

**CHARLESTON COUNTY HOUSING AND  
REDEVELOPMENT AUTHORITY**

**FINANCIAL STATEMENTS  
AND  
REPORTS OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE YEAR ENDED  
JUNE 30, 2017**

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
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**FOR YEAR ENDED JUNE 30, 2017**

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CERTIFIED PUBLIC ACCOUNTANTS

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### ***Independent Auditor's Report***

Board of Commissioners  
Charleston County Housing & Redevelopment Authority

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Charleston County Housing & Redevelopment Authority, as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise Charleston County Housing & Redevelopment 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Charleston County Housing & Redevelopment Authority, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-5 and supplemental pension information on page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Charleston County Housing & Redevelopment Authority's basic financial statements. The Financial Data Schedule, required by *Uniform Financial Reporting Standards*, issued by the Department of Housing and Urban Development, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Financial Data Schedule and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates 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 January 26, 2018 on our consideration of Charleston County Housing & Redevelopment Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charleston County Housing & Redevelopment Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Maletta & Company". The signature is written in a cursive, flowing style.

Maletta & Company  
Certified Public Accountants

Bristol, Connecticut  
January 26, 2018

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED 2017**

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Our discussion and analysis of the Charleston County Housing & Redevelopment Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2017. Please review it in conjunction with the Authority's financial statements, which begin on page 6.

**FINANCIAL HIGHLIGHTS**

- Total revenues of the Authority from all sources increased by \$19,054, which includes increased leasing at the HCV program, net of the prior year emergency grant of \$500K to replace a chiller in the Joseph Floyd Manor property which was a one-time source of funding. Total revenues were \$10,772,852 compared to \$10,752,524 in the prior fiscal year.
- The Authority's operating revenues (total revenues excluding capital grants) exceeded operating expenses (less depreciation) by \$721,219 representing an increase of \$524,253 over prior fiscal year which was \$196,966. The increase primarily relates to increased HUD funding for HCV Housing Assistance payments and a one-time billing to Lincolnville, LLC and Mayflower, LLC for unreimbursed costs from previous years totaling \$185,319.
- The current ratio (current assets divided by current liabilities) increased from 1.33:1 to 3.25:1 as a result of current assets increasing by \$247K over the prior fiscal year. The overall current ratio generally signifies strong financial health as resources are available to cover current obligations three times over.
- The Authority's total assets exceeded its total liabilities by \$3,569,025 (net position) in comparison to \$3,651,751 for the previous fiscal year.
- As a result of this year's financial performance, the Authority is projected to pass the HUD PHAS Scoring assessment this year. The assessment process includes evaluating financial impact areas and many programmatic indicators.
- The impact of Government Accounting Standards Board (GASB) statement #68, Accounting and Financial Reporting for Pensions on the Authority was an increase of \$756,327 to long term liabilities. GASB # 68 was first implemented in FY2015.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements and required supplemental information. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and Statement of Cash Flows on pages 6-9 provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances.

The HUD Financial Data Schedule reported as supplemental information starts on page 24. The supplemental information report the Authority's operations in more detail than the financial statements by providing information about the Authority by program or grant.

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)**

**The Statement of Net Position and Statement of Changes in Net Position**

The Statement of Net Position and Statement of Changes in Net Position provide information about the Authority as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting that is used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net position and changes in them. The difference between assets and liabilities or net position is one way to measure the Authority's financial health. Over time, increases or decreases in the net position are one indicator of whether its financial position is improving or deteriorating.

The higher the net position figure is, generally, the better the financial position. However, this information does not reflect ongoing fluctuations in the economic climate, regulatory changes, or other external forces that impact an entity's financial position, but which may not be quantifiable as of the financial statement date.

The Authority's total Net Position was \$3,569,025 as of June 30, 2017.

**Table 1  
Statement of Net Position (In thousands)**

	Total		Total Change
	2017	2016	
Cash and Cash Equivalents	\$ 1,304.63	\$ 827.75	\$ 476.88
Other Current Assets	463.19	398.22	64.97
Noncurrent Assets & Deferred Outflows	5,703.83	5,998.28	(294.45)
Total Assets & Deferred Outflows	<u>7,471.65</u>	<u>7,224.25</u>	<u>247.40</u>
Current Liabilities	544.99	922.84	(377.85)
Long Term Obligations & Deferred Inflow:	3,357.63	2,649.66	707.97
Total Liabilities & Deferred Inflows	<u>3,902.62</u>	<u>3,572.50</u>	<u>330.12</u>
Net Investment in Capital Assets	4,168.36	4,914.40	(746.04)
Restricted	56.62	99.96	(43.34)
Unrestricted	(655.95)	(1,362.61)	706.66
Total Net Position	<u>\$ 3,569.03</u>	<u>\$ 3,651.75</u>	<u>\$ (82.72)</u>

The increase in Cash primarily reflects the positive operating results for the year including increases in HCV leasing and utilization of Capital Fund grants to support operations in the current year (past years capital grants were a direct reimbursement of costs incurred).

The decrease in current liabilities primarily relates to payment of the prior year Energy Performance Contract billing of \$225K. While the increase in total liabilities relates to a large increase in the Pension liability of \$753K due to poor performance of the pension fund this year.

All other increases and/or decreases result from the normal course of business.

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONT'D)**

The decrease in Net Position of \$83K is explained in more detail on Table 2.

Table 2 compares the 2017 change in Net Position to the 2016 change in Net Position.

**Table 2  
Changes in Net Position (In thousands)**

	Total		Total Change
	2017	2016	
Program Revenues:			
Rental Revenue	\$ 940.41	\$ 941.90	\$ (1.49)
Operating Grants	9,109.04	9,013.31	95.73
Capital Grants Received	75.41	564.31	(488.90)
Other Revenue	648.00	234.28	413.72
Total Revenues	<u>10,772.86</u>	<u>10,753.80</u>	<u>19.06</u>
Program Expenses:			
Admin	1,250.38	1,233.16	17.22
Tenant & Protective Services	122.66	74.22	48.44
Utilities	340.51	366.81	(26.30)
Maint. & Operating	736.62	675.23	61.39
General & Insurance	321.72	714.69	(392.97)
Housing Assistance	7,204.34	6,928.41	275.93
Depreciation	879.35	874.74	4.61
Total Expenses	<u>10,855.58</u>	<u>10,867.26</u>	<u>(11.68)</u>
Change in Net Position	<u>\$ (82.72)</u>	<u>\$ (113.46)</u>	<u>\$ 30.74</u>

The decrease in Capital Grants reflects the \$500K emergency grant used to replace the chiller in the Joseph Floyd Manor property in 2016.

The increase in Other Revenue primarily relates to \$185K in Note Receivable with the related tax credit entities to bill for costs incurred at those properties and multiple insurance claims received for various insurable events during the year (primarily storm related).

The decrease in General & Insurance expenses is a result of \$138K in tenant write-offs in the prior year and the \$249K EPC consultant cost incurred in the prior year. Current expense levels are more indicative of future operating results.

The increase in Housing Assistance Payments (HAP) is due to increased HCV lease-ups in an effort to spend HAP reserves and maximize program funding. HAP expenses are funded by HUD Contribution levels.

All other increases and/or decreases result from the normal course of business.



**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2017, the Authority had \$5.02 million invested in a broad range of capital assets, including land, buildings, furniture and equipment as follows.

**Table 3  
Capital Assets**

	Beginning	Additions	Deductions	Ending
Nondepreciable Assets:				
Land	\$ 855,470	\$ -	\$ -	\$ 855,470
Depreciable Assets:				
Building & Improvements	26,311,394	56,263	-	26,367,657
Equipment	965,206	1,637	-	966,843
Total	<u>28,132,070</u>	<u>57,900</u>	-	<u>28,189,970</u>
Accumulated Depreciation	<u>(22,295,454)</u>	(879,354)	-	<u>(23,174,808)</u>
Net Book Value	<u>\$ 5,836,616</u>			<u>\$ 5,015,162</u>

**Long-term Debt**

The Authority's operations include \$846,805 payable to FNMA over 20 years, \$66,122 due within one year. The debt is repaid using HUD Capital Grant funding through the Capital Fund Financing Program allowed by HUD. As such, approximately 25% of the agencies capital funding over the next decade is obligated to repay this debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

Significant economic factors affecting the Authority are as follows:

- The Department of Housing and Urban Development has historically underestimated, and the Congress has historically underfunded, the Operating Fund subsidy needs of public housing authorities.
- Maintenance costs are expected to increase dramatically over the next several years, and further increase the pressure in requiring the Authority to continually evaluate its operating structure and the question of whether or not to continue to operate its public housing inventory, or to seek alternative means of increasing funding or divesting itself of some of the housing stock which is in need of the greatest amount of investment to maintain or upgrade its physical condition.
- The local rental marketplace has driven up the cost of rents in the community and continues to exert upward pressure on HAP costs, and has significantly reduced the available affordable housing opportunities for voucher holders.

