

**HOUSING AUTHORITY OF THE  
CITY OF SPARTANBURG  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2020**

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the 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, 2020, 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 the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express 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 the *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 financial position of the Authority as of September 30, 2020, and the changes in its financial position, and its cash flows 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 on pages 4 - 9, schedule of proportionate share of the net pension liability on page 37, schedule of pension contributions on page 38, and notes to required supplementary information on pages 39 - 40, 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 did not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedule on pages 41 - 60 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 65 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The financial data schedule and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting data and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedule and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Bethesda, Maryland  
December 23, 2021

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**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**Management's Discussion and Analysis ("MD&A")**

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, 2020. This discussion and analysis are 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 MD&A are 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, 2020.

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

**Financial Highlights**

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$41,437,751 (net position) as compared to \$41,380,100 for the prior fiscal year.
- The Authority's cash and investments balance as of September 30, 2020, was \$9,573,231, representing an increase of \$2,015,737 from the September 30, 2019 balance of \$7,557,494. The increase was primarily a result of higher grant revenues received during the year.
- The Authority had total revenue of \$23,274,953 and total expenses of \$23,217,302 for the year ended September 30, 2020.
- As a result of participation in the South Carolina Retirement System (SCRS), the Authority's unfunded post-employment liabilities increased \$41,701 from \$3,489,050 as of September 30, 2019, to \$3,530,751 as of September 30, 2020.
- During the year, the Authority relocated its central offices from the county into the Spartanburg city limits to be closer to its client base.
- In response to the COVID-19 pandemic, the Authority utilized \$258,842 of additional public housing and \$218,916 of Housing Choice Voucher Coronavirus Aid, Relief, and Economic Security Act ("CARES") funding which helped to offset the higher costs associated with adapting to telework and increased remote servicing of its clients.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**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 and 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, 2020**

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

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

	<u>2020</u>	<u>2019</u>	<u>Total Change</u>	<u>% Change</u>
Current Assets	\$ 10,086,651	\$ 8,239,897	\$ 1,846,754	22.41%
Capital Assets	19,142,150	13,555,446	5,586,704	41.21%
Other Non-current Assets	22,752,648	24,091,500	(1,338,852)	-5.56%
Deferred Outflow of Resources	<u>681,176</u>	<u>890,275</u>	<u>(209,099)</u>	-23.49%
<b>Total Assets &amp; Deferred Outflows</b>	<b><u>\$ 52,662,625</u></b>	<b><u>\$ 46,777,118</u></b>	<b><u>\$ 5,885,507</u></b>	<b>12.58%</b>
Current Liabilities	\$ 1,762,807	\$ 632,857	\$ 1,129,950	178.55%
Noncurrent Liabilities	8,809,156	4,085,693	4,723,463	115.61%
Deferred Inflow of Resources	<u>652,911</u>	<u>678,468</u>	<u>(25,557)</u>	-3.77%
<b>Total Liabilities &amp; Deferred Inflows</b>	<b><u>11,224,874</u></b>	<b><u>5,397,018</u></b>	<b><u>5,827,856</u></b>	<b>107.98%</b>
Investment in Capital Assets	14,130,387	12,988,548	1,141,839	8.79%
Restricted	4,111,514	26,025,511	(21,913,997)	-84.20%
Unrestricted	<u>23,195,850</u>	<u>2,366,041</u>	<u>20,829,809</u>	880.37%
<b>Total Net Position</b>	<b><u>41,437,751</u></b>	<b><u>41,380,100</u></b>	<b><u>57,651</u></b>	<b>0.14%</b>
<b>Total Liabilities, Deferred Inflows &amp; Net Position</b>	<b><u>\$ 52,662,625</u></b>	<b><u>\$ 46,777,118</u></b>	<b><u>\$ 5,885,507</u></b>	<b>12.58%</b>

Total assets and deferred outflows increased by \$5,885,507 or 12.58%. This increase was comprised primarily of an increase in cash and investments of \$2,007,941, a decrease in accounts receivable of \$343,361, a decrease of \$1,338,852 in notes receivable and an increase in capital assets of \$5,586,704 as discussed in Table 3 of this document. Deferred outflows were \$209,099 lower due to changes in balances as of September 30, 2020, for post-employment benefit items in relation to FY2019 levels.

Total liabilities and deferred inflows increased by \$5,827,856 or 107.98%. Current liabilities increased by \$1,129,950 (or 178.55%) as primarily due to higher accounts payable due to vendors of \$67,539 and a \$1,025,591 increase in unearned revenue, primarily due of unexpended CARES funds as of September 30, 2020. Non-current liabilities were \$4,723,463 higher primarily to higher unfunded OPEB and pension liabilities (\$41,701), higher accrued compensated absence liabilities (\$54,577), and issuance of new debt for SAHC Country Gardens, LLC, a blended component unit of the Authority.



**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**Analysis of Authority-Wide Net Position (Statement of Net Position) (continued)**

Total Net Position decreased by \$57,651 or 0.14%, which is outlined in detail on the statement of revenues, expenses and changes in net position.

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

The following table illustrates changes in revenues and expenses from FY 2019 to FY 2020:

**Housing Authority of the City of Spartanburg  
Comparative Statement of Revenues and Expenses  
TABLE II**

	<u>2020</u>	<u>2019</u>	<u>Total Change</u>	<u>% Change</u>
Tenant Revenue	\$ 2,549,696	\$ 1,748,136	\$ 801,560	45.85%
Operating Subsidies	18,547,970	17,228,610	1,319,360	7.66%
Capital Grants	863,406	545,861	317,545	58.17%
Interest Income	218	19,027	(18,809)	-98.85%
Other Income	442,938	657,718	(214,780)	-32.66%
Equity Contribution from Component Unit	821,015	-	821,015	100.00%
Gain/(Loss) on dispositions	49,710	-	49,710	100.00%
<b>Total Revenue</b>	<b><u>23,274,953</u></b>	<b><u>20,199,352</u></b>	<b><u>3,075,601</u></b>	<b><u>15.23%</u></b>
Administrative	3,643,521	2,067,803	1,575,718	76.20%
Tenant Services	101,862	141,518	(39,656)	-28.02%
Utilities	1,005,735	943,762	61,973	6.57%
Maintenance	2,427,002	1,828,868	598,134	32.71%
Protective Services	17,540	16,228	1,312	8.08%
Insurance	282,165	205,126	77,039	37.56%
General	1,354,188	565,630	788,558	139.41%
Housing Assistance Payments	13,204,641	12,592,424	612,217	4.86%
Depreciation	1,180,648	1,018,773	161,875	15.89%
<b>Total Expenses</b>	<b><u>23,217,302</u></b>	<b><u>19,380,132</u></b>	<b><u>3,837,170</u></b>	<b><u>19.80%</u></b>
Change in Net Position	57,651	819,220	(761,569)	-92.96%
Beginning Net Position	41,380,100	40,560,880	819,220	2.02%
<b>Ending Net Position</b>	<b><u>\$ 41,437,751</u></b>	<b><u>\$ 41,380,100</u></b>	<b><u>\$ 57,651</u></b>	<b><u>0.14%</u></b>

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

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

During the year, total revenue increased from \$20,199,352 to \$23,274,953 which represents an increase of \$3,075,601, or 15.23%. This increase was primarily a function of the increase in grant funding of \$1,636,905 or 9.04% primarily due to an increase in Housing Choice Voucher program funding of \$1,965,278, higher tenant revenues of \$801,560 or 45.85% higher, and offset somewhat by a decrease of \$173,774 in other income compared to the prior year.

Total expenses increased by \$3,837,170 or 19.80% from FY 2019 to FY 2020. Administrative costs increased by \$1,575,718 or 76.20%. This increase was primarily a function of an increase of \$1,326,466 in salaries and benefits over the prior year as FY2019 levels contained a material reduction in employee benefit contributions due to OPEB which contributed to \$1,390,213 of this increase while payments to outside vendors increased by \$140,868.

Resident services expenses decreased from \$141,518 to \$101,862 or \$39,656 (28.02%) primarily to the discontinuance of the Summer Food Program for FY2020 due to the coronavirus pandemic. Utilities increased \$61,973 or 6.57% due to higher occupancy levels.

Maintenance increased by \$598,134 (32.71%) due primarily to higher contract cost expenses of \$297,220, offset somewhat by lower labor costs of \$120,740 and materials costs of \$53,616. Protective services increased by \$1,312 or 8.08% Housing assistance payments were \$612,217 higher (4.86%) due to higher program utilization levels. Depreciation expense increased by \$161,875, or 15.89%. General expenses were \$1,223,539 higher than last year (a 296.39% increase) due primarily to an adjustment of \$1,000,000 in notes receivable as part of the refinancing of Country Gardens (as detailed in Note 5 of the notes to the financial statements), offset somewhat by a decrease in other general expenses of \$250,228.

**Capital Assets**

During FY 2020, the Authority had capital asset additions of \$6,767,352, capital asset disposals of \$4,725, and depreciation expense of \$1,180,648.

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

	<u>2020</u>	<u>2019</u>	<u>Total Change</u>	<u>% Change</u>
Land	\$ 5,707,284	\$ 5,063,983	\$ 643,301	12.70%
Buildings & improvements	38,067,549	33,613,631	4,453,918	13.25%
Equipment	1,837,703	1,677,312	160,391	9.56%
Construction in progress	<u>2,191,371</u>	<u>686,356</u>	<u>1,505,015</u>	219.28%
	47,803,907	41,041,282	6,762,625	16.48%
Accumulated depreciation	<u>(28,661,757)</u>	<u>(27,485,836)</u>	<u>(1,175,921)</u>	4.28%
<b>Total Capital Assets</b>	<b>\$ <u>19,142,150</u></b>	<b>\$ <u>13,555,446</u></b>	<b>\$ <u>5,586,704</u></b>	<b>41.21%</b>

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**Debt Outstanding**

As of the year end, the Authority had outstanding debt of \$5,011,763, which was an increase of \$4,653,967 from last year's balance of \$375,796. Additional details regarding long-term debt can be found in the notes to the financial statements accompanying this report.

