

**HOUSING AUTHORITY OF THE  
CITY OF SPARTANBURG  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2021**

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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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 Housing Authority of the City of Spartanburg (the "Authority") as of and for the year ended September 30, 2021, 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 *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.

**Report on the Financial Statements (Continued)*****Auditor's Responsibility (Continued)***

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, 2021, 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.

***Restatement - Correction of Errors***

As discussed in Note 2 to the financial statements, certain errors in the financial statements for the year ended September 30, 2020 were discovered by management of the Authority subsequent to the issuance of the financial statements dated December 23, 2021. Our opinion is not modified with respect to this matter.

***Other Matters******Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 - 9, schedule of proportionate share of the net pension liability and related ratios on page 39, schedule of pension contributions on page 40, schedule of net OPEB liability and related ratios on page 41, and schedule of OPEB plan contributions on page 42, 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 43 - 62 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 68 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.

**Report on the Financial Statements (Continued)*****Other Matters (Continued)******Other Information (Continued)***

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 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York

October 11, 2022

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2021**

**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, 2021. This discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority’s financial activity, identify changes in the Authority’s financial position, and identify individual program issues or concerns. Readers should consider the information presented here in conjunction with the Authority’s financial statements to obtain a full understanding of its financial position.

This MD&A is presented in accordance with the requirements of the Governmental Accounting Standards Board Statement No. 34 (“GASB 34”) to allow the reader to gain an adequate understanding of the Authority’s annual operating results and financial position as of September 30, 2021.

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 \$46,146,143 (net position) as compared to \$44,348,149 for the prior fiscal year, as restated.
- The Authority’s cash balance as of September 30, 2021 was \$11,463,038, representing an increase of \$1,026,511 from the September 30, 2020 balance of \$10,436,527, as restated. The increase was primarily a result of higher grant revenues received during the year.
- The Authority had total revenue of \$24,498,431 and total expenses of \$22,700,437 for the year ended September 30, 2021.
- As a result of participation in the South Carolina Retirement System (“SCRS”), the Authority’s unfunded post-employment liabilities decreased \$395,219 from \$3,530,751 as of September 30, 2020, to \$3,135,532 as of September 30, 2021.
- In response to the COVID-19 pandemic, the Authority utilized \$138,618 of additional public housing and \$971,501 of Housing Choice Voucher Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) funding which helped to offset the higher costs associated with adapting to telework and increased remote servicing of its clients.
- Management identified certain misstatements in the previously issued financial statements as of and for the year ended September 30, 2020, primarily related to improperly recording the sale of a major property. As a result, the prior year balances reflected in this MD&A have been restated.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2021**

**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 and 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, 2021**

**Analysis of Authority-Wide Net Position (Statements of Net Position)**

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

		(Restated)		
	September 30, 2021	September 30, 2020	Total Change	% Change
Current Assets	\$ 12,059,217	\$ 11,279,380	\$ 779,837	6.91%
Capital Assets	19,786,495	20,644,855	(858,360)	-4.16%
Other Noncurrent Assets	23,931,163	22,752,648	1,178,515	5.18%
Deferred Outflow of Resources	<u>562,402</u>	<u>681,176</u>	<u>(118,774)</u>	-17.44%
<b>Total Assets and Deferred Outflows</b>	<b>\$ <u>56,339,277</u></b>	<b>\$ <u>55,358,059</u></b>	<b>\$ <u>981,218</u></b>	<b>1.77%</b>
Current Liabilities	\$ 1,188,254	\$ 1,768,240	\$ (579,986)	-32.80%
Noncurrent Liabilities	7,974,108	8,588,759	(614,651)	-7.16%
Deferred Inflow of Resources	<u>1,030,772</u>	<u>652,911</u>	<u>377,861</u>	57.87%
<b>Total Liabilities and Deferred Inflows</b>	<b><u>10,193,134</u></b>	<b><u>11,009,910</u></b>	<b><u>(816,776)</u></b>	<b>-7.42%</b>
Investment in Capital Assets	14,740,320	15,853,489	(1,113,169)	-7.02%
Restricted	4,368,709	4,981,515	(612,806)	-12.30%
Unrestricted	<u>27,037,114</u>	<u>23,513,145</u>	<u>3,523,969</u>	14.99%
<b>Total Net Position</b>	<b><u>46,146,143</u></b>	<b><u>44,348,149</u></b>	<b><u>1,797,994</u></b>	<b>4.05%</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ <u>56,339,277</u></b>	<b>\$ <u>55,358,059</u></b>	<b>\$ <u>981,218</u></b>	<b>1.77%</b>

Total assets and deferred outflows increased by \$981,218 or 1.77%. This increase was comprised primarily as result of an increase in cash of approximately \$700,000, an increase of approximately \$1.5 million in notes receivable, offset by a decrease in capital assets of approximately \$900,000 as discussed in Table 3 of this document.

Total liabilities and deferred inflows decreased by \$816,776 or 7.42%. This decrease was comprised primarily as a result of a decrease in unearned revenue of approximately \$900,000.



**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

**Analysis of Authority-Wide Net Position (Statements of Net Position) (Continued)**

Total Net Position increased by \$1,797,994 or 4.05%, which is outlined in detail on the statement of revenues, expenses and changes in net position.

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

The following table illustrates changes in revenues and expenses from FY 2020 to FY 2021:

**Housing Authority of the City of Spartanburg  
Comparative Statements of Revenues and Expenses and Changes in Net Position  
TABLE II**

		(Restated)		
	September 30, 2021	September 30, 2020	Total Change	% Change
<b>Revenues:</b>				
Tenant Revenue	\$ 2,549,781	\$ 2,553,107	\$ (3,326)	-0.13%
Operating Subsidies	19,282,925	19,749,915	(466,990)	-2.36%
Capital Grants	1,904,800	863,406	1,041,394	120.61%
Interest Income	1,726	218	1,508	691.74%
Other Income	1,110,341	442,938	667,403	150.68%
Gain/(Loss) on Sale	(351,142)	2,594,910	(2,946,052)	-113.53%
<b>Total revenues</b>	<b>24,498,431</b>	<b>26,204,494</b>	<b>(1,706,063)</b>	<b>-6.51%</b>
<b>Expenses:</b>				
Administrative	3,473,674	3,653,286	(179,612)	-4.92%
Tenant Services	140,328	101,862	38,466	37.76%
Utilities	791,375	1,005,735	(214,360)	-21.31%
Maintenance	1,682,973	2,161,299	(478,326)	-22.13%
Protective Services	24,353	17,540	6,813	38.84%
Insurance	308,446	282,165	26,281	9.31%
General	1,240,244	1,655,139	(414,895)	-25.07%
Housing Assistance Payments	13,661,053	13,204,642	456,411	3.46%
Depreciation	1,177,991	1,154,777	23,214	2.01%
Fraud losses	200,000	-	200,000	100.00%
<b>Total expenses</b>	<b>22,700,437</b>	<b>23,236,445</b>	<b>(536,008)</b>	<b>-2.31%</b>
Change in Net Position	1,797,994	2,968,049	(1,170,055)	-39.42%
Net Position - beginning	44,348,149	41,380,100	2,968,049	7.17%
<b>Net Position - ending</b>	<b>\$ 46,146,143</b>	<b>\$ 44,348,149</b>	<b>\$ 1,797,994</b>	<b>4.05%</b>

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

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

During the year, total revenue decreased from \$26,205,859, as restated, to \$24,498,431, which represents a decrease of \$1,706,063, or 6.51%. This increase was primarily a function of the decrease in operating grant funding of approximately \$500,000, an increase in capital grant funding of approximately \$1 million, an increase in other income of approximately \$700,000, and a decrease in gain on sale of approximately \$3 million.

Total expenses decreased by \$537,373 or 2.31% from fiscal year 2020 to fiscal year 2021.

**Capital Assets**

During FY 2021, the Authority had capital asset additions of \$1,795,716, net capital asset disposals of \$1,476,085 and depreciation expense of \$1,177,991.

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

		(Restated)		
	September 30, 2021	September 30, 2020	Total Change	% Change
Land	\$ 5,657,932	\$ 5,657,932	\$ -	0.00%
Buildings and improvements	34,643,425	39,593,735	(4,950,310)	-12.50%
Equipment	2,330,204	1,837,703	492,501	26.80%
Construction in progress	<u>2,494,633</u>	<u>2,191,371</u>	<u>303,262</u>	13.84%
	45,126,194	49,280,741	(4,154,547)	-8.43%
Accumulated depreciation	<u>(25,339,699)</u>	<u>(28,635,886)</u>	<u>3,296,187</u>	-11.51%
<b>Total capital assets</b>	<b>\$ <u>19,786,495</u></b>	<b>\$ <u>20,644,855</u></b>	<b>\$ <u>(858,360)</u></b>	<b>-4.16%</b>

**Debt Outstanding**

As of the year end, the Authority had outstanding debt of \$5,046,175, which was an increase of \$243,972 from last year's balance of \$4,791,366, as restated. Additional details regarding long-term debt can be found in the notes to the financial statements accompanying this report.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

**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.
- 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, 2021**

**ASSETS**

Current assets:	
Cash - unrestricted	\$ 6,791,087
Cash - restricted	4,519,900
Cash - security deposits	152,051
Accounts receivable, net	390,855
Prepaid expenses	<u>205,324</u>
Total current assets	<u>12,059,217</u>
Noncurrent assets:	
Capital assets, net	19,786,495
Notes receivable, net	22,820,738
Investment in joint ventures	92,425
Developer fees receivable	<u>1,018,000</u>
Total noncurrent assets	<u>43,717,658</u>
Total assets	<u>55,776,875</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pension plan	<u>562,402</u>
Total deferred outflows of resources	<u>562,402</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 56,339,277</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**SEPTEMBER 30, 2021**

**LIABILITIES**

Current liabilities:	
Accounts payable	\$ 201,239
Accrued liabilities	286,869
Accrued compensated absences, current portion	21,715
Accrued interest payable	11,985
Unearned revenue	103,571
Notes payable, current portion	410,824
Tenant security deposits	<u>152,051</u>
Total current liabilities	<u>1,188,254</u>
Noncurrent liabilities:	
Notes payable, less current portion	4,635,351
Accrued compensated absences, less current portion	123,058
Trust deposits	80,167
Net pension liability	3,095,032
Net OPEB liability	<u>40,500</u>
Total noncurrent liabilities	<u>7,974,108</u>
Total liabilities	<u>9,162,362</u>

**DEFERRED INFLOWS OF RESOURCES**

Pension plan	1,010,241
OPEB plan	<u>20,531</u>
Total deferred inflows of resources	<u>1,030,772</u>

