payments are due until maturity. All principal is due on March 13, 2049. The loan is secured by the property. The balance of the loan as of September 30, 2019 was \$620,669. Accrued interest receivable as of September 30, 2019 was \$58,553. An allowance for doubtful accounts of \$58,553 has been recognized to fully reserve all accrued interest as of September 30, 2019.

Notes Receivable- HC 1, LLC, affiliate consists of the following loans made to the Partnership, a related party, by the Authority for the development of the project:

HC1, LLC ("SHA Loan") - The Partnership and the Authority entered into a non-recourse construction and permanent loan in the amount of \$300,000. The note bears interest at 8.0% and is secured by an investment in real property. The principal amount and any unpaid accrued interest will be payable from available cash flows after the repayment of the senior mortgage loans, junior mortgage loans, and all reserves required by the partnership agreement have been fully funded. The note matures in July 2037. The balance of the note as of September 30, 2019 was \$300,000. Noncurrent interest receivable as of September 30, 2019 was \$320,215. An allowance for doubtful accounts of \$320,215 has been recognized to fully reserve all accrued interest as of September 30, 2019.

HC1, LLC ("SHA Acquisition Loan") - The Partnership has a non-recourse construction and permanent loan entered into by the Partnership and the Authority in the amount of \$480,000. The note bears interest at 8.0% and is secured by an investment in real property. The principal amount and any unpaid accrued interest will be payable from available cash flows after the repayment of the senior mortgage loans, junior mortgage loans, and all reserves required by the partnership agreement have been fully funded. The note matures in July 2037. The balance of the note as of September 30, 2019 was \$480,000. Noncurrent interest receivable as of September 30, 2019 was \$540,731. An allowance for doubtful accounts of \$540,731 has been recognized to fully reserve all accrued interest as of September 30, 2019.

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

6. NOTES RECEIVABLE (continued)

Notes Receivable— SHA 7, LLC, affiliate consists of the following loans made to the properties that transitioned to stand alone entities under the Rental Assistance Demonstration, a related party, by the Authority for the redevelopment of seven properties that were formerly ACC units under the Low Income Public Housing Program:

SHA 7, LLC (“Carryback Loan”) - The Authority issued a \$7,244,574 note to assist in the acquisition funding of the RAD properties during January 2016. The note accrues interest at 2.65% and matures in January 2059 and interest payment are repayable from cash flow only. As of September 30, 2019, the outstanding balance was \$7,244,578. An allowance for doubtful accounts of \$775,959 representing accrued interest on the loan has been recorded as of September 30, 2019 and all amounts are considered non-current.

SHA 7, LLC (“Reserve Loan”) - The Authority issued a \$1,000,0000 note which represented cash loans to SHA7 to provide replacement reserves for these developments. The note accrues interest at 7.8% and matures in January 2059 and interest payment are repayable from cash flow only. As of September 30, 2019, the outstanding balance was \$1,000,000. An allowance for doubtful accounts of \$320,811 representing accrued interest on the loan has been recorded as of September 30, 2019 and all amounts are considered non-current.

Highland Avenue, LLC - The Partnership and the Authority entered into a non-recourse construction and permanent loan in the amount of \$350,000. The note bears interest at the applicable federal rate (AFR) (1.9% at September 30, 2019) and is secured by an investment in real property. The principal amount and any unpaid accrued interest will be payable from available cash flows after the repayment of the senior mortgage loans, junior mortgage loans, and all reserves required by the partnership agreement have been fully funded.

The note matures in April, 2050. The balance of the note as of September 30, 2019 was \$350,000. Noncurrent interest receivable as of September 30, 2019 was \$24,614. An allowance for doubtful accounts of \$24,614 has been recognized to fully reserve all accrued interest as of September 30, 2019.

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

6. NOTES RECEIVABLE (continued)

Notes Receivable - Cedar Springs Place, LLC, affiliate consists of the following loans made to the Partnership, a related party, by the Authority for the development of the project:

Cedar Springs Place, LLC entered into a fourth mortgage loan payable with the Authority on October 12, 2007 in the original amount of \$414,375. The note bears interest at the greatest of (a) 4.77% per annum or (b) an annual interest rate equal to the applicable Federal long-term rate (AFR) as defined in Section 1274(d) of the Internal Revenue Code of 1986. The note shall be repaid in a single payment including all unpaid principal and accrued interest with net available cash flow and at the end of the first mortgage on the property. The mortgage is collateralized by a fourth mortgage on the property. As of September 30, 2019, the loan balance was \$414,375 and accrued interest totaled \$203,915. An allowance for doubtful accounts of \$203,915 has been recognized to fully reserve all accrued interest as of September 30, 2019.

Cedar Springs Place, LLC entered into a fifth mortgage loan payable with Spartanburg Leased Housing Corporation (a blended component unit of the Authority) on March 28, 2007 in the original amount of \$300,000. The note bears interest at the greater of (a) 4.7% per annum or (b) an annual interest rate equal to the applicable Federal long-term rate (AFR) as defined in Section 1274(d) of the Internal Revenue Code of 1986. The note shall be repaid in a single payment including all unpaid principal and accrued interest on the 30th anniversary of disbursement of the proceeds of the loan. The mortgage is collateralized by a fifth mortgage on the property. As of September 30, 2019, the loan balance was \$300,000 and accrued interest totaled \$150,464. An allowance for doubtful accounts of \$150,464 has been recognized to fully reserve all accrued interest as of September 30, 2019.

Pursuant to the Operating Agreement, Cedar Springs Place, LLC was advanced \$200,000 for additional funds to be repaid from surplus cash. This amount has been treated as a notes receivable but is non-interest bearing.

Notes Receivable- Homebuyers- the Authority has issued primary loans to assist qualified residents in the purchase of homes. The Authority entered into a \$1,000,000 Loan Agreement with BB&T Bank to finance these primary loans. Mortgage loans held by the Authority are collateralized by single-family residences. As of September 30, 2019, the outstanding mortgage balances was \$738,371. An allowance for doubtful accounts of \$626,405 has been recorded as of September 30, 2019. All amounts are considered non-current.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

7. OTHER NONCURRENT ASSETS

Other noncurrent assets consisted of the following as of September 30, 2019:

<u>Description</u>	<u>Amount</u>
Developer fees receivable - tax credit properties	\$ 2,212,135
Less allowance for doubtful accounts	(646,396)
Other assets	92,425
	<u>\$ 1,658,164</u>

The Tax Credit Properties included in the above are the CS1, LLC, HS1, LLC, SHA 7, LLC, Spartanburg Housing, LP and the Spartanburg Housing 2, LP.

8. ACCOUNTS PAYABLE AND CURRENT LIABILITIES

Accounts payable and current liabilities as September 30, 2019 consisted of the following:

Vendors and contractors payable	\$ 228,336
Accrued wages/payroll taxes payable	64,900
Accrued compensated absences – current	26,394
Account payable - HUD	107,553
Unearned revenue – prepaid rents	13,127
Long-term debt – current portion	5,134
Security deposits	131,281
Accrued liabilities/utilities payable	56,132
	<u>\$ 632,857</u>

9. NON-CURRENT LIABILITIES

Non-current liabilities at September 30, 2019 consisted of the following:

	<u>Balance at October 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at September 30, 2019</u>	<u>Current Portion of Balance</u>
Long-term debt	\$ 363,782	\$ 16,243	\$ (4,229)	\$ 375,796	\$ 5,134
Unfunded pension	4,146,657	-	(711,553)	3,435,104	-
Unfunded OPEB liability	2,057,218	-	(2,003,272)	53,946	-
Compensated absences	152,076	22,421	-	174,497	26,394
FSS escrow accounts	<u>162,244</u>	<u>60,105</u>	<u>(137,314)</u>	<u>85,035</u>	<u>7,157</u>
Total long-term debt	<u>\$ 6,881,977</u>	<u>\$ 98,769</u>	<u>\$ (2,856,368)</u>	<u>\$ 4,124,378</u>	<u>\$ 38,685</u>

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

10. LONG TERM DEBT OBLIGATIONS

Long term debt obligations as of September 30, 2019 consisted of the following:

In May of 2014, the Authority obtained a \$110,154 loan from Branch Banking and Trust Company to fund the development of three duplexes (six low income rental units). The loan is secured by the land and buildings. Interest is charged at the One Month LIBOR Rate, and monthly payments are \$747. During the year, the loan was refinanced and extended and now matures May 21, 2026. The outstanding balance as of September 30, 2019 was \$80,254.

Five-year maturities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2020	\$ 5,134	\$ 3,824	\$ 8,958
2021	5,394	3,564	8,958
2022	5,667	3,291	8,958
2023	5,954	3,004	8,958
2024	6,255	2,703	8,958
thereafter	<u>51,851</u>	<u>3,623</u>	<u>55,474</u>
	<u>\$ 80,254</u>	<u>\$ 20,010</u>	<u>\$ 100,264</u>

During fiscal year 2009, the Authority obtained a \$295,542 loan from the South Carolina State Housing Finance and Development Authority to fund the development of three duplexes (six low income rental units). The loan is secured by the land and buildings. The loan bears no interest and is forgivable. The outstanding balance as of September 30, 2019 was \$295,542, with all amounts considered non-current. Interest charges expensed on all debts during the year totaled \$9,306 for the fiscal year.

11. DEFINED BENEFIT PENSION PLAN

Plan Description

The Authority is a participant in the South Carolina Retirement System (SCRS), a cost-sharing multiple employer defined benefit pension plan, joining the plan effective October 1, 2015. The plan was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions. Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a class two member. An employee member of the system with an effective date of membership after July 1, 2012, is a class three member. SCRS is administered by the South Carolina Public Benefit Authority (PEBA).

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

11. DEFINED BENEFIT PENSION PLAN (continued)

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and the employer contribution rate that exceeds 2.9 percent of earnable compensation for the SCRS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plan, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year. For the year ended June 30, 2018, the employer contribution rates were 14.41% of member's compensation and .15% of member's compensation for incidental death benefits. Total employer expense for the year ending June 30, 2018 were \$1,060,038.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the System's Pension Trust Funds. The CAFR is publically available through the Retirement Benefits link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC, 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial statement information is also included in the comprehensive annual financial report of the state.