**Economic Factors**

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

- Congressional funding of the Department of Housing and Urban Development ("HUD"), 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.
- Subsequent to fiscal year end during October 2020, the Authority transitioned the 80-unit Victoria Gardens under HUD's Rental Assistance Demonstration program to reposition the property and allow for needed capital improvements.
- 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 MD&A should be addressed to:

Shaunté Evans, Chief Executive Officer  
Housing Authority of the City of Spartanburg  
170 Arch Street, Spartanburg, SC 29303  
(864) 598-6010

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020**

**ASSETS**

Current assets:	
Cash and cash equivalents - unrestricted	\$ 5,168,316
Cash and cash equivalents - restricted	4,251,095
Cash and cash equivalents - security deposits	153,820
Accounts receivable, net	146,696
Prepaid expenses	<u>366,724</u>
Total current assets	<u>10,086,651</u>
Noncurrent assets:	
Capital assets, net	19,142,150
Notes receivable	21,094,484
Investment in joint ventures	92,425
Developer fee receivable	<u>1,565,739</u>
Total noncurrent assets	<u>41,894,798</u>
Total assets	<u>51,981,449</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pension plan	680,815
OPEB plan	<u>361</u>
Total deferred outflows of resources	<u>681,176</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ <u>52,662,625</u></b>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
STATEMENT OF NET POSITION (CONTINUED)  
SEPTEMBER 30, 2020**

**LIABILITIES**

Current liabilities:	
Accounts payable	\$ 402,564
Accrued wages	116,411
Accrued compensated absences, current portion	24,165
Accrued interest payable	12,185
Other current liabilities	3,887
Unearned revenue	1,044,381
Notes payable, current portion	5,394
Tenant security deposits	<u>153,820</u>
Total current liabilities	<u>1,762,807</u>
Noncurrent liabilities:	
Notes payable, less current portion	5,006,369
Accrued compensated absences, less current portion	132,455
Trust deposits	139,581
Net pension liability	3,492,861
Net OPEB liability	<u>37,890</u>
Total noncurrent liabilities	<u>8,809,156</u>
Total liabilities	<u>10,571,963</u>

**DEFERRED INFLOWS OF RESOURCES**

Pension plan	627,029
OPEB plan	<u>25,882</u>
Total deferred inflows of resources	<u>652,911</u>

**NET POSITION**

Net investment in capital assets	14,130,387
Restricted	4,111,514
Unrestricted	<u>23,195,850</u>
Total net position	<u>41,437,751</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 52,662,625</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Operating revenues:	
Dwelling rent	\$ 2,549,696
Government grants and subsidy	18,547,970
Other income	<u>442,938</u>
Total operating revenues	<u>21,540,604</u>
Operating expenses:	
Administration	3,643,521
Tenant services	101,862
Utilities	1,005,735
Maintenance and operations	2,157,950
Protective services	17,540
General expense	1,788,625
Housing assistance payments	13,204,641
Depreciation expense	<u>1,180,648</u>
Total operating expenses	<u>23,100,522</u>
Operating loss	<u>(1,559,918)</u>
Non-operating revenues (expenses):	
Capital grant proceeds	863,406
Equity contribution from component unit	821,015
Gain on sale of capital assets	49,710
Interest income	218
Interest expense	<u>(116,780)</u>
Non-operating revenues, net	<u>1,617,569</u>
Change in net position	57,651
Net position - beginning of year	<u>41,380,100</u>
NET POSITION - END OF YEAR	<u>\$ 41,437,751</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Cash flows from operating activities:	
Receipts from tenants	\$ 2,379,460
Receipts from operating grants	18,798,274
Other receipts	1,609,632
Payments for employees	(2,864,400)
Payments for goods and services	(5,475,029)
Payments for housing assistance	<u>(13,204,641)</u>
Net cash provided by operating activities	<u>1,243,296</u>
Cash flows from capital and related financing activities:	
Receipts from capital grants	863,406
Purchases of capital assets	(6,767,352)
Proceeds from sale of capital assets	109,510
Proceeds from principal payments of notes receivable	1,130,030
Proceeds from issuance of notes payable	4,641,966
Principal payments on notes payable	(5,999)
Interest payments on notes payable	<u>(104,595)</u>
Net cash used in capital and related financing activities	<u>(133,034)</u>
Cash flows from investing activities:	
Equity contribution from component unit	821,015
Tenant deposits received, net	84,242
Interest received, net	<u>218</u>
Net cash provided by investing activities	<u>905,475</u>
Net increase in cash and cash equivalents	2,015,737
Cash and cash equivalents - beginning of year	<u>7,557,494</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u><u>\$ 9,573,231</u></u></b>
Cash reconciliation as reported on the statement of net position:	
Cash and cash equivalents	\$ 5,168,316
Cash and cash equivalents - restricted	4,251,095
Cash and cash equivalents - security deposits	<u>153,820</u>
	<b><u><u>\$ 9,573,231</u></u></b>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (1,559,918)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	1,180,648
Bad debt	208,822
Pension expense	239,366
Changes in operating assets and liabilities:	
Accounts receivable, net	329,238
Prepaid expenses	(234,178)
Accounts payable	66,675
Accrued liabilities	51,511
Accrued compensated absences	(17,877)
Other current liabilities	(52,245)
Unearned revenue	<u>1,031,254</u>
Net cash provided by operating activities	<u>\$ 1,243,296</u>

See accompanying notes to financial statements.



**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Introduction

The financial statements of the Housing Authority of the City of Spartanburg (the "Authority" or "SHA") have been prepared in conformity with accounting principles generally accepted in the United States ("U.S. 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 of Spartanburg, South Carolina (the "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.

*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:

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Reporting Entity (Continued)

*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.

*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.

*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 HUD. 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.

*CARES Act Funding* - This program supplements operating HUD programs to cover costs incurred by housing authorities as a result of the COVID pandemic. The purpose of these funds is to provide funding for costs incurred in modifying program operations and administration to address COVID-related impacts to the programs.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Reporting Entity (Continued)

*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 Authority. While the entity was dissolved by the State of South Carolina in 2016, it continues for Internal Revenue Service purposes only.

*Blended Component Unit - Spartanburg Area Housing Corporation ("SAHC")* – 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 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, LP.

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.

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. The Authority has elected not to follow any Financial Accounting Standards Board ("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.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Accounting, 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 statement 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 U.S. GAAP 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.

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.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Accounts Receivable

Accounts receivable consist 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 expended, in the appropriate program, 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.

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 receivable represent 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.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 are recorded as an expense and related liability in the year earned by employees.

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 statement 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 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 FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 1. ORGANIZATION AND 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.

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 FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 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, 2020, the Authority's Primary Government cash and cash equivalents had a carrying amount of \$9,573,231 and bank balances of \$8,988,085. 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* – HUD limits the investments the Authority is allowed to hold. The Authority has no investment policy that would further limit its investment choices. The Authority is required to disclose investments that represent a concentration of five percent or more in any one issuer. As of September 30, 2020, there were no such investments.

*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 are 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 has no further limits on concentrations than limited by HUD.

*Collateralization* – In addition to the above-mentioned Federal Deposit Insurance Corporation ("FDIC") insurance, BB&T Bank participates in public funds of pooled securities for the Authority. As of September 30, 2020, there was \$9,666,907 of specified pledged security for the Authority.

*Restricted cash and cash equivalents* - Restricted cash and cash equivalents were comprised of the following as of September 30, 2020:

HCVP program - Housing Assistance Payment equity	\$ 321,186
Mainstream 5 program - Housing Assistance Payment equity	81,082
Tenant security deposits	153,820
Unspent CARES act funding - Public Housing	42,227
Unspent CARES act funding - Housing Choice Vouchers	971,570
Unspent CARES act funding - Mainstream Vouchers	11,794
Restricted deposits and funded reserves - JC Bull (New Construction)	1,966,980
Restricted deposits - Modernization	155,579
Restricted deposits and funded reserves - SAHC Country Gardens	681,616
Tenant escrow accounts	<u>19,061</u>
Total restricted cash	<u>\$ 4,404,915</u>



**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
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**SEPTEMBER 30, 2020**

**NOTE 3. ACCOUNTS RECEIVABLE**

Accounts receivable at September 30, 2020, consisted of the following:

Accounts receivable - tenants (net of allowance of \$36,311)	\$	30,533
Accounts receivable - HUD		111,158
Fraud recovery (net of allowance of \$79,079)		-
Accounts receivable - miscellaneous		<u>5,005</u>
	<u>\$</u>	<u>146,696</u>

**NOTE 4. CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	<u>Balance - September 30, 2019</u>	<u>Additions</u>	<u>Transfers/ Disposals</u>	<u>Balance - September 30, 2020</u>
<b>Capital assets not being depreciated:</b>				
Land	\$ 5,063,983	\$ 643,300	\$ -	\$ 5,707,283
Construction in progress	<u>686,356</u>	<u>1,505,015</u>	<u>-</u>	<u>2,191,371</u>
Total capital assets not being depreciated	<u>5,750,339</u>	<u>2,148,315</u>	<u>-</u>	<u>7,898,654</u>
Buildings & improvements	33,613,631	4,453,918	-	38,067,549
Furniture & equipment	<u>1,677,312</u>	<u>165,119</u>	<u>(4,725)</u>	<u>1,837,706</u>
Total capital assets being depreciated	<u>35,290,943</u>	<u>4,619,037</u>	<u>(4,725)</u>	<u>39,905,255</u>
Less accumulated depreciation for:				
Total accumulated depreciation	<u>27,485,836</u>	<u>1,180,648</u>	<u>(4,725)</u>	<u>28,661,759</u>
Total capital assets being depreciated	<u>7,805,107</u>	<u>3,438,389</u>	<u>-</u>	<u>11,243,496</u>
Capital assets, net	<u>\$ 13,555,446</u>	<u>\$ 5,586,704</u>	<u>\$ -</u>	<u>\$ 19,142,150</u>

**NOTE 5. NOTES RECEIVABLE**

Notes Receivable at September 30, 2020, consisted of the following:

<u>Entity/Partnership</u>	<u>Notes Receivable</u>	<u>Accrued Interest</u>	<u>Total Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
CS1, LLC	\$ 10,697,421	\$ 523,618	\$ 11,221,039	\$ (523,618)	\$ 10,697,421
HCI, LLC	780,000	1,184,173	1,964,173	(1,184,173)	780,000
SHA 7, LLC	8,244,574	844,068	9,088,642	(844,068)	8,244,574
Highland Avenue LLC	350,000	246,394	596,394	(246,394)	350,000
Cedar Springs Place, LLC	914,375	558,208	1,472,583	(558,208)	914,375
Homeowners' notes receivable	<u>734,520</u>	<u>-</u>	<u>734,520</u>	<u>(626,406)</u>	<u>108,114</u>
Total notes receivable	<u>\$ 21,720,890</u>	<u>\$ 3,356,461</u>	<u>\$ 25,077,351</u>	<u>\$ (3,982,867)</u>	<u>\$ 21,094,484</u>

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5. NOTES RECEIVABLE (CONTINUED)**

**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 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 paydown 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, 2020, 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.