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)  
FOR THE YEAR ENDED June 30<sup>th</sup> 2017**

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Significant economic factors (cont'd):

- Congress has historically underfunded the Capital Fund needs of the Public Housing industry. In addition, recently enacted programs such as the Rental Assistance Demonstration program have pointed out that HUD and Congress are seeking alternative methods of funding affordable housing, as opposed to dealing with the backlog of Capital needs in the Low Rent Public Housing program nationally. The Charleston County Housing and Redevelopment Authority is considering the feasibility of entering the Rental Assistance Demonstration and/or other federal programs as alternative means of addressing the deferred capital needs of our housing stock. Nonetheless, the fact remains that continued funding reductions combined with ever increasing operating costs will pose a serious solvency problem for all Housing programs in the future.
- Increase in Pension funding and Health Insurance costs, including required reporting of any unfunded pension obligations as determined by SC Retirement System (SCRS).
- Inflationary pressure on utility rates, maintenance contracts and other costs.
- Local labor supply and demand, which affects salary and wage rates.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional information, contact:

James Williams  
Chief Executive Officer  
CHARLESTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY  
2106 Mount Pleasant Street  
Charleston, South Carolina 29403  
843-722-1942

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2017**

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**ASSETS**

**Current Assets**

Cash & Cash Equivalents - Unrestricted	\$	976,388
Cash & Cash Equivalents - Restricted		328,243
Tenant Accounts Receivable, net of Allowances		25,978
Accounts Receivable - HUD		185,190
Accounts Receivable - Related Parties		44,919
Accounts Receivable - Other, net of Allowances		359
Notes Receivable		176,273
Inventory		8,516
Prepaid Expenses		21,951
Total Current Assets		1,767,817

**Noncurrent Assets**

Capital Assets, net of A/D		
Nondepreciable		855,470
Depreciable		4,159,692
Total Noncurrent Assets		5,015,162
Total Assets		6,782,979

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows Related to Pensions		688,663
Total Deferred Outflows of Resources		688,663

**LIABILITIES**

**Current Liabilities**

Accounts Payable - Vendors and Contractors		42,810
Accounts Payable - Other Government (PILOT)		136,271
Accrued Wages & Related Payables		43,726
Accrued Compensated Absences		33,957
Accrued Liabilities - Other		17,500
FSS Escrows Payable		23,477
Tenant Security Deposits Payable		78,039
Current Portion of Long Term Debt		66,122
Unearned Revenue		103,092
Total Current Liabilities		544,994

**Noncurrent Liabilities**

Accrued Compensated Absences		8,489
FSS Escrows Payable		81,974
Long-Term Debt		780,683
Net Pension Liability		2,461,296
Total Noncurrent Liabilities		3,332,442
Total Liabilities		3,877,436

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows Related to Pensions		25,181
Total Deferred Inflows of Resources		25,181

**NET POSITION**

Net Investment in Capital Assets		4,168,357
Restricted for:		
Housing Assistance Payments		-
Debt Service		56,616
Unrestricted		(655,948)
Total Net Position		\$ 3,569,025

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

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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<b>Operating Revenue</b>	
Tenant Rental Revenue	\$ 940,405
HUD Operating Grants	9,109,036
Fees for Other Services	442,871
Other Revenue	202,286
Total Operating Revenue	10,694,598
<b>Operating Expenses</b>	
Administrative	1,250,380
Tenant & Protective Services	122,657
Utilities	340,512
Ordinary Maintenance and Operations	736,621
Insurance Premiums	102,783
General	172,007
Housing Assistance Payments	7,204,341
Depreciation	879,354
Total Operating Expenses	10,808,655
<b>Operating Income (Loss)</b>	(114,057)
<b>Nonoperating Revenues (Expenses)</b>	
Gain (Loss) on Sale of Capital Assets	-
Interest Income	2,845
Interest Expense	(44,003)
Nonroutine Maintenance / Casualty Losses	(2,920)
Total Nonoperating Revenues (Expenses)	(44,078)
<b>Income (Loss) before Capital Contributions</b>	(158,135)
Capital Contributions	75,409
<b>Change in Net Position</b>	(82,726)
<b>Net Position, Beginning of Period</b>	3,651,751
<b>Net Position, End of Period</b>	\$ 3,569,025

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

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Primary Government</b>
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Operations	\$ 1,278,376
HUD Operating Grants	9,085,249
Housing Assistance Payments	(7,204,341)
Payments to Vendors	(1,834,748)
Payments to Employees	(993,829)
Other Receipts (Payments)	201,228
Net Cash Provided by (Used in) Operating Activities	531,935
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Principal Payments on Debt	-
Purchases of Capital Assets	(57,900)
Interest Payments on Debt	-
Capital Grants Received	-
Net Cash Provided by (Used in) Capital & Related Financing Activities	(57,900)
<b>Cash Flows from Investing Activities:</b>	
Interest Income	2,845
Net Cash Provided by (Used in) Investing Activities	2,845
<b>Net Increase (Decrease) in Cash</b>	476,880
<b>Cash at the Beginning of the Period</b>	827,751
<b>Cash at the End of the Period</b>	\$ 1,304,631
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>	
Operating Income (Loss)	\$ (114,057)
Adjustments to Reconcile Change in Net Cash Provided by Operating Activities:	
Depreciation Expense	879,354
Pension Expense	332,215
Employer Pension Contributions	(102,891)
Nonroutine Maintenance / Casualty Losses	(2,920)
Operating Grant revenue for Interest Expense	(44,003)
Change in Operating Assets and Liabilities:	
Decrease (Increase) in Receivables	(122,021)
Decrease (Increase) in Inventory	2,411
Decrease (Increase) in Prepaid Expenses	(21,585)
Increase (Decrease) in Accounts Payable	(77,452)
Increase (Decrease) in Other Liabilities	(197,116)
Net Cash Provided by (Used in) Operating Activities	\$ 531,935
<b>Noncash Capital and Related Financing:</b>	
Debt payments provided directly to HUD	\$ (75,409)
Interest payments directly to HUD	\$ (44,003)

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

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of the Charleston County Housing & Redevelopment Authority (the Authority) is presented to assist in understanding the Authority's financial statements. The financial statements and notes are representations of the Authority's management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other administrative sources, and have been consistently applied in the preparation of the financial statements.

**Reporting Entity**

The Authority was organized under the laws of the State of South Carolina, established in 1972, for the purpose of providing adequate housing for qualified low income individuals. The Authority is governed 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 is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

The Authority's combined financial statements include the accounts of all the Authority's operations. The criteria for including organizations as component units within the reporting entity, as set forth in GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Authority's Board of Commissioners or the component unit provides services entirely to the Authority. These component units' funds are blended into those of the Authority's by appropriate activity type to compose the primary government presentation. Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending.

Based on the aforementioned criteria, management has determined that the Authority is not a component unit of the county and has no component units.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

The Authority operates proprietary funds only, which are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation are included on the Statement of Net Position.

Operating revenues are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Operating Revenue includes rental income, operating grants, management services income and all other revenue relating to the provision of safe, decent, and affordable housing that do not result from transactions defined as capital and related financing, non-capital and related financing, or investing activities. Operating expenses include wages, housing assistance payments, utilities, maintenance, depreciation, and all other expenses relating to the provision of safe, decent, and affordable housing that do not result from transactions defined as capital and related financing, non-capital and related financing, or investing activities.

In addition, the Authority receives capital grants from HUD to be used for various purposes connected with the planning, modernization, and expansion of housing facilities and equipment. Receipts used for non-capitalizable costs are reported as operating revenue and receipts used for capitalization costs are reported as capital contributions.

The Authority has elected to report as a single enterprise proprietary fund and its primary operations comprise a number of housing and grant programs as follows:

- The ***Housing Choice Voucher Program*** provides rental housing assistance subsidies in support of 1,079 housing units. The purpose of the program is to provide decent and affordable housing to low income families and elderly and handicapped persons wherein rental assistance is provided by HUD. The associated units are owned, maintained and managed by private landlords.
- The ***Public Housing Program*** operates under HUD's Annual Contribution Contract and consists of the operations of low rent public housing properties totaling 399 units. The purpose of the program is to provide decent and affordable housing to low-income families at reduced rents. The properties are owned, maintained, and managed by the Authority. The properties are acquired, developed, and modernized under HUD's Capital Fund Program. Funding of the program is provided by federal annual contributions and operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition).
- The ***Capital Fund Program*** accounts for the capital and management improvement activities, primarily for the modernization and development of low-rent public housing units.
- The ***Resident Opportunities and Support Services (ROSS) Program*** provides public housing residents supportive services, resident empowerment activities and assistance in becoming economically self-sufficient.
- The ***Central Office Cost Center (COCC)*** consists of the accounting of management fees and other contract services fee revenue and related expenses not attributable to the programs previously defined. Any net income generated by the COCC will be "defederalized" and will not be subject to restrictions placed on the Authority under its Annual Contributions Contract with HUD.

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

The financial statements of the Authority are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The financial statements include:

1. A Management Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.
2. Financial statements prepared using full accrual accounting for all of the Authority's activities.
3. Required Supplemental Pension Information providing historical pension related data.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses used during the reporting period. Actual results could differ from those estimates. Significant estimates include the economic lives of capital assets.