Actuarial Assumptions

Actuarial Assumptions involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The next experience study is scheduled to be conducted after the June 30, 2019 annual valuation is complete.

The total pension liability for the South Carolina Public Employee Benefit Authority was determined based on the most recent actuarial valuation, which was conducted using membership data as of July 1, 2018, projected forward to the end of the fiscal year, and financial information as of June 30, 2019, using generally accepted actuarial procedures.

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

11. DEFINED BENEFIT PENSION PLAN (continued)

The financial reporting actuarial valuation as of July 1, 2018, used the following actuarial methods and assumptions, applied to all periods included in this measurement:

Valuation Date	July 1, 2018
Experience Study	July 1, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Amortization Period	30 years, open
Asset Valuation Method	20% Difference Recognition
Inflation	2.25%
Salary Increase	3.50% plus step-rate increases for members with less than 25 years of service
Investment Rate of Return	7.25%

The rates of mortality for the period after service retirement are according to the 2016 Public Retirees of South Carolina Mortality table (2016 PRCS). The multipliers used in the table are adjusted according to plan experience.

The long-term expected rate on return of pension plan investments is based upon the thirty year capital market outlook at the end of the fourth quarter of 2013. The long-term expected rate of return represents assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economics forecasts. The most recent experience study is outlined in the report and dated July 1, 2018. The expected returns, along with expected inflation rate, form the basis for the target asset allocation adopted for fiscal year 2019. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00% real rate of return and a 2.25% inflation component.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the Systems fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term, expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The Schedule of Deferred Inflows and Outflows, and Pension Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

11. DEFINED BENEFIT PENSION PLAN (continued)

The Schedule does not include deferred outflows/inflows of resources for changes in the employer’s proportionate share of contribution or employer contributions made subsequent to the measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments and projected and actual experience are netted and amortized over a closed five-year period.

Sensitivity Analysis

In accordance with GASB 68 regarding the disclosure of the sensitivity of the Net Pension Liability to changes in the discount rate, the below table presents the Net Pension Liability calculated using the discount rate of 7.25%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower (6.25%) or 1.00% higher (8.25%) than the current rate.

	1.0% Decrease (6.25%)	Current Discount Rate (7.25%)	1.0% Increase (8.25%)
SHA’s Net Pension Liability	\$4,327,512	\$3,435,104	\$2,690,338

Summary of Significant Accounting Policies

Employee, employer, and state-appropriated contributions are recognized in the period in which they are due, pursuant to formal commitments as well as statutory requirements. Substantially all contributions receivable are collected within thirty days of year end.

Basis of Accounting

All funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan.

Use of Estimates

The preparation of the Schedules in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts and disclosures. PEBA accrues employer contributions using estimates based on historical data. Actual results could differ from those estimates.

Net Pension Liability

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the South Carolina Retirement System (SCRS). Statement 68 became effective June 30, 2015 and includes requirements to record and report their proportionate share of the collective Net Pension Liability, Pension Expense, Deferred Inflows and Deferred Outflows of resources associated with pensions.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

11. DEFINED BENEFIT PENSION PLAN (continued)

	<u>Net Pension Liability as of 6/30/18</u>	<u>Net Pension Liability as of 6/30/19</u>	<u>Percent of Collective NPL</u>
Employer Proportionate Share	\$4,146,653	\$3,435,104	0.015044%

At June 30, 2019, the employer recorded a liability of \$3,435,104 for its proportionate share of the Net Pension Liability. This liability was based upon a measurement date of June 30, 2018 and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of July 1, 2018. The employer's proportion of the Net Pension Liability was based on the employer's contributions received by SCRS during the measurement period July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of SCRS' participating employers. At June 30, 2019, the employer's proportion was 0.015044%.

Changes in actuarial assumptions and methods: There were no changes in assumptions or other inputs that affected the measurement of the Total Pension Liability.

Changes in benefit terms: There have been no changes in benefit terms since the previous measurement date.

Changes in proportionate share: There were no changes between the measurement date of the collective Net Pension Liability and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

Deferred Inflows and Outflows

For fiscal year 2019, the employer reported its proportionate share of SCRS' deferred outflows of resources and deferred inflows of resources related to SCRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual results	\$ 2,361	\$ 24,677
Changes in assumptions	69,222	-
Net difference between projected and actual earnings on plan investments	107,675	77,265
Changes in proportion and differences between Authority contributions and proportionate share of contributions	454,313	562,203
Authority contributions subsequent to the measurement date	256,704	-
Total	<u>\$ 890,275</u>	<u>\$ 664,145</u>

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

11. DEFINED BENEFIT PENSION PLAN (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from employers' contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows:

For the Year Ended June 30:	Recognition of Existing Deferred Outflow (Inflow) of Resources, Net
2019	\$307,057
2020	\$(164,055)
2021	\$(178,534)
2022	\$4,958

In addition to the above plan, the Authority provides pension benefits for employees that did not elect to participate in the state plan through a defined contribution plan. The plan is administered by Mutual of America. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Authority contributes 5% of the employees' covered salaries, while the employees are not required to contribute to the plan. During fiscal year 2019, the Authority made the required contributions in the amount of \$26,476 based upon total payroll wage coverage of \$529,522.

12. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

As part of the conversion to GASB 75, The Authority has an actuarial study performed to determine the liability associated with employer- provided retiree health care benefits through the South Carolina Employee Benefit Authority Plans. With the adoption of this pronouncement, the Authority recognized a liability of \$2,057,218 as of September 30, 2018. During the current fiscal year, the Authority adopted a key change to the plan which amended employee cost sharing such that retirees pay 100% of the premiums effective April 1, 2019. This reduced the outstanding liability as of September 30, 2019 to \$53,946 which resulted in a \$2.1 million decrease that was recognized immediately.

Several key drivers of plan costs and liabilities are:

- Premiums for Post 65 (Medicare integrated) plans - represent 90.35% of the total plan liabilities Age at which plan participants retire
- Percentage of plan participants who elect coverage for themselves and/or a spouse
- Medical care cost inflation rate - We currently assume medical costs increase at 5.00% per year for non-Medicare integrated plans and 4.50% per year for Medicare integrated plans.
- Discount Rate (3.75%) – Higher discount rates yield lower liabilities and vice versa
- Cost Sharing

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

12. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Discount Rate Determinants

- Employer Current and Future Benefit Payments
- Municipal Bond Rate – The municipal bond rate was 3.58% as of September 30, 2019.
- Current Asset Level – The Authority had \$0 of assets as of September 30, 2019.

Key Metrics

Additional Required Supplementary Information included on pages 47-48.

Valuation Date	October 1, 2017	October 1, 2017
For the Measurement Period ending on the Measurement Date of:	September 30, 2019	September 30, 2018
For the Reporting Period & Fiscal Year ending on:	September 30, 2019	September 30, 2018
I. Total OPEB Liability		
A. Actives	11,359	1,016,456
B. Retirees/Disabled	<u>42,587</u>	<u>1,040,762</u>
C. Total	53,946	2,057,218
II. Fiduciary Net Position [Plan Assets]	0	0
III. Net OPEB Liability (Asset) [I. - II.]	53,946	2,057,218
IV. Funded Ratio [II. / I.]	0.00%	0.00%
V. Number of Eligible Participants		
A. Actives	26	26
B. Retirees/Disabled & Dependents	9	9
C. Total	35	35
VI. Service Cost	1,362	113,067
VII. Financial Statement Expense	(1,978,054)	188,478
VIII. Employer Contribution to the OPEB Trust	0	0
IX. Deferred Inflow of Resources	(14,323)	0
X. Deferred Outflow of Resources	0	0
XI. Money Weighted Rate of Return	N/A	N/A
XII. 20-year Municipal Bond Rate (SAPIHG)	3.58%	3.64%
XIII. Expected Long Term Rate of Return (Net of Expense)	N/A	N/A
XIV. Crossover Year	Immediate	Immediate
XV. Discount Rate	3.75%	3.75%

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

12. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Valuation Date	October 1, 2017
For the Measurement Period ending on the Measurement Date of:	September 30, 2019
For the Reporting Period & Fiscal Year ending on:	September 30, 2019
Source of Deferred Inflow/Outflow	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	0
II. Deferred (Inflow)/Outflow from Investment Experience	0
III. Deferred (Inflow)/Outflow from Changes in Assumptions	(14,323)
Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	0
II. Deferred Outflow created during the period	0
III. Deferred Outflow recognized during the period	0
IV. Change in Deferred Outflow (II. - III.)	0
V. Deferred Outflow at end of the period (I. + IV.)	0
VI. Deferred Inflow at the beginning of the period	0
VII. Deferred Inflow created during the period	(2,070,733)
VIII. Deferred Inflow recognized during the period	(2,056,410)
IX. Change in Deferred Inflow (VII. - VIII.)	(14,323)
X. Deferred Inflow at end of the period (VI. + IX.)	(14,323)
Net OPEB Liability	
I. Net OPEB Liability at beginning of period	2,057,218
II. Service Cost	1,362
III. Interest on Total OPEB Liability, Service Cost, and Payments	76,994
IV. Projected Investment Income	0
V. Total Employer Contributions	(10,895)
VI. Expense Related to Change in Benefit Terms	0
VII. Net OPEB Expense - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + IV. + V. + VI.)	67,461
VIII. Deferred Outflow created during the period	0
IX. Deferred Inflow created during the period	(2,070,733)
X. Net OPEB Liability at end of period (I. + VII. + VIII. + IX.)	53,946
Net OPEB Expense	
I. Service Cost	1,362
II. Interest on Total OPEB Liability, Service Cost, and Payments	76,994
III. Projected Investment Income	0
IV. Recognition of Deferred (Inflow)/Outflow	(2,056,410)
V. Expense Related to Change in Benefit Terms	0
VI. Financial Statement Expense (I. + II. + III. + IV. + V.)	(1,978,054)
VII. Benefit Payments	(10,895)
VIII. Contributions to Trust	0
IX. Total Employer Payments (VII. + VIII.)	(10,895)
X. Total Net OPEB Expense under GASB 75 (VI. + IX.)	(1,988,949)

The OPEB liability is based on the current discount rate of 3.75%. Changes in that value yield the following changes in the total OPEB liability and related service cost:

	1% Decrease	Current Discount Rate	1% Increase
I. Total OPEB Liability	\$ 58,104	\$ 53,946	\$ 50,965
II. Fiduciary Net Position	-	-	-
III. Net OPEB Liability (Asset) [I.-II.]	58,104	53,946	50,965
IV. Service Cost	1,630	1,362	1,142

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

12. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

The OPEB valuation was conducted by Odyssey Advisors and was issued on October 29, 2019. Additional details regarding this report can be obtained by contacting Joe C. Calicdan, Finance Manager, Housing Authority of the City of Spartanburg, 2271 South Pine Street, Spartanburg, SC 29203 or by email at jcalicdan@shasc.org.