CS1, LLC has 42-year non-recourse Hope VI loan from the 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, 2020, was \$7,768,309.

CS1, LLC has a 42-year non-recourse program income fund loan from the 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, 2020, was \$2,308,443.

CS1, LLC has a 42-year non-recourse state loan from the 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, 2020, was \$1,144,287. Noncurrent interest receivable as of September 30, 2020, was \$523,618. An allowance for doubtful accounts of \$523,618 has been recognized to fully reserve all accrued interest as of September 30, 2020.

**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, 2020, was \$300,000. Noncurrent interest receivable as of September 30, 2020, was \$455,451. An allowance for doubtful accounts of \$455,451 has been recognized to fully reserve all accrued interest as of September 30, 2020.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5. NOTES RECEIVABLE (CONTINUED)**

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, 2020, was \$480,000. Noncurrent interest receivable as of September 30, 2020, was \$728,722. An allowance for doubtful accounts of \$728,722 has been recognized to fully reserve all accrued interest as of September 30, 2020.

**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 Rental Assistance Demonstration ("RAD") properties during January 2016. The note accrues interest at 2.65% and matures in January 2059 and interest payments are repayable from cash flow only. As of September 30, 2020, the outstanding balance was \$7,244,574. An allowance for doubtful accounts of \$591,341 representing accrued interest on the loan has been recorded as of September 30, 2020, and all amounts are considered non-current.

SHA 7, LLC Reserve Loan - The Authority issued a \$1,000,000 note which represented cash loans to SHA 7, LLC 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, 2020, the outstanding balance was \$1,000,000. An allowance for doubtful accounts of \$252,727 representing accrued interest on the loan has been recorded as of September 30, 2020, and all amounts are considered non-current.

**Highland Avenue, LLC** - The partnership and the Authority entered into a nonrecourse 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, 2020) 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, 2020, was \$350,000. Noncurrent interest receivable as of September 30, 2020, was \$246,394. An allowance for doubtful accounts of \$246,394 has been recognized to fully reserve all accrued interest as of September 30, 2020.

**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:

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
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SEPTEMBER 30, 2020**

**NOTE 5. NOTES RECEIVABLE (CONTINUED)**

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 greater 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, 2020, the loan balance was \$414,375 and accrued interest totaled \$203,915. An allowance for doubtful accounts of \$277,456 has been recognized to fully reserve all accrued interest as of September 30, 2020.

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, 2020, the loan balance was \$300,000 and accrued interest totaled \$280,752. An allowance for doubtful accounts of \$280,752 has been recognized to fully reserve all accrued interest as of September 30, 2020.

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, 2020, the outstanding mortgage balances were \$734,520. An allowance for doubtful accounts of \$626,406 has been recorded as of September 30, 2020. All amounts are considered non-current.

**NOTE 6. ACCOUNTS PAYABLE**

Accounts payable at September 30, 2020, consisted of the following:

Vendors and contractors payable	\$ 295,872
Account payable - HUD	<u>106,692</u>
	<u>\$ 402,564</u>

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 7. NON-CURRENT LIABILITIES**

Non-current liabilities at September 30, 2020, consisted of the following:

	<b>Balance - September 30, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance - September 30, 2020</b>	<b>Current Portion of Balance</b>
Long-term debt	\$ 375,796	\$ 4,641,966	\$ (5,999)	\$ 5,011,763	\$ 5,394
Compensated absences	156,620	70,808	(70,817)	156,611	24,165
Tenant escrow accounts	<u>77,878</u>	<u>61,703</u>	-	<u>139,581</u>	-
Total long-term debt	<u>\$ 610,294</u>	<u>\$ 4,774,477</u>	<u>\$ (76,816)</u>	<u>\$ 5,307,955</u>	<u>\$ 29,559</u>

**NOTE 8. LONG-TERM DEBT OBLIGATIONS**

Long-term debt obligations as of September 30, 2020 consisted of the following:

In May 2014, the Authority obtained a \$110,154 loan from Branch Banking and Trust Company ("BB&T") 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, 2020, was \$74,255.

Five-year maturities at September 30, 2020, for the BB&T loan are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Payments</b>
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
2025	6,571	2,387	8,958
thereafter	<u>44,414</u>	<u>5,060</u>	<u>49,474</u>
	<u>\$ 74,255</u>	<u>\$ 20,009</u>	<u>\$ 94,264</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, 2020, was \$295,542 with all amounts considered non-current.

On March 18, 2020, SAHC Country Gardens, LLC, a blended component unit of the Authority, entered into a promissory note with Prudential Huntoon Paige Associates, LLC in the amount of \$4,691,500. The terms of the loan require a monthly combined principal and interest payment of \$18,450 beginning on May 1, 2020, based on a 3.15% annual interest rate. The loan has a final maturity date of April 1, 2055. At maturity, all outstanding principal and interest are due and payable. The loan is collateralized by the underlying value of the real estate. As of December 31, 2020, the balance of the loan was \$4,641,966.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 8. LONG-TERM DEBT OBLIGATIONS (CONTINUED)**

Maturities of long-term debt for SAHC Country Gardens, LLC for the next five years and thereafter at December 31, 2020, are as follows:

Year ending December 31:	Amount
2021	\$ 76,276
2022	78,714
2023	81,230
2024	83,826
2025	86,505
Thereafter	4,235,415
Mortgages payable	\$ 4,641,966

**NOTE 9. 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").

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 30-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 30-year amortization period; and, this increase is not limited to one-half of one percent per year. For the year ended June 30, 2020, 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 ended June 30, 2020, was \$533,977.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Contributions (Continued)

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 publicly available through the Retirement Benefits link on PEBA's website at [www.peba.sc.gov](http://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, 2020 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, 2020, using generally accepted actuarial procedures.

The financial reporting actuarial valuation as of July 1, 2019, used the following actuarial methods and assumptions, applied to all periods included in this measurement:

Valuation Date	July 1, 2019
Experience Study	July 1, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Amortization Period	29-year maximum, closed period
Asset Valuation Method	5-year Smoothed
Inflation	2.25%
Salary Increase	3.00% plus step-rate increases for members with less than 21 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.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Actuarial Assumptions (Continued)

The long-term expected rate on return of pension plan investments is based upon the 30-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, 2019. The expected returns, along with expected inflation rate, form the basis for the target asset allocation adopted for fiscal year 2020. 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 will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the system's 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 (the "Schedule") includes 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.

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.

	<b>1.0% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1.0% Increase (8.25%)</b>
SHA's Net Pension Liability	\$ 4,328,973	\$ 3,492,861	\$ 2,794,698



**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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 30 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 U.S. 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 SCRS.

GASB 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.

	<b>Net Pension Liability as of September 30, 2019</b>	<b>Net Pension Liability as of September 30, 2020</b>	<b>Percent of Collective NPL</b>
SHA's Net Pension Liability	\$ 3,435,104	\$ 3,492,861	0.013670 %

At June 30, 2020, the employer recorded a liability of \$3,492,861 for its proportionate share of the Net Pension Liability. This liability was based upon a measurement date of June 30, 2020, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of July 1, 2019. 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, 2019 through June 30, 2020, relative to the total employer contributions received from all of SCRS' participating employers. At June 30, 2020, the employer's proportion was 0.013670%.

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 net pension liability.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Deferred Inflows and Outflows

For fiscal year 2020, the employer reported its proportionate share of SCRS' deferred outflows of resources and deferred inflows of resources related to SCRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability experience	\$ 40,303	\$ 13,208
Changes in assumptions	4,279	-
Investment experience	294,337	37,408
Changes in proportion and differences between Authority contributions and proportionate share of contributions	52,125	576,413
Authority contributions subsequent to the measurement date	289,771	-
Total	\$ 680,815	\$ 627,029

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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows:

	Recognition of Existing Deferred Outflow (Inflow) of Resources, Net
<u>For the Year Ended June 30:</u>	
2021	\$ 143,699
2022	\$ (164,679)
2023	\$ 9,203
2024	\$ 65,562

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 2020, the Authority made the required contributions in the amount of \$26,476 based upon total payroll wage coverage of \$529,522.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 10. 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 fiscal year ended September 30, 2019, 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, 2020, to \$37,890.

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 - the Authority 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

Discount Rate Determinants

- Employer Current and Future Benefit Payments
- Municipal Bond Rate – The municipal bond rate was 3.58% as of September 30, 2020.
- Current Asset Level – The Authority had \$- of assets as of September 30, 2020.

Key Metrics

Additional required supplementary information included on page 40.

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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
I. Total OPEB	\$ 41,635	\$ 37,890	\$ 43,766
II. Fiduciary Net Position	-	-	-
III. Net OPEB Liability (Asset) [I.-II.]	41,635	37,890	43,766
IV. Service Cost	1,843	1,554	1,326

The OPEB valuation was conducted by Odyssey Advisors and was issued on January 14, 2021.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Additional details regarding this report can be obtained by contacting Joe C. Calicdan, Finance Manager, Housing Authority of the City of Spartanburg, 170 Arch Street, Spartanburg, SC 29303 or by email at [jcalicdan@spartanburghousing.org](mailto:jcalicdan@spartanburghousing.org).