**Cash and Cash Equivalents**

Cash and cash equivalents represent deposits with financial institutions in the form of cash and all highly liquid investments (including restricted assets) with original maturities of three months or less.

**Accounts Receivable**

Management periodically assesses the collectability of its receivables and establishes an allowance for uncollectible accounts for all accounts it deems uncollectible. Currently, there is an \$88,570 allowance established for tenant receivables in its public housing program and a \$183,185 allowance for other receivables.

**Inventory**

The Authority's inventory consists of materials and supplies used to maintain its rental stock. The inventory is valued using the weighted average method and recorded at cost.

**Capital Assets**

Land, buildings, and equipment are stated at cost and depreciated over their estimated useful lives. The capitalization threshold is \$1,000. Donated assets are recorded at estimated market value as of the date of the donation. Construction in progress costs are not depreciated until the corresponding projects are completed.

Depreciation has been provided over the following useful lives using the straight-line method of depreciation as follows:

Building and Improvements	5 to 30 years
Furniture and Equipment	3 to 10 years
Vehicles	3 to 7 years
Land Improvements	15 years



**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Leases**

The Authority leases substantially all of its buildings and improvements to tenants in the form of operating leases. Leases are for a period of one year, cancellable upon sufficient notice.

**Compensated Absences**

Employees accumulate vacation and sick days for subsequent use or payment upon termination. Compensated absences are accrued when incurred and reported as a liability until paid.

**Deferred Outflows and Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as revenue, or a reduction in expense, in future periods.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) pension plan and additions to/deductions from SCRS's fiduciary net position have been determined on the same basis as they are reported by SCRS. For this purpose, benefit payments, (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**Use of Restricted Funds**

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**Equity Classifications**

Equity is classified as net position and displayed in three components in the Statement of Net Position.

1. **Net Investment in Capital Assets** consists of capital assets including restricted capital assets, net of accumulated depreciation and 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.
2. **Restricted** consists of net position with constraints place on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations or other governments; or (2) law through constitutional provisions or enabling legislation. The Authority's restricted net position consists of unspent housing assistance funding and a debt service escrow restricted from use by HUD.
3. **Unrestricted** consists of all other net position that do not meet the definition of Restricted or Net Investment in Capital Assets.

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS**

**Custodial Credit Risk for Deposits**

The Authority maintains cash with FDIC depository banks. At times, the Authority's balances may exceed the Federal insurance limits; however, the Authority has not experienced any losses with respect to its bank balance in excess of government provided insurance. In addition, balances are fully collateralized through agreements with the financial institution. Management believes that no significant risk exists with respect to cash balances as of June 30, 2017.

The breakdown of restricted deposits reported as of June 30, 2017 is as follows:

<u>Restrictions on Deposits</u>	<u>Amount</u>	<u>Program</u>
Restricted Cash - Debt Service	\$ 56,616	Public Housing
Restricted Cash - Security Deposits	78,039	Public Housing
Restricted Cash - Current Liability	78,079	Public Housing
Restricted Cash - FSS Escrows	105,451	Housing Choice Voucher
Restricted Cash - HAP	-	Housing Choice Voucher
Restricted Cash - HUD FSS Funding	10,058	Housing Choice Voucher
Total Restricted Cash	<u>\$ 328,243</u>	

**NOTE 3 – NOTES RECEIVABLE**

The Authority entered into a note receivable with Lincolnville Apartments, Limited Partnership, a related entity, in the amount of \$145,319, dated September 15, 2016 for services provided to the entity. Interest accrues at 0.5% per annum, and monthly installments of \$1,242 are required under the agreement. The note matures January 1, 2018, at which any unpaid principal and interest becomes due. As of June 30, 2017, the outstanding balance on the note is \$138,225.

The Authority entered into a note receivable with Mayflower Limited Partnership, a related entity, in the amount of \$40,000, dated September 15, 2016 for services provided to the entity. Interest accrues at 0.5% per annum, and monthly installments of \$342 are required under the agreement. The note matures January 1, 2018, at which any unpaid principal and interest becomes due. As of June 30, 2017, the outstanding balance on the note is \$38,048.

**NOTE 4 – CAPITAL ASSETS**

The following is a summary of the changes in Capital Assets during the year:

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
Nondepreciable Assets:				
Land	\$ 855,470	\$ -	\$ -	\$ 855,470
Depreciable Assets:				
Building & Improvements	26,311,394	56,263	-	26,367,657
Equipment	965,206	1,637	-	966,843
Total	<u>28,132,070</u>	<u>57,900</u>	-	<u>28,189,970</u>
Accumulated Depreciation	<u>(22,295,454)</u>	<u>(879,354)</u>	-	<u>(23,174,808)</u>
Net Book Value	<u>\$ 5,836,616</u>			<u>\$ 5,015,162</u>

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 5 – NONCURRENT LIABILITIES**

The following is a summary of changes in noncurrent liabilities during the year:

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 55,611	\$ 84,114	\$ (97,279)	\$ 42,446	\$ 33,957
FSS Escrows	70,778	81,554	(46,881)	105,451	23,477
Long-Term Debt	922,214	-	(75,409)	846,805	66,122
Net Pension Liability	1,707,842	856,435	(102,981)	2,461,296	-
Total	<u>\$ 2,756,445</u>	<u>\$ 1,022,103</u>	<u>\$ (322,550)</u>	3,455,998	<u>\$ 123,556</u>
			Less Current Portion:	<u>(123,556)</u>	
			Noncurrent Portion:	<u>\$ 3,332,442</u>	

**NOTE 6 – LONG TERM DEBT**

The Authority holds a mortgage, payable to FNMA, dated December 13, 2006, to be used to finance renovation and rehabilitation of public housing projects. The mortgage is to be repaid using obligated Capital Fund Program grants, as approved by HUD under the Capital Fund Financing Program (CFFP), and is payable over 20 years in monthly installments of \$9,186, including interest at an annual rate of 4.60%. The mortgage is secured by the project assets and includes a debt service fund restriction in the original amount of \$55,114.

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>	<u>Due Within One Year</u>
FNMA Mortgage	\$ 922,214	\$ -	\$ (75,409)	\$ 846,805	\$ 66,122
	<u>\$ 922,214</u>	<u>\$ -</u>	<u>\$ (75,409)</u>	\$ 846,805	<u>\$ 66,122</u>
			Less: Current Portion	<u>(66,122)</u>	
			Long-Term Portion	<u>\$ 780,683</u>	

Aggregate maturities of long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2018	\$ 66,123	\$ 34,923	\$ 101,046
2019	75,354	34,874	110,228
2020	78,860	31,368	110,228
2021	82,702	27,526	110,228
2022	85,919	24,309	110,228
2023-2027	457,847	52,564	510,411
	<u>\$ 846,805</u>	<u>\$ 205,564</u>	<u>\$ 1,052,369</u>

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 7 – VOUCHER NET POSITION BREAKDOWN**

The following is a detailed breakdown of the change in Housing Choice Voucher Net Position:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Beginning Net Position	\$ (4,824)	\$ 43,551	\$ 38,727
Revenue			
HUD Operating Grants	647,039	7,008,322	7,655,361
Portability In Billings	173,075	-	173,075
Other Revenue	32,367	-	32,367
Investment Income	2,835	-	2,835
Fraud Recovery	1,614	1,614	3,228
Total Revenue	<u>856,930</u>	<u>7,009,936</u>	<u>7,866,866</u>
Expenses			
Operating	(672,871)	(1,010)	(673,881)
Housing Assistance Payments	(151,864)	(7,052,477)	(7,204,341)
Total Expenses	<u>(824,735)</u>	<u>(7,053,487)</u>	<u>(7,878,222)</u>
Net Result	<u>32,195</u>	<u>(43,551)</u>	<u>(11,356)</u>
Ending Net Position	\$ 27,371	<u>\$ -</u>	<u>\$ 27,371</u>
Net Pension Balances	<u>520,998</u>		
Adjusted Unrestricted Net Position	<u>\$ 548,369</u>		
HUD-Held Program Reserves (HHR)		\$ 127,039	
Accrued to yearend financials		<u>(113,047)</u>	
HUD-Held Program Reserves (HHR)		<u>\$ 13,992</u>	

**NOTE 8 – RELATED PARTIES**

The Authority is related to the Low Country Housing and Economic Development Foundation (the Foundation), and is co-general partner in Lincolnville, LLC which, along with Mayflower LLC, are two Low Income Housing Tax Credit projects developed by the Foundation. The entities are related in that many of the administrative functions and all of the accounting functions of the Foundation are managed by the Authority. In that capacity, the Authority charges the costs of Authority employees and other direct costs directly to the projects and allocates a portion of its common overhead costs based upon various allocation methodology. In addition, as compensation for these services, the Authority charges a management fee based on 15% of the gross rents collected by from Lincolnville, LLC and Mayflower, LLC. Total fees of \$41,943 have been charged during the year ended June 30, 2017.