**NET POSITION**

Net investment in capital assets	14,740,320
Restricted	4,368,709
Unrestricted	<u>27,037,114</u>
Total net position	<u>46,146,143</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 56,339,277</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Operating revenues:	
Dwelling rent	\$ 2,549,781
HUD grants	18,531,641
Other government grants	751,284
Other income	<u>1,110,341</u>
Total operating revenues	<u>22,943,047</u>
Operating expenses:	
Administrative	3,473,674
Tenant services	140,328
Utilities	791,375
Maintenance and operations	1,682,973
Protective services	24,353
General expense	1,389,156
Housing assistance payments	13,661,053
Depreciation expense	<u>1,177,991</u>
Total operating expenses	<u>22,340,903</u>
Operating income	<u>602,144</u>
Non-operating revenues (expenses):	
HUD capital grants	1,904,800
Fraud losses	(200,000)
Loss on sale of capital assets	(351,142)
Interest income	1,726
Interest expense	<u>(159,534)</u>
Non-operating revenues, net	<u>1,195,850</u>
Change in net position	1,797,994
Net position, beginning of year, as previously reported	41,437,751
Restatements - correction of errors (Note 2)	<u>2,910,398</u>
Net position, beginning of year, as restated	<u>44,348,149</u>
NET POSITION, END OF YEAR	<u><u>\$ 46,146,143</u></u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Cash flows from operating activities:	
Receipts from tenants	\$ 2,504,727
Receipts from operating grants	19,298,095
Other receipts	49,148
Payments for employees	(2,780,967)
Payments for goods and services	(4,058,774)
Payments for housing assistance	<u>(13,661,053)</u>
Net cash provided by operating activities	<u>1,351,176</u>
Cash flows from capital and related financing activities:	
Receipts from capital grants	1,904,800
Purchases of capital assets	(1,790,642)
Proceeds from sale of capital assets	48,450
Issuance of notes receivable	(326,444)
Fraud losses	(200,000)
Proceeds from payments of notes receivable	3,553
Issuance of notes payable	326,443
Principal payments on notes payable	(82,471)
Interest payments on notes payable	<u>(148,897)</u>
Net cash used in capital and related financing activities	<u>(265,208)</u>
Cash flows from investing activities:	
Tenant deposits received, net	(61,183)
Interest received	<u>1,726</u>
Net cash used in investing activities	<u>(59,457)</u>
Net increase in cash and restricted cash	1,026,511
Cash and restricted cash - beginning of year, as restated	<u>10,436,527</u>
CASH AND RESTRICTED CASH - END OF YEAR	<u><u>\$ 11,463,038</u></u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Reconciliation of cash and restricted cash:

The following table provides a reconciliation of cash and restricted cash reported within the statement of net position that sum to the total of the same such amount shown in the statement of cash flows as of September 30, 2021:

Cash - unrestricted	\$ 6,791,087
Cash - restricted	4,519,900
Cash - security deposits	<u>152,051</u>
	<u>\$ 11,463,038</u>

The following table provides a reconciliation of cash and restricted cash reported within the statement of net position that sum to the total of the same such amount shown in the statement of cash flows as of September 30, 2020, as restated:

Cash - unrestricted, as restated	\$ 5,161,611
Cash - restricted, as restated	5,121,096
Cash - security deposits	<u>153,820</u>
	<u>\$ 10,436,527</u>

See accompanying notes to financial statements.



**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 602,144
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,177,991
Pension expense	101,416
Changes in operating assets and liabilities:	
Accounts receivable, net	(246,670)
Prepaid expenses	161,400
Developer fee receivable	547,739
Accounts payable	(201,325)
Accrued liabilities	161,138
Accrued compensated absences	(11,847)
Unearned revenue	<u>(940,810)</u>
Net cash provided by operating activities	<u>\$ 1,351,176</u>
Supplemental disclosures of noncash investing and financing activities:	
Conversion broker deposits included in other current assets to notes receivable	<u>\$ 331,944</u>
Sale of capital assets, net included in notes receivable	<u>\$ 1,071,419</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

Introduction

The financial statements of the Housing Authority of the City of Spartanburg (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America ("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 Authority operations and its blended component units. These statements do not include any City of Spartanburg ("City") agencies, and the Authority is not a component unit of the City under the definitions of Government Accounting Standards Board ("GASB") Statement No. 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 of Commissioners ("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 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.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

Reporting Entity (Continued)

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

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

*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* - This 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 the Authority 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, 2021**

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

Reporting Entity (Continued)

Blended Component Units - The following entities are considered blended component units of the Authority:

- Hope Six Housing Corporation
- Spartanburg Housing Development
- Spartanburg Area Housing Corporation
- SAHC Country Gardens, LLC

The financial activity reflected in this report for SAHC Country Gardens, LLC is as of and for the year ended December 31, 2021. All other blended component unit financial activity is as of and for the year ended September 30, 2021.

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 FASB and AICPA guidance into GASB authoritative literature. The Authority has elected not to follow any FASB guidance not included in GASB 62.

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

Basis of Accounting, 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.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

Basis of Accounting, Measurement Focus (Continued)

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 and Investments

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

*Restricted cash* – The Authority has amounts that it has designated as restricted cash according to various program specific requirements as detailed in Note 3. It is the policy of the Authority to include restricted cash equivalents with unrestricted cash and cash equivalents, regardless of the timing of the establishment and release of restrictions.

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

Accounts Receivable

Accounts receivable 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 expensed in the appropriate fund using the specific write-off method. As of September 30, 2021, management has established an allowance for doubtful accounts of \$44,951.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

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 of Spartanburg 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 and improvements	20 years
Furniture, fixtures, and 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 represents loans to related-party owner-entities and developers for development projects. The Authority subordinated these loans in conjunction with financing arrangements related to the development of mixed-income, multi-family rental communities. Such loans are interest-bearing and are payable from cash flow from the property owned by each respective Project. Such loans are typically funded from various programs and Capital Fund grants, representing a significant portion of the construction costs associated with the Authority assisted component of the mixed-income rental property. Interest and principal on these loans are subordinated and are contingent on cash flow from the property; however, interest income is accrued as it occurs. Based on the status of the previous mixed-financing projects and the contingent nature of the payments, management elected to establish an allowance based on the expected amount the Authority intends to collect.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position includes separate sections for deferred outflows and inflows of resources. These separate sections represent a consumption or acquisition of net position that applies to future periods and will not be recognized as outflows (revenues) or inflows (expenses) until that time.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**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 when the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Fulltime, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay is recorded as an expense and related liability in the year earned by employees.

Net Position

Net position is displayed in three components:

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

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

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

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

Revenues and Expenses

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

Operating Revenue

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents. Operating expenses include the cost of 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**  
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**SEPTEMBER 30, 2021**

**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 statement of revenues, expenses, and change in net position while capital grant funds are added to the net position in the non-operating revenues and expenses. 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.

Accounting Pronouncements Not Yet Implemented

GASB Statement No. 87, *Leases*, is effective for periods beginning after June 15, 2021, 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. Management is currently evaluation the effect GASB Statement No. 87 will have on its financial statements and related disclosures.

**NOTE 2.      RESTATEMENT - CORRECTION OF ERRORS**

The accompanying financial statements for the year ended September 30, 2021, include corrections of errors related to recognition of the sales of capital assets. The impact of the corrections on beginning net position, as shown in the accompanying financial statements for the year ended September 30, 2021, resulted in an increase to beginning net position of \$5,290,977 before eliminations and a \$2,910,398 increase after eliminations. Additionally, opening cash – unrestricted and cash – restricted are restated on the accompanying cash flow by \$(6,705) and \$870,001, respectively.



**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
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**NOTE 3. CASH**

At September 30, 2021, the Authority's Primary Government cash had a carrying amount of \$11,463,038 and bank balances of \$11,726,079. Of the bank balances held in various financial institutions, \$750,000 was covered by federal depository insurance.

*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, 2021, 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 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 depository insurance, BB&T Bank participates in public funds of pooled securities for the Authority. As of September 30, 2021, there was \$10,237,468 of specified pledged security for the Authority, resulting in an uncollateralized balance of \$622,953.

*Restricted Cash* - Restricted cash was comprised of the following as of September 30, 2021:

Unspent HAP - HCV program	\$ 629,235
Unspent grant funds	108,636
South State loan collateral	872,953
Tenant escrow accounts	79,039
Replacement reserves and escrows	954,592
Residual receipts	<u>1,875,445</u>
Total restricted cash	<u>\$ 4,519,900</u>

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 4. CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance at September 30, 2020			Balance at September 30, 2021
	(Restated)	Additions	Transfers/ Disposals	
Land	\$ 5,657,932	\$ -	\$ -	\$ 5,657,932
Construction in progress	<u>2,191,371</u>	<u>702,854</u>	<u>(399,592)</u>	<u>2,494,633</u>
Total capital assets not being depreciated	<u>7,849,303</u>	<u>702,854</u>	<u>(399,592)</u>	<u>8,152,565</u>
Buildings and improvements	39,593,735	600,361	(5,550,671)	34,643,425
Furniture and equipment	<u>1,837,703</u>	<u>492,501</u>	<u>-</u>	<u>2,330,204</u>
Total capital assets being depreciated	<u>41,431,438</u>	<u>1,092,862</u>	<u>(5,550,671)</u>	<u>36,973,629</u>
Accumulated depreciation	<u>28,635,886</u>	<u>1,177,991</u>	<u>(4,474,178)</u>	<u>25,339,699</u>
Depreciated assets, net	<u>12,795,552</u>	<u>(85,129)</u>	<u>(1,076,493)</u>	<u>11,633,930</u>
Capital assets, net	<u>\$ 20,644,855</u>	<u>\$ 617,725</u>	<u>\$ (1,476,085)</u>	<u>\$ 19,786,495</u>

**NOTE 5. NOTES RECEIVABLE, NET**

Notes receivable at September 30, 2021 consisted of the following:

Entity	Notes Receivable	Accrued Interest	Total Receivable	Allowance for Doubtful Accounts	Notes Receivable, Net
Victoria Gardens Apartments, LLC, net	\$ 1,729,807	\$ 91,831	\$ 1,821,638	\$ (91,831)	\$ 1,729,807
CS1, LLC	10,697,421	583,464	11,280,885	(583,464)	10,697,421
HC1, LLC	780,000	1,246,573	2,026,573	(1,246,573)	780,000
SHA 7, LLC	8,244,574	1,114,049	9,358,623	(1,114,049)	8,244,574
Highland Avenue, LLC	350,000	253,044	603,044	(253,044)	350,000
Cedar Springs Place, LLC	914,375	592,074	1,506,449	(592,074)	914,375
Homeowners' notes receivable	<u>730,967</u>	<u>-</u>	<u>730,967</u>	<u>(626,406)</u>	<u>104,561</u>
Total notes receivable, net	<u>\$ 23,447,144</u>	<u>\$ 3,881,035</u>	<u>\$ 27,328,179</u>	<u>\$ (4,507,441)</u>	<u>\$ 22,820,738</u>

**Victoria Gardens Apartments, LLC**

Victoria Gardens Apartments, LLC ("VGA, LLC") consists of the following loans made to VGA, LLC, a related party through common control, by the Authority for the development of properties owned by VGA, LLC:

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

**Victoria Gardens Apartments, LLC (Continued)**

VGA, LLC entered into a promissory note with the Authority for \$3,200,000 for the purchase of Victoria Gardens Apartments. The note bears interest at a rate of 2.6% per annum, payable from and to the extent of available net cash flow. The balance of principal, if any remaining unpaid, plus accrued interest, shall be due and payable on October 1, 2052. Pursuant to GASB No. 62, the gross balance of the loan as of September 30, 2021 was \$3,200,000, less an unrecognized gain of \$2,128,580, resulting in a net balance of \$1,071,420.