**NOTE 11. RELATED-PARTY TRANSACTIONS**

In March 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 are recorded on the Authority's books. This is considered to be a conduit debt obligation. The mortgage note receivable is explained in Note 5 to the financial statements.

As stated in Note 5, Notes Receivable, and Note 7, 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, those transactions have been surplus cash funds in the amount of \$204,699 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 Authority.

**NOTE 12. 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.

**NOTE 13. COMMITMENTS AND 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 and 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 \$59,320 of casualty losses were expensed and \$49,710 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.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 13. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

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, 2020.

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:

2021	\$ <u>35,688</u>
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Property Taxes

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

**NOTE 14. RESTRICTED NET POSITION**

Restricted Net Position (equity) as of September 30, 2020, consisted of the following:

HCVP program - Housing Assistance Payment equity	\$ 321,186
Mainstream 5 program - Housing Assistance Payment equity	81,082
Unspent CARES Act Funding	1,025,591
Restricted deposits and funded reserves	<u>2,683,655</u>
	<u>\$ 4,111,514</u>

**NOTE 15. 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	<u>11,912</u>
Statement of Net Position Total	<u>\$ 202,453</u>
Management fees	\$ 715,152
Bookkeeping fees	<u>254,948</u>
Statement of revenue, expenses and changes in net position Total	<u>\$ 970,100</u>

**NOTE 16. SUPPLEMENTARY INFORMATION**

The supplementary information has been included in order to show the financial statements of the Authority on the U.S. 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.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 17. SUBSEQUENT EVENTS**

Management for the primary government has evaluated subsequent events through December 23, 2021, 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 items noted below:

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 Coronavirus Aid, Relief, and Economic Security Act operating funding in the amounts of \$346,536 for its Low-income Public Housing Program and \$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 Authority, through its non-profit affiliate 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, LP that were properties that were developed using Low Income Housing Tax Credits. This action resulted in an increase of 100 units of Affordable units under the control of the Authority.

On October 2, 2020, the Authority converted its 80-unit Victoria Gardens property through HUD's RAD program. This will result in the Authority maintaining an investment in the property and allow for funding of significant necessary capital improvements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 SOUTH CAROLINA PUBLIC EMPLOYEE BENEFIT AUTHORITY  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Last 10 Years\*

	South Carolina Retirement System				
	2020	2019	2018	2017	2016
Authority's portion of the net pension liability	0.01367%	0.01504%	0.01828%	0.01773%	0.01327%
Authority's proportionate share of the net pension liability	\$3,492,861	\$3,370,818	\$4,096,837	\$3,991,758	\$2,419,430
Authority's covered-employee payroll	\$2,045,018	\$1,606,229	\$1,811,077	\$1,824,268	\$1,133,744
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	170.80%	209.86%	226.21%	218.81%	213.40%
Plan fiduciary net position as a percentage of the total pension liability	60.7%	54.4%	54.1%	53.3%	52.9%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information was presented for the years for which information is available.



**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PENSION CONTRIBUTIONS  
 SOUTH CAROLINA PUBLIC EMPLOYEE BENEFIT AUTHORITY  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020  
 Last 10 Years\***

	South Carolina Retirement System				
	2020	2019	2018	2017	2016
Contractually required contributions	\$ 237,297	\$ 231,297	\$ 245,582	\$ 206,819	\$ 206,819
Contributions in relation to contractually required contribution	237,297	231,297	245,582	206,819	206,819
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 2,045,018	\$ 1,606,229	\$ 1,811,077	\$ 1,824,268	\$ 1,133,744
Contributions as a percentage of covered-employee payroll	11.60%	14.40%	13.56%	11.34%	18.24%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information was presented for the years for which information is available.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SOUTH CAROLINA PUBLIC EMPLOYEE BENEFIT AUTHORITY**

**Actuarial assumptions for valuations performed:**

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

**Changes of benefit terms:**

There were no changes to the benefit terms which impact the measurements provided in the pension plan.

**Changes in assumptions:**

- Amortization period changed from 30 years, open to 29-year maximum, closed period.
- Asset valuation method changed from 20% difference recognition to five-year smoothed.
- Salary increase assumption changed from 3.5% plus step-rate increases for members with less than 25 years of service to 3.00% plus step-rate increases for members with less than 21 years of service.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
 REQUIRED SUPPLEMENTARY INFORMATION  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN  
 (As of September 30, 2020 Measurement Date)**

Valuation Date:	Actuarially Determined Contribution was calculated as of October 1, 2019.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, September 30, 2020.
<b>Actuarial Assumptions:</b>	
Investment Rate of Return:	N/A
Municipal Bond Rate	2.14% as of September 30, 2020 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)
Single Equivalent Discount Rate:	2.25%, net of OPEB plan investment expense, including inflation.
Inflation:	2.50% as of September 30, 2020 and for future periods
Salary Increases:	3.00% annually as of September 30, 2020 and for future periods
Cost of Living Adjustment:	Not Applicable
Pre-Retirement Mortality:	RP-2014 Employees Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Post-Retirement Mortality:	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females set forward 1 year for females
Disabled Mortality:	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year

**OTHER SUPPLEMENTARY INFORMATION**

Housing Authority of the City of Spartanburg  
Financial Data Schedule  
Entry-Wide Balance Sheet  
September 30, 2020

	Public Housing 14,850/14,872	PH CARES Act Funding	Housing Choice Vouchers	HCV CARES Act Funding	Mainstream Vouchers
111 Cash - Unrestricted	\$ 2,672,774	\$ -	\$ 487,689	\$ -	\$ 9,568
112 Cash - Restricted - Modernization and Development	-	-	-	-	-
113 Cash - Other Restricted	19,061	42,227	321,186	971,570	81,082
114 Cash - Tenant Security Deposits	93,744	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-
100 Total Cash	2,785,579	42,227	808,875	971,570	90,650
121 Accounts Receivable - PHA Projects	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	111,158	-	-	-	-
124 Accounts Receivable - Other Government	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	-	-	5	-	-
126 Accounts Receivable - Tenants	24,081	-	-	-	-
126.1 Allowance for Doubtful Accounts - Tenants	(9,389)	-	-	-	-
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-
128 Fraud Recovery	-	-	79,079	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	(79,079)	-	-
129 Accrued Interest Receivable	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	125,850	-	5	-	-
131 Investments - Unrestricted	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-
142 Prepaid Expenses and Other Assets	-	-	-	-	-
143 Inventories	-	-	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	-
145 Assets Held for Sale	-	-	-	-	-
150 Total Current Assets	2,911,429	42,227	808,880	971,570	90,650
161 Land	2,534,474	-	-	-	-
162 Buildings	26,772,219	-	-	-	-
163 Furniture, Equipment & Machinery - Dwellings	119,690	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	550,769	-	133,977	-	-
165 Leasehold Improvements	34,561	-	-	-	-
166 Accumulated Depreciation	(22,070,600)	-	(133,977)	-	-
167 Construction in Progress	2,191,371	-	-	-	-
168 Infrastructure	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	10,132,484	-	-	-	-
171 Notes, Loans and Mortgages Receivable - Non-Current	8,244,574	-	-	-	-
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-
174 Other Assets	-	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-	-
180 Total Non-Current Assets	18,377,058	-	-	-	-
200 Deferred Outflow of Resources	221,359	-	131,852	-	-
290 Total Assets and Deferred Outflow of Resources	\$ 21,509,846	\$ 42,227	\$ 940,732	\$ 971,570	\$ 90,650

Housing Authority of the City of Spartanburg  
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	Public Housing 14,850/14,872	PH CARES Act Funding	Housing Choice Vouchers	HCV CARES Act Funding	Mainstream Vouchers
311 Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312 Accounts Payable <= 90 Days	62,718	-	-	-	-
313 Accounts Payable >90 Days Past Due	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	-	325	-	-
322 Accrued Compensated Absences - Current Portion	6,378	-	3,573	-	-
324 Accrued Contingency Liability	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-
341 Tenant Security Deposits	93,744	-	-	-	-
342 Unearned Revenue	7,298	42,227	4,942	971,570	-
343 Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-
344 Current Portion of Long-Term Debt - Operating Borrowings	-	-	-	-	-
345 Other Current Liabilities	3,887	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	-
347 Inter Program - Due To	-	-	-	-	-
348 Loan Liability - Current	-	-	-	-	-
310 Total Current Liabilities	174,025	42,227	8,840	971,570	-
351 Long-Term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-
352 Long-Term Debt, Net of Current - Operating Borrowings	-	-	-	-	-
353 Non-Current Liabilities - Other	19,061	-	120,520	-	-
354 Accrued Compensated Absences - Non-Current	34,225	-	20,245	-	-
355 Loan Liability - Non-Current	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	1,140,584	-	679,715	-	-
350 Total Non-Current Liabilities	1,193,870	-	820,480	-	-
300 Total Liabilities	1,367,895	42,227	829,320	971,570	-
400 Deferred Inflow of Resources	218,467	-	130,362	-	-
508 Net Investment in Capital Assets	10,132,484	-	-	-	-
511 Restricted Net Position	-	42,227	200,666	971,570	81,082
512 Unrestricted Net Position	9,791,000	(42,227)	(219,616)	(971,570)	9,568
513 Total Equity - Net Assets / Position	19,923,484	-	(18,950)	-	90,650
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 21,509,846	\$ 42,227	\$ 940,732	\$ 971,570	\$ 90,650