13. RELATED PARTY TRANSACTIONS

In March of 2007, the Authority issued \$13,900,000 of Multi-Family Tax Exempt Bonds to finance a portion of the construction and rehabilitation of the Spartanburg Southside Project, consisting of four low income housing rental unit projects located in the Spartanburg area, and owned by CS1, LLC, and an affiliated limited liability company. Other financing sources of the Southside Project mixed financing arrangement consisted primarily of CSI, LLC tax credit equity, state and local grants, and HOPE VI funds. Upon issuance, the \$13,900,000 bond funds were loaned to CS1, LLC, and secured by the Southside Project property.

According to the loan agreement, \$10,295,000 has been repaid from Investor Member contributions and a balance exists on the Bonds of \$3,445,000. Neither the notes receivable from CS1, LLC or the Bonds payable is recorded on the Housing Authority books. This is considered to be a conduit debt obligation. The mortgage note receivable is explained in Note 6 to the financial statements.

As stated in Note 6, Notes Receivable, and Note 7, Other Noncurrent Assets, there exist amounts invested in and loaned to affiliated tax credit properties. The transactions have been stated in these notes to the financial statements and are not restated in the note for related parties. Additionally, that has been surplus cash funds in the amount of \$246,416 received during the year from excess cash from certain tax credit properties. Each of the tax credit properties are managed by private management companies and not the Housing Authority.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

14. ECONOMIC DEPENDENCY

The PHA Owned Housing Program is economically dependent on annual contributions and grants from HUD. The program operates at a loss prior to receiving the contributions and grants.

15. COMMITMENTS & CONTINGENCIES

The Authority is exposed to various risks of losses related to torts; theft or, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims & liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The Authority utilizes insurance to mitigate this risk and \$48,934 of casualty losses were expensed and \$37,645 of insurance proceeds received during the audit period.

Legal

The Authority was named in a class action lawsuit related to the existence of bed bugs in one of the properties. The status of the claim is such that no outcome is determinable at this time. Management believes the potential adverse impact of this claim would not be material to the financial statements of the Authority.

Grants and Contracts

The Authority participates in various federally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional based upon compliance with terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. There were no such liabilities recorded as of September 30, 2019.

Operating Leases

During November 2015, SHA entered into an operating lease agreement for its central office effective January 1, 2016. Future minimum lease payments under the operating lease are as follows:

2020	\$	142,673
2021		<u>35,688</u>
	\$	<u>178,361</u>

Property Taxes

In addition to the above, the Authority is responsible for property taxes to be reimbursed to the landlord in December each year.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

16. RESTRICTED NET POSITION

Restricted Net Position (equity) as of September 30, 2019, consisted of the following:

HCVP program - housing assistance payment equity	\$ 179,486
Maionstream 5 program - housing assistance payment equity	94,195
Funds restricted for development (Public Housing)	1,368,436
Restricted deposits and funded reserves - JC Bull (New Construction)	1,950,058
Long-term Notes Receivable	22,433,336
	\$ 26,025,511

17. INTER-PROGRAM ELIMINATIONS

The following amounts have been eliminated in the preparation of the financial statements:

Inter-program Notes Receivable	\$ 190,541
Interfund Due to/from	41,664
Statement of Net Position Totals	\$ 232,205
Management fees	\$ 707,704
Bookkeeping fees	256,653
Statement of Revenue, Expense and Changes in Net Position Totals	\$ 964,357

18. SUPPLEMENTARY INFORMATION

The supplementary information has been included in order to show the financial statements of the Housing Authority on the GAAP basis of accounting but in the format of the HUD Financial Data Schedule and/or the HUD Handbook 7476.3 Audit Guide. This is due to the fact that some supplementary information is reviewed by the field office and provides greater detail concerning the operations of the Authority.

19. SUBSEQUENT EVENTS

Coronavirus Pandemic- In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. While the Authority's operation has experienced closures of its offices to the general public, the immediate financial impact to the Authority's operations has been minimized with the award of supplemental CARES Act operating funding in the amounts of \$346,536 for its Low-income Public Housing Program and

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

19. SUBSEQUENT EVENTS (Continued):

\$263,846 for its Housing Choice Voucher Program. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenants ability to pay the required monthly rent. Operating functions that may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs.

Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

In March 2020, the Housing Authority through its non-profit affiliate, the Spartanburg Area Housing Corporation ("SAHC") exercised the right of first refusal to purchase Country Garden Estates I and II, to buy out the interests of the Spartanburg Leased Housing Limited Partnership and SHA-2, Inc that were properties that were developed using Low Income Housing Tax Credits. This action resulted an increase of 100 units of Affordable units under the control of the Authority.

Management for the primary government has evaluated subsequent events after September 30, 2019, and through August 7, 2020, the date which the financial statements were available to be issued, and no events were identified that would require recognition or disclosure within these financial statements except for the item noted above.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA PUBLIC EMPLOYEE BENEFIT AUTHORITY
September 30, 2019**

	South Carolina Retirement System				Police Officers Retirement System			
	2019	2018	2017	2016	2019	2018	2017	2016
Authority's proportion of the net pension liability	0.015044%	0.018284%	0.017732%	0.013270%	0.000000%	0.001758%	0.002610%	0.001940%
Authority's proportionate share of the net pension liability	\$ 3,370,818	\$ 4,096,837	3,991,758	2,419,430	\$ -	\$ 49,816	\$ 71,557	\$ 49,106
Authority's covered-employee payroll	\$ 1,606,229	\$ 1,811,077	\$ 1,824,268	\$ 1,133,744	\$ -	\$ 22,728	\$ 35,179	\$ 25,424
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	209.9%	226.2%	218.8%	213.4%	N/A	219.2%	203.4%	193.1%
Plan fiduciary net position as a percentage of the total pension liability	54.4%	54.1%	53.3%	52.9%	N/A	61.7%	60.9%	60.4%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available as the Authority did not join the plans until October 1, 2015.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
SCHEDULE OF CONTRIBUTIONS
SOUTH CAROLINA PUBLIC EMPLOYEE BENEFIT AUTHORITY
September 30, 2019**

	South Carolina Retirement System				Police Officers Retirement System			
	2019	2018	2017	2016	2019	2018	2017	2016
Contractually required contribution	\$ 231,297	\$ 245,582	\$ 206,819	\$ 121,311	\$ -	\$ 3,691	\$ 5,010	\$ 3,392
Contributions in relation to the contractually required contribution	\$ 231,297	\$ 245,582	\$ 206,819	\$ 121,311	\$ -	\$ 3,691	\$ 5,010	\$ 3,392
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$1,606,229	\$1,811,077	\$1,824,268	\$1,133,744	\$ -	\$22,728	\$35,179	\$25,424
Contributions as a percentage of covered-employee payroll	14.4%	13.6%	11.3%	10.7%	N/A	16.2%	14.2%	13.3%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available as the Authority did not join the plans until October 1, 2015.

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
Spartanburg, South Carolina

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the September 30, 2019 Measurement Date)

Notes to Required Supplementary Information:

Valuation Date:	Actuarially Determined Contribution was calculated as of October 1, 2017.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, September 30, 2019.
<u>Actuarial Assumptions:</u>	
Investment Rate of Return:	N/A.
Municipal Bond Rate	3.58% as of September 30, 2019 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)
Single Equivalent Discount Rate:	3.75%, net of OPEB plan investment expense, including inflation.
Inflation:	2.75% as of September 30, 2019 and for future periods
Salary Increases:	3.00% annually as of September 30, 2018 and for future periods
Cost of Living Adjustment:	Not Applicable
Pre-Retirement Mortality:	RP-2014 Employees Mortality Table adjusted to 2006 and projected generationally with scale MP-2018
Post-Retirement Mortality:	RP-2014 Healthy Annuitant Mortality Table adjusted to 2006 and projected generationally with scale MP-2018
Disabled Mortality:	RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB and a base year 2012 for males and females

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
Spartanburg, South Carolina

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the September 30, 2019 Measurement Date)

Notes to Required Supplementary Information (Continued):

Plan Membership

At October 1, 2017, OPEB plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits:	9
Active Employees:	<u>26</u>
Total:	35

Events Subsequent to the Measurement Date

Subsequent to the Measurement Date the Authority amended retiree cost sharing such that retirees pay 100% of premiums effective April 1, 2019. Had this change been reflected, the Net OPEB Liability would have been reduced by approximately \$1.75 million. This plan design change will be reflected in the valuation for the fiscal year ending September 30, 2019 and will immediately be recognized in the OPEB Expense.

Changes in Assumptions: From September 30, 2018 to September 30, 2019

✓ N/A Contributions:

The contribution requirements of plan members and the Authority are established and may be amended through Authority ordinances. The Authority contributed \$0 beyond the pay-as-you-go cost for the period ending on the September 30, 2018 Measurement Date. For the year ending on the September 30, 2019 Measurement Date total Authority premiums plus implicit costs for the retiree medical program were \$10,895. of the \$10,895 THE entire amount represents implicit cost.