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 9 – RETIREMENT PLAN**

**Plan Description**

The Authority is a member of the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan that covers full-time employees of the Authority. The SCRS is administered by the South Carolina Public Employee Benefit Authority (PEBA) according to the provisions of Section 9-1-20 of the South Carolina Code of Laws. SCRS issues a publicly available report that includes financial statements and required supplementary information. Those reports may be obtained online at [www.peba.sc.gov](http://www.peba.sc.gov) or a hardcopy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

**Benefits Provided**

The SCRS makes provision for the retirement, and death and survivor benefits. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. The South Carolina Retirement System Investment Commission has exclusive authority to invest and manage the retirement trust fund's assets. Three monthly annuity payment options are available to retirees. The first option is a maximum monthly annuity, which is a lifetime annuity based on average final compensation, years of service, and a multiplier of 0.0182. Upon death PEBA will return a lump sum benefit of any remaining balance of member contributions and interest to your beneficiary. Option two is a reduced monthly annuity for life. After death, the same annuity (100%) continues throughout your beneficiary's lifetime. Option three is a reduced monthly annuity for life, and after death 50% of that monthly annuity is continued throughout your beneficiary's lifetime. Class Two members separated from service with at least five or more years of earned service are eligible for a monthly pension at age 65 or with 28 years of credited service, regardless of age. Members may elect early retirement at age 55 with 25 years of credited service for a reduced benefit. Class Three members who are separated from service with at least eight years of earned service are eligible for monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and member's creditable service equals at least 90. Both class Two and Three members may elect to receive a reduced benefit at age 60 if they meet the five or eight year earned service requirement, respectively. The annual retirement allowance is increased by the lesser of one percent or five hundred dollars every July 1. Incidental death benefits are available to beneficiaries of active and retired members who participate in the death benefit program.

**Contributions**

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may adopt and present to the Budget and Control Board for approval of an increase in the SCRS employer and employee contribution rates, however, any such increase may not result in a differential between the total employer and employee contribution rate that exceeds 2.9% of earnable compensation for SCRS. An increase adopted by the Board may not provide for an increase more than one-half of one percent in any one year. Fiscal year 2017 required employee and employer rates were 8.66% and 11.56%, respectively. The employer's portion includes 0.15% for incidental death benefits. Contributions to the pension plan from the Authority were \$102,891 for the year ended June 30, 2017.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

As of June 30, 2017, the Authority reported a net pension liability of \$2,461,296. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions, actuarially determined. As of June 30, 2016, the Authority's proportion was 0.011523 percent, which was an increase of 0.002518 percent from its proportion as of June 30, 2015.

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 9 – RETIREMENT PLAN (CONT'D)**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued SCRS financial report.

For the year ended June 30, 2017 the Authority recognized pension expense of \$322,081. At June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 25,514	\$ 2,673
Differences between Projected and Actual Investment Earnings	207,074	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	353,184	22,508
Contributions Made after Valuation Date	102,891	-
	\$ 688,663	\$ 25,181

\$102,891 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 164,831
2017	149,090
2018	187,885
2019	58,785
2020	-
Thereafter	-

**Actuarial Assumptions**

The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary Increases	3.5 percent
Investment Rate of Return	7.5 percent

Mortality rates were determined using published Scale AA projected from the year 2000.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for a five-year period ending July 1, 2015. The SCRS Board adopted the experience study recommended changes and those changes were effective for the July 1, 2016 actuarial valuation. Details of the assumptions resulting from the experience study performed as of July 1, 2015 appear in the Actuarial Section of the June 30, 2017 Comprehensive Annual Financial Report (CAFR).

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 9 – RETIREMENT PLAN (CONT'D)**

The long-term expected rate of return on pension plan investments was determined based upon the 30 year capital market outlook at the end of third quarter 2015 using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Public Equity	34%	2.22%
Private Equity	9%	0.84%
Real Estate	5%	0.22%
Commodities	3%	0.13%
GTAA/Risk Parity	10%	0.39%
Hedge Funds (Low Beta)	10%	0.39%
Mixed Credit	5%	0.17%
Emerging Markets Debt	5%	0.25%
Private Debt	7%	0.31%
Core Fixed Income	10%	0.17%
Cash and Short Duration (Net)	2%	0.01%
Total Expected Real Return	100%	5.10%
Inflation for Actuarial Purposes		2.75%
Expected Arithmetic Nominal Return		7.85%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rate based on the Boards' funding policy, which establishes the contractually required rate under South Carolina State Code of Laws. Based on those assumptions, the pension plan'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.

**Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following projects the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Authority's Porportionate Share of Net Pension Liability	<u>\$ 3,070,399</u>	<u>\$ 2,461,296</u>	<u>\$ 1,954,240</u>

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 10 – HUD ROSS GRANTS**

The Authority was awarded HUD operating grants for resident services. The following completed grants have been fully expended, disbursed and liabilities fully paid as of June 30, 2017:

	<b>SC056</b>	
	<b><u>FSH604-A014</u></b>	<b><u>FSH604-A015</u></b>
Funds Authorized	\$ 59,500	\$ 60,000
Funds Advanced	59,500	60,000
Less Project Expenditures	<u>59,500</u>	<u>60,000</u>
Excess(Deficiency) of Advances	<u>\$ -</u>	<u>\$ -</u>

The following grants are open as of June 30, 2017:

	<b>SC056</b>
	<b><u>FSH604-A016</u></b>
Funds Authorized	\$ 60,000
Funds Advanced	33,001
Less Project Expenditures	<u>36,396</u>
Excess(Deficiency) of Advances	<u>\$ (3,395)</u>

**NOTE 11 – HUD CAPITAL GRANTS**

The Authority was awarded Federal development funds for modernization projects and replacement housing. Grant expenditures were audited in accordance with program requirements. The following completed grants have been fully expended, disbursed and liabilities fully paid as of June 30, 2017:

	<b>SC16-P056</b>
	<b><u>501-13</u></b>
Funds Authorized	\$ 314,002
Funds Advanced	314,002
Less Project Expenditures	<u>314,002</u>
Excess(Deficiency) of Advances	<u>\$ -</u>

The following grants are open as of June 30, 2017:

	<b>SC16-P056</b>			
	<b><u>501-14</u></b>	<b><u>501-15</u></b>	<b><u>501-16</u></b>	<b><u>501-17</u></b>
Funds Authorized	\$ 389,974	\$ 396,685	\$ 414,355	\$ 431,108
Funds Advanced	387,643	240,917	189,389	-
Less Project Expenditures	<u>389,974</u>	<u>251,754</u>	<u>225,443</u>	<u>-</u>
Excess(Deficiency) of Advances	<u>\$ (2,331)</u>	<u>\$ (10,837)</u>	<u>\$ (36,054)</u>	<u>\$ -</u>



**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 12 – CONTINGENCIES**

Charleston County imposes a fee annually on commercial and residential customers to support solid waste and storm water utilities. It has been the Authority's contention that these fees represent a special tax assessment from which the Authority is exempt under the Cooperation Agreement executed between the County and Authority in 1976 that provides for a payment in lieu of taxes (*PILOT*). The State Supreme Court has ruled that whether a local government treats storm water fees as a user fee or tax is dependent upon local ordinance.

Management has reviewed the Charleston County ordinance and determined that, while the wording of the ordinance is not definitive, it appears that the fees represent a tax rather than a user fee. Consequently, the Authority had taken the position that the assessment is exempt under PILOT and, for that reason, does not pay the annual amounts previously billed by the County. Further, the County no longer bills the Authority for such fees, further supporting management's position that any such fees are not due.

**NOTE 13 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The Authority's receives a substantial portion of its revenue from HUD. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, and other regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost to comply with the change.