Housing Authority of the City of Spartanburg  
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	MV CARES Act Funding	N/C/S/R Section 8	Section 8 Mod Rehab	Resident Opportunity and Supportive Services	Multifamily Housing Service Coordinators
111 Cash - Unrestricted	\$ -	\$ 60,059	\$ 277,171	\$ -	\$ -
112 Cash - Restricted - Modernization and Development	11,794	-	-	-	-
113 Cash - Other Restricted	-	1,966,980	-	-	-
114 Cash - Tenant Security Deposits	-	24,110	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-
100 Total Cash	11,794	2,051,149	277,171	-	-
121 Accounts Receivable - PHIA Projects	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	-	4,438	11,521
124 Accounts Receivable - Other Government	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	-	-	-	-	-
126 Accounts Receivable - Tenants	-	523	5,556	-	-
126.1 Allowance for Doubtful Accounts - Tenants	-	(348)	(4,076)	-	-
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-
128 Fraud Recovery	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	-	175	1,480	4,438	11,521
131 Investments - Unrestricted	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-
142 Prepaid Expenses and Other Assets	-	-	-	-	-
143 Inventories	-	-	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	-
145 Assets Held for Sale	-	-	-	-	-
150 Total Current Assets	11,794	2,051,324	278,651	4,438	11,521
161 Land	-	-	-	-	-
162 Buildings	-	408,618	-	-	-
163 Furniture, Equipment & Machinery - Dwellings	-	3,521,402	-	-	-
164 Furniture, Equipment & Machinery - Administration	-	142,239	-	-	-
165 Leasehold Improvements	-	252,964	-	-	-
166 Accumulated Depreciation	-	(3,356,750)	-	-	-
167 Construction in Progress	-	-	-	-	-
168 Infrastructure	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	-	968,473	-	-	-
171 Notes, Loans and Mortgages Receivable - Non-Current	-	190,541	-	-	-
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-
174 Other Assets	-	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-	-
180 Total Non-Current Assets	-	1,159,014	-	-	-
200 Deferred Outflow of Resources	-	-	5,522	-	-
290 Total Assets and Deferred Outflow of Resources	\$ 11,794	\$ 3,254,422	\$ 284,173	\$ 4,438	\$ 11,521

Housing Authority of the City of Spartanburg  
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	MV CARES Act Funding	N/C/S/R Section 8	Section 8 Mod Rehab	Resident Opportunity and Supportive Services	Multifamily Housing Service Coordinators
311 Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312 Accounts Payable <= 90 Days	-	6,847	-	-	236
313 Accounts Payable >90 Days Past Due	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	1,295	-	-	-
322 Accrued Compensated Absences - Current Portion	-	182	-	-	174
324 Accrued Contingency Liability	-	-	-	-	783
325 Accrued Interest Payable	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	106,692	-	-
332 Account Payable - PHA Projects	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-
341 Tenant Security Deposits	-	24,110	-	-	-
342 Unearned Revenue	11,794	178	-	-	-
343 Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-
344 Current Portion of Long-Term Debt - Operating Borrowings	-	-	-	-	-
345 Other Current Liabilities	-	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	-
347 Inter Program - Due To	-	-	-	3,044	8,868
348 Loan Liability - Current	-	-	-	-	-
310 Total Current Liabilities	11,794	32,612	106,692	3,454	9,651
351 Long-Term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-
352 Long-Term Debt, Net of Current - Operating Borrowings	-	-	-	-	-
353 Non-Current Liabilities - Other	-	-	-	-	-
354 Accrued Compensated Absences - Non-Current	-	1,030	-	-	984
355 Loan Liability - Non-Current	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	226,209	28,255	-	-
350 Total Non-Current Liabilities	-	227,239	28,255	984	1,870
300 Total Liabilities	11,794	259,851	134,947	4,438	11,521
400 Deferred Inflow of Resources	-	42,843	5,310	-	-
508 Net Investment in Capital Assets	-	968,473	-	-	-
511 Restricted Net Position	11,794	1,966,980	-	-	-
512 Unrestricted Net Position	(11,794)	16,275	143,916	-	-
513 Total Equity - Net Assets / Position	-	2,951,728	143,916	-	-
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 11,794	\$ 3,254,422	\$ 284,173	\$ 4,438	\$ 11,521



**Housing Authority of the City of Spartanburg**  
**Financial Data Schedule**  
**Entry-Wide Balance Sheet**  
**September 30, 2020**

		Summer Food Service Program	Business Activities	Blended Component Unit	COCC
111	Cash - Unrestricted	\$ 1,995	\$ 589,411	\$ 164,852	\$ 904,797
112	Cash - Restricted - Modernization and Development	-	-	-	-
113	Cash - Other Restricted	-	155,579	681,616	-
114	Cash - Tenant Security Deposits	-	11,684	24,282	-
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-
100	Total Cash	1,995	756,674	870,750	904,797
121	Accounts Receivable - PHA Projects	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-
124	Accounts Receivable - Other Government	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	5,000
126	Accounts Receivable - Tenants	-	1,400	19,325	-
126.1	Allowance for Doubtful Accounts - Tenants	-	(36)	-	-
126.2	Allowance for Doubtful Accounts - Other	-	(22,462)	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-
128	Fraud Recovery	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	(21,098)	19,325	5,000
131	Investments - Unrestricted	-	-	-	-
132	Investments - Restricted	-	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-	-
142	Prepaid Expenses and Other Assets	-	28,876	76,382	261,466
143	Inventories	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-
144	Inter Program Due From	-	-	-	11,912
145	Assets Held for Sale	-	-	-	-
150	Total Current Assets	1,995	764,452	966,457	1,183,175
161	Land	-	-	-	-
162	Buildings	-	2,120,892	643,300	-
163	Furniture, Equipment & Machinery - Dwellings	-	3,808,556	3,930,811	-
164	Furniture, Equipment & Machinery - Administration	-	-	-	-
165	Leasehold Improvements	-	47,211	-	590,863
166	Accumulated Depreciation	-	(2,377,583)	(184,117)	(538,730)
167	Construction in Progress	-	-	-	-
168	Infrastructure	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	-	3,599,076	4,389,994	52,123
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-
172	Notes, Loans, & Mortgages Receivable - Non-Current - Past Due	-	-	-	-
173	Grants Receivable - Non Current	-	-	-	-
174	Other Assets	-	1,565,739	-	-
176	Investments in Joint Ventures	-	92,425	-	-
180	Total Non-Current Assets	-	18,107,150	4,389,994	52,123
200	Deferred Outflow of Resources	-	-	-	184,293
290	Total Assets and Deferred Outflow of Resources	\$ 1,995	\$ 18,965,668	\$ 5,356,451	\$ 1,419,591

Housing Authority of the City of Spartanburg  
Financial Data Schedule  
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September 30, 2020

		Summer Food Service Program	Business Activities	Blended Component Unit	COCC
311	Bank Overdraft	\$ -	\$ -	\$ -	\$ -
312	Accounts Payable <= 90 Days	-	-	-	220,859
313	Accounts Payable >90 Days Past Due	-	5,212	-	-
321	Accrued Wage/Payroll Taxes Payable	-	14,569	-	100,222
322	Accrued Compensated Absences - Current Portion	-	-	-	13,075
324	Accrued Contingency Liability	-	-	-	-
325	Accrued Interest Payable	-	-	12,185	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-
332	Account Payable - PHA Projects	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-
341	Tenant Security Deposits	-	11,684	24,282	-
342	Unearned Revenue	-	480	5,892	-
343	Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue	-	5,394	-	-
344	Current Portion of Long-Term Debt - Operating Borrowings	-	-	-	-
345	Other Current Liabilities	-	-	-	-
346	Accrued Liabilities - Other	-	-	-	-
347	Inter Program - Due To	-	-	-	-
348	Loan Liability - Current	-	-	-	-
310	Total Current Liabilities	-	37,339	42,359	334,156
351	Long-Term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	364,403	4,641,966	-
352	Long-Term Debt, Net of Current - Operating Borrowings	-	190,541	-	-
353	Non-Current Liabilities - Other	-	-	-	-
354	Accrued Compensated Absences - Non-Current	-	-	-	74,101
355	Loan Liability - Non-Current	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-
357	Accrued Pension and OPEB Liabilities	-	490,598	-	965,390
350	Total Non-Current Liabilities	-	1,045,542	4,641,966	1,039,491
300	Total Liabilities	-	1,082,881	4,684,325	1,373,647
400	Deferred Inflow of Resources	-	62,885	-	193,044
508	Net Investment in Capital Assets	-	3,229,279	(251,972)	52,123
511	Restricted Net Position	-	155,579	681,616	-
512	Unrestricted Net Position	1,995	14,435,044	242,482	(199,223)
513	Total Equity - Net Assets / Position	1,995	17,819,902	672,126	(147,100)
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 1,995	\$ 18,965,668	\$ 5,356,451	\$ 1,419,591

Housing Authority of the City of Spartanburg  
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September 30, 2020

		COCC	Subtotal	ELIM	Total
		CARES Act Funding			
111	Cash - Unrestricted	\$ -	\$ 5,168,316	\$ -	\$ 5,168,316
112	Cash - Restricted - Modernization and Development	-	11,794	-	11,794
113	Cash - Other Restricted	-	4,239,301	-	4,239,301
114	Cash - Tenant Security Deposits	-	153,820	-	153,820
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-
100	Total Cash	-	9,573,231	-	9,573,231
121	Accounts Receivable - PHA Projects	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	127,117	-	127,117
124	Accounts Receivable - Other Government	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	5,005	-	5,005
126	Accounts Receivable - Tenants	-	50,885	-	50,885
126.1	Allowance for Doubtful Accounts - Tenants	-	(13,849)	-	(13,849)
126.2	Allowance for Doubtful Accounts - Other	-	(22,462)	-	(22,462)
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-
128	Fraud Recovery	-	79,079	-	79,079
128.1	Allowance for Doubtful Accounts - Fraud	-	(79,079)	-	(79,079)
129	Accrued Interest Receivable	-	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	146,696	-	146,696
131	Investments - Unrestricted	-	-	-	-
132	Investments - Restricted	-	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-	-
142	Prepaid Expenses and Other Assets	-	366,724	-	366,724
143	Inventories	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-
144	Inter Program Due From	-	11,912	(11,912)	-
145	Assets Held for Sale	-	-	-	-
150	Total Current Assets	-	10,098,563	(11,912)	10,086,651
161	Land	-	5,707,284	-	5,707,284
162	Buildings	-	38,032,988	-	38,032,988
163	Furniture, Equipment & Machinery - Dwellings	-	261,929	-	261,929
164	Furniture, Equipment & Machinery - Administration	-	1,575,774	-	1,575,774
165	Leasehold Improvements	-	34,561	-	34,561
166	Accumulated Depreciation	-	(28,661,757)	-	(28,661,757)
167	Construction in Progress	-	2,191,371	-	2,191,371
168	Infrastructure	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	-	19,142,150	-	19,142,150
171	Notes, Loans and Mortgages Receivable - Non-Current	-	21,285,025	(190,541)	21,094,484
172	Notes, Loans, & Mortgages Receivable - Non-Current - Past Due	-	-	-	-
173	Grants Receivable - Non Current	-	-	-	-
174	Other Assets	-	1,565,739	-	1,565,739
176	Investments in Joint Ventures	-	92,425	-	92,425
180	Total Non-Current Assets	-	42,085,339	(190,541)	41,894,798
200	Deferred Outflow of Resources	-	681,176	-	681,176
290	Total Assets and Deferred Outflow of Resources	\$ -	\$ 52,865,078	\$ (202,453)	\$ 52,662,625