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
September 30, 2019

	Low-Rent Public Housing 14,850	Housing Choice Vouchers 14,871	Business Activities	Multifamily Housing Service Coordinators 14,191
ASSETS AND DEFERRED OUTFLOW OF RESOURCES				
CURRENT ASSETS:				
Cash:				
Cash - Unrestricted	1,885,376	103,666	9,056	-
Cash - Restricted- Modernization and Development	94,478.00	-	-	-
Cash - Other Restricted	1,762,190	257,364	-	-
Cash - Tenant Security Deposits	92,575	-	15,801	-
Cash - Restricted for Payment of Current Liabilities	-	-	-	-
Total Cash	3,834,619	361,030	24,857	-
Accounts and notes receivables:				
Accounts Receivable - PHA Projects	-	14,123	-	-
Accounts Receivable - HUD Other Projects	335,003	-	-	-
Accounts Receivable- Other Government	-	-	-	-
Accounts Receivable - Miscellaneous	-	5	60,678	-
Accounts Receivable - Tenants	12,742	-	86	-
Allowance for Doubtful Accounts -Tenants	(919)	-	-	-
Allowance for Doubtful Accounts - Other	-	-	(22,462)	-
Notes, Loans, & Mortgages Receivable - Current	-	-	-	-
Fraud Recovery	-	93,361	-	-
Allowance for Doubtful Accounts - Fraud	-	(93,361)	-	-
Accrued Interest Receivable	-	-	-	-
Total Receivables, Net	346,826	14,128	38,302	-
Other Current Assets:				
Investments - Unrestricted	-	-	-	-
Investments - Restricted	-	-	-	-
Investments- Restricted for Payment of Current Liability	-	-	-	-
Prepaid Expenses and Other Assets	6,741	-	12,819.00	-
Inventories	-	-	-	-
Allowance for Obsolete Inventories	-	-	-	-
Inter Program Due From	-	-	-	-
Assets Held for Sale	-	-	59,800	-
TOTAL CURRENT ASSETS	4,188,186	375,158	135,778	-
NONCURRENT ASSETS:				
Capital Assets:				
Land	2,534,474	-	2,120,891	-
Buildings	26,497,166	-	3,808,556	-
Furniture, Equipment & Machinery - Dwellings	155,409	-	-	-
Furniture, Equipment & Machinery - Administration	479,493	133,977	47,211	-
Accumulated Depreciation	(21,325,200)	(133,977)	(2,211,151)	-
Construction in Progress	686,356	-	-	-
Infrastructure	-	-	-	-
Total Capital Assets, Net	9,027,698	-	3,765,507	-
Notes, Loans and Mortgages Receivable - Non-Current	8,244,574	-	14,188,762	-
Notes, Loans and Mortgages Receivable - Non-Current - Past Due	-	-	-	-
Grants Receivable- Non Current	-	-	-	-
Other Assets	-	-	1,565,739	-
Investments in Joint Ventures	-	-	92,425	-
TOTAL NONCURRENT ASSETS	17,272,272	-	19,612,433	-
DEFERRED OUTFLOW OF RESOURCES	290,667	146,287	74,329	-
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	21,751,125	521,445	19,822,540	-

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
September 30, 2019

	Youth Build Program 17,274	ROSS 14,870	14,879 Mainstream Vouchers	Section 8 Moderate Housing Assistance 14,856
ASSETS AND DEFERRED OUTFLOW OF RESOURCES				
CURRENT ASSETS:				
Cash:				
Cash - Unrestricted	-	-	9,568	131,570
Cash - Restricted- Modernization and Development	-	-	-	-
Cash - Other Restricted	-	-	94,195	107,553
Cash - Tenant Security Deposits	-	-	-	-
Cash - Restricted for Payment of Current Liabilities	-	-	-	-
Total Cash	-	-	103,763	239,123
Accounts and notes receivables:				
Accounts Receivable - PHA Projects	-	-	-	-
Accounts Receivable - HUD Other Projects	-	42,338	-	-
Accounts Receivable- Other Government	-	-	-	-
Accounts Receivable - Miscellaneous	-	-	-	-
Accounts Receivable - Tenants	-	-	-	8,932
Allowance for Doubtful Accounts -Tenants	-	-	-	(4,076)
Allowance for Doubtful Accounts - Other	-	-	-	-
Notes, Loans, & Mortgages Receivable - Current	-	-	-	-
Fraud Recovery	-	-	-	-
Allowance for Doubtful Accounts - Fraud	-	-	-	-
Accrued Interest Receivable	-	-	-	-
Total Receivables, Net	-	42,338	-	4,856
Other Current Assets:				
Investments - Unrestricted	-	-	-	-
Investments - Restricted	-	-	-	-
Investments- Restricted for Payment of Current Liability	-	-	-	-
Prepaid Expenses and Other Assets	-	-	-	-
Inventories	-	-	-	-
Allowance for Obsolete Inventories	-	-	-	-
Inter Program Due From	-	-	-	-
Assets Held for Sale	-	-	-	-
TOTAL CURRENT ASSETS	-	42,338	103,763	243,979
NONCURRENT ASSETS:				
Capital Assets:				
Land	-	-	-	-
Buildings	-	-	-	-
Furniture, Equipment & Machinery - Dwellings	-	-	-	-
Furniture, Equipment & Machinery - Administration	-	-	-	-
Accumulated Depreciation	-	-	-	-
Construction in Progress	-	-	-	-
Infrastructure	-	-	-	-
Total Capital Assets, Net	-	-	-	-
Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-
Notes, Loans and Mortgages Receivable - Non-Current - Past Due	-	-	-	-
Grants Receivable- Non Current	-	-	-	-
Other Assets	-	-	-	-
Investments in Joint Ventures	-	-	-	-
TOTAL NONCURRENT ASSETS	-	-	-	-
DEFERRED OUTFLOW OF RESOURCES	-	-	-	6,739
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	-	42,338	103,763	250,718

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
September 30, 2019

	New Construction Section 8 Programs 14,182	2 State/Local	Summer Food Services Program for Children 10,559	Blended Component Unit 6.2
ASSETS AND DEFERRED OUTFLOW OF RESOURCES				
CURRENT ASSETS:				
Cash:				
Cash - Unrestricted	89,166	-	2,495	-
Cash - Restricted- Modernization and Development	-	-	-	-
Cash - Other Restricted	1,950,058	-	-	-
Cash - Tenant Security Deposits	22,905	-	-	-
Cash - Restricted for Payment of Current Liabilities	-	-	-	-
Total Cash	2,062,129	-	2,495	-
Accounts and notes receivables:				
Accounts Receivable - PHA Projects	-	-	-	-
Accounts Receivable - HUD Other Projects	-	-	-	-
Accounts Receivable- Other Government	-	-	941	-
Accounts Receivable - Miscellaneous	-	-	-	-
Accounts Receivable - Tenants	643	-	-	-
Allowance for Doubtful Accounts -Tenants	(348)	-	-	-
Allowance for Doubtful Accounts - Other	-	-	-	-
Notes, Loans, & Mortgages Receivable - Current	-	-	-	-
Fraud Recovery	-	-	-	-
Allowance for Doubtful Accounts - Fraud	-	-	-	-
Accrued Interest Receivable	-	-	-	-
Total Receivables, Net	295	-	941	-
Other Current Assets:				
Investments - Unrestricted	-	-	-	-
Investments - Restricted	-	-	-	-
Investments- Restricted for Payment of Current Liability	-	-	-	-
Prepaid Expenses and Other Assets	-	-	-	-
Inventories	-	-	-	-
Allowance for Obsolete Inventories	-	-	-	-
Inter Program Due From	-	-	-	-
Assets Held for Sale	-	-	-	-
TOTAL CURRENT ASSETS	2,062,424	-	3,436	-
NONCURRENT ASSETS:				
Capital Assets:				
Land	408,618	-	-	-
Buildings	3,304,683	-	-	-
Furniture, Equipment & Machinery - Dwellings	142,239	-	-	-
Furniture, Equipment & Machinery - Administration	157,978	-	-	-
Accumulated Depreciation	(3,276,778)	-	-	-
Construction in Progress	-	-	-	-
Infrastructure	-	-	-	-
Total Capital Assets, Net	736,740	-	-	-
Notes, Loans and Mortgages Receivable - Non-Current	190,541	-	-	-
Notes, Loans and Mortgages Receivable - Non-Current - Past Due	-	-	-	-
Grants Receivable- Non Current	-	-	-	-
Other Assets	-	-	-	-
Investments in Joint Ventures	-	-	-	-
TOTAL NONCURRENT ASSETS	927,281	-	-	-
DEFERRED OUTFLOW OF RESOURCES	60,487	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	3,050,192	-	3,436	-