VGA, LLC entered into a promissory note with the Authority for \$1,201,944 to assist VGA, LLC in operating expenses during the construction period. The note bears interest at a rate of 2.6% per annum, payable from and to the extent of available net cash flow. The balance of principal, if any remaining unpaid, plus accrued interest, shall be due and payable on October 1, 2052. The balance of the loan as of September 30, 2021 was \$658,387, with \$543,557 of the original note amount left to be advanced as needed.

**CS1, LLC**

CS1, LLC consists of the following loans made to CS1, LLC, a related party through common control, by the Authority for the development of properties owned by CS1, LLC:

CS1, LLC has 42-year nonrecourse 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 costs. No payments are due until maturity. All principal is due on March 14, 2049. The loan is secured by the properties. The balance of the loan as of September 30, 2021 was \$7,768,309.

CS1, LLC has a 42-year nonrecourse 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 costs. No payments are due until maturity. All principal is due on February 28, 2049. The loan is secured by the properties. The balance of the loan as of September 30, 2021 was \$2,308,443.

CS1, LLC has a 42-year nonrecourse 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 properties. The balance of the loan as of September 30, 2021 was \$620,669.

**HC1, LLC**

HC1, LLC consists of the following loans made to HC1, LLC, a related party through common control, by the Authority for the development of the properties owned by HC1, LLC:

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

**HC1, LLC (Continued)**

HC1, LLC entered into a nonrecourse construction and permanent loan with the Authority 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, 2021 was \$300,000.

HC1, LLC entered into a nonrecourse construction and permanent loan with 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, 2021 was \$480,000.

**SHA 7, LLC**

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

SHA 7, LLC entered into a promissory note with the Authority for a \$7,244,574 note to assist in the acquisition funding of the RAD properties during January 2016. The note accrues interest at 2.65% and matures in January 2059, and interest payments are repayable from cash flow only. As of September 30, 2021, the outstanding balance was \$7,244,574.

SHA 7, LLC entered into a promissory note with the Authority for \$1,000,000 which represented cash loans to SHA 7 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, 2021, the outstanding balance was \$1,000,000.

**Highland Avenue, LLC**

Highland Avenue, LLC entered into a nonrecourse construction and permanent loan in the amount of \$350,000. The note bears interest at the applicable federal rate ("AFR") (1.0% at September 30, 2021) 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, 2021 was \$350,000.

**Cedar Springs Place, LLC**

Cedar Springs Place, LLC consists of the following loans made to the company, a related party, by the Authority for the development of the project:

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

**Cedar Springs Place, LLC (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 greatest of (a) 4.77% per annum or (b) an annual interest rate equal to the AFR as defined in Section 1274(d) of the Internal Revenue Code of 1986 ("IRC"). 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, 2021, the loan balance was \$414,375.

Cedar Springs Place, LLC entered into a fifth mortgage loan payable with Spartanburg Area Housing Corporation (a blended component unit of the Authority) 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 AFR as defined in Section 1274(d) of the IRC. 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, 2021, the loan balance was \$300,000.

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 noninterest-bearing.

**Notes Receivable - Homeowners**

The Authority has issued primary loans to assist qualified residents with the purchase of homes. The Authority entered into a \$1,000,000 Loan Agreement with BB&T Bank to finance these primary loans with interest rates ranging from 0% to 7.5%. Mortgage loans held by the Authority are collateralized by single-family residences. As of September 30, 2021, the outstanding mortgage balance was \$730,967. An allowance for doubtful accounts of \$626,406 has been recorded as of September 30, 2021. All amounts are considered noncurrent.

**NOTE 6. DEVELOPER FEES RECEIVABLE**

As of September 30, 2021, developer fees receivable consisted of the following:

CS1, LLC	\$ 550,000
HC1, LLC	400,000
VGA, LLC	<u>68,000</u>
	\$ <u><u>1,018,000</u></u>

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
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**NOTE 7. NONCURRENT LIABILITIES**

Noncurrent liabilities at September 30, 2021 consisted of the following:

	<b>Balance at September 30, 2020 (Restated)</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at September 30, 2021</b>	<b>Current Portion of Balance</b>
Long-term debt	\$ 4,709,696	\$ -	\$ (74,345)	\$ 4,635,351	\$ 410,824
Compensated absences	123,058	119,801	(119,801)	123,058	21,715
Trust deposits	139,581	-	(59,414)	80,167	-
Net pension and OPEB liabilities	<u>3,530,751</u>	<u>-</u>	<u>(395,219)</u>	<u>3,135,532</u>	<u>-</u>
Total long-term debt	<u>\$ 8,503,086</u>	<u>\$ 119,801</u>	<u>\$ (648,779)</u>	<u>\$ 7,974,108</u>	<u>\$ 432,539</u>

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

Long-term debt obligations as of September 30, 2021 consisted of the following:

In May 2014, the Authority obtained a \$110,154 loan from Branch Banking and Trust Company to fund the development of three duplexes (six low-income rental units). The loan is secured by the land and buildings. Interest is charged at the one-month LIBOR, reflected at September 30, 2021 as 2.3375%, and monthly payments are \$747. During the year, the loan was refinanced and extended and now matures on May 21, 2026. The outstanding balance as of September 30, 2021 was \$68,060.

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 contingent upon performing the work described in the original application for the funds. The outstanding balance as of September 30, 2021 was \$295,542, with all amounts considered noncurrent.

During fiscal year 2021, the Spartanburg Area Housing Corporation (a blended component unit of the Authority), obtained a loan from South State Bank for \$500,000 to fund the development of an affordable housing property. The loan is secured by that property. The note bears interest at a rate of 3.25% per annum. The outstanding balance as of September 30, 2021 was \$326,443, with all amounts considered current. Subsequent to year end, this note was paid off.

During fiscal year 2020, SAHC Country Gardens, LLC (a blended component unit of the Authority) entered into a HUD-insured promissory note with Prudential Huntoon Paige Associates, LLC in the amount of \$4,691,500 in connection with the acquisition of the Country Gardens Apartments. The promissory note bears interest at a rate of 3.15% per annum. The promissory note was used to fund the acquisition of the project. Principal and interest payments of \$18,450 are due monthly commencing on May 1, 2020, through maturity on April 1, 2055, at which time, all outstanding principal and interest are due in full. The promissory note is collateralized by a first lien on the underlying value of the real estate. The balance of the loan as of December 31, 2021 was \$4,565,690.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

Debt issuance costs of \$228,642 were reported as a direct reduction of the debt obligation. During the year ended December 31, 2021, amortization of \$10,837 was recorded in the accompanying statement of revenues, expenses, and change in net position.

Interest expense incurred on the note for the year ended December 31, 2021 was \$144,927, which is included in "Interest expense" in the accompanying statement of revenues, expenses and change in net position. Accrued interest payable on the note was \$11,985 as of December 31, 2021.

Maturities of note for the next five years and thereafter at September 30, 2021 are as follows:

<u>Fiscal year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2022	\$ 410,824	\$ 145,980	\$ 556,804
2023	87,184	143,177	230,361
2024	90,081	140,280	230,361
2025	93,076	137,285	230,361
2026	132,881	133,373	266,254
Thereafter	4,441,689	2,071,594	6,513,283
Less: unamortized debt issuance costs	<u>(209,560)</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,046,175</u>	<u>\$ 2,771,689</u>	<u>\$ 8,027,424</u>

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

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and the employer contribution rate that exceeds 2.9 percent of earnable compensation for the SCRS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a 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 measurement period ending June 30, 2021, the employer contribution rates were 15.41% of member's compensation and .15% of member's compensation for incidental death benefits. For the measurement period ended June 30, 2021, the Authority's contributions were \$251,552.

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, P.O. 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 include 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 statutes require 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, 2021 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, 2020, projected forward to the end of the fiscal year, and financial information as of June 30, 2021, using generally accepted actuarial procedures.



**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

Actuarial Assumptions (Continued)

The financial reporting actuarial valuation as of July 1, 2020 used the following actuarial methods and assumptions, applied to all periods included in this measurement:

Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	5-year Smoothed
Amortization Method	Level Percent of Pay
Amortization Period	28-year maximum, closed period
Investment Rate of Return	7.00%
Inflation	2.25%
Salary Increase	3.00% plus step-rate increases for members with less than 21 years of service
Mortality	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females both projected as Scale AA from the year 2016. Male rates multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rate of return represents assumptions developed using the arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees. The expected returns, along with expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighing the expected future real rates of return by the target allocation percentage and adding expected inflation. For actuarial purposes, the seven percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 SCRS'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.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Sensitivity Analysis

In accordance with GASB No. 68, *Accounting and Financial Reporting for Pensions*, regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the table below presents the net pension liability calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.00%) or 1.00% higher (8.00%) than the current rate.

	<b>1.0% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.0% Increase (8.00%)</b>
SHA's Net Pension Liability	\$ 4,054,106	\$ 3,095,032	\$ 2,297,842

For the measurement period ended June 30, 2021, pension expense was \$65,577.

Net Pension Liability

In accordance with GASB No. 68, employers are required to recognize and report certain amounts associated with their participation in SCRS.

	<b>Net Pension Liability as of September 30, 2021</b>	<b>Percent of Collective NPL</b>
SHA's Net Pension Liability	\$ 3,095,032	0.014302 %

At September 30, 2021, the employer recorded a liability of \$3,095,032 for its proportionate share of the net pension liability. This liability was based upon a measurement date of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020 through June 30, 2021, relative to the total employer contributions received from all of SCRS' participating employers. At September 30, 2021, the employer's proportion was 0.014302%.

Deferred Inflows and Outflows

For fiscal year 2021, the employer reported its proportionate share of SCRS' deferred outflows of resources and deferred inflows of resources related to SCRS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Liability experience	\$ 52,720	\$ 4,177
Changes in assumptions	169,412	-
Investment experience	228,159	677,752
Changes in proportion and differences between Authority contributions and proportionate share of contributions	112,111	328,312
Authority contributions subsequent to the measurement date	-	-
Total	<u>\$ 562,402</u>	<u>\$ 1,010,241</u>

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

Deferred Inflows and Outflows (Continued)

Amounts reported as deferred outflows of resources related to pensions resulting from employers' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Recognition of Existing Deferred Outflow (Inflow) of Resources, Net</u>
2022	\$ (224,662)
2023	(50,400)
2024	(4,547)
2025	(168,232)

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

The Authority's total OPEB liability of \$40,500 is based on an actuarial valuation performed as of October 1, 2019, with a measurement date of September 30, 2020.