Housing Authority of the City of Spartanburg  
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September 30, 2020

		COCC CARES Act Funding	Subtotal	ELIM	Total
		\$ -	\$ -	\$ -	\$ -
311	Bank Overdraft	-	290,660	-	290,660
312	Accounts Payable <= 90 Days	-	5,212	-	5,212
313	Accounts Payable >90 Days Past Due	-	116,411	-	116,411
321	Accrued Wage/Payroll Taxes Payable	-	24,165	-	24,165
322	Accrued Compensated Absences - Current Portion	-	-	-	-
324	Accrued Contingency Liability	-	-	-	-
325	Accrued Interest Payable	-	12,185	-	12,185
331	Accounts Payable - HUD PHA Programs	-	106,692	-	106,692
332	Account Payable - PHA Projects	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-
341	Tenant Security Deposits	-	153,820	-	153,820
342	Unearned Revenue	-	1,044,381	-	1,044,381
343	Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue	-	5,394	-	5,394
344	Current Portion of Long-Term Debt - Operating Borrowings	-	-	-	-
345	Other Current Liabilities	-	3,887	-	3,887
346	Accrued Liabilities - Other	-	-	-	-
347	Inter Program - Due To	-	11,912	(11,912)	-
348	Loan Liability- Current	-	-	-	-
310	Total Current Liabilities	-	1,774,719	(11,912)	1,762,807
351	Long-Term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	5,006,369	-	5,006,369
352	Long-Term Debt, Net of Current - Operating Borrowings	-	190,541	(190,541)	-
353	Non-Current Liabilities - Other	-	139,581	-	139,581
354	Accrued Compensated Absences - Non-Current	-	132,455	-	132,455
355	Loan Liability - Non-Current	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-
357	Accrued Pension and OPEB Liabilities	-	3,530,751	-	3,530,751
350	Total Non-Current Liabilities	-	8,999,697	(190,541)	8,809,156
300	Total Liabilities	-	10,774,416	(202,453)	10,571,963
400	Deferred Inflow of Resources	-	652,911	-	652,911
508	Net Investment in Capital Assets	-	14,130,387	-	14,130,387
511	Restricted Net Position	-	4,111,514	-	4,111,514
512	Unrestricted Net Position	-	23,195,850	-	23,195,850
513	Total Equity - Net Assets / Position	-	41,437,751	-	41,437,751
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ -	\$ 52,865,078	\$ (202,453)	\$ 52,662,625

**Housing Authority of the City of Spartanburg**  
**Financial Data Schedule**  
**Entity-Wide Revenue and Expense Summary**  
**For the Year Ended September 30, 2020**

		Public Housing 14,850/14,872	PH CARES Act Funding	Housing Choice Vouchers	HCV CARES Act Funding	Mainstream Vouchers
70300	Net Tenant Rental Revenue	1,261,575	-	-	-	-
70400	Tenant Revenue - Other	95,962	-	-	-	-
70500	Total Tenant Revenue	1,357,537	-	-	-	-
70600	HUD PHIA Operating Grants	2,620,241	193,765	13,864,598	218,916	263,302
70610	Capital Grants	863,406	-	-	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Bookkeeping Fee	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-
71100	Investment Income - Unrestricted	-	-	-	-	-
71200	Mortgage Interest Income	-	-	4	-	-
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	12,304	-	-
71500	Other Revenue	43,610	-	13,152	-	-
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-
70000	Total Revenue	4,884,794	193,765	13,890,058	218,916	263,302
91100	Administrative Salaries	429,692	26,786	360,515	12,154	-
91200	Auditing Fees	18,650	-	5,500	-	-
91300	Management Fee	441,778	-	316,764	-	-
91310	Bookkeeping Fee	41,833	-	197,978	-	-
91400	Advertising and Marketing	104	-	238	-	-
91500	Employee Benefit Contributions - Administrative	210,321	2,080	254,403	-	-
91600	Office Expenses	59,111	-	74,411	-	-
91700	Legal Expense	-	-	-	-	-
91800	Travel	3,155	-	1,735	-	-
91810	Allocated Overhead	-	-	(115,195)	-	-
91900	Other	162,010	111,678	45,599	-	-
91000	Total Operating - Administrative	1,366,654	140,544	1,141,948	12,154	-
92000	Asset Management Fee	39,480	-	-	-	-
92100	Tenant Services - Salaries	-	-	-	-	-
92200	Relocation Costs	57,448	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-
92400	Tenant Services - Other	35,494	-	-	-	-
92500	Total Tenant Services	92,942	-	-	-	-

See accompanying independent auditor's report.

**Housing Authority of the City of Spartanburg**  
**Financial Data Schedule**  
**Entity-Wide Revenue and Expense Summary**  
**For the Year Ended September 30, 2020**

	Public Housing 14,850/14,872	PH CARES Act Funding	Housing Choice Vouchers	HCV CARES Act Funding	Mainstream Vouchers
93100 Water	134,229	-	-	-	-
93200 Electricity	363,579	-	-	-	-
93300 Gas	132,285	-	-	-	-
93400 Fuel	-	-	-	-	-
93500 Labor	-	-	-	-	-
93600 Sewer	165,626	-	-	-	-
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-
93000 Total Utilities	795,719	-	-	-	-
94100 Ordinary Maintenance and Operations - Labor	220,990	53,221	-	-	-
94200 Ordinary Maintenance and Operations - Materials and Other	162,397	-	3,301	-	-
94300 Ordinary Maintenance and Operations Contracts	773,358	-	10,383	-	-
94500 Employee Benefit Contributions - Ordinary Maintenance	88,751	-	-	-	-
94000 Total Maintenance	1,245,496	53,221	13,684	-	-
95100 Protective Services - Labor	-	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-
95300 Protective Services - Other	15,605	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-
95000 Total Protective Services	15,605	-	-	-	-
96110 Property Insurance	-	-	-	-	-
96120 Liability Insurance	36,420	-	20,850	-	-
96130 Workmens' Compensation	13,899	-	8,152	-	-
96140 All Other Insurance	-	-	-	-	-
96100 Total Insurance Premiums	50,319	-	29,002	-	-
96200 Other General Expenses	262,605	-	-	206,762	-
96210 Compensated Absences	12,224	-	22,248	-	-
96300 Payments in Lieu of Taxes	17,859	-	-	-	-
96400 Bad debt - Tenant Rents	75,547	-	-	-	-
96500 Bad debt - Mortgages	-	-	-	-	-
96600 Bad debt - Other	-	-	-	-	-
96800 Severance Expense	-	-	-	-	-
96000 Total Other General Expenses	368,235	-	22,248	206,762	-

See accompanying independent auditor's report.

**Housing Authority of the City of Spartanburg**  
**Financial Data Schedule**  
**Entity-Wide Revenue and Expense Summary**  
**For the Year Ended September 30, 2020**

	Public Housing 14,850/14,872	PH CARES Act Funding	Housing Choice Vouchers	HCV CARES Act Funding	Mainstream Vouchers
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-
96700	Total Interest Expense and Amortization Cost	-	-	-	-
96900	Total Operating Expenses	3,974,450	1,206,882	218,916	-
97000	Excess (Deficiency) of Operating Revenue over Operating Expenses	\$ 910,344	\$ 12,683,176	\$ -	\$ 263,302
97100	Extraordinary Maintenance	-	-	-	-
97200	Casualty Losses - Non-capitalized	(33,090)	-	-	-
97300	Housing Assistance Payments	-	12,380,658	-	276,415
97350	HAP Portability-In	-	13,821	-	-
97400	Depreciation Expense	745,404	-	-	-
97500	Fraud Losses	-	-	-	-
97600	Capital Outlays - Governmental Funds	-	-	-	-
97700	Debt Principal Payment - Governmental Funds	-	-	-	-
97800	Dwelling Units Rent Expense	328,372	-	-	-
90000	Total Expenses	5,013,136	193,765	218,916	276,415
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(128,342)	288,697	-	(13,113)
10010	Operating Transfer In	-	-	-	-
10020	Operating Transfer Out	-	-	-	-
10030	Operating Transfers from/to Primary Government	-	-	-	-
10040	Operating Transfers from/to Component Unit	-	-	-	-
10050	Proceeds from Notes, Loans and Bonds	-	-	-	-
10060	Proceeds from Property Sales	-	-	-	-
10070	Extraordinary Items, Net Gain/Loss	-	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-	-
10091	Inter Project Excess Cash Transfer In	(700,000)	-	-	-
10092	Inter Project Excess Cash Transfer Out	700,000	-	-	-
10093	Transfers between Program and Project - In	-	-	-	-
10094	Transfers between Project and Program - Out	-	-	-	-
10100	Total Other Financing Sources (Uses)	-	-	-	-
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-
500	Beginning Net Position	20,051,826	(307,647)	-	103,763
	Ending Net Position	19,923,484	(18,950)	-	90,650

See accompanying independent auditor's report.