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
September 30, 2019

	COCC	Subtotal	ELIM	Total
ASSETS AND DEFERRED OUTFLOW OF RESOURCES				
CURRENT ASSETS:				
Cash:				
Cash - Unrestricted	929,478	3,160,375	-	3,160,375
Cash - Restricted- Modernization and Development	-	94,478	-	94,478
Cash - Other Restricted	-	4,171,360	-	4,171,360
Cash - Tenant Security Deposits	-	131,281	-	131,281
Cash - Restricted for Payment of Current Liabilities	-	-	-	-
Total Cash	929,478	7,557,494	-	7,557,494
Accounts and notes receivables:				
Accounts Receivable - PHA Projects	-	14,123	-	14,123
Accounts Receivable - HUD Other Projects	-	377,341	-	377,341
Accounts Receivable- Other Government	-	941	-	941
Accounts Receivable - Miscellaneous	42,371	103,054	-	103,054
Accounts Receivable - Tenants	-	22,403	-	22,403
Allowance for Doubtful Accounts -Tenants	-	(5,343)	-	(5,343)
Allowance for Doubtful Accounts - Other	-	(22,462)	-	(22,462)
Notes, Loans, & Mortgages Receivable - Current	-	-	-	-
Fraud Recovery	-	93,361	-	93,361
Allowance for Doubtful Accounts - Fraud	-	(93,361)	-	(93,361)
Accrued Interest Receivable	-	-	-	-
Total Receivables, Net	42,371	490,057	-	490,057
Other Current Assets:				
Investments - Unrestricted	-	-	-	-
Investments - Restricted	-	-	-	-
Investments- Restricted for Payment of Current Liability	-	-	-	-
Prepaid Expenses and Other Assets	112,986	132,546	-	132,546
Inventories	-	-	-	-
Allowance for Obsolete Inventories	-	-	-	-
Inter Program Due From	41,664	41,664	(41,664)	-
Assets Held for Sale	-	59,800	-	59,800
TOTAL CURRENT ASSETS	1,126,499	8,281,561	(41,664)	8,239,897
NONCURRENT ASSETS:				
Capital Assets:				
Land	-	5,063,983	-	5,063,983
Buildings	3,226	33,613,631	-	33,613,631
Furniture, Equipment & Machinery - Dwellings	-	297,648	-	297,648
Furniture, Equipment & Machinery - Administration	561,005	1,379,664	-	1,379,664
Accumulated Depreciation	(538,730)	(27,485,836)	-	(27,485,836)
Construction in Progress	-	686,356	-	686,356
Infrastructure	-	-	-	-
Total Capital Assets, Net	25,501	13,555,446	-	13,555,446
Notes, Loans and Mortgages Receivable - Non-Current	-	22,623,877	(190,541)	22,433,336
Notes, Loans and Mortgages Receivable - Non-Current - Past Due	-	-	-	-
Grants Receivable- Non Current	-	-	-	-
Other Assets	-	1,565,739	-	1,565,739
Investments in Joint Ventures	-	92,425	-	92,425
TOTAL NONCURRENT ASSETS	25,501	37,837,487	(190,541)	37,646,946
DEFERRED OUTFLOW OF RESOURCES	311,766	890,275	-	890,275
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	1,463,766	47,009,323	(232,205)	46,777,118

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
September 30, 2019

	Low-Rent Public Housing 14,850	Housing Choice Vouchers 14,871	Business Activities	Multifamily Housing Service Coordinators 14,191
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION				
LIABILITIES:				
CURRENT LIABILITIES:				
Bank Overdraft	-	-	-	-
Accounts Payable <= 90 Days	122,857	900	9,249	-
Accounts Payable >90 Days Past Due	-	-	-	-
Accrued Wage/Payroll Taxes Payable	21,874	13,283	7,406	-
Accrued Compensated Absences - Current Portion	7,213	7,374	-	-
Accrued Contingency Liability	-	-	-	-
Accrued Interest Payable	-	-	-	-
Accounts Payable - HUD PHA Programs	-	-	-	-
Account Payable - PHA Projects	-	-	-	-
Accounts Payable - Other Government	-	-	-	-
Tenant Security Deposits	92,575	-	15,801	-
Unearned Revenue	7,443	4,713	299	-
Current Portion of Long Term Debt - Capital Projects/Mortgage Revenue	-	-	5,134	-
Current Portion of Long Term Debt-Operating Borrowings	-	-	-	-
Other Current Liabilities	53,052	-	2,005	-
Accrued Liabilities - Other	-	-	-	-
Inter Program - Due To	-	-	-	-
Loan Liability - Current	-	-	-	-
TOTAL CURRENT LIABILITIES	305,014	26,270	39,894	-
NONCURRENT LIABILITIES:				
Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	561,203	-
Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-
Non-current Liabilities - Other	-	77,878	-	-
Accrued Compensated Absences - Non Current	40,870	41,786	-	-
Loan Liability - Non Current	-	-	-	-
FASB 5 Liabilities	-	-	-	-
Accrued Pension and OPEB Liabilities	1,133,421	572,017	286,798	-
TOTAL NONCURRENT LIABILITIES	1,174,291	691,681	848,001	-
TOTAL LIABILITIES	1,479,305	717,951	887,895	-
DEFERRED INFLOW OF RESOURCES	219,994	111,141	55,450	-
NET POSITION :				
Net Investment in Capital Assets	9,027,698	-	3,199,170	-
Restricted Net Position	9,613,010	179,486	14,188,762	-
Unrestricted Net Position	1,411,118	(487,133)	1,491,263	-
TOTAL NET POSITION	20,051,826	(307,647)	18,879,195	-
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	21,751,125	521,445	19,822,540	-

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
September 30, 2019

	Youth Build Program 17,274	ROSS 14,870	14,879 Mainstream Vouchers	Section 8 Moderate Housing Assistance 14,856
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION				
LIABILITIES:				
CURRENT LIABILITIES:				
Bank Overdraft	-	-	-	-
Accounts Payable <= 90 Days	-	415	-	358
Accounts Payable >90 Days Past Due	-	-	-	-
Accrued Wage/Payroll Taxes Payable	-	-	-	408
Accrued Compensated Absences - Current Portion	-	259	-	-
Accrued Contingency Liability	-	-	-	-
Accrued Interest Payable	-	-	-	-
Accounts Payable - HUD PHA Programs	-	-	-	107,553
Account Payable - PHA Projects	-	-	-	-
Accounts Payable - Other Government	-	-	-	-
Tenant Security Deposits	-	-	-	-
Unearned Revenue	-	-	-	-
Current Portion of Long Term Debt - Capital Projects/Mortgage Revenue	-	-	-	-
Current Portion of Long Term Debt-Operating Borrowings	-	-	-	-
Other Current Liabilities	-	-	-	-
Accrued Liabilities - Other	-	-	-	-
Inter Program - Due To	-	41,664	-	-
Loan Liability - Current	-	-	-	-
TOTAL CURRENT LIABILITIES	-	42,338	-	108,319
NONCURRENT LIABILITIES:				
Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-
Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-
Non-current Liabilities - Other	-	-	-	-
Accrued Compensated Absences - Non Current	-	-	-	-
Loan Liability - Non Current	-	-	-	-
FASB 5 Liabilities	-	-	-	-
Accrued Pension and OPEB Liabilities	-	-	-	26,002
TOTAL NONCURRENT LIABILITIES	-	-	-	26,002
TOTAL LIABILITIES	-	42,338	-	134,321
DEFERRED INFLOW OF RESOURCES	-	-	-	5,027
NET POSITION :				
Net Investment in Capital Assets	-	-	-	-
Restricted Net Position	-	-	94,195	-
Unrestricted Net Position	-	-	9,568	111,370
TOTAL NET POSITION	-	-	103,763	111,370
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	-	42,338	103,763	250,718

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
September 30, 2019

	New Construction Section 8 Programs 14,182	2 State/Local	Summer Food Services Program for Children 10,559	Blended Component Unit 6.2
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION				
LIABILITIES:				
CURRENT LIABILITIES:				
Bank Overdraft	-	-	-	-
Accounts Payable <= 90 Days	16,280	-	-	-
Accounts Payable >90 Days Past Due	-	-	-	-
Accrued Wage/Payroll Taxes Payable	4,879	-	-	-
Accrued Compensated Absences - Current Portion	768	-	-	-
Accrued Contingency Liability	-	-	-	-
Accrued Interest Payable	-	-	-	-
Accounts Payable - HUD PHA Programs	-	-	-	-
Account Payable - PHA Projects	-	-	-	-
Accounts Payable - Other Government	-	-	-	-
Tenant Security Deposits	22,905	-	-	-
Unearned Revenue	672	-	-	-
Current Portion of Long Term Debt - Capital Projects/Mortgage Revenue	-	-	-	-
Current Portion of Long Term Debt-Operating Borrowings	-	-	-	-
Other Current Liabilities	1,075	-	-	-
Accrued Liabilities - Other	-	-	-	-
Inter Program - Due To	-	-	-	-
Loan Liability - Current	-	-	-	-
TOTAL CURRENT LIABILITIES	46,579	-	-	-
NONCURRENT LIABILITIES:				
Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-
Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-
Non-current Liabilities - Other	-	-	-	-
Accrued Compensated Absences - Non Current	4,351	-	-	-
Loan Liability - Non Current	-	-	-	-
FASB 5 Liabilities	-	-	-	-
Accrued Pension and OPEB Liabilities	234,345	-	-	-
TOTAL NONCURRENT LIABILITIES	238,696	-	-	-
TOTAL LIABILITIES	285,275	-	-	-
DEFERRED INFLOW OF RESOURCES	45,378	-	-	-
NET POSITION :				
Net Investment in Capital Assets	736,740	-	-	-
Restricted Net Position	1,950,058	-	-	-
Unrestricted Net Position	32,741	-	3,436	-
TOTAL NET POSITION	2,719,539	-	3,436	-
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	3,050,192	-	3,436	-

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
September 30, 2019

	COCC	Subtotal	ELIM	Total
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION				
LIABILITIES:				
CURRENT LIABILITIES:				
Bank Overdraft	-	-	-	-
Accounts Payable <= 90 Days	78,277	228,336	-	228,336
Accounts Payable >90 Days Past Due	-	-	-	-
Accrued Wage/Payroll Taxes Payable	17,050	64,900	-	64,900
Accrued Compensated Absences - Current Portion	10,780	26,394	-	26,394
Accrued Contingency Liability	-	-	-	-
Accrued Interest Payable	-	-	-	-
Accounts Payable - HUD PHA Programs	-	107,553	-	107,553
Account Payable - PHA Projects	-	-	-	-
Accounts Payable - Other Government	-	-	-	-
Tenant Security Deposits	-	131,281	-	131,281
Unearned Revenue	-	13,127	-	13,127
Current Portion of Long Term Debt - Capital Projects/Mortgage Revenue	-	5,134	-	5,134
Current Portion of Long Term Debt-Operating Borrowings	-	-	-	-
Other Current Liabilities	-	56,132	-	56,132
Accrued Liabilities - Other	-	-	-	-
Inter Program - Due To	-	41,664	(41,664)	-
Loan Liability - Current	-	-	-	-
TOTAL CURRENT LIABILITIES	106,107	674,521	(41,664)	632,857
NONCURRENT LIABILITIES:				
Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	561,203	(190,541)	370,662
Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-
Non-current Liabilities - Other	-	77,878	-	77,878
Accrued Compensated Absences - Non Current	61,096	148,103	-	148,103
Loan Liability - Non Current	-	-	-	-
FASB 5 Liabilities	-	-	-	-
Accrued Pension and OPEB Liabilities	1,236,467	3,489,050	-	3,489,050
TOTAL NONCURRENT LIABILITIES	1,297,563	4,276,234	(190,541)	4,085,693
TOTAL LIABILITIES	1,403,670	4,950,755	(232,205)	4,718,550
DEFERRED INFLOW OF RESOURCES	241,478	678,468	-	678,468
NET POSITION :				
Net Investment in Capital Assets	24,940	12,988,548	-	12,988,548
Restricted Net Position	-	26,025,511	-	26,025,511
Unrestricted Net Position	(206,322)	2,366,041	-	2,366,041
TOTAL NET POSITION	(181,382)	41,380,100	-	41,380,100
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	1,463,766	47,009,323	(232,205)	46,777,118