Plan Membership

At October 1, 2019, OPEB plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	4
Active employees	<u>39</u>
Total	<u><u>43</u></u>

Funding Policy

The contribution requirements of plan members and the Authority are established and may be amended through Authority ordinances.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

Actuarial Methods and Assumptions

Valuation Date	October 1, 2019
Measurement Date	September 30, 2021
Actuarial Cost Method	Individual entry age normal
Amortization Method	Straight-line amortization
Asset Valuation Method	Market value of assets
Net Investment Return	N/A
Inflation Rate	2.50%
Salary Increases	3.00% annually
Municipal Bond Rate	2.14%
Discount Rate	2.25%, net of OPEB plan investment expense, including inflation
Mortality	Pre-retirement: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward one year for females. Post-retirement: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward one year for females. Disabled: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward one year.
Trend Rate	Medicare Supplement Plans: Initial trend of 4.50% for 2020, grading down 0.00% per year for an ultimate trend rate of 4.50%. Active Plans: Initial trend of 4.50% for 2020 grading down 0.00% per year for an ultimate trend rate of 4.50%. Dental Plans: Initial trend of 4.50% for 2020, grading down 0.00% per year for an ultimate trend rate of 4.50%.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

Changes in the Net OPEB Liability

The total OPEB liability shown below is based on an actuarial valuation performed as of October 1, 2019, and a measurement date of September 30, 2021:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a)-(b)
Balance at September 30, 2020	\$ 37,890	\$ -	\$ 37,890
Service cost	2,186	-	2,186
Interest	896	-	896
Implicit cost amount	(472)	-	(472)
Benefit payments	-	(472)	472
Contributions - employer	-	472	(472)
Net changes	2,610	-	2,610
Balance at September 30, 2021	\$ 40,500	\$ -	\$ 40,500

Sensitivity of the Net OPEB Liability Due to Changes in the Discount Rate

The following table represents the net OPEB liability calculated using the current discount rate of 2.25%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (1.25%) or one percentage point higher (3.25%) than the current rate:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Net OPEB liability	\$ 44,506	\$ 40,500	\$ 37,162

Sensitivity of the Net OPEB Liability Due to Changes in the Health Care Cost Trend Rate

The following table represents the net OPEB liability of the Authority calculated using the current health care cost trend rate as well as what it would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability	\$ 36,373	\$ 40,500	\$ 45,262

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the Authority recognized a decrease in OPEB expense of \$2,315. As of September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 11,773
Changes in assumptions	-	8,758
Net difference between projected and actual earnings	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ 20,531</u>

Pursuant to GASB No. 75, amounts reported as deferred outflows of resources related to OPEB contributions made subsequent to the measurement date of September 30, 2021, will be recognized as a reduction of the net OPEB liability in the fiscal year ending September 30, 2022. These amounts are reflected in the financial statements as part of the deferred outflows of resources and deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized OPEB expense as follows:

<u>Fiscal Year Ending September 30:</u>	<u>Amount</u>
2022	\$ (4,927)
2023	(4,927)
2024	(4,927)
2025	(3,458)
2026	(2,292)

**NOTE 11. RELATED-PARTY TRANSACTIONS**

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

According to the loan agreement, \$10,295,000 has been repaid from Investor Member contributions and a balance exists on the bonds of \$3,445,000. Neither the notes receivable from CS1, LLC or the bonds payable is recorded on the Authority books. This is considered to be a conduit debt obligation. The HOPE VI note receivable is detailed in Note 5 to the financial statements.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 11. RELATED-PARTY TRANSACTIONS (CONTINUED)**

As stated in Note 5, Notes Receivable, there exist amounts invested in and loaned to affiliated tax credit properties. The transactions have been stated in Note 6 to the financial statements and are not restated in the note for related parties. Additionally, surplus cash funds in the amount of \$255,000 were 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.

On March 18, 2020, SAHC Country Gardens, LLC (a blended component unit of the Authority) entered into a promissory note with the Authority in the original amount of \$2,360,454 (the "surplus cash note"). The surplus cash note bears interest at 3.00% per annum. Interest is payable annually or semi-annually to the extent of 75% of available surplus cash, as defined. All outstanding principal and interest is due in full at maturity on April 1, 2055. The surplus cash note is collateralized by a second lien on the underlying value of the property and equipment. As of September 30, 2021, the outstanding balance on the surplus cash note was \$2,360,454. In accordance with U.S. GAAP, the balance was eliminated on the statement of net position.

**NOTE 12. ECONOMIC DEPENDENCY**

The Authority is economically dependent on annual contributions and grants from HUD. The program operated 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.

Legal

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

Grants and Contracts

The Authority participates in various federally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional based upon compliance with the 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, 2021.

Fraud Losses

During fiscal year 2021, the Authority was involved in a phishing scam in which an unknown scammer provided similar information to well-known vendors of the Authority. This resulted in a fraud loss for the Authority of \$200,000 reflected in the accompanying statement of revenues, expenses and change in net position. Management is currently evaluating its options in recovering the aforementioned loss.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

Operating Leases

During November 2019, SHA entered into an operating lease agreement for its central office effective January 1, 2021. Future minimum lease payments under the operating lease are as follows:

<u>Fiscal Year Ending September 30:</u>	<u>Amount</u>
2022	\$ 184,450
2023	184,450
2024	184,450
2025	184,450
2026	204,561
Thereafter	818,244

**NOTE 14. RESTRICTED NET POSITION**

Restricted net position (equity) as of September 30, 2021 consisted of the following:

Unspent HAP - HCV	\$ 629,235
South state loan set aside	872,953
Restricted deposits and funded reserves	<u>2,866,521</u>
	<u><u>\$ 4,368,709</u></u>

**NOTE 15. RISKS AND UNCERTAINTIES**

COVID-19

During 2020, the World Health Organization declared COVID-19 to constitute a "Public Health Emergency of International Concern". Disruptions to business operations have occurred and could continue to develop as a result of quarantines of employees, customers and suppliers in areas affected by the outbreak, and closures of third-party vendors' manufacturing facilities and logistical supply chains. Given the uncertainty of the situation, the duration of the business disruption and related financial impact on the Authority cannot be reasonably estimated at this time.

**NOTE 16. SUBSEQUENT EVENTS**

In preparing the financial statements, management evaluated subsequent events through October 11, 2022, the date the financial statements were available to be issued. Except as referenced in note 8, management has concluded that no material subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**  
**Last 10 Years\***

	South Carolina Retirement System					
	2021	2020	2019	2018	2017	2016
Authority's portion of the net pension liability	0.01430%	0.01367%	0.01504%	0.01828%	0.01773%	0.01327%
Authority's proportionate share of the net pension liability	\$3,095,032	\$3,492,861	\$3,370,818	\$4,096,837	\$3,991,758	\$2,419,430
Authority's covered employee payroll	\$1,862,692	\$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	166.16%	170.80%	209.86%	226.21%	218.81%	213.40%
Plan fiduciary net position as a percentage of the total pension liability	60.7%	50.7%	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.

See accompanying notes to required supplementary information.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PENSION CONTRIBUTIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Years\***

	South Carolina Retirement System					
	2021	2020	2019	2018	2017	2016
Contractually required contributions	\$ 251,552	\$ 237,297	\$ 231,297	\$ 245,582	\$ 206,819	\$ 206,819
Contributions in relation to contractually required contributions	<u>251,552</u>	<u>237,297</u>	<u>231,297</u>	<u>245,582</u>	<u>206,819</u>	<u>206,819</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered employee payroll	\$ 1,862,692	\$ 2,045,018	\$ 1,606,229	\$ 1,811,077	\$ 1,824,268	\$ 1,133,744
Contributions as a percentage of covered employee payroll	13.50%	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.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN**

**Changes in Actuarial Assumptions:**

- Investment rate of return decreased from 7.25% to 7.00% as of September 30, 2021
- Amortization period changed from 30 years, open to 29-year maximum, closed period as of September 30, 2020
- Asset valuation method changed from 20% difference recognition to five-year smoothed as of September 30, 2020
- 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 as of September 30, 2020

**Changes in Benefit Terms:**

No changes noted.

See accompanying notes to required supplementary information.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF NET OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Years\***

<u>Total OPEB liability</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 2,186	\$ 1,554	\$ 1,362	\$ 113,067
Interest	896	2,015	76,994	75,411
Changes in benefit terms	-	-	(2,053,778)	-
Differences between expected and actual experience	-	(16,484)	-	-
Changes of assumptions	-	421	(16,955)	-
Benefit payments, including refunds of employee contributions	<u>(472)</u>	<u>(3,562)</u>	<u>(10,895)</u>	<u>(57,797)</u>
Net change in total OPEB liability	2,610	(16,056)	(2,003,272)	130,681
Total OPEB liability - beginning	<u>37,890</u>	<u>53,946</u>	<u>2,057,218</u>	<u>1,926,537</u>
Total OPEB liability - ending	<u>\$ 40,500</u>	<u>\$ 37,890</u>	<u>\$ 53,946</u>	<u>\$ 2,057,218</u>
<u>Plan fiduciary net position</u>				
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's net OPEB liability	<u>\$ 40,500</u>	<u>\$ 37,890</u>	<u>\$ 53,946</u>	<u>\$ 2,057,218</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	- %	- %	- %	- %
Covered payroll	<u>\$ 1,862,692</u>	<u>\$ 2,045,018</u>	<u>\$ 1,606,229</u>	<u>\$ 1,811,077</u>
Authority's net OPEB liability as a percentage of covered payroll	2.17 %	1.85 %	3.36 %	113.59 %

\*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.

See accompanying notes to required supplementary information.

**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF OPEB PLAN CONTRIBUTIONS**  
**Last 10 Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 3,400	\$ 2,688	\$ 4,278	\$ 11,657
Contributions in relation to the actuarially determined contributions	<u>(472)</u>	<u>(3,562)</u>	<u>(10,895)</u>	<u>(57,797)</u>
Contribution deficiency (excess)	<u><u>\$ 2,928</u></u>	<u><u>\$ (874)</u></u>	<u><u>\$ (6,617)</u></u>	<u><u>\$ (46,140)</u></u>
Authority's covered employee payroll	\$ 1,862,692	\$ 2,045,018	\$ 1,606,229	\$ 1,811,077
Contributions as a percentage of covered employee payroll	0.03 %	0.17 %	0.68 %	3.19 %

\*These amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN**

**Changes in Actuarial Assumptions:**

- Discount rate decreased from 3.75% to 2.25% as of September 30, 2021

**Changes in Benefit Terms:**

No changes noted.

## **OTHER SUPPLEMENTARY INFORMATION**

**Housing Authority of the City of Spartanburg**  
**Financial Data Schedule**  
**Entity-Wide Balance Sheet**  
**September 30, 2021**

		Public Housing 14.850/14.872	Youth Build Program	PH CARES Act Funding	Housing Choice Vouchers	HCV CARES Act Funding	Mainstream Vouchers
111	Cash - Unrestricted	\$ 3,013,941	\$ -	\$ -	\$ 885,914	\$ -	\$ 30,937
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-
113	Cash - Other Restricted	7,561	-	-	700,713	-	-
114	Cash - Tenant Security Deposits	83,997	-	-	-	-	-
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-
100	Total Cash	3,105,499	-	-	1,586,627	-	30,937
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	44,830	-	-	-	-	-
124	Accounts Receivable - Other Government	-	-	-	48,974	-	-
125	Accounts Receivable - Miscellaneous	6,615	-	-	-	-	-
126	Accounts Receivable - Tenants	15,262	-	-	-	-	-
126.1	Allowance for Doubtful Accounts - Tenants	(3,080)	-	-	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-
128	Fraud Recovery	-	-	-	12,220	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	(12,220)	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	63,627	-	-	48,974	-	-
131	Investments - Unrestricted	-	-	-	-	-	-
132	Investments - Restricted	-	-	-	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	7,041	-	-	-	-	-
143	Inventories	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-
144	Inter Program Due From	-	-	-	-	-	-
145	Assets Held for Sale	-	-	-	-	-	-
150	Total Current Assets	3,176,167	-	-	1,635,601	-	30,937
161	Land	2,534,474	-	-	-	-	-
162	Buildings	21,219,954	-	-	-	-	-
163	Furniture, Equipment & Machinery - Dwellings	197,239	-	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	552,362	-	-	229,159	-	-
165	Leasehold Improvements	34,561	-	-	-	-	-
166	Accumulated Depreciation	(18,161,785)	-	-	(133,977)	-	-
167	Construction in Progress	2,494,633	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	8,871,438	-	-	95,182	-	-
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	17,116,012	-	-	95,182	-	-
200	Deferred Outflow of Resources	182,277	-	-	108,572	-	-
290	Total Assets and Deferred Outflow of Resources	\$ 20,474,456	\$ -	\$ -	\$ 1,839,355	\$ -	\$ 30,937

See independent auditor's report.