**Housing Authority of the City of Spartanburg**  
**Financial Data Schedule**  
**Entity-Wide Revenue and Expense Summary**  
**For the Year Ended September 30, 2020**

		MV CARES Act Funding	N/C S/R Section 8	Section 8 Mod Rehab	Resident Opportunity and Supportive Services	Multifamily Housing Service Coordinators
70300	Net Tenant Rental Revenue	-	339,584	-	-	-
70400	Tenant Revenue - Other	-	-	-	-	-
70500	Total Tenant Revenue	-	339,584	-	-	-
70600	HUD PHIA Operating Grants	-	-	1,202,096	41,763	78,212
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Bookkeeping Fee	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	535,231	-	-	-
71100	Investment Income - Unrestricted	-	-	-	-	-
71200	Mortgage Interest Income	-	-	-	-	-
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	1,500	440	-	-
71500	Other Revenue	-	4,921	-	-	-
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-
70000	Total Revenue	-	881,236	1,202,536	41,763	78,212
91100	Administrative Salaries	-	97,735	14,972	18,625	47,235
91200	Auditing Fees	-	4,250	1,000	-	-
91300	Management Fee	-	62,102	24,216	-	-
91310	Bookkeeping Fee	-	8,595	15,135	-	-
91400	Advertising and Marketing	-	83	-	-	-
91500	Employee Benefit Contributions - Administrative	-	31,238	8,456	7,927	18,267
91600	Office Expenses	-	13,279	12,289	3,953	3,211
91700	Legal Expense	-	1,950	853	-	-
91800	Travel	-	5,715	-	224	224
91810	Allocated Overhead	-	-	-	-	-
91900	Other	-	33,010	10,955	4,577	2,310
91000	Total Operating - Administrative	-	257,957	87,876	35,306	71,247
92000	Asset Management Fee	-	12,000	-	-	-
92100	Tenant Services - Salaries	-	-	-	-	-
92200	Relocation Costs	-	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-
92400	Tenant Services - Other	-	8,920	-	-	-
92500	Total Tenant Services	-	8,920	-	-	-

See accompanying independent auditor's report.



**Housing Authority of the City of Spartanburg**  
**Financial Data Schedule**  
**Entity-Wide Revenue and Expense Summary**  
**For the Year Ended September 30, 2020**

	MV CARES Act Funding	N/C S/R Section 8	Section 8 Mod Rehab	Resident Opportunity and Supportive Services	Multifamily Housing Service Coordinators
93100					
93200					
93300					
93400					
93500					
93600					
93700					
93800					
93900					
94000					
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119800					
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120600					
120700					
120800					

**Housing Authority of the City of Spartanburg**  
**Financial Data Schedule**  
**Entity-Wide Revenue and Expense Summary**  
**For the Year Ended September 30, 2020**

	MV CARES Act Funding	N/C/S/R Section 8	Section 8 Mod Rehab	Resident Opportunity and Supportive Services	Multifamily Housing Service Coordinators
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-
96900 Total Operating Expenses	-	564,006	101,012	41,763	78,212
97000 Excess (Deficiency) of Operating Revenue over Operating Expenses	\$ -	\$ 317,230	\$ 1,101,524	\$ -	\$ -
97100 Extraordinary Maintenance	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-
97300 Housing Assistance Payments	-	-	1,068,978	-	-
97350 HAP Portability-In	-	-	-	-	-
97400 Depreciation Expense	-	85,041	-	-	-
97500 Fraud Losses	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-
90000 Total Expenses	-	649,047	1,169,990	41,763	78,212
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	232,189	32,546	-	-
10010 Operating Transfer In	-	-	-	-	-
10020 Operating Transfer Out	-	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-
10100 Total Other Financing Sources (Uses)	-	-	-	-	-
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-
500 Beginning Net Position	-	2,719,539	111,370	-	-
Ending Net Position	-	2,951,728	143,916	-	-

See accompanying independent auditor's report.

**Housing Authority of the City of Spartanburg**  
**Financial Data Schedule**  
**Entity-Wide Revenue and Expense Summary**  
**For the Year Ended September 30, 2020**

		Summer Food Service Program	Business Activities	Blended Component Unit	COCC
70300	Net Tenant Rental Revenue	-	266,017	575,375	-
70400	Tenant Revenue - Other	-	3,009	8,174	-
70500	Total Tenant Revenue	-	269,026	583,549	-
70600	HUD PHA Operating Grants	-	-	-	-
70610	Capital Grants	-	-	-	-
70710	Management Fee	-	-	-	663,672
70720	Asset Management Fee	-	-	-	51,480
70730	Bookkeeping Fee	-	-	-	254,948
70740	Front Line Service Fee	-	-	-	-
70750	Other Fees	-	-	-	-
70700	Total Fee Revenue	-	-	-	970,100
70800	Other Government Grants	-	-	-	-
71100	Investment Income - Unrestricted	-	-	-	-
71200	Mortgage Interest Income	-	-	-	-
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-
71400	Fraud Recovery	-	-	-	-
71500	Other Revenue	-	57,714	11,450	297,847
71600	Gain or Loss on Sale of Capital Assets	-	49,710	214	-
72000	Investment Income - Restricted	-	-	-	-
70000	Total Revenue	-	376,450	595,213	1,267,947
91100	Administrative Salaries	-	221,618	49,858	398,458
91200	Auditing Fees	-	-	2,800	7,600
91300	Management Fee	-	22,410	36,559	-
91310	Bookkeeping Fee	-	3,272	-	-
91400	Advertising and Marketing	-	-	-	270
91500	Employee Benefit Contributions - Administrative	-	272,197	19,818	2,971
91600	Office Expenses	-	15,000	9,265	188,476
91700	Legal Expense	-	8,088	-	9,455
91800	Travel	-	1,093	1,590	14,906
91810	Allocated Overhead	-	-	-	-
91900	Other	500	14,607	2,717	79,850
91000	Total Operating - Administrative	500	558,285	122,607	701,986
92000	Asset Management Fee	-	-	-	-
92100	Tenant Services - Salaries	-	-	-	-
92200	Relocation Costs	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-
92400	Tenant Services - Other	-	-	-	-
92500	Total Tenant Services	-	-	-	-

See accompanying independent auditor's report.

**Housing Authority of the City of Spartanburg**  
**Financial Data Schedule**  
**Entity-Wide Revenue and Expense Summary**  
**For the Year Ended September 30, 2020**

	Summer Food Service Program	Business Activities	Blended Component Unit	COCC
93100	Water	15,734	1,625	1,477
93200	Electricity	25,096	3,152	13,377
93300	Gas	11,680	433	2,310
93400	Fuel	-	-	-
93500	Labor	-	-	-
93600	Sewer	11,344	453	-
93700	Employee Benefit Contributions - Utilities	-	-	-
93800	Other Utilities Expense	-	-	-
93000	Total Utilities	63,854	5,663	17,164
94100	Ordinary Maintenance and Operations - Labor	54,873	48,003	18,275
94200	Ordinary Maintenance and Operations - Materials and Other	3,747	12,539	29,130
94300	Ordinary Maintenance and Operations Contracts	121,268	107,931	309,170
94500	Employee Benefit Contributions - Ordinary Maintenance	4,353	-	958
94000	Total Maintenance	184,241	168,473	357,533
95100	Protective Services - Labor	-	-	-
95200	Protective Services - Other Contract Costs	-	-	-
95300	Protective Services - Other	-	-	-
95500	Employee Benefit Contributions - Protective Services	-	-	-
95000	Total Protective Services	-	-	-
96110	Property Insurance	-	66,756	-
96120	Liability Insurance	35,577	-	46,100
96130	Workmens' Compensation	5,237	2,896	13,147
96140	All Other Insurance	-	12,315	-
96100	Total Insurance Premiums	40,814	81,967	59,247
96200	Other General Expenses	147,148	-	22,388
96210	Compensated Absences	10,747	-	21,702
96300	Payments in Lieu of Taxes	16,972	68,040	24,352
96400	Bad debt - Tenant Rents	821	2,982	-
96500	Bad debt - Mortgages	-	-	-
96600	Bad debt - Other	264,478	-	29,293
96800	Severance Expense	-	-	-
96000	Total Other General Expenses	440,166	71,022	97,735

See accompanying independent auditor's report.

**Housing Authority of the City of Spartanburg**  
**Financial Data Schedule**  
**Entity-Wide Revenue and Expense Summary**  
**For the Year Ended September 30, 2020**

	Summer Food Service Program	Business Activities	Blended Component Unit	COCC
96710	Interest of Mortgage (or Bonds) Payable	6,527	110,253	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-
96700	Total Interest Expense and Amortization Cost	6,527	110,253	-
96900	Total Operating Expenses	1,441	559,985	1,233,665
97000	Excess (Deficiency) of Operating Revenue over Operating Expenses	\$ (1,441)	\$ 35,228	\$ 34,282
97100	Extraordinary Maintenance	-	-	-
97200	Casualty Losses - Non-capitalized	(24,230)	-	-
97300	Housing Assistance Payments	-	-	-
97350	HAP Portability-In	-	-	-
97400	Depreciation Expense	166,086	184,117	-
97500	Fraud Losses	-	-	-
97600	Capital Outlays - Governmental Funds	-	-	-
97700	Debt Principal Payment - Governmental Funds	-	-	-
97800	Dwelling Units Rent Expense	-	-	-
90000	Total Expenses	1,441	744,102	1,233,665
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(1,441)	(148,889)	34,282
10010	Operating Transfer In	-	-	-
10020	Operating Transfer Out	-	-	-
10030	Operating Transfers from/to Primary Government	-	-	-
10040	Operating Transfers from/to Component Unit	-	-	-
10050	Proceeds from Notes, Loans and Bonds	-	-	-
10060	Proceeds from Property Sales	-	-	-
10070	Extraordinary Items, Net Gain/Loss	-	-	-
10080	Special Items (Net Gain/Loss)	-	821,015	-
10091	Inter Project Excess Cash Transfer In	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-
10093	Transfers between Program and Project - In	-	-	-
10094	Transfers between Project and Program - Out	-	-	-
10100	Total Other Financing Sources (Uses)	-	821,015	-
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-
500	Beginning Net Position	3,436	18,879,195	(181,382)
	Ending Net Position	1,995	672,126	(147,100)

See accompanying independent auditor's report.