**NOTE 14 – SUBSEQUENT EVENTS**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through January 26, 2018 the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY  
SCHEDULES OF REQUIRED SUPPLEMENTARY PENSION INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017**

**Schedule of the Authority's Proportionate Share of the Net Pension Liability**

	Reporting Fiscal Year (Measurement Date)				2013 through 2008
	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)	
Authority's Portion of the Net Pension Liability (Asset)	0.011523%	0.009005%	0.009243%	0.009243%	Information not available
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,461,296	\$ 1,707,842	\$ 1,591,338	\$ 1,657,864	
Authority's Covered-Employee Payroll	\$ 1,115,805	\$ 1,091,807	\$ 1,149,740	\$ 1,122,242	
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	220.58%	156.42%	138.41%	147.73%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.0%	57.0%	59.9%	56.4%	

**Schedule of Authority Contributions**

	2017	2016	2015	2014	2013	2012 through 2008
Statutorily Required Contribution	\$ 102,891	\$ 119,885	\$ 119,007	\$ 121,872	\$ 118,958	Information not available
Contributions in Relation to the Statutorily Required Contribution	\$ (102,891)	\$ (119,885)	\$ (119,007)	\$ (121,872)	\$ (118,958)	
Contribution Deficiency (Excess)	-	-	-	-	-	
Authority's Covered Payroll	\$ 901,762	\$ 1,098,854	\$ 1,091,807	\$ 1,149,740	\$ 1,122,242	
Contributions as a Percentage of Covered-Employee Payroll	11.41%	10.91%	10.90%	10.60%	10.60%	

Charleston County Housing and Redevelopment Authority (SC056)  
Charleston, SC  
Entitywide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.896 PIH Family Self- Sufficiency Program
111 Cash - Unrestricted	\$492,813	\$385,515	\$96,426	
112 Cash - Restricted - Modernization and Development	\$56,616	\$0		
113 Cash - Other Restricted	\$0	\$81,974		
114 Cash - Tenant Security Deposits	\$78,039	\$0		
115 Cash - Restricted for Payment of Current Liabilities	\$78,079	\$23,477		\$10,058
100 Total Cash	\$705,547	\$490,966	\$96,426	\$10,058
121 Accounts Receivable - PHA Projects	\$0	\$0		
122 Accounts Receivable - HUD Other Projects	\$49,222	\$132,033		\$3,935
124 Accounts Receivable - Other Government	\$0	\$0		
125 Accounts Receivable - Miscellaneous	\$8,305	\$24,820	\$164,117	
126 Accounts Receivable - Tenants	\$114,487	\$61		
126.1 Allowance for Doubtful Accounts -Tenants	-\$88,570	\$0		
126.2 Allowance for Doubtful Accounts - Other	\$0	-\$2,020	-\$149,944	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$176,273	
128 Fraud Recovery	\$0	\$33,241		
128.1 Allowance for Doubtful Accounts - Fraud	\$0	-\$33,241		
129 Accrued Interest Receivable	\$0	\$0		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$83,444	\$154,894	\$190,446	\$3,935
142 Prepaid Expenses and Other Assets	\$20,725	\$769		
143 Inventories	\$9,462	\$0		
143.1 Allowance for Obsolete Inventories	-\$946	\$0		
144 Inter Program Due From	\$172,892	\$0	\$45,000	
150 Total Current Assets	\$991,124	\$646,629	\$331,872	\$13,993
161 Land	\$855,470	\$0		
162 Buildings	\$25,747,886	\$0	\$507,737	
163 Furniture, Equipment & Machinery - Dwellings	\$190,110	\$0		
164 Furniture, Equipment & Machinery - Administration	\$497,272	\$139,518	\$74,272	
165 Leasehold Improvements	\$108,476	\$0		
166 Accumulated Depreciation	-\$22,446,228	-\$104,745	-\$560,530	
167 Construction in Progress	\$0	\$0		
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,952,986	\$34,773	\$21,479	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0		
180 Total Non-Current Assets	\$4,952,986	\$34,773	\$21,479	\$0

Charleston County Housing and Redevelopment Authority (SC056)  
Charleston, SC  
Entitywide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,634	\$976,388	\$0	\$976,388
112 Cash - Restricted - Modernization and Development	\$0	\$56,616	\$0	\$56,616
113 Cash - Other Restricted	\$0	\$81,974	\$0	\$81,974
114 Cash - Tenant Security Deposits	\$0	\$78,039	\$0	\$78,039
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$111,614	\$0	\$111,614
100 Total Cash	\$1,634	\$1,304,631	\$0	\$1,304,631
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$0	\$185,190	\$0	\$185,190
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$0
125 Accounts Receivable - Miscellaneous	\$0	\$197,242	\$0	\$197,242
126 Accounts Receivable - Tenants	\$0	\$114,548	\$0	\$114,548
126.1 Allowance for Doubtful Accounts - Tenants	\$0	-\$88,570	\$0	-\$88,570
126.2 Allowance for Doubtful Accounts - Other	\$0	-\$151,964	\$0	-\$151,964
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$176,273	\$0	\$176,273
128 Fraud Recovery	\$0	\$33,241	\$0	\$33,241
128.1 Allowance for Doubtful Accounts - Fraud	\$0	-\$33,241	\$0	-\$33,241
129 Accrued Interest Receivable	\$0	\$0	\$0	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$432,719	\$0	\$432,719
142 Prepaid Expenses and Other Assets	\$457	\$21,951	\$0	\$21,951
143 Inventories	\$0	\$9,462	\$0	\$9,462
143.1 Allowance for Obsolete Inventories	\$0	-\$946	\$0	-\$946
144 Inter Program Due From	\$0	\$217,892	-\$217,892	\$0
150 Total Current Assets	\$2,091	\$1,985,709	-\$217,892	\$1,767,817
161 Land	\$0	\$855,470	\$0	\$855,470
162 Buildings	\$3,558	\$26,259,181	\$0	\$26,259,181
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$190,110	\$0	\$190,110
164 Furniture, Equipment & Machinery - Administration	\$65,672	\$776,734	\$0	\$776,734
165 Leasehold Improvements	\$0	\$108,476	\$0	\$108,476
166 Accumulated Depreciation	-\$63,306	-\$23,174,809	\$0	-\$23,174,809
167 Construction in Progress	\$0	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$5,924	\$5,015,162	\$0	\$5,015,162
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0	\$0
180 Total Non-Current Assets	\$5,924	\$5,015,162	\$0	\$5,015,162

Charleston County Housing and Redevelopment Authority (SC056)  
Charleston, SC  
Entitywide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.896 PIH Family Self- Sufficiency Program
200 Deferred Outflow of Resources	\$315,530	\$154,847		
290 Total Assets and Deferred Outflow of Resources	\$6,259,640	\$836,249	\$353,351	\$13,993
311 Bank Overdraft	\$0	\$0		
312 Accounts Payable <= 90 Days	\$37,315	\$2,145	\$300	
313 Accounts Payable >90 Days Past Due	\$0	\$0		
321 Accrued Wage/Payroll Taxes Payable	\$20,407	\$10,892		
322 Accrued Compensated Absences - Current Portion	\$13,636	\$9,116		
325 Accrued Interest Payable	\$0	\$0		
331 Accounts Payable - HUD PHA Programs	\$0	\$0		
332 Account Payable - PHA Projects	\$0	\$0		
333 Accounts Payable - Other Government	\$136,271	\$0		
341 Tenant Security Deposits	\$78,039	\$0		
342 Unearned Revenue	\$89,099	\$0		\$13,993
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$66,122	\$0		
345 Other Current Liabilities	\$0	\$23,477		
346 Accrued Liabilities - Other	\$9,100	\$3,150		
347 Inter Program - Due To	\$172,892	\$0		
348 Loan Liability - Current	\$0	\$0		
310 Total Current Liabilities	\$622,881	\$48,780	\$300	\$13,993
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$780,683	\$0		
353 Non-current Liabilities - Other	\$0	\$81,974		
354 Accrued Compensated Absences - Non Current	\$3,409	\$2,279		
357 Accrued Pension and OPEB Liabilities	\$1,084,553	\$668,521		
350 Total Non-Current Liabilities	\$1,868,645	\$752,774	\$0	\$0
300 Total Liabilities	\$2,491,526	\$801,554	\$300	\$13,993
400 Deferred Inflow of Resources	\$10,913	\$7,324		
508.4 Net Investment in Capital Assets	\$4,106,181	\$34,773	\$21,479	
511.4 Restricted Net Position	\$56,616	\$0	\$0	
512.4 Unrestricted Net Position	-\$405,596	-\$7,402	\$331,572	\$0
513 Total Equity - Net Assets / Position	\$3,757,201	\$27,371	\$353,051	\$0
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$6,259,640	\$836,249	\$353,351	\$13,993

Charleston County Housing and Redevelopment Authority (SC056)  
Charleston, SC  
Entitywide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	COCC	Subtotal	ELIM	Total
200 Deferred Outflow of Resources	\$218,286	\$688,663	\$0	\$688,663
290 Total Assets and Deferred Outflow of Resources	\$226,301	\$7,689,534	-\$217,892	\$7,471,642
311 Bank Overdraft		\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$3,050	\$42,810	\$0	\$42,810
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$12,427	\$43,726	\$0	\$43,726
322 Accrued Compensated Absences - Current Portion	\$11,205	\$33,957	\$0	\$33,957
325 Accrued Interest Payable	\$0	\$0	\$0	\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0	\$0
333 Accounts Payable - Other Government	\$0	\$136,271	\$0	\$136,271
341 Tenant Security Deposits	\$0	\$78,039	\$0	\$78,039
342 Unearned Revenue	\$0	\$103,092	\$0	\$103,092
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$66,122	\$0	\$66,122
345 Other Current Liabilities	\$0	\$23,477	\$0	\$23,477
346 Accrued Liabilities - Other	\$5,250	\$17,500	\$0	\$17,500
347 Inter Program - Due To	\$45,000	\$217,892	-\$217,892	\$0
348 Loan Liability - Current	\$0	\$0	\$0	\$0
310 Total Current Liabilities	\$76,932	\$762,886	-\$217,892	\$544,994
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$780,683	\$0	\$780,683
353 Non-current Liabilities - Other	\$0	\$81,974	\$0	\$81,974
354 Accrued Compensated Absences - Non Current	\$2,801	\$8,489	\$0	\$8,489
357 Accrued Pension and OPEB Liabilities	\$708,222	\$2,461,296	\$0	\$2,461,296
350 Total Non-Current Liabilities	\$711,023	\$3,332,442	\$0	\$3,332,442
300 Total Liabilities	\$787,955	\$4,095,328	-\$217,892	\$3,877,436
400 Deferred Inflow of Resources	\$6,944	\$25,181		\$25,181
508.4 Net Investment in Capital Assets	\$5,924	\$4,168,357		\$4,168,357
511.4 Restricted Net Position		\$56,616		\$56,616
512.4 Unrestricted Net Position	-\$574,522	-\$655,948		-\$655,948
513 Total Equity - Net Assets / Position	-\$568,598	\$3,569,025	\$0	\$3,569,025
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$226,301	\$7,689,534	-\$217,892	\$7,471,642