Housing Authority of the City of Spartanburg  
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		Public Housing 14.850/14.872	Youth Build Program	PH CARES Act Funding	Housing Choice Vouchers	HCV CARES Act Funding	Mainstream Vouchers
311	Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts Payable <= 90 Days	66,541	-	-	2,578	-	50
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-
321	Accrued Wages/Payroll Taxes Payable	31,262	-	-	16,128	-	989
322	Accrued Compensated Absences - Current Portion	4,309	-	-	1,887	-	-
324	Accrued Contingency Liability	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-
332	Accounts Payable - PHA Projects	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-
341	Tenant Security Deposits	83,997	-	-	-	-	-
342	Unearned Revenue	14,474	-	-	5,495	-	-
343	Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	-
344	Current Portion of Long-Term Debt - Operating Borrowings	-	-	-	-	-	-
345	Other Current Liabilities	3,393	-	-	-	-	-
346	Accrued Liabilities - Other	47,582	-	-	1,444	-	49
347	Inter Program - Due To	-	-	-	-	-	-
348	Loan Liability - Current	-	-	-	-	-	-
310	Total Current Liabilities	251,558	-	-	27,532	-	1,088
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	8,689	-	-	71,478	-	-
354	Accrued Compensated Absences - Non-Current	24,425	-	-	10,694	-	-
355	Loan Liability - Non-Current	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-
357	Accrued Pension and OPEB Liabilities	1,012,200	-	-	603,270	-	-
350	Total Non-Current Liabilities	1,045,314	-	-	685,442	-	-
300	Total Liabilities	1,296,872	-	-	712,974	-	1,088
400	Deferred Inflow of Resources	331,942	-	-	197,908	-	-
508	Net Investment in Capital Assets	8,871,438	-	-	95,182	-	-
511	Restricted Net Position	-	-	-	629,235	-	-
512	Unrestricted Net Position	9,974,204	-	-	204,056	-	29,849
513	Total Equity - Net Assets / Position	18,845,642	-	-	928,473	-	29,849
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 20,474,456	\$ -	\$ -	\$ 1,839,355	\$ -	\$ 30,937

See independent auditor's report.



**Housing Authority of the City of Spartanburg**  
**Financial Data Schedule**  
**Entity-Wide Balance Sheet**  
**September 30, 2021**

		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	\$ -	\$ -	\$ 274,292	\$ -	\$ 302
112	Cash - Restricted - Modernization and Development	-	-	-	-	-
113	Cash - Other Restricted	-	2,145,142	-	-	-
114	Cash - Tenant Security Deposits	-	26,515	-	-	-
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-
100	Total Cash	-	2,171,657	274,292	-	302
121	Accounts Receivable - PHA Projects	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	5,389	5,753
124	Accounts Receivable - Other Government	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	11,266	-	-
126	Accounts Receivable - Tenants	-	2,530	5,556	-	-
126.1	Allowance for Doubtful Accounts - Tenants	-	-	(5,556)	-	-
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	-	2,530	11,266	5,389	5,753
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	-	2,174,187	285,558	5,389	6,055
161	Land	-	408,618	-	-	-
162	Buildings	-	3,785,098	-	-	-
163	Furniture, Equipment & Machinery - Dwellings	-	142,239	-	-	-
164	Furniture, Equipment & Machinery - Administration	-	291,764	-	-	-
165	Leasehold Improvements	-	-	-	-	-
166	Accumulated Depreciation	-	(3,470,454)	-	-	-
167	Construction in Progress	-	-	-	-	-
168	Infrastructure	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	-	1,157,265	-	-	-
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	-	1,347,806	-	-	-
200	Deferred Outflow of Resources	-	36,301	4,547	-	-
290	Total Assets and Deferred Outflow of Resources	\$ -	\$ 3,558,294	\$ 290,105	\$ 5,389	\$ 6,055

See independent auditor's report.

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	-	2,986	3,376	975	34
313	Accounts Payable >90 Days Past Due	-	-	-	-	-
321	Accrued Wages/Payroll Taxes Payable	-	5,563	-	1,700	1,849
322	Accrued Compensated Absences - Current Portion	-	786	-	247	363
324	Accrued Contingency Liability	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	110,706	-	-
332	Accounts Payable - PHA Projects	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-
341	Tenant Security Deposits	-	26,515	-	-	-
342	Unearned Revenue	-	396	-	-	-
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	-	16,321	-	-	-
347	Inter Program - Due To	-	83,693	-	1,067	1,754
348	Loan Liability - Current	-	-	-	-	-
310	Total Current Liabilities	-	136,260	114,082	3,989	4,000
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	-	4,455	-	1,400	2,055
355	Loan Liability - Non-Current	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-
357	Accrued Pension and OPEB Liabilities	-	200,567	25,037	-	-
350	Total Non-Current Liabilities	-	205,022	25,037	1,400	2,055
300	Total Liabilities	-	341,282	139,119	5,389	6,055
400	Deferred Inflow of Resources	-	65,571	8,168	-	-
508	Net Investment in Capital Assets	-	1,157,265	-	-	-
511	Restricted Net Position	-	2,145,142	-	-	-
512	Unrestricted Net Position	-	(150,966)	142,818	-	-
513	Total Equity - Net Assets / Position	-	3,151,441	142,818	-	-
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ -	\$ 3,558,294	\$ 290,105	\$ 5,389	\$ 6,055

See independent auditor's report.

**Housing Authority of the City of Spartanburg**  
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**Entity-Wide Balance Sheet**  
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		Summer Food Service Program	State / Local 2	Business Activities	Blended Component Unit	COCC
111	Cash - Unrestricted	\$ 1,995	\$ 26,561	\$ 800,478	\$ 146,070	\$ 1,610,597
112	Cash - Restricted - Modernization and Development	-	-	-	-	-
113	Cash - Other Restricted	-	72,152	909,436	684,896	-
114	Cash - Tenant Security Deposits	-	-	15,606	25,933	-
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-
100	Total Cash	1,995	98,713	1,725,520	856,899	1,610,597
121	Accounts Receivable - PHA Projects	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	4,593	-
124	Accounts Receivable - Other Government	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	5,537	70,299	5,804	182,636
126	Accounts Receivable - Tenants	-	-	-	8,542	-
126.1	Allowance for Doubtful Accounts - Tenants	-	-	(22,462)	(1,633)	-
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	-	5,537	47,837	17,306	182,636
131	Investments - Unrestricted	-	-	-	-	-
132	Investments - Restricted	-	-	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	-	28,592	76,036	93,655
143	Inventories	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-
144	Inter Program Due From	-	-	-	-	93,677
145	Assets Held for Sale	-	-	-	-	-
150	Total Current Assets	1,995	104,250	1,801,949	950,241	1,980,565
161	Land	-	-	2,120,892	593,948	-
162	Buildings	-	-	3,988,300	5,456,997	-
163	Furniture, Equipment & Machinery - Dwellings	-	-	6,800	-	-
164	Furniture, Equipment & Machinery - Administration	-	-	109,361	6,234	795,046
165	Leasehold Improvements	-	-	138,831	-	19,684
166	Accumulated Depreciation	-	-	(2,627,279)	(358,760)	(587,444)
167	Construction in Progress	-	-	-	-	-
168	Infrastructure	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	-	-	3,736,905	5,698,419	227,286
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	16,936,618	-	-
172	Notes, Loans, & Mortgages Receivable - Non-Current - Past Due	-	-	-	-	-
173	Grants Receivable - Non Current	-	-	-	-	-
174	Other Assets	-	-	1,018,000	-	-
176	Investments in Joint Ventures	-	-	92,425	-	-
180	Total Non-Current Assets	-	-	21,783,948	5,698,419	227,286
200	Deferred Outflow of Resources	-	-	78,951	-	151,754
290	Total Assets and Deferred Outflow of Resources	\$ 1,995	\$ 104,250	\$ 23,664,848	\$ 6,648,660	\$ 2,359,605

See independent auditor's report.

Housing Authority of the City of Spartanburg  
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		Summer Food Service Program	State / Local 2	Business Activities	Blended Component Unit	COCC
311	Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts Payable <= 90 Days	-	-	7,765	-	6,228
313	Accounts Payable >90 Days Past Due	-	-	-	-	-
321	Accrued Wages/Payroll Taxes Payable	-	1,616	11,476	3,160	53,362
322	Accrued Compensated Absences - Current Portion	-	378	-	-	13,745
324	Accrued Contingency Liability	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	11,985	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-
332	Accounts Payable - PHA Projects	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-
341	Tenant Security Deposits	-	-	15,606	25,933	-
342	Unearned Revenue	-	76,026	641	6,539	-
343	Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue	-	-	332,110	78,714	-
344	Current Portion of Long-Term Debt - Operating Borrowings	-	-	-	-	-
345	Other Current Liabilities	-	-	121,619	-	58,080
346	Accrued Liabilities - Other	-	1,460	7,884	-	17,473
347	Inter Program - Due To	-	7,163	-	-	-
348	Loan Liability - Current	-	-	-	-	-
310	Total Current Liabilities	-	86,643	497,101	126,331	148,888
351	Long-Term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	357,935	4,277,416	-
352	Long-Term Debt, Net of Current - Operating Borrowings	-	-	190,541	-	-
353	Non-Current Liabilities - Other	-	-	-	-	-
354	Accrued Compensated Absences - Non-Current	-	2,139	-	-	77,890
355	Loan Liability - Non-Current	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-
357	Accrued Pension and OPEB Liabilities	-	-	434,719	-	859,739
350	Total Non-Current Liabilities	-	2,139	983,195	4,277,416	937,629
300	Total Liabilities	-	88,782	1,480,296	4,403,747	1,086,517
400	Deferred Inflow of Resources	-	-	141,818	-	285,365
508	Net Investment in Capital Assets	-	-	3,046,860	1,342,289	227,286
511	Restricted Net Position	-	-	909,436	684,896	-
512	Unrestricted Net Position	1,995	15,468	18,086,438	217,728	760,437
513	Total Equity - Net Assets / Position	1,995	15,468	22,042,734	2,244,913	987,723
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 1,995	\$ 104,250	\$ 23,664,848	\$ 6,648,660	\$ 2,359,605

See independent auditor's report.