**Housing Authority of the City of Spartanburg**  
**Financial Data Schedule**  
**Entity-Wide Revenue and Expense Summary**  
**For the Year Ended September 30, 2020**

		COCC CARES Act Funding	Subtotal	ELIM	Total
70300	Net Tenant Rental Revenue	-	2,442,551	-	2,442,551
70400	Tenant Revenue - Other	-	107,145	-	107,145
70500	Total Tenant Revenue	-	2,549,696	-	2,549,696
70600	HUD PHA Operating Grants	65,077	18,547,970	-	18,547,970
70610	Capital Grants	-	863,406	-	863,406
70710	Management Fee	-	663,672	(663,672)	-
70720	Asset Management Fee	-	51,480	(51,480)	-
70730	Bookkeeping Fee	-	254,948	(254,948)	-
70740	Front Line Service Fee	-	-	-	-
70750	Other Fees	-	-	-	-
70700	Total Fee Revenue	-	970,100	(970,100)	-
70800	Other Government Grants	-	535,231	(535,231)	-
71100	Investment Income - Unrestricted	-	4	-	4
71200	Mortgage Interest Income	-	-	-	-
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-
71400	Fraud Recovery	-	14,244	-	14,244
71500	Other Revenue	-	428,694	-	428,694
71600	Gain or Loss on Sale of Capital Assets	-	49,710	-	49,710
72000	Investment Income - Restricted	-	214	-	214
70000	Total Revenue	65,077	23,959,269	(1,505,331)	22,453,938
91100	Administrative Salaries	9,628	1,687,276	-	1,687,276
91200	Auditing Fees	-	39,800	-	39,800
91300	Management Fee	-	903,829	(663,672)	240,157
91310	Bookkeeping Fee	-	266,813	(254,948)	11,865
91400	Advertising and Marketing	-	695	-	695
91500	Employee Benefit Contributions - Administrative	3,659	831,337	-	831,337
91600	Office Expenses	-	378,995	-	378,995
91700	Legal Expense	-	20,346	-	20,346
91800	Travel	-	28,642	-	28,642
91810	Allocated Overhead	-	(115,195)	-	(115,195)
91900	Other	51,790	519,603	-	519,603
91000	Total Operating - Administrative	65,077	4,562,141	(918,620)	3,643,521
92000	Asset Management Fee	-	51,480	(51,480)	-
92100	Tenant Services - Salaries	-	-	-	-
92200	Relocation Costs	-	57,448	-	57,448
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-
92400	Tenant Services - Other	-	44,414	-	44,414
92500	Total Tenant Services	-	101,862	-	101,862

See accompanying independent auditor's report.

**Housing Authority of the City of Spartanburg**  
**Financial Data Schedule**  
**Entity-Wide Revenue and Expense Summary**  
**For the Year Ended September 30, 2020**

		COCC CARES Act Funding	Subtotal	ELIM	Total
93100	Water	-	166,995	-	166,995
93200	Electricity	-	465,080	-	465,080
93300	Gas	-	179,529	-	179,529
93400	Fuel	-	-	-	-
93500	Labor	-	-	-	-
93600	Sewer	-	194,131	-	194,131
93700	Employee Benefit Contributions - Utilities	-	-	-	-
93800	Other Utilities Expense	-	-	-	-
93000	Total Utilities	-	1,005,735	-	1,005,735
94100	Ordinary Maintenance and Operations - Labor	-	427,359	-	427,359
94200	Ordinary Maintenance and Operations - Materials and Other	-	231,312	-	231,312
94300	Ordinary Maintenance and Operations Contracts	-	1,392,782	-	1,392,782
94500	Employee Benefit Contributions - Ordinary Maintenance	-	106,497	-	106,497
94000	Total Maintenance	-	2,157,950	-	2,157,950
95100	Protective Services - Labor	-	-	-	-
95200	Protective Services - Other Contract Costs	-	-	-	-
95300	Protective Services - Other	-	17,540	-	17,540
95500	Employee Benefit Contributions - Protective Services	-	-	-	-
95000	Total Protective Services	-	17,540	-	17,540
96110	Property Insurance	-	66,756	-	66,756
96120	Liability Insurance	-	153,583	-	153,583
96130	Workmens' Compensation	-	49,511	-	49,511
96140	All Other Insurance	-	12,315	-	12,315
96100	Total Insurance Premiums	-	282,165	-	282,165
96200	Other General Expenses	-	663,741	-	663,741
96210	Compensated Absences	-	70,808	-	70,808
96300	Payments in Lieu of Taxes	-	129,533	-	129,533
96400	Bad debt - Tenant Rents	-	79,555	-	79,555
96500	Bad debt - Mortgages	-	-	-	-
96600	Bad debt - Other	-	293,771	-	293,771
96800	Severance Expense	-	-	-	-
96000	Total Other General Expenses	-	1,237,408	-	1,237,408

See accompanying independent auditor's report.

**Housing Authority of the City of Spartanburg**  
**Financial Data Schedule**  
**Entity-Wide Revenue and Expense Summary**  
**For the Year Ended September 30, 2020**

		COCC CARES Act Funding	Subtotal	ELIM	Total
96710	Interest of Mortgage (or Bonds) Payable	-	116,780	-	116,780
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-
96700	Total Interest Expense and Amortization Cost	-	116,780	-	116,780
96900	Total Operating Expenses	65,077	9,533,061	(970,100)	8,562,961
97000	Excess (Deficiency) of Operating Revenue over Operating Expenses	\$ -	\$ 14,426,208	\$ (535,231)	\$ 13,890,977
97100	Extraordinary Maintenance	-	-	-	-
97200	Casualty Losses - Non-capitalized	-	(59,320)	-	(59,320)
97300	Housing Assistance Payments	-	13,726,051	(535,231)	13,190,820
97350	HAP Portability-In	-	13,821	-	13,821
97400	Depreciation Expense	-	1,180,648	-	1,180,648
97500	Fraud Losses	-	-	-	-
97600	Capital Outlays - Governmental Funds	-	-	-	-
97700	Debt Principal Payment - Governmental Funds	-	-	-	-
97800	Dwelling Units Rent Expense	-	328,372	-	328,372
90000	Total Expenses	65,077	24,722,633	(1,505,331)	23,217,302
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	(763,364)	-	(763,364)
10010	Operating Transfer In	-	-	-	-
10020	Operating Transfer Out	-	-	-	-
10030	Operating Transfers from/to Primary Government	-	-	-	-
10040	Operating Transfers from/to Component Unit	-	-	-	-
10050	Proceeds from Notes, Loans and Bonds	-	-	-	-
10060	Proceeds from Property Sales	-	-	-	-
10070	Extraordinary Items, Net Gain/Loss	-	-	-	-
10080	Special Items (Net Gain/Loss)	-	821,015	-	821,015
10091	Inter Project Excess Cash Transfer In	-	(700,000)	700,000	-
10092	Inter Project Excess Cash Transfer Out	-	700,000	(700,000)	-
10093	Transfers between Program and Project - In	-	-	-	-
10094	Transfers between Project and Program - Out	-	-	-	-
10100	Total Other Financing Sources (Uses)	-	821,015	-	821,015
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-
500	Beginning Net Position	-	41,380,100	-	41,380,100
	Ending Net Position	-	41,437,751	-	41,437,751

See accompanying independent auditor's report.



**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  
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 Housing Authority of the City of Spartanburg (the "Authority"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 23, 2021.

**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) as a basis for determining 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

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

## 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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Bethesda, Maryland  
December 23, 2021

**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  
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, 2020. 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 federal statutes, regulations, and the terms and conditions of federal awards 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.

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. Citrin Cooperman is an independent member of Moore North America, which is itself a regional member of Moore Global Network Limited (MGNL).

### *Opinion on Each Major Federal Program*

In our opinion, the Authority complied, in all material respects, with the 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, 2020.

### **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 a 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. However, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Bethesda, Maryland  
December 23, 2021

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**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	Amount Passed to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Housing and Urban Development ("HUD"):</b>				
<b>Direct Programs:</b>				
Housing Voucher Cluster:				
Housing Choice Vouchers	14.871	N/A	\$ -	\$ 13,864,598
COVID-19 Housing Choice Vouchers	14.871	N/A	-	218,916
Mainstream Vouchers	14.879	N/A	<u>-</u>	<u>263,302</u>
Total Housing Voucher Cluster			<u>-</u>	<u>14,346,816</u>
Section 8 Project-Based Cluster:				
Section 8 Moderate Rehabilitation	14.856		<u>-</u>	<u>1,202,096</u>
Total Section 8 Project-Based Cluster			<u>-</u>	<u>1,202,096</u>
Public and Indian Housing	14.850	N/A	-	2,196,112
COVID-19 Public and Indian Housing	14.850	N/A	<u>-</u>	<u>193,765</u>
Total Public and Indian Housing			<u>-</u>	<u>2,389,877</u>
Public Housing Capital Fund Program	14.872	N/A	-	1,069,329
Multifamily Housing Service Coordinators	14.191	N/A	-	78,212
Resident Opportunity and Supportive Services	14.896	N/A	<u>-</u>	<u>41,763</u>
<b>Total HUD Federal Expenditures</b>			<u>-</u>	<u>19,128,093</u>
<b>Total Federal Expenditures</b>			<u>\$ -</u>	<u>\$ 19,128,093</u>

See accompanying notes to schedule of expenditures of federal awards.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Housing Authority of the City of Spartanburg (the "Authority") under programs of the federal government for the year ended September 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the Authority.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3. SUBRECIPIENTS**

The Authority did not pass through any federal awards to subrecipients during the year ended September 30, 2020.

**NOTE 4. INDIRECT COST RATE**

The Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**SECTION I: SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report to be issued:	Unmodified
Internal control over financial reporting:	
a. Material weakness identified?	No
b. Significant deficiencies identified?	None reported
Noncompliance material to the financial statements?	No

**Federal Awards**

Internal control over major federal programs:	
a. Material weaknesses identified?	None reported
b. Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
<u>Federal Grantor/Program Title</u>	
U.S. Department of Housing and Urban Development ("HUD"):	
Housing Voucher Cluster	14.871/14.879
Section 8 Project-Based Cluster	14.856
Dollar threshold to distinguish between Type A and Type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**SECTION II: FINANCIAL STATEMENT FINDINGS**

None.

**SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None.