Charleston County Housing and Redevelopment Authority (SC056)  
 Charleston, SC  
 Entitywide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.896 PIH Family Self- Sufficiency Program
70300 Net Tenant Rental Revenue	\$910,755	\$0		
70400 Tenant Revenue - Other	\$29,650	\$0		
70500 Total Tenant Revenue	\$940,405	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$1,359,078	\$7,655,361		\$94,597
70610 Capital Grants	\$75,409	\$0		
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70750 Other Fees			\$41,943	
70700 Total Fee Revenue				
71100 Investment Income - Unrestricted	\$10	\$2,835		
71400 Fraud Recovery	\$0	\$3,228		
71500 Other Revenue	\$185,168	\$205,442	\$246,008	
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0		
72000 Investment Income - Restricted	\$0	\$0		
70000 Total Revenue	\$2,560,070	\$7,866,866	\$287,951	\$94,597
91100 Administrative Salaries	\$116,354	\$196,594		
91200 Auditing Fees	\$8,381	\$3,281		
91300 Management Fee	\$294,691	\$151,776		
91310 Book-keeping Fee	\$34,890	\$94,860		
91400 Advertising and Marketing	\$232	\$116		
91500 Employee Benefit contributions - Administrative	\$93,979	\$107,009		
91600 Office Expenses	\$54,119	\$40,268	\$225	
91700 Legal Expense	\$4,565	\$466	\$3,703	
91800 Travel	\$1,652	\$9,307	\$1,067	
91900 Other	\$5,584	\$801	\$3,696	
91000 Total Operating - Administrative	\$614,447	\$604,478	\$8,691	\$0
92000 Asset Management Fee	\$30,720	\$0		
92100 Tenant Services - Salaries	\$0			\$67,023
92300 Employee Benefit Contributions - Tenant Services	\$0			\$21,074
92400 Tenant Services - Other	\$4,060	\$0		\$6,500
92500 Total Tenant Services	\$4,060	\$0	\$0	\$94,597

Charleston County Housing and Redevelopment Authority (SC056)  
 Charleston, SC  
 Entitywide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$0	\$910,755	\$0	\$910,755
70400 Tenant Revenue - Other	\$0	\$29,650	\$0	\$29,650
70500 Total Tenant Revenue	\$0	\$940,405	\$0	\$940,405
70600 HUD PHA Operating Grants	\$0	\$9,109,036	\$0	\$9,109,036
70610 Capital Grants	\$0	\$75,409	\$0	\$75,409
70710 Management Fee	\$446,459	\$446,459	-\$446,459	\$0
70720 Asset Management Fee	\$30,720	\$30,720	-\$30,720	\$0
70730 Book Keeping Fee	\$129,756	\$129,756	-\$129,756	\$0
70750 Other Fees	\$0	\$41,943	\$0	\$41,943
70700 Total Fee Revenue	\$606,935	\$606,935	-\$606,935	\$0
71100 Investment Income - Unrestricted	\$0	\$2,845	\$0	\$2,845
71400 Fraud Recovery	\$0	\$3,228	\$0	\$3,228
71500 Other Revenue	\$0	\$636,618	-\$36,632	\$599,986
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0
72000 Investment Income - Restricted	\$0	\$0	\$0	\$0
70000 Total Revenue	\$606,935	\$11,416,419	-\$643,567	\$10,772,852
91100 Administrative Salaries	\$274,720	\$587,668	\$0	\$587,668
91200 Auditing Fees	\$5,338	\$17,000	\$0	\$17,000
91300 Management Fee		\$446,467	-\$446,467	\$0
91310 Book-keeping Fee		\$129,750	-\$129,750	\$0
91400 Advertising and Marketing	\$2,102	\$2,450	\$0	\$2,450
91500 Employee Benefit contributions - Administrative	\$185,051	\$386,039	\$0	\$386,039
91600 Office Expenses	\$26,993	\$121,605	-\$11,568	\$110,037
91700 Legal Expense	\$0	\$8,734	\$0	\$8,734
91800 Travel	\$8,733	\$20,759	\$0	\$20,759
91900 Other	\$107,610	\$117,691	\$2	\$117,693
91000 Total Operating - Administrative	\$610,547	\$1,838,163	-\$587,783	\$1,250,380
92000 Asset Management Fee		\$30,720	-\$30,720	\$0
92100 Tenant Services - Salaries	\$0	\$67,023	\$0	\$67,023
92300 Employee Benefit Contributions - Tenant Services	\$0	\$21,074	\$0	\$21,074
92400 Tenant Services - Other	\$0	\$10,560	\$0	\$10,560
92500 Total Tenant Services	\$0	\$98,657	\$0	\$98,657



Charleston County Housing and Redevelopment Authority (SC056)  
 Charleston, SC  
 Entitywide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.896 PIH Family Self- Sufficiency Program
93100 Water	\$129,702	\$0		
93200 Electricity	\$191,492	\$0	\$109	
93300 Gas	\$16,588	\$0		
93800 Other Utilities Expense	\$2,621	\$0		
93000 Total Utilities	\$340,403	\$0	\$109	\$0
94100 Ordinary Maintenance and Operations - Labor	\$209,315	\$0		
94200 Ordinary Maintenance and Operations - Materials and Other	\$133,910	\$4,685	\$1,712	
94300 Ordinary Maintenance and Operations Contracts	\$219,193	\$3,876	\$1	
94500 Employee Benefit Contributions - Ordinary Maintenance	\$159,460	\$0		
94000 Total Maintenance	\$721,878	\$8,561	\$1,713	\$0
95300 Protective Services - Other	\$24,000	\$0		
95000 Total Protective Services	\$24,000	\$0	\$0	\$0
96110 Property Insurance	\$58,294			
96120 Liability Insurance	\$4,444	\$1,905		
96130 Workmen's Compensation	\$12,970	\$8,880		
96140 All Other Insurance	\$5,705	\$1,335		
96100 Total insurance Premiums	\$81,413	\$12,120	\$0	\$0
96200 Other General Expenses	\$0	\$3,856		
96210 Compensated Absences	\$32,464	\$22,406		
96300 Payments in Lieu of Taxes	\$55,448	\$0		
96400 Bad debt - Tenant Rents	\$15,339	\$0		
96600 Bad debt - Other	\$0	\$0	\$38,314	
96000 Total Other General Expenses	\$103,251	\$26,262	\$38,314	\$0
96710 Interest of Mortgage (or Bonds) Payable	\$44,003	\$0		
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0		
96730 Amortization of Bond Issue Costs	\$0	\$0		
96700 Total Interest Expense and Amortization Cost	\$44,003	\$0	\$0	\$0

Charleston County Housing and Redevelopment Authority (SC056)  
 Charleston, SC  
 Entitywide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	COCC	Subtotal	ELIM	Total
93100 Water	\$0	\$129,702	\$0	\$129,702
93200 Electricity	\$0	\$191,601	\$0	\$191,601
93300 Gas	\$0	\$16,588	\$0	\$16,588
93800 Other Utilities Expense	\$0	\$2,621	\$0	\$2,621
93000 Total Utilities	\$0	\$340,512	\$0	\$340,512
94100 Ordinary Maintenance and Operations - Labor	\$0	\$209,315	\$0	\$209,315
94200 Ordinary Maintenance and Operations - Materials and Other	\$3,633	\$143,940	\$0	\$143,940
94300 Ordinary Maintenance and Operations Contracts	\$836	\$223,906	\$0	\$223,906
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$159,460	\$0	\$159,460
94000 Total Maintenance	\$4,469	\$736,621	\$0	\$736,621
95300 Protective Services - Other	\$0	\$24,000	\$0	\$24,000
95000 Total Protective Services	\$0	\$24,000	\$0	\$24,000
96110 Property Insurance	\$0	\$58,294	\$0	\$58,294
96120 Liability Insurance	\$1,270	\$7,619	\$0	\$7,619
96130 Workmen's Compensation	\$7,741	\$29,591	\$0	\$29,591
96140 All Other Insurance	\$239	\$7,279	\$0	\$7,279
96100 Total insurance Premiums	\$9,250	\$102,783	\$0	\$102,783
96200 Other General Expenses	\$0	\$3,856	\$0	\$3,856
96210 Compensated Absences	\$29,244	\$84,114	\$0	\$84,114
96300 Payments in Lieu of Taxes	\$0	\$55,448	\$0	\$55,448
96400 Bad debt - Tenant Rents	\$0	\$15,339	\$0	\$15,339
96600 Bad debt - Other	\$0	\$38,314	-\$25,064	\$13,250
96000 Total Other General Expenses	\$29,244	\$197,071	-\$25,064	\$172,007
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$44,003	\$0	\$44,003
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$44,003	\$0	\$44,003