**Housing Authority of the City of Spartanburg**  
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**Entity-Wide Balance Sheet**  
**September 30, 2021**

		COCC CARES Act Funding	Subtotal	ELIM	Total
111	Cash - Unrestricted	\$ -	\$ 6,791,087	\$ -	\$ 6,791,087
112	Cash - Restricted - Modernization and Development	-	-	-	-
113	Cash - Other Restricted	-	4,519,900	-	4,519,900
114	Cash - Tenant Security Deposits	-	152,051	-	152,051
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-
100	Total Cash	-	11,463,038	-	11,463,038
121	Accounts Receivable - PHA Projects	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	60,565	-	60,565
124	Accounts Receivable - Other Government	-	48,974	-	48,974
125	Accounts Receivable - Miscellaneous	-	282,157	-	282,157
126	Accounts Receivable - Tenants	-	31,890	-	31,890
126.1	Allowance for Doubtful Accounts - Tenants	-	(32,731)	-	(32,731)
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-
128	Fraud Recovery	-	12,220	-	12,220
128.1	Allowance for Doubtful Accounts - Fraud	-	(12,220)	-	(12,220)
129	Accrued Interest Receivable	-	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	390,855	-	390,855
131	Investments - Unrestricted	-	-	-	-
132	Investments - Restricted	-	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-	-
142	Prepaid Expenses and Other Assets	-	205,324	-	205,324
143	Inventories	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-
144	Inter Program Due From	-	93,677	(93,677)	-
145	Assets Held for Sale	-	-	-	-
150	Total Current Assets	-	12,152,894	(93,677)	12,059,217
161	Land	-	5,657,932	-	5,657,932
162	Buildings	-	34,450,349	-	34,450,349
163	Furniture, Equipment & Machinery - Dwellings	-	346,278	-	346,278
164	Furniture, Equipment & Machinery - Administration	-	1,983,926	-	1,983,926
165	Leasehold Improvements	-	193,076	-	193,076
166	Accumulated Depreciation	-	(25,339,699)	-	(25,339,699)
167	Construction in Progress	-	2,494,633	-	2,494,633
168	Infrastructure	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	-	19,786,495	-	19,786,495
171	Notes, Loans and Mortgages Receivable - Non-Current	-	25,371,733	(2,550,995)	22,820,738
172	Notes, Loans, & Mortgages Receivable - Non-Current - Past Due	-	-	-	-
173	Grants Receivable - Non Current	-	-	-	-
174	Other Assets	-	1,018,000	-	1,018,000
176	Investments in Joint Ventures	-	92,425	-	92,425
180	Total Non-Current Assets	-	46,268,653	(2,550,995)	43,717,658
200	Deferred Outflow of Resources	-	562,402	-	562,402
290	Total Assets and Deferred Outflow of Resources	\$ -	\$ 58,983,949	\$ (2,644,672)	\$ 56,339,277

See independent auditor's report.

Housing Authority of the City of Spartanburg  
Financial Data Schedule  
Entity-Wide Balance Sheet  
September 30, 2021

		COCC CARES Act Funding	Subtotal	ELIM	Total
311	Bank Overdraft	\$ -	\$ -	\$ -	\$ -
312	Accounts Payable <= 90 Days	-	90,533	-	90,533
313	Accounts Payable >90 Days Past Due	-	-	-	-
321	Accrued Wages/Payroll Taxes Payable	-	127,105	-	127,105
322	Accrued Compensated Absences - Current Portion	-	21,715	-	21,715
324	Accrued Contingency Liability	-	-	-	-
325	Accrued Interest Payable	-	11,985	-	11,985
331	Accounts Payable - HUD PHA Programs	-	110,706	-	110,706
332	Accounts Payable - PHA Projects	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-
341	Tenant Security Deposits	-	152,051	-	152,051
342	Unearned Revenue	-	103,571	-	103,571
343	Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue	-	410,824	-	410,824
344	Current Portion of Long-Term Debt - Operating Borrowings	-	-	-	-
345	Other Current Liabilities	-	183,092	(115,541)	67,551
346	Accrued Liabilities - Other	-	92,213	-	92,213
347	Inter Program - Due To	-	93,677	(93,677)	-
348	Loan Liability - Current	-	-	-	-
310	Total Current Liabilities	-	1,397,472	(209,218)	1,188,254
351	Long-Term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	4,635,351	-	4,635,351
352	Long-Term Debt, Net of Current - Operating Borrowings	-	190,541	(190,541)	-
353	Non-Current Liabilities - Other	-	80,167	-	80,167
354	Accrued Compensated Absences - Non-Current	-	123,058	-	123,058
355	Loan Liability - Non-Current	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-
357	Accrued Pension and OPEB Liabilities	-	3,135,532	-	3,135,532
350	Total Non-Current Liabilities	-	8,164,649	(190,541)	7,974,108
300	Total Liabilities	-	9,562,121	(399,759)	9,162,362
400	Deferred Inflow of Resources	-	1,030,772	-	1,030,772
508	Net Investment in Capital Assets	-	14,740,320	-	14,740,320
511	Restricted Net Position	-	4,368,709	-	4,368,709
512	Unrestricted Net Position	-	29,282,027	(2,244,913)	27,037,114
513	Total Equity - Net Assets / Position	-	48,391,056	(2,244,913)	46,146,143
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ -	\$ 58,983,949	\$ (2,644,672)	\$ 56,339,277

See 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, 2021**

		Public Housing 14.850/14.872	Youth Build Program	PH CARES Act Funding	Housing Choice Vouchers	HCV CARES Act Funding	Mainstream Vouchers
70300	Net Tenant Rental Revenue	\$ 1,100,242	\$ -	\$ -	\$ -	\$ -	\$ -
70400	Tenant Revenue - Other	105,341	-	-	-	-	-
70500	Total Tenant Revenue	1,205,583	-	-	-	-	-
70600	HUD PHA Operating Grants	2,375,908	-	138,618	14,157,130	971,501	630,690
70610	Capital Grants	1,904,800	-	-	-	-	-
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	-	-	-	7	-	-
71200	Mortgage Interest Income	-	-	-	-	-	-
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	2,142	-	-
71500	Other Revenue	36,470	-	-	194,216	-	-
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-
70000	Total Revenue	5,522,761	-	138,618	14,353,495	971,501	630,690
91100	Administrative Salaries	342,648	-	2,543	308,336	3,541	19,605
91200	Auditing Fees	22,840	-	-	9,181	-	-
91300	Management Fee	445,060	-	12,541	304,452	-	17,460
91310	Bookkeeping Fee	34,703	-	-	190,282	-	10,913
91400	Advertising and Marketing	94	-	-	451	-	-
91500	Employee Benefit Contributions - Administrative	158,699	-	15,876	8,468	7,240	7,390
91600	Office Expenses	62,264	-	-	9,936	395	6,796
91700	Legal Expense	6,413	-	-	-	-	-
91800	Travel	34	-	-	-	-	-
91810	Allocated Overhead	-	-	-	-	-	-
91900	Other	125,690	-	107,658	-	364,012	1,753
91000	Total Operating - Administrative	1,198,445	-	138,618	831,106	375,188	63,917
92000	Asset Management Fee	51,240	-	-	-	-	-
92100	Tenant Services - Salaries	-	-	-	-	-	-
92200	Relocation Costs	2,609	-	-	30,515	-	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-
92400	Tenant Services - Other	31,405	-	-	-	-	-
92500	Total Tenant Services	\$ 34,014	\$ -	\$ -	\$ 30,515	\$ -	\$ -

See 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, 2021**

		Public Housing 14.850/14.872	Youth Build Program	PH CARES Act Funding	Housing Choice Vouchers	HCV CARES Act Funding	Mainstream Vouchers
93100	Water	\$ 86,370	\$ -	\$ -	\$ -	\$ -	\$ -
93200	Electricity	271,992	-	-	-	-	-
93300	Gas	102,784	-	-	-	-	-
93400	Fuel	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-
93600	Sewer	108,044	-	-	-	-	-
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-	-
93800	Other Utilities Expense	-	-	-	-	-	-
93000	Total Utilities	569,190	-	-	-	-	-
94100	Ordinary Maintenance and Operations - Labor	243,626	-	-	-	-	-
94200	Ordinary Maintenance and Operations - Materials and Other	96,561	-	-	1,052	-	-
94300	Ordinary Maintenance and Operations Contracts	430,341	-	-	13,425	-	82
94500	Employee Benefit Contributions - Ordinary Maintenance	83,519	-	-	-	-	-
94000	Total Maintenance	854,047	-	-	14,477	-	82
95100	Protective Services - Labor	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	-	-	-	-	-	-
95300	Protective Services - Other	23,108	-	-	-	-	-
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-
95000	Total Protective Services	23,108	-	-	-	-	-
96110	Property Insurance	-	-	-	-	-	-
96120	Liability Insurance	31,856	-	-	18,730	-	1,087
96130	Workmens' Compensation	13,797	-	-	8,071	-	511
96140	All Other Insurance	-	-	-	-	-	-
96100	Total Insurance Premiums	45,653	-	-	26,801	-	1,598
96200	Other General Expenses	325,643	-	-	-	-	-
96210	Compensated Absences	36,513	-	-	20,177	-	1,324
96300	Payments in Lieu of Taxes	17,186	-	-	-	-	-
96400	Bad debt - Tenant Rents	47,719	-	-	-	-	-
96500	Bad debt - Mortgages	-	-	-	-	-	-
96600	Bad debt - Other	-	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-
96000	Total Other General Expenses	\$ 427,061	\$ -	\$ -	\$ 20,177	\$ -	\$ 1,324

See 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, 2021**

		Public Housing 14.850/14.872	Youth Build Program	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	3,202,758	-	138,618	923,076	375,188	66,921
97000	Excess (Deficiency) of Operating Revenue over Operating Expenses	2,320,003	-	-	13,430,419	596,313	563,769
			-				
97100	Extraordinary Maintenance	-	-	-	-	-	-
97200	Casualty Losses - Non-capitalized	46,381	-	-	-	-	-
97300	Housing Assistance Payments	65,507	-	-	12,337,821	596,313	624,570
97350	HAP Portability-In	-	-	-	145,175	-	-
97400	Depreciation Expense	613,001	-	-	-	-	-
97500	Fraud Losses	-	-	-	-	-	-
97600	Capital Outlays - Governmental Funds	-	-	-	-	-	-
97700	Debt Principal Payment - Governmental Funds	-	-	-	-	-	-
97800	Dwelling Units Rent Expense	-	-	-	-	-	-
90000	Total Expenses	3,927,647	-	138,618	13,406,072	971,501	691,491
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	1,595,114	-	-	947,423	-	(60,801)
			-				
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)	-	-	-	-	-	-
99900	Prior Period Adjustments, Equity Transfers and Correction of Errors	(2,672,956)	-	-	-	-	-
500	Beginning Net Position	19,923,484	-	-	(18,950)	-	90,650
	Ending Net Position	\$ 18,845,642	\$ -	\$ -	\$ 928,473	\$ -	\$ 29,849