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
September 30, 2019

	Low-Rent Public Housing 14,850	Housing Choice Vouchers 14,871	Business Activities	Multifamily Housing Service Coordinators 14,191
REVENUES:				
Net Tenant Rental Revenue	1,183,573	-	85,243	-
Tenant Revenue - Other	155,251	-	923	-
Total Tenant Revenue	1,338,824	-	86,166	-
HUD PHA Operating Grants	2,653,934	12,118,236	-	55,092
Capital Grants	545,861	-	-	-
Management Fee	-	-	-	-
Asset Management Fee	-	-	-	-
Book Keeping Fee	-	-	-	-
Front Line Service Fee	-	-	-	-
Other Fees	-	-	100,965	-
Total Fees Revenue	-	-	100,965	-
Other Government Grants	-	-	22,404	-
Investment Income - Unrestricted	-	-	-	-
Mortgage Interest Income	-	-	-	-
Proceeds from Disposition of Assets Held for Sale	-	-	-	-
Cost of Sale of Assets	-	-	-	-
Fraud Recovery	13,499	36,175	-	-
Other Revenue	46,785	27,843	286,189	-
Gain or Loss on Sale of Capital Assets	0	-	-	-
Investment Income - Restricted	-	-	-	-
TOTAL REVENUES	4,598,903	12,182,254	495,724	55,092
EXPENSES:				
Administrative				
Administrative Salaries	474,422	356,812	134,915	34,945
Auditing Fees	18,573	3,496	925	-
Management Fee	367,293	301,032	-	-
Book-keeping Fee	42,250	188,145	-	-
Advertising and Marketing	-	375	61	-
Employee Benefit contributions - Administrative	(281,968)	347,558	460,225	23,419
Office Expense	207,494	94,613	7,254	3,198
Legal Expense	5,064	1,677	3,494	66
Travel Expense	2,250	1,251	-	415
Allocated Overhead	-	-	-	-
Other	140,748	39,843	19,786	-
Total Administrative Expense	976,126	1,334,802	626,660	62,043
Asset Management Fee	-	-	-	-
Tenant Services				
Tenant Services - Salaries	-	-	-	-
Relocation Costs	28,552	-	1,446	-
Employee Benefit Contributions - Tenant Services	-	-	-	-
Tenant Services - Other	51,948	-	-	150
Total Tenant Services	80,500	-	1,446	150
Utilities				
Water	127,117	-	4,634	-
Electricity	379,597	-	1,325	-
Gas	124,864	-	-	-
Fuel	-	-	-	-
Labor	-	-	-	-
Sewer	159,617	-	2,000	-
Employee Benefit Contributions - Utilities	-	-	-	-
Other Utilities Expense	-	-	-	-
Total Utilities	791,195	-	7,959	-
Ordinary Maintenance & Operations				
Ordinary Maintenance and Operations - Labor	354,887	-	46,102	-
Ordinary Maintenance and Operations - Materials and Other	200,338	3,412	10,821	-
Ordinary Maintenance and Operations Contracts	604,885	9,641	66,033	-
Employee Benefit Contributions - Ordinary Maintenance	106,277	-	5,010	-
Total Maintenance	1,266,387	13,053	127,966	-

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
September 30, 2019

	Youth Build Program 17,274	ROSS 14,870	14,879 Mainstream Vouchers	Section 8 Moderate Housing Assistance 14,856
REVENUES:				
Net Tenant Rental Revenue	-	-	-	-
Tenant Revenue - Other	-	-	-	-
Total Tenant Revenue	-	-	-	-
HUD PHA Operating Grants	97,223	129,666	207,071	1,399,497
Capital Grants	-	-	-	-
Management Fee	-	-	-	-
Asset Management Fee	-	-	-	-
Book Keeping Fee	-	-	-	-
Front Line Service Fee	-	-	-	-
Other Fees	-	-	-	-
Total Fees Revenue	-	-	-	-
Other Government Grants	-	-	-	-
Investment Income - Unrestricted	-	-	-	-
Mortgage Interest Income	-	-	-	-
Proceeds from Disposition of Assets Held for Sale	-	-	-	-
Cost of Sale of Assets	-	-	-	-
Fraud Recovery	-	-	-	5,576
Other Revenue	-	-	-	-
Gain or Loss on Sale of Capital Assets	-	-	-	-
Investment Income - Restricted	-	-	-	-
TOTAL REVENUES	97,223	129,666	207,071	1,405,073
EXPENSES:				
Administrative				
Administrative Salaries	61,526	68,042	-	16,437
Auditing Fees	-	-	-	2,000
Management Fee	-	-	-	28,332
Book-keeping Fee	-	-	-	17,708
Advertising and Marketing	-	-	-	76
Employee Benefit contributions - Administrative	17,505	41,296	-	43,192
Office Expenses	8,809	-	-	11,611
Legal Expense	-	-	-	-
Travel Expense	675	-	-	238
Allocated Overhead	-	-	-	-
Other	-	12,025	-	10,962
Total Administrative Expense	88,515	121,363	-	130,556
Asset Management Fee	-	-	-	-
Tenant Services				
Tenant Services - Salaries	-	-	-	-
Relocation Costs	-	-	-	-
Employee Benefit Contributions - Tenant Services	-	-	-	-
Tenant Services - Other	1,204	30	-	-
Total Tenant Services	1,204	30	-	-
Utilities				
Water	636	-	-	-
Electricity	108	-	-	-
Gas	1,368	-	-	-
Fuel	-	-	-	-
Labor	-	-	-	-
Sewer	-	-	-	-
Employee Benefit Contributions - Utilities	-	-	-	-
Other Utilities Expense	-	-	-	-
Total Utilities	2,112	-	-	-
Ordinary Maintenance & Operations				
Ordinary Maintenance and Operations - Labor	-	-	-	-
Ordinary Maintenance and Operations - Materials and Other	2,420	1,027	-	-
Ordinary Maintenance and Operations Contracts	-	-	-	5,964
Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-
Total Maintenance	2,420	1,027	-	5,964

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
September 30, 2019

	New Construction Section 8 Programs 14,182	State/Local	Summer Food Services Program for Children 10,559	Blended Component Unit
REVENUES:				
Net Tenant Rental Revenue	321,576	-	-	-
Tenant Revenue - Other	1,570	-	-	-
Total Tenant Revenue	323,146	-	-	-
HUD PHA Operating Grants	-	-	-	-
Capital Grants	-	-	-	-
Management Fee	-	-	-	-
Asset Management Fee	-	-	-	-
Book Keeping Fee	-	-	-	-
Front Line Service Fee	-	-	-	-
Other Fees	-	-	-	-
Total Fees Revenue	-	-	-	-
Other Government Grants	487,705	-	57,782	-
Investment Income - Unrestricted	-	-	-	-
Mortgage Interest Income	-	-	-	-
Proceeds from Disposition of Assets Held for Sale	-	-	-	-
Cost of Sale of Assets	-	-	-	-
Fraud Recovery	-	-	-	-
Other Revenue	240	-	-	-
Gain or Loss on Sale of Capital Assets	-	-	-	-
Investment Income - Restricted	19,027	-	-	-
TOTAL REVENUES	830,118	-	57,782	-
EXPENSES:				
Administrative				
Administrative Salaries	86,799	-	3,200	-
Auditing Fees	3,507	-	-	-
Management Fee	73,777	-	-	-
Book-keeping Fee	8,550	-	-	-
Advertising and Marketing	-	-	-	-
Employee Benefit contributions - Administrative	283,077	-	1,495	-
Office Expenses	41,419	-	-	-
Legal Expense	310	-	-	-
Travel Expense	2,099	-	-	-
Allocated Overhead	-	-	-	-
Other	-	-	-	-
Total Administrative Expense	499,538	-	4,695	-
Asset Management Fee	-	-	-	-
Tenant Services				
Tenant Services - Salaries	-	-	-	-
Relocation Costs	1,000	-	-	-
Employee Benefit Contributions - Tenant Services	-	-	-	-
Tenant Services - Other	7,465	-	49,651	-
Total Tenant Services	8,465	-	49,651	-
Utilities				
Water	14,590	-	-	-
Electricity	55,116	-	-	-
Gas	29,945	-	-	-
Fuel	-	-	-	-
Labor	-	-	-	-
Sewer	17,240	-	-	-
Employee Benefit Contributions - Utilities	-	-	-	-
Other Utilities Expense	-	-	-	-
Total Utilities	116,891	-	-	-
Ordinary Maintenance & Operations				
Ordinary Maintenance and Operations - Labor	61,318	-	-	-
Ordinary Maintenance and Operations - Materials and Other	27,717	-	-	-
Ordinary Maintenance and Operations Contracts	85,812	-	-	-
Employee Benefit Contributions - Ordinary Maintenance	10,470	-	-	-
Total Maintenance	185,317	-	-	-