Charleston County Housing and Redevelopment Authority (SC056)  
 Charleston, SC  
 Entitywide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.896 PIH Family Self- Sufficiency Program
96900 Total Operating Expenses	\$1,964,175	\$651,421	\$48,827	\$94,597
97000 Excess of Operating Revenue over Operating Expenses	\$595,895	\$7,215,445	\$239,124	\$0
97100 Extraordinary Maintenance	\$0	\$0		
97200 Casualty Losses - Non-capitalized	\$900	\$0		
97300 Housing Assistance Payments	\$0	\$7,052,477		
97350 HAP Portability-In	\$0	\$151,864		
97400 Depreciation Expense	\$852,343	\$20,440	\$3,013	
97500 Fraud Losses	\$0	\$2,020		
90000 Total Expenses	\$2,817,418	\$7,878,222	\$51,840	\$94,597
10010 Operating Transfer In	\$165,331	\$0		
10020 Operating transfer Out	-\$123,422	\$0	-\$41,909	
10091 Inter Project Excess Cash Transfer In	\$275,000			
10092 Inter Project Excess Cash Transfer Out	-\$275,000			
10100 Total Other financing Sources (Uses)	\$41,909	\$0	-\$41,909	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$215,439	-\$11,356	\$194,202	\$0
11020 Required Annual Debt Principal Payments	\$68,538	\$0	\$0	\$0
11030 Beginning Equity	\$3,972,640	\$38,727	\$158,849	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0		
11170 Administrative Fee Equity		\$27,371		
11180 Housing Assistance Payments Equity		\$0		
11190 Unit Months Available	4788	12948		
11210 Number of Unit Months Leased	4652	12648		
11270 Excess Cash	\$125,826			
11610 Land Purchases	\$0			
11620 Building Purchases	\$41,158			
11630 Furniture & Equipment - Dwelling Purchases	\$0			
11640 Furniture & Equipment - Administrative Purchases	\$0			
13510 CFFP Debt Service Payments	\$75,409			
13901 Replacement Housing Factor Funds	\$0			

Charleston County Housing and Redevelopment Authority (SC056)  
Charleston, SC  
Entitywide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	COCC	Subtotal	ELIM	Total
96900 Total Operating Expenses	\$653,510	\$3,412,530	-\$643,567	\$2,768,963
97000 Excess of Operating Revenue over Operating Expenses	-\$46,575	\$8,003,889	\$0	\$8,003,889
97100 Extraordinary Maintenance	\$0	\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$0	\$900	\$0	\$900
97300 Housing Assistance Payments	\$0	\$7,052,477	\$0	\$7,052,477
97350 HAP Portability-In	\$0	\$151,864	\$0	\$151,864
97400 Depreciation Expense	\$3,558	\$879,354	\$0	\$879,354
97500 Fraud Losses	\$0	\$2,020	\$0	\$2,020
90000 Total Expenses	\$657,068	\$11,499,145	-\$643,567	\$10,855,578
10010 Operating Transfer In	\$0	\$165,331	-\$165,331	\$0
10020 Operating transfer Out	\$0	-\$165,331	\$165,331	\$0
10091 Inter Project Excess Cash Transfer In		\$275,000	-\$275,000	\$0
10092 Inter Project Excess Cash Transfer Out		-\$275,000	\$275,000	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$50,133	-\$82,726	\$0	-\$82,726
11020 Required Annual Debt Principal Payments	\$0	\$68,538		\$68,538
11030 Beginning Equity	-\$518,465	\$3,651,751	\$0	\$3,651,751
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0
11170 Administrative Fee Equity		\$27,371		\$27,371
11180 Housing Assistance Payments Equity		\$0		\$0
11190 Unit Months Available	0	17736	0	17736
11210 Number of Unit Months Leased	0	17300	0	17300
11270 Excess Cash		\$125,826		\$125,826
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$0	\$41,158		\$41,158
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0	\$75,409		\$75,409
13901 Replacement Housing Factor Funds	\$0	\$0		\$0

Charleston County Housing and Redevelopment Authority (SC056)  
Charleston, SC  
Project Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	SC056000235	SC056000007	SC056000001	OTHER PROJ	Total
111 Cash - Unrestricted	\$0	\$118,493	\$373,416	\$904	\$492,813
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$56,616	\$56,616
113 Cash - Other Restricted	\$0	\$0	\$0		\$0
114 Cash - Tenant Security Deposits	\$28,200	\$19,875	\$29,964		\$78,039
115 Cash - Restricted for Payment of Current Liabilities	\$78,079	\$0	\$0		\$78,079
100 Total Cash	\$106,279	\$138,368	\$403,380	\$57,520	\$705,547
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0		\$0
122 Accounts Receivable - HUD Other Projects	\$0	\$0	\$49,222		\$49,222
124 Accounts Receivable - Other Government	\$0	\$0	\$0		\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$8,305	\$8,305
126 Accounts Receivable - Tenants	\$97,293	\$2,493	\$14,701		\$114,487
126.1 Allowance for Doubtful Accounts - Tenants	-\$75,339	-\$1,313	-\$11,918		-\$88,570
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0		\$0
128 Fraud Recovery	\$0	\$0	\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$21,954	\$1,180	\$52,005	\$8,305	\$83,444
142 Prepaid Expenses and Other Assets	\$9,611	\$6,496	\$4,618		\$20,725
143 Inventories	\$0	\$0	\$9,462		\$9,462
143.1 Allowance for Obsolete Inventories	\$0	\$0	-\$946		-\$946
144 Inter Program Due From	\$0	\$172,892	\$0		\$172,892
150 Total Current Assets	\$137,844	\$318,936	\$468,519	\$65,825	\$991,124
161 Land	\$529,628	\$127,078	\$198,764		\$855,470
162 Buildings	\$11,286,422	\$4,422,793	\$10,038,671		\$25,747,886
163 Furniture, Equipment & Machinery - Dwellings	\$56,511	\$26,338	\$107,261		\$190,110
164 Furniture, Equipment & Machinery - Administration	\$182,859	\$60,077	\$254,336		\$497,272
165 Leasehold Improvements	\$0	\$0	\$108,476		\$108,476
166 Accumulated Depreciation	-\$8,810,240	-\$4,362,525	-\$9,273,463		-\$22,446,228
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,245,180	\$273,761	\$1,434,045	\$0	\$4,952,986
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0		\$0
180 Total Non-Current Assets	\$3,245,180	\$273,761	\$1,434,045	\$0	\$4,952,986
200 Deferred Outflow of Resources	\$180,647	\$64,207	\$70,676		\$315,530
290 Total Assets and Deferred Outflow of Resources	\$3,563,671	\$656,904	\$1,973,240	\$65,825	\$6,259,640

Charleston County Housing and Redevelopment Authority (SC056)  
Charleston, SC  
Project Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	SC056000235	SC056000007	SC056000001	OTHER PROJ	Total
311 Bank Overdraft	\$0	\$0	\$0		\$0
312 Accounts Payable <= 90 Days	\$9,925	\$2,236	\$25,154		\$37,315
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$9,228	\$1,423	\$3,182	\$6,574	\$20,407
322 Accrued Compensated Absences - Current Portion	\$11,289	\$910	\$1,437		\$13,636
325 Accrued Interest Payable	\$0	\$0	\$0		\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0		\$0
333 Accounts Payable - Other Government	\$31,075	\$56,193	\$49,003		\$136,271
341 Tenant Security Deposits	\$28,200	\$19,875	\$29,964		\$78,039
342 Unearned Revenue	\$79,710	\$3,579	\$5,810		\$89,099
343 Current Portion of Long-term Debt - Capital	\$12,382	\$12,148	\$41,592		\$66,122
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0		\$0
345 Other Current Liabilities	\$0	\$0	\$0		\$0
346 Accrued Liabilities - Other	\$3,549	\$2,184	\$3,367		\$9,100
347 Inter Program - Due To	\$172,892	\$0			\$172,892
348 Loan Liability - Current	\$0	\$0	\$0		\$0
310 Total Current Liabilities	\$358,250	\$98,548	\$159,509	\$6,574	\$622,881
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$146,305	\$144,095	\$490,283		\$780,683
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0		\$0
353 Non-current Liabilities - Other	\$0	\$0	\$0		\$0
354 Accrued Compensated Absences - Non Current	\$2,822	\$228	\$359		\$3,409
357 Accrued Pension and OPEB Liabilities	\$463,407	\$306,206	\$314,940		\$1,084,553
350 Total Non-Current Liabilities	\$612,534	\$450,529	\$805,582	\$0	\$1,868,645
300 Total Liabilities	\$970,784	\$549,077	\$965,091	\$6,574	\$2,491,526
400 Deferred Inflow of Resources	\$3,973	\$3,456	\$3,484		\$10,913
508.4 Net Investment in Capital Assets	\$3,086,493	\$117,518	\$902,170	\$0	\$4,106,181
511.4 Restricted Net Position				\$56,616	\$56,616
512.4 Unrestricted Net Position	-\$497,579	-\$13,147	\$102,495	\$2,635	-\$405,596
513 Total Equity - Net Assets / Position	\$2,588,914	\$104,371	\$1,004,665	\$59,251	\$3,757,201
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$3,563,671	\$656,904	\$1,973,240	\$65,825	\$6,259,640