See 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, 2021**

		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	\$ -	\$ 354,607	\$ -	\$ -	\$ -
70400	Tenant Revenue - Other	-	990	-	-	-
70500	Total Tenant Revenue	-	355,597	-	-	-
70600	HUD PHA Operating Grants	11,794	-	-	72,076	78,628
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	-	563,425	-	-	-
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	-	211	-	-	-
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-
72000	Investment Income - Restricted	-	526	-	-	-
70000	Total Revenue	11,794	919,759	-	72,076	78,628
91100	Administrative Salaries	-	101,160	-	38,852	44,752
91200	Auditing Fees	-	8,318	-	-	-
91300	Management Fee	-	63,890	-	-	-
91310	Bookkeeping Fee	-	8,842	-	-	-
91400	Advertising and Marketing	-	-	-	-	-
91500	Employee Benefit Contributions - Administrative	-	33,863	-	17,894	16,509
91600	Office Expenses	11,794	11,642	648	3,220	5,987
91700	Legal Expense	-	-	-	-	-
91800	Travel	-	-	-	-	-
91810	Allocated Overhead	-	-	-	-	-
91900	Other	-	35,410	50	6,472	2,996
91000	Total Operating - Administrative	11,794	263,125	698	66,438	70,244
92000	Asset Management Fee	-	12,000	-	-	-
92100	Tenant Services - Salaries	-	-	-	-	-
92200	Relocation Costs	-	2,871	-	-	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-
92400	Tenant Services - Other	-	9,416	-	-	-
92500	Total Tenant Services	\$ -	\$ 12,287	\$ -	\$ -	\$ -

See 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, 2021**

		MV CARES Act Funding	N/C S/R Section 8	Section 8 Mod Rehab	Resident Opportunity and Supportive Services	Multifamily Housing Service Coordinators
93100	Water	\$ -	\$ 15,625	\$ -	\$ -	\$ -
93200	Electricity	-	58,349	-	-	-
93300	Gas	-	37,728	-	-	-
93400	Fuel	-	-	-	-	-
93500	Labor	-	-	-	-	-
93600	Sewer	-	18,912	-	-	-
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-
93800	Other Utilities Expense	-	-	-	-	-
93000	Total Utilities	-	130,614	-	-	-
94100	Ordinary Maintenance and Operations - Labor	-	20,518	-	-	-
94200	Ordinary Maintenance and Operations - Materials and Other	-	23,413	-	-	2,391
94300	Ordinary Maintenance and Operations Contracts	-	113,849	400	-	-
94500	Employee Benefit Contributions - Ordinary Maintenance	-	13,475	-	-	-
94000	Total Maintenance	-	171,255	400	-	2,391
95100	Protective Services - Labor	-	-	-	-	-
95200	Protective Services - Other Contract Costs	-	-	-	-	-
95300	Protective Services - Other	-	1,245	-	-	-
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	-
95000	Total Protective Services	-	1,245	-	-	-
96110	Property Insurance	-	-	-	-	-
96120	Liability Insurance	-	7,020	-	2,282	2,369
96130	Workmens' Compensation	-	3,040	-	988	1,026
96140	All Other Insurance	-	-	-	-	-
96100	Total Insurance Premiums	-	10,060	-	3,270	3,395
96200	Other General Expenses	-	-	-	-	-
96210	Compensated Absences	-	6,662	-	2,368	2,598
96300	Payments in Lieu of Taxes	-	2,310	-	-	-
96400	Bad debt - Tenant Rents	-	654	-	-	-
96500	Bad debt - Mortgages	-	-	-	-	-
96600	Bad debt - Other	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-
96000	Total Other General Expenses	\$ -	\$ 9,626	\$ -	\$ 2,368	\$ 2,598

See 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, 2021**

		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	11,794	610,212	1,098	72,076	78,628
97000	Excess (Deficiency) of Operating Revenue over Operating Expenses	-	309,547	(1,098)	-	-
97100	Extraordinary Maintenance	-	-	-	-	-
97200	Casualty Losses - Non-capitalized	-	1,200	-	-	-
97300	Housing Assistance Payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation Expense	-	108,634	-	-	-
97500	Fraud Losses	-	-	-	-	-
97600	Capital Outlays - Governmental Funds	-	-	-	-	-
97700	Debt Principal Payment - Governmental Funds	-	-	-	-	-
97800	Dwelling Units Rent Expense	-	-	-	-	-
90000	Total Expenses	11,794	720,046	1,098	72,076	78,628
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	199,713	(1,098)	-	-
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)	-	-	-	-	-
99900	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-
500	Beginning Net Position	-	2,951,728	143,916	-	-
	Ending Net Position	\$ -	\$ 3,151,441	\$ 142,818	\$ -	\$ -

See 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, 2021**

		Summer Food Service Program	State / Local 2	Business Activities	Blended Component Unit	COCC
70300	Net Tenant Rental Revenue	\$ -	\$ -	\$ 195,340	\$ 781,434	\$ -
70400	Tenant Revenue - Other	-	-	1,569	10,258	-
70500	Total Tenant Revenue	-	-	196,909	791,692	-
70600	HUD PHA Operating Grants	-	-	95,296	-	-
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	-	-	-	-	856,277
70720	Asset Management Fee	-	-	-	-	64,920
70730	Bookkeeping Fee	-	-	-	-	248,984
70740	Front Line Service Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	1,170,181
70800	Other Government Grants	-	630,218	121,066	-	-
71100	Investment Income - Unrestricted	-	-	1,002	-	-
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	-	12,049	784,074	6,259	74,920
71600	Gain or Loss on Sale of Capital Assets	-	-	(399,592)	-	48,450
72000	Investment Income - Restricted	-	-	-	191	-
70000	Total Revenue	-	642,267	798,755	798,142	1,293,551
91100	Administrative Salaries	-	15,633	242,627	55,529	430,805
91200	Auditing Fees	-	-	-	5,450	13,161
91300	Management Fee	-	-	25,415	54,458	-
91310	Bookkeeping Fee	-	-	4,244	-	-
91400	Advertising and Marketing	-	-	317	-	1,697
91500	Employee Benefit Contributions - Administrative	-	5,215	109,660	26,287	204,089
91600	Office Expenses	-	13,937	6,043	9,650	176,055
91700	Legal Expense	-	-	150	-	7,257
91800	Travel	-	-	-	-	10,493
91810	Allocated Overhead	-	-	-	-	-
91900	Other	-	30,178	15,300	10,600	85,112
91000	Total Operating - Administrative	-	64,963	403,756	161,974	928,669
92000	Asset Management Fee	-	-	1,680	-	-
92100	Tenant Services - Salaries	-	-	-	-	-
92200	Relocation Costs	-	-	66	-	62,946
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-
92400	Tenant Services - Other	-	-	-	-	500
92500	Total Tenant Services	\$ -	\$ -	\$ 66	\$ -	\$ 63,446

See 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, 2021**

		Summer Food Service Program	State / Local 2	Business Activities	Blended Component Unit	COCC
93100	Water	\$ -	\$ -	\$ 15,377	\$ 1,881	\$ 3,352
93200	Electricity	-	-	22,431	5,247	12,805
93300	Gas	-	-	13,504	1,812	2,941
93400	Fuel	-	-	-	-	-
93500	Labor	-	-	-	-	-
93600	Sewer	-	-	10,838	595	788
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-
93800	Other Utilities Expense	-	-	-	-	-
93000	Total Utilities	-	-	62,150	9,535	19,886
94100	Ordinary Maintenance and Operations - Labor	-	-	70,310	65,777	21,002
94200	Ordinary Maintenance and Operations - Materials and Other	-	160	7,968	20,457	23,644
94300	Ordinary Maintenance and Operations Contracts	-	-	100,625	158,602	151,228
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	18,019	-	2,529
94000	Total Maintenance	-	160	196,922	244,836	198,403
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	-	-	-	-	-
96120	Liability Insurance	-	-	47,365	103,525	43,522
96130	Workmens' Compensation	-	-	7,363	3,683	12,211
96140	All Other Insurance	-	-	-	-	-
96100	Total Insurance Premiums	-	-	54,728	107,208	55,733
96200	Other General Expenses	-	121	167,870	16,637	1,981
96210	Compensated Absences	-	2,195	19,347	-	28,617
96300	Payments in Lieu of Taxes	-	-	14,332	23,212	24,352
96400	Bad debt - Tenant Rents	-	-	110	14,128	-
96500	Bad debt - Mortgages	-	-	-	-	-
96600	Bad debt - Other	-	-	392,739	-	-
96800	Severance Expense	-	-	-	-	-
96000	Total Other General Expenses	\$ -	\$ 2,316	\$ 594,398	\$ 53,977	\$ 54,950

See 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, 2021**

		Summer Food Service Program	State / Local 2	Business Activities	Blended Component Unit	COCC
96710	Interest of Mortgage (or Bonds) Payable	\$ -	\$ -	\$ -	\$ 144,927	\$ -
96720	Interest on Notes Payable (Short and Long Term)	-	-	3,770	-	-
96730	Amortization of Bond Issue Costs	-	-	-	10,837	-
96700	Total Interest Expense and Amortization Cost	-	-	3,770	155,764	-
96900	Total Operating Expenses	-	67,439	1,317,470	733,294	1,321,087
97000	Excess (Deficiency) of Operating Revenue over Operating Expenses	-	574,828	(518,715)	64,848	(27,536)
97100	Extraordinary Maintenance	-	-	-	-	-
97200	Casualty Losses - Non-capitalized	-	-	-	-	-
97300	Housing Assistance Payments	-	359,360	95,732	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation Expense	-	-	216,257	200,514	39,585
97500	Fraud Losses	-	-	200,000	-	-
97600	Capital Outlays - Governmental Funds	-	-	-	-	-
97700	Debt Principal Payment - Governmental Funds	-	-	-	-	-
97800	Dwelling Units Rent Expense	-	-	-	-	-
90000	Total Expenses	-	426,799	1,829,459	933,808	1,360,672
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	215,468	(1,030,704)	(135,666)	(67,121)
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)	-	-	-	-	-
99900	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	(200,000)	5,253,536	1,708,453	1,201,944
500	Beginning Net Position	1,995	-	17,819,902	672,126	(147,100)
	Ending Net Position	\$ 1,995	\$ 15,468	\$ 22,042,734	\$ 2,244,913	\$ 987,723

See 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, 2021**

		COCC CARES Act Funding	Subtotal	ELIM	Total
70300	Net Tenant Rental Revenue	\$ -	\$ 2,431,623	\$ -	\$ 2,431,623
70400	Tenant Revenue - Other	-	118,158	-	118,158
70500	Total Tenant Revenue	-	2,549,781	-	2,549,781
70600	HUD PHA Operating Grants	-	18,531,641	-	18,531,641
70610	Capital Grants	-	1,904,800	-	1,904,800
70710	Management Fee	-	856,277	(856,277)	-
70720	Asset Management Fee	-	64,920	(64,920)	-
70730	Bookkeeping Fee	-	248,984	(248,984)	-
70740	Front Line Service Fee	-	-	-	-
70750	Other Fees	-	-	-	-
70700	Total Fee Revenue	-	1,170,181	(1,170,181)	-
70800	Other Government Grants	-	1,314,709	(563,425)	751,284
71100	Investment Income - Unrestricted	-	1,009	-	1,009
71200	Mortgage Interest Income	-	-	-	-
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-
71400	Fraud Recovery	-	2,142	-	2,142
71500	Other Revenue	12,541	1,120,740	(12,541)	1,108,199
71600	Gain or Loss on Sale of Capital Assets	-	(351,142)	-	(351,142)
72000	Investment Income - Restricted	-	717	-	717
70000	Total Revenue	12,541	26,244,578	(1,746,147)	24,498,431
91100	Administrative Salaries	-	1,606,031	-	1,606,031
91200	Auditing Fees	-	58,950	-	58,950
91300	Management Fee	-	923,276	(868,818)	54,458
91310	Bookkeeping Fee	-	248,984	(248,984)	-
91400	Advertising and Marketing	-	2,559	-	2,559
91500	Employee Benefit Contributions - Administrative	-	611,190	-	611,190
91600	Office Expenses	-	318,367	-	318,367
91700	Legal Expense	-	13,820	-	13,820
91800	Travel	-	10,527	-	10,527
91810	Allocated Overhead	-	-	-	-
91900	Other	12,541	797,772	-	797,772
91000	Total Operating - Administrative	12,541	4,591,476	(1,117,802)	3,473,674
92000	Asset Management Fee	-	64,920	(64,920)	-
92100	Tenant Services - Salaries	-	-	-	-
92200	Relocation Costs	-	99,007	-	99,007
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-
92400	Tenant Services - Other	-	41,321	-	41,321
92500	Total Tenant Services	\$ -	\$ 140,328	\$ -	\$ 140,328