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
September 30, 2019

	COCC	Subtotal	ELIM	Total
REVENUES:				
Net Tenant Rental Revenue	-	1,590,392	-	1,590,392
Tenant Revenue - Other	-	157,744	-	157,744
Total Tenant Revenue	-	1,748,136	-	1,748,136
HUD PHA Operating Grants	-	16,660,719	-	16,660,719
Capital Grants	-	545,861	-	545,861
Management Fee	707,704	707,704	(707,704)	-
Asset Management Fee	-	-	-	-
Book Keeping Fee	256,653	256,653	(256,653)	-
Front Line Service Fee	-	-	-	-
Other Fees	-	100,965	-	100,965
Total Fees Revenue	964,357	1,065,322	(964,357)	100,965
Other Government Grants	-	567,891	-	567,891
Investment Income - Unrestricted	-	-	-	-
Mortgage Interest Income	-	-	-	-
Proceeds from Disposition of Assets Held for Sale	-	-	-	-
Cost of Sale of Assets	-	-	-	-
Fraud Recovery	-	55,250	-	55,250
Other Revenue	140,446	501,503	-	501,503
Gain or Loss on Sale of Capital Assets	-	-	-	-
Investment Income - Restricted	-	19,027	-	19,027
TOTAL REVENUES	1,104,803	21,163,709	(964,357)	20,199,352
EXPENSES:				
Administrative				
Administrative Salaries	501,579	1,738,677	-	1,738,677
Auditing Fees	10,499	39,000	-	39,000
Management Fee	-	770,434	(707,704)	62,730
Book-keeping Fee	-	256,653	(256,653)	-
Advertising and Marketing	-	512	-	512
Employee Benefit contributions - Administrative	(1,602,190)	(666,391)	-	(666,391)
Office Expenses	190,671	565,069	-	565,069
Legal Expense	7,440	18,051	-	18,051
Travel Expense	33,906	40,834	-	40,834
Allocated Overhead	-	-	-	-
Other	45,957	269,321	-	269,321
Total Administrative Expense	(812,138)	3,032,160	(964,357)	2,067,803
Asset Management Fee	-	-	-	-
Tenant Services				
Tenant Services - Salaries	-	-	-	-
Relocation Costs	-	30,998	-	30,998
Employee Benefit Contributions - Tenant Services	-	-	-	-
Tenant Services - Other	72	110,520	-	110,520
Total Tenant Services	72	141,518	-	141,518
Utilities				
Water	3,489	150,466	-	150,466
Electricity	14,488	450,634	-	450,634
Gas	3,241	159,418	-	159,418
Fuel	-	-	-	-
Labor	-	-	-	-
Sewer	4,387	183,244	-	183,244
Employee Benefit Contributions - Utilities	-	-	-	-
Other Utilities Expense	-	-	-	-
Total Utilities	25,605	943,762	-	943,762
Ordinary Maintenance & Operations				
Ordinary Maintenance and Operations - Labor	20,691	482,998	-	482,998
Ordinary Maintenance and Operations - Materials and Other	26,654	272,389	-	272,389
Ordinary Maintenance and Operations Contracts	166,362	938,697	-	938,697
Employee Benefit Contributions - Ordinary Maintenance	1,838	123,595	-	123,595
Total Maintenance	215,545	1,817,679	-	1,817,679

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
September 30, 2019

	Low-Rent Public Housing 14,850	Housing Choice Vouchers 14,871	Business Activities	Multifamily Housing Service Coordinators 14,191
EXPENSES (continued):				
Protective Services				
Protective Services- Labor	-	-	-	-
Protective Services - Other Contract Costs	-	-	-	-
Protective Services - Other	11,750	-	-	-
Employee Benefit Contributions- Protective Services	-	-	-	-
Total Protective Services	11,750	-	-	-
Insurance Premiums				
Property Insurance	-	-	-	-
Liability Insurance	37,788	22,200	28,966	2,736
Workmen's Compensation	14,652	8,611	7,158	1,467
All Other Insurance	-	-	-	-
Total insurance Premiums	52,440	30,811	36,124	4,203
General Expenses				
Other General Expenses	15,655	6,055	14,564	-
Compensated Absences	-	-	-	-
Payments in Lieu of Taxes	18,241	-	16,997	-
Bad debt - Tenant Rents	50,086	-	455	-
Bad debt - Other	-	-	-	-
Severance Expense	-	-	-	-
Total Other General Expenses	83,982	6,055	32,016	-
Financial Expenses				
Interest of Mortgage (or Bonds) Payable	-	-	13,966	-
Interest on Notes Payable (Short and Long Term)	-	-	-	-
Amortization of Bond Issue Costs	-	-	-	-
Total Financial Expenses	-	-	13,966	-
TOTAL OPERATING EXPENSES	3,262,380	1,384,721	846,137	66,396
EXCESS OPERATING REVENUE	1,336,523	10,797,533	(350,413)	(11,304)
Other Expenses				
Extraordinary Maintenance	48,934	-	-	-
Casualty Losses- Non-capitalized	(33,815)	-	21,227	-
Housing Assistance Payments	-	11,167,902	94,124	-
HAP Portability-In	-	-	-	-
Depreciation Expense	788,088	-	199,870	-
Fraud Losses	-	-	-	-
Capital Outlays- Governmental Funds	-	-	-	-
Debt Principal Payment- Governmental Funds	-	-	-	-
Dwelling Units Rent Expense	357,942	-	-	-
Total Other Expenses	1,161,149	11,167,902	315,221	-
TOTAL EXPENSES	4,423,529	12,552,623	1,161,358	66,396
EXCESS OF REVENUE OVER EXPENSES	175,374	(370,369)	(665,634)	(11,304)
Prior period adjustment, equity transfers, and correction of errors	-	-	1,001,760	-
Operating transfer in/out	-	-	-	11,304
Operating transfers from/to Primary Government	-	-	-	-
Operating transfers from/to Component Unit	-	-	-	-
Extraordinary items, net gain/loss	-	-	-	-
Special items (net gain/loss)	-	-	-	-
Transfers between program and project - in	-	-	-	-
Transfers between program and project - out	-	-	-	-
Beginning Net Position	19,876,452	62,722	18,543,069	-
Ending Net Position	20,051,826	(307,647)	18,879,195	-

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
September 30, 2019

	Youth Build Program 17,274	ROSS 14,870	14,879 Mainstream Vouchers	Section 8 Moderate Housing Assistance 14,856
EXPENSES (continued):				
Protective Services				
Protective Services- Labor	-	-	-	-
Protective Services - Other Contract Costs	-	-	-	-
Protective Services - Other	-	-	-	-
Employee Benefit Contributions- Protective Services	-	-	-	-
Total Protective Services	-	-	-	-
Insurance Premiums				
Property Insurance	-	-	-	-
Liability Insurance	2,002	4,848	-	1,272
Workmen's Compensation	970	2,398	-	496
All Other Insurance	-	-	-	-
Total insurance Premiums	2,972	7,246	-	1,768
General Expenses				
Other General Expenses	-	-	-	-
Compensated Absences	-	-	-	-
Payments in Lieu of Taxes	-	-	-	-
Bad debt - Tenant Rents	-	-	-	-
Bad debt - Other	-	-	-	-
Severance Expense	-	-	-	-
Total Other General Expenses	-	-	-	-
Financial Expenses				
Interest of Mortgage (or Bonds) Payable	-	-	-	-
Interest on Notes Payable (Short and Long Term)	-	-	-	-
Amortization of Bond Issue Costs	-	-	-	-
Total Financial Expenses	-	-	-	-
TOTAL OPERATING EXPENSES	97,223	129,666	-	138,288
EXCESS OPERATING REVENUE	-	-	207,071	1,266,785
Other Expenses				
Extraordinary Maintenance	-	-	-	-
Casualty Losses- Non-capitalized	-	-	-	-
Housing Assistance Payments	-	-	103,308	1,227,090
HAP Portability-In	-	-	-	-
Depreciation Expense	-	-	-	-
Fraud Losses	-	-	-	-
Capital Outlays- Governmental Funds	-	-	-	-
Debt Principal Payment- Governmental Funds	-	-	-	-
Dwelling Units Rent Expense	-	-	-	-
Total Other Expenses	-	-	103,308	1,227,090
TOTAL EXPENSES	97,223	129,666	103,308	1,365,378
EXCESS OF REVENUE OVER EXPENSES	-	-	103,763	39,695
Prior period adjustment, equity transfers, and correction of errors	-	-	-	-
Operating transfer in/out	-	-	-	-
Operating transfers from/to Primary Government	-	-	-	-
Operating transfers from/to Component Unit	-	-	-	-
Extraordinary items, net gain/loss	-	-	-	-
Special items (net gain/loss)	-	-	-	-
Transfers between program and project - in	-	-	-	-
Transfers between program and project - out	-	-	-	-
Beginning Net Position	-	-	-	71,675
Ending Net Position	-	-	103,763	111,370

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
September 30, 2019

	New Construction Section 8 Programs 14,182	State/Local	Summer Food Services Program for Children 10,559	Blended Component Unit
EXPENSES (continued):				
Protective Services				
Protective Services- Labor	-	-	-	-
Protective Services - Other Contract Costs	-	-	-	-
Protective Services - Other	4,478	-	-	-
Employee Benefit Contributions- Protective Services	-	-	-	-
Total Protective Services	4,478	-	-	-
Insurance Premiums				
Property Insurance	-	-	-	-
Liability Insurance	9,000	-	-	-
Workmen's Compensation	3,486	-	-	-
All Other Insurance	-	-	-	-
Total insurance Premiums	12,486	-	-	-
General Expenses				
Other General Expenses	-	-	-	-
Compensated Absences	-	-	-	-
Payments in Lieu of Taxes	2,310	-	-	-
Bad debt - Tenant Rents	299	-	-	-
Bad debt - Other	-	-	-	-
Severance Expense	-	-	-	-
Total Other General Expenses	2,609	-	-	-
Financial Expenses				
Interest of Mortgage (or Bonds) Payable	-	-	-	-
Interest on Notes Payable (Short and Long Term)	-	-	-	-
Amortization of Bond Issue Costs	-	-	-	-
Total Financial Expenses	-	-	-	-
TOTAL OPERATING EXPENSES	829,784	-	54,346	-
EXCESS OPERATING REVENUE	334	-	3,436	-
Other Expenses				
Extraordinary Maintenance	-	-	-	-
Casualty Losses- Non-capitalized	(3,300)	-	-	-
Housing Assistance Payments	-	-	-	-
HAP Portability-In	-	-	-	-
Depreciation Expense	21,686	-	-	-
Fraud Losses	-	-	-	-
Capital Outlays- Governmental Funds	-	-	-	-
Debt Principal Payment- Governmental Funds	-	-	-	-
Dwelling Units Rent Expense	-	-	-	-
Total Other Expenses	18,386	-	-	-
TOTAL EXPENSES	848,170	-	54,346	-
EXCESS OF REVENUE OVER EXPENSES	(18,052)	-	3,436	-
Prior period adjustment, equity transfers, and correction of errors	-	-	-	(676,108)
Operating transfer in/out	-	-	-	-
Operating transfers from/to Primary Government	-	-	-	-
Operating transfers from/to Component Unit	-	-	-	-
Extraordinary items, net gain/loss	-	-	-	-
Special items (net gain/loss)	-	-	-	-
Transfers between program and project - in	-	-	-	-
Transfers between program and project - out	-	-	-	-
Beginning Net Position	2,737,591	-	-	676,108
Ending Net Position	2,719,539	-	3,436	-