Charleston County Housing and Redevelopment Authority (SC056)  
Charleston, SC  
Project Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	SC056000235	SC056000007	SC056000001	OTHER PROJ	Total
70300 Net Tenant Rental Revenue	\$226,289	\$240,638	\$443,828		\$910,755
70400 Tenant Revenue - Other	\$21,695	\$3,241	\$4,714		\$29,650
70500 Total Tenant Revenue	\$247,984	\$243,879	\$448,542	\$0	\$940,405
70600 HUD PHA Operating Grants	\$653,743	\$229,263	\$476,072		\$1,359,078
70610 Capital Grants	\$14,312	\$12,900	\$48,197		\$75,409
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70700 Total Fee Revenue					
70800 Other Government Grants	\$0	\$0	\$0		\$0
71100 Investment Income - Unrestricted	\$0	\$0	\$10		\$10
71400 Fraud Recovery	\$0	\$0	\$0		\$0
71500 Other Revenue	\$16,852	\$52,967	\$115,349		\$185,168
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0		\$0
72000 Investment Income - Restricted	\$0	\$0	\$0		\$0
70000 Total Revenue	\$932,891	\$539,009	\$1,088,170	\$0	\$2,560,070
91100 Administrative Salaries	\$57,351	\$27,568	\$31,435		\$116,354
91200 Auditing Fees	\$3,017	\$2,095	\$3,269		\$8,381
91300 Management Fee	\$89,663	\$63,858	\$141,170		\$294,691
91310 Book-keeping Fee	\$12,353	\$8,797	\$13,740		\$34,890
91400 Advertising and Marketing	\$0	\$0	\$232		\$232
91500 Employee Benefit contributions - Administrative	\$42,405	\$18,220	\$33,354		\$93,979
91600 Office Expenses	\$16,051	\$10,984	\$27,084		\$54,119
91700 Legal Expense	\$2,128	\$892	\$1,545		\$4,565
91800 Travel	\$482	\$616	\$554		\$1,652
91900 Other	\$3,372	\$526	\$1,686		\$5,584
91000 Total Operating - Administrative	\$226,822	\$133,556	\$254,069	\$0	\$614,447
92000 Asset Management Fee	\$0	\$12,000	\$18,720		\$30,720
92100 Tenant Services - Salaries	\$0	\$0	\$0		\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0		\$0
92400 Tenant Services - Other	\$0	\$2,114	\$1,946		\$4,060
92500 Total Tenant Services	\$0	\$2,114	\$1,946	\$0	\$4,060

Charleston County Housing and Redevelopment Authority (SC056)  
Charleston, SC  
Project Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	SC056000235	SC056000007	SC056000001	OTHER PROJ	Total
93100 Water	\$9,255	\$41,412	\$79,035		\$129,702
93200 Electricity	\$5,165	\$12,262	\$174,065		\$191,492
93300 Gas	\$1,128	\$985	\$14,475		\$16,588
93800 Other Utilities Expense	\$0	\$0	\$2,621		\$2,621
93000 Total Utilities	\$15,548	\$54,659	\$270,196	\$0	\$340,403
94100 Ordinary Maintenance and Operations - Labor	\$147,820	\$37,704	\$23,791		\$209,315
94200 Ordinary Maintenance and Operations - Materials and	\$55,701	\$9,667	\$68,542		\$133,910
94300 Ordinary Maintenance and Operations Contracts	\$89,547	\$42,521	\$87,125		\$219,193
94500 Employee Benefit Contributions - Ordinary Maintenance	\$109,297	\$24,920	\$25,243		\$159,460
94000 Total Maintenance	\$402,365	\$114,812	\$204,701	\$0	\$721,878
95300 Protective Services - Other	\$0	\$0	\$24,000		\$24,000
95000 Total Protective Services	\$0	\$0	\$24,000	\$0	\$24,000
96110 Property Insurance	\$27,684	\$18,620	\$11,990		\$58,294
96120 Liability Insurance	\$1,693	\$1,270	\$1,481		\$4,444
96130 Workmen's Compensation	\$7,990	\$1,627	\$3,353		\$12,970
96140 All Other Insurance	\$2,283	\$1,349	\$2,073		\$5,705
96100 Total insurance Premiums	\$39,650	\$22,866	\$18,897	\$0	\$81,413
96200 Other General Expenses	\$0	\$0	\$0		\$0
96210 Compensated Absences	\$21,467	\$3,196	\$7,801		\$32,464
96300 Payments in Lieu of Taxes	\$19,527	\$18,594	\$17,327		\$55,448
96400 Bad debt - Tenant Rents	\$9,789	\$625	\$4,925		\$15,339
96600 Bad debt - Other	\$0	\$0	\$0		\$0
96000 Total Other General Expenses	\$50,783	\$22,415	\$30,053	\$0	\$103,251
96710 Interest of Mortgage (or Bonds) Payable	\$8,066	\$9,023	\$26,914		\$44,003
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0		\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$8,066	\$9,023	\$26,914	\$0	\$44,003
96900 Total Operating Expenses	\$743,234	\$371,445	\$849,496	\$0	\$1,964,175
97000 Excess of Operating Revenue over Operating Expenses	\$189,657	\$167,564	\$238,674	\$0	\$595,895



Charleston County Housing and Redevelopment Authority (SC056)  
Charleston, SC  
Project Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	SC056000235	SC056000007	SC056000001	OTHER PROJ	Total
97100 Extraordinary Maintenance	\$0	\$0	\$0		\$0
97200 Casualty Losses - Non-capitalized	\$0	\$900	\$0		\$900
97400 Depreciation Expense	\$471,088	\$66,338	\$314,917		\$852,343
90000 Total Expenses	\$1,214,322	\$438,683	\$1,164,413	\$0	\$2,817,418
10010 Operating Transfer In	\$52,033	\$25,962	\$45,427	\$41,909	\$165,331
10020 Operating transfer Out	-\$52,033	-\$25,962	-\$45,427		-\$123,422
10091 Inter Project Excess Cash Transfer In	\$275,000	\$0	\$0		\$275,000
10092 Inter Project Excess Cash Transfer Out	\$0	-\$125,000	-\$150,000		-\$275,000
10100 Total Other financing Sources (Uses)	\$275,000	-\$125,000	-\$150,000	\$41,909	\$41,909
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$6,431	-\$24,674	-\$226,243	\$41,909	-\$215,439
11020 Required Annual Debt Principal Payments	\$12,836	\$12,592	\$43,110	\$0	\$68,538
11030 Beginning Equity	\$2,595,345	\$129,045	\$1,230,908	\$17,342	\$3,972,640
11040 Prior Period Adjustments, Equity Transfers and Correction	\$0	\$0	\$0	\$0	\$0
11170 Administrative Fee Equity					
11180 Housing Assistance Payments Equity					
11190 Unit Months Available	1716	1200	1872	0	4788
11210 Number of Unit Months Leased	1647	1173	1832	0	4652
11270 Excess Cash	-\$291,281	\$183,691	\$230,781	\$2,635	\$125,826
11610 Land Purchases	\$0	\$0	\$0	\$0	\$0
11620 Building Purchases	\$41,158	\$0	\$0	\$0	\$41,158
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$14,312	\$12,900	\$48,197	\$0	\$75,409
13901 Replacement Housing Factor Funds	\$0	\$0	\$0	\$0	\$0

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

***Independent Auditor's Report***

Board of Commissioners  
Charleston County Housing & Redevelopment Authority

We have audited, 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, the financial statements of the business-type activities of Charleston County Housing & Redevelopment Authority as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Charleston County Housing & Redevelopment Authority's basic financial statements, and have issued our report thereon dated January 26, 2018.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Charleston County Housing & Redevelopment Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Charleston County Housing & Redevelopment Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Charleston County Housing & Redevelopment 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


## ***Compliance and Other Matters***

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

We noted certain matters that we have reported to management of Charleston County Housing & Redevelopment Authority in a separate letter dated January 26, 2018.

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Maletta & Company". The signature is written in a cursive, flowing style.

Maletta & Company  
Certified Public Accountants

Bristol, Connecticut  
January 26, 2018

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

***Independent Auditor's Report***

Board of Commissioners  
Charleston County Housing & Redevelopment Authority

**Report on Compliance for Each Major Federal Program**

We have audited Charleston County