See 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, 2021**

		COCC CARES Act Funding	Subtotal	ELIM	Total
93100	Water	\$ -	\$ 122,605	\$ -	\$ 122,605
93200	Electricity	-	370,824	-	370,824
93300	Gas	-	158,769	-	158,769
93400	Fuel	-	-	-	-
93500	Labor	-	-	-	-
93600	Sewer	-	139,177	-	139,177
93700	Employee Benefit Contributions - Utilities	-	-	-	-
93800	Other Utilities Expense	-	-	-	-
93000	Total Utilities	-	791,375	-	791,375
94100	Ordinary Maintenance and Operations - Labor	-	421,233	-	421,233
94200	Ordinary Maintenance and Operations - Materials and Other	-	175,646	-	175,646
94300	Ordinary Maintenance and Operations Contracts	-	968,552	-	968,552
94500	Employee Benefit Contributions - Ordinary Maintenance	-	117,542	-	117,542
94000	Total Maintenance	-	1,682,973	-	1,682,973
95100	Protective Services - Labor	-	-	-	-
95200	Protective Services - Other Contract Costs	-	-	-	-
95300	Protective Services - Other	-	24,353	-	24,353
95500	Employee Benefit Contributions - Protective Services	-	-	-	-
95000	Total Protective Services	-	24,353	-	24,353
96110	Property Insurance	-	-	-	-
96120	Liability Insurance	-	257,756	-	257,756
96130	Workmens' Compensation	-	50,690	-	50,690
96140	All Other Insurance	-	-	-	-
96100	Total Insurance Premiums	-	308,446	-	308,446
96200	Other General Expenses	-	512,252	(135,666)	376,586
96210	Compensated Absences	-	119,801	-	119,801
96300	Payments in Lieu of Taxes	-	81,392	-	81,392
96400	Bad debt - Tenant Rents	-	62,611	-	62,611
96500	Bad debt - Mortgages	-	-	-	-
96600	Bad debt - Other	-	392,739	-	392,739
96800	Severance Expense	-	-	-	-
96000	Total Other General Expenses	\$ -	\$ 1,168,795	\$ (135,666)	\$ 1,033,129

See 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, 2021**

		COCC CARES Act Funding	Subtotal	ELIM	Total
96710	Interest of Mortgage (or Bonds) Payable	\$ -	\$ 144,927	\$ -	\$ 144,927
96720	Interest on Notes Payable (Short and Long Term)	-	3,770	-	3,770
96730	Amortization of Bond Issue Costs	-	10,837	-	10,837
96700	Total Interest Expense and Amortization Cost	-	159,534	-	159,534
96900	Total Operating Expenses	12,541	8,932,200	(1,318,388)	7,613,812
97000	Excess (Deficiency) of Operating Revenue over Operating Expenses	-	17,312,378	(427,759)	16,884,619
97100	Extraordinary Maintenance	-	-	-	-
97200	Casualty Losses - Non-capitalized	-	47,581	-	47,581
97300	Housing Assistance Payments	-	14,079,303	(563,425)	13,515,878
97350	HAP Portability-In	-	145,175	-	145,175
97400	Depreciation Expense	-	1,177,991	-	1,177,991
97500	Fraud Losses	-	200,000	-	200,000
97600	Capital Outlays - Governmental Funds	-	-	-	-
97700	Debt Principal Payment - Governmental Funds	-	-	-	-
97800	Dwelling Units Rent Expense	-	-	-	-
90000	Total Expenses	12,541	24,582,250	(1,881,813)	22,700,437
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	1,662,328	135,666	1,797,994
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)	-	-	-	-
99900	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	5,290,977	(2,380,579)	2,910,398
500	Beginning Net Position	-	41,437,751	-	41,437,751
	Ending Net Position	\$ -	\$ 48,391,056	\$ (2,244,913)	\$ 46,146,143

See 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, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 11, 2022.

**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 identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding No. 2021-001 and Finding No. 2021-002, that we consider to be material weaknesses.

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### 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Finding No. 2021-001 and Finding No. 2021-002.

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

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

### 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

New York, New York  
October 11, 2022

## 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, 2021. 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. The Authority's basic financial statements include the operations of SAHC Country Gardens, LLC, a blended component unit, which expended \$4,641,966 in federal awards which are not included in the Authority's schedule of expenditures of federal awards during the year ended September 30, 2021. Our audit, as described below, did not include the operations of SAHC Country Gardens, LLC because they were reported in a separate audit of compliance.

### 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.

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**Report on Compliance for Each Major Federal Program (Continued)*****Auditor's Responsibility (Continued)***

We believe that our audit provides a reasonable basis for our opinion on compliance for major federal programs. However, our audit does not provide a legal determination of the Authority's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Authority complied, in all material respects, with the 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, 2021.

**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. 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.

**Report on Internal Control over Compliance (Continued)**

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

New York, New York  
October 11, 2022

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**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Identifying Number	Amount Passed to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Housing and Urban Development ("HUD"):</b>				
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	N/A	\$ -	\$ 14,157,130
COVID-19 Section 8 Housing Choice Vouchers	14.871	N/A	<u>-</u>	<u>971,501</u>
Total Housing Choice Vouchers			<u>-</u>	<u>15,128,631</u>
Mainstream Vouchers	14.879	N/A	-	630,690
COVID-19 Mainstream Vouchers	14.879	N/A	<u>-</u>	<u>11,794</u>
Total Mainstream Vouchers			<u>-</u>	<u>642,484</u>
Total Housing Voucher Cluster			<u>-</u>	<u>15,771,115</u>
Public and Indian Housing	14.850	N/A	-	2,088,945
COVID-19 Public and Indian Housing	14.850	N/A	<u>-</u>	<u>138,618</u>
Total Public and Indian Housing			<u>-</u>	<u>2,227,563</u>
Public Housing Capital Fund Program	14.872	N/A	-	2,191,763
Multifamily Housing Service Coordinator	14.191	N/A	-	78,628
Resident Opportunity and Supportive Services	14.870	N/A	-	72,076
HOME Investment Partnerships Program (pass-through via County of Spartanburg)	14.239	N/A	<u>-</u>	<u>95,296</u>
<b>Total HUD Federal Expenditures</b>			<u>-</u>	<u>20,436,441</u>
<b>U.S. Department of the Treasury:</b>				
Emergency Rental Assistance Program (pass-through via County of Spartanburg)	21.023	N/A	<u>-</u>	<u>359,360</u>
<b>U.S. Department of Health and Human Services:</b>				
Teenage Pregnancy Prevention Program (pass-through via County of Spartanburg)	93.297	TP1AH0002 29-01-00	<u>-</u>	<u>20,858</u>
<b>TOTAL FEDERAL EXPENDITURES</b>			<u>\$ -</u>	<u>\$ 20,816,659</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, 2021**

**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, 2021. 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"). The Authority's basic financial statements include the operations of SAHC Country Gardens, LLC, a blended component unit, which expended \$4,641,966 in federal awards, which is not included in the Schedule during the year ended September 30, 2021. The Schedule does not include the operations of SAHC Country Gardens, LLC because they were reported in a separate audit of compliance. 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 fiscal year ended September 30, 2021.

**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, 2021**

**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?	Yes
b. Significant deficiencies identified?	None reported
Noncompliance material to the financial statements?	Yes

**Federal Awards**

Internal control over major federal programs:	
a. Material weaknesses identified?	No
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:

Federal Grantor/Program Title

U.S. Department of Housing and Urban Development ("HUD"):	
Housing Voucher Cluster	14.871/14.879
Public and Indian Housing	14.850
Emergency Rental Assistance Program	21.023

Dollar threshold to distinguish between Type A and Type B programs	\$ <u>750,000</u>
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Auditee qualified as low-risk auditee?	No
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**HOUSING AUTHORITY OF THE CITY OF SPARTANBURG  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**SECTION II: FINANCIAL STATEMENT FINDINGS**

**Finding 2021-001: Inadequate Controls Over Financial Reporting (Material Weakness)**

**Condition:** The Authority did not have adequate controls over the financial reporting process and, as a result, material adjustments were posted, including adjustments related to the prior year, that were not reported on the initial filing with HUD's Real Estate Assessment System.

**Criteria:** The Authority should maintain appropriate controls over the financial reporting process to prevent or detect material misstatements.

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

**Effect:** The Authority recorded adjustments for the corrections of errors related to recognition of the sales of capital assets which resulted in an increase to beginning net position of \$5,290,977 before eliminations and a \$2,910,398 increase after eliminations. Additionally, the adjustments resulted in restatements to opening cash – unrestricted and cash – restricted by \$(6,705) and \$870,001, respectively.

**Recommendation:** The Authority should review and enhance its policies, procedures, and internal controls to ensure that year-end adjustments and reconciliations are performed in a timely and accurate manner.

**Views of Responsible Officials:** The Authority concurs with the finding and has worked with outside consultants to assist in reviewing the existing developer fee balances to avoid any future misstatement. The delay of a sale being pushed from the final day of the fiscal year to the next fiscal year led to a reserve account not being included in cash and this will not be an issue in the future. A more extensive year-end close process is planned for Fiscal Year 2022 to prevent any similar issues going forward.

**Finding 2021-002: Fraud Losses (Material Weakness)**

**Condition:** The Authority inappropriately made wire transfers to unknown third parties as a direct result of cyber attacks and phishing scams.

**Criteria:** The Authority should have proper controls, inclusive of information technology controls, to prevent and detect instances of cyber attacks and phishing scams.

**Cause:** The Authority's management did not have sufficient procedures in place to prevent and detect the cyber breach.

**Effect:** The Authority improperly spent \$200,000 of non-federal funds.

**Recommendation:** We recommend that management revise and enhance its information technology and internal control procedures to ensure that the Authority can detect and prevent fraud in a timely manner.

**Views of Responsible Officials:** The Authority concurs with the finding and is working to enhance its internal controls regarding wire transfers and monthly reconciliations. Timely reconciliation of all accounts including investigation into wires and ACH activity will assist in preventing any similar future occurrences. In addition, the Authority has increased Cyber training for staff and implemented Multi-factor Authentication to aid in securing our data and applications.

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

None noted.