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
September 30, 2019

	COCC	Subtotal	ELIM	Total
EXPENSES (continued):				
Protective Services				
Protective Services- Labor	-	-	-	-
Protective Services - Other Contract Costs	-	-	-	-
Protective Services - Other	-	16,228	-	16,228
Employee Benefit Contributions- Protective Services	-	-	-	-
Total Protective Services	-	16,228	-	16,228
Insurance Premiums				
Property Insurance	-	-	-	-
Liability Insurance	46,209	155,021	-	155,021
Workmen's Compensation	10,867	50,105	-	50,105
All Other Insurance	-	-	-	-
Total insurance Premiums	57,076	205,126	-	205,126
General Expenses				
Other General Expenses	44,822	81,096	-	81,096
Compensated Absences	-	-	-	-
Payments in Lieu of Taxes	24,238	61,786	-	61,786
Bad debt - Tenant Rents	-	50,840	-	50,840
Bad debt - Other	-	-	-	-
Severance Expense	-	-	-	-
Total Other General Expenses	69,060	193,722	-	193,722
Financial Expenses				
Interest of Mortgage (or Bonds) Payable	-	13,966	-	13,966
Interest on Notes Payable (Short and Long Term)	-	-	-	-
Amortization of Bond Issue Costs	-	-	-	-
Total Financial Expenses	-	13,966	-	13,966
TOTAL OPERATING EXPENSES	(444,780)	6,364,161	(964,357)	5,399,804
EXCESS OPERATING REVENUE	1,549,583	14,799,548	-	14,799,548
Other Expenses				
Extraordinary Maintenance	-	48,934	-	48,934
Casualty Losses- Non-capitalized	(21,857)	(37,745)	-	(37,745)
Housing Assistance Payments	-	12,592,424	-	12,592,424
HAP Portability-In	-	-	-	-
Depreciation Expense	9,129	1,018,773	-	1,018,773
Fraud Losses	-	-	-	-
Capital Outlays- Governmental Funds	-	-	-	-
Debt Principal Payment- Governmental Funds	-	-	-	-
Dwelling Units Rent Expense	-	357,942	-	357,942
Total Other Expenses	(12,728)	13,980,328	-	13,980,328
TOTAL EXPENSES	(457,508)	20,344,489	(964,357)	19,380,132
EXCESS OF REVENUE OVER EXPENSES	1,562,311	819,220	-	819,220
Prior period adjustment, equity transfers, and correction of errors	(325,652)	-	-	-
Operating transfer in/out	(11,304)	-	-	-
Operating transfers from/to Primary Government	-	-	-	-
Operating transfers from/to Component Unit	-	-	-	-
Extraordinary items, net gain/loss	-	-	-	-
Special items (net gain/loss)	-	-	-	-
Transfers between program and project - in	-	-	-	-
Transfers between program and project - out	-	-	-	-
Beginning Net Position	(1,406,737)	40,560,880	-	40,560,880
Ending Net Position	(181,382)	41,380,100	-	41,380,100

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners of the
Housing Authority of the City of Spartanburg
Spartanburg, South Carolina

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 business-type activities and the discretely presented component units of the Housing Authority of the City of Spartanburg (the Authority) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 7, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Housing Authority of the City of Spartanburg's Response to Findings

The Housing Authority of the City of Spartanburg's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority of the City of Spartanburg's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management of the Authority in a separate letter dated August 7, 2020.

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.

A handwritten signature in cursive script that reads "Rubino & Company". The signature is written in black ink and is centered on the page.

Bethesda, Maryland
August 7, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners of the
Housing Authority of the City of Spartanburg
Spartanburg, South Carolina

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Spartanburg's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2019. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Rubino & Company". The signature is written in a cursive, flowing style.

Bethesda, Maryland
August 7, 2020

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Identifying Number</u>	<u>Total Federal Expenditures</u>
Department of Housing and Urban Development Programs			
Low Income Public Housing	14.850	N/A	\$ 2,414,652
Capital Fund Program	14.872	N/A	785,143
Section 8 Project-Based Cluster:			
Section 8 New Construction and Substantial Rehabilitation	14.182	N/A	487,705
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	N/A	<u>1,399,497</u>
			1,887,202
Housing Voucher Cluster:			
Housing Choice Voucher Program	14.871	N/A	12,118,236
Mainstream Voucher Program	14.879	N/A	207,071
Resident Opportunities and Supportive Services	14.870	N/A	129,666
Multifamily Housing Elderly Service Coordinators	14.191	N/A	<u>55,092</u>
 TOTAL HUD EXPENDITURES			 <u>17,597,062</u>
Department of Education			
Pass through from the City of Spartanburg:			
Summer Food Service Program for Children	10.559	N/A	<u>57,782</u>
 TOTAL DOE EXPENDITURES			 <u>57,782</u>
Department of Labor Program			
Youthbuild	17.274	N/A	<u>97,223</u>
 TOTAL DOL EXPENDITURES			 <u>97,223</u>
 TOTAL FEDERAL EXPENDITURES			 <u>\$ 17,752,067</u>

See Notes to the Schedule

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

1. BASIS OF PRESENTATION

The *Schedule of Expenditures of Federal Awards* is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SIGNIFICANT ACCOUNTING POLICY

The Authority recognizes grant revenue when earned on an accrual basis; that is, activities prerequisite to obtaining benefit have been completed, such as, complying with the terms and conditions of the grant agreement.

3. SUBRECIPIENTS

The Housing Authority of the City of Spartanburg provided no federal awards to subrecipients during the fiscal year ending September 30, 2019.

4. FINDINGS AND QUESTIONED COSTS

Any findings and questioned costs identified in connection with the 2019 Single Audit would be disclosed in Schedule I and status of prior year findings and questioned costs would be disclosed in Schedule II.

HUD has conducted several reviews of the Authority and has issued their reports on the results of some of these reviews. The Authority has responded to the reviews for which reports have been issued.

5. COST RATES

The Authority has not elected to use the 10% de minimis cost rate.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
a. Material weakness(es) identified?	Yes
b. Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:		
a. Material weakness(es) identified?		No
b. Significant deficiency(ies) identified that are not considered to be material weakness(es)?		No
Type of auditor’s report issued on compliance for major programs:		Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		No
7. Identification of Major Programs:		
<u>Federal Grantor/Program Title</u>	<u>CFDA No.</u>	
U.S. Department of Housing and Urban Development (HUD):		
Capital Fund Program	14.872	785,143
Housing Choice Voucher Program	14.871	12,118,236
Mainstream 5 Voucher Program	14.879	207,071
8. Dollar threshold used to distinguish between Type A and Type B programs:		750,000
9. Auditee qualified as low-risk auditee?		No

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2019-001 Inadequate Controls Over Financial Reporting
Material Weakness in Internal Control

Condition: The Authority did not have adequate controls over the financial reporting process to detect material misstatements. As a result, several material adjustments were posted including adjustments related to deferred revenue, casualty losses and capital assets that were not reported on either the initial filing with HUD’s Real Estate Assessment System nor on the resubmission that was required since the original submission was rejected.

The Authority did not have adequate internal controls related to preparing the unaudited financial data system (FDS) filing as it relates to the information in the Authority's trial balance and general ledger. As a result, several adjustments had to be made to the audited FDS filing to make it agree to the general ledger. In addition, other audit adjustments had to be made to the audited FDS filing for it to be accurate.

Criteria: The Authority should have the necessary controls over the financial reporting process to prevent or detect material misstatements.

Cause: The Authority did not have the necessary controls over the financial reporting process to prevent or detect material misstatements.

Effect: As a result of the audit and Authority adjustments, cash balances decreased \$919,554; total assets and deferred outflows of resources decreased \$1,506,559; total liabilities decreased \$1,837,290; net position decreased \$153,132; total revenue decreased \$298,013; total expenses increased \$351,091; and the excess in total revenues over total expenses decreased \$53,078.

Recommendation: The Authority should establish controls to ensure that appropriate year-end adjustments are recorded so that the financial statements are fairly presented.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Views of Responsible Officials and Planned Corrective Actions of the Auditee: We concur with the recommendation and are in the process of procuring resources to establish controls so that the September 30, 2020 financial statements are fairly presented.

Contact Person: Joe Calicdan, Controller, 864-598-6041.

Target Completion Date: September 30, 2020.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

SECTION I – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Finding 2018-001 Inadequate Controls Over Financial Reporting
Material Weakness in Internal Control

Condition: The Authority did not have adequate controls over the financial reporting process to detect material misstatements. As a result, several material adjustments were posted including adjustments related to deferred revenue, casualty losses and capital assets that were not reported on either the initial filing with HUD’s Real Estate Assessment System nor on the resubmission that was required since the original submission was rejected.

Status: A review of activity for the year ended September 30, 2019 revealed similar issues in the unaudited FDS submissions for the current period. **This finding is repeated as Finding 2019-001 in the current report.**

SECTION II – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings reported for the year ended September 30, 2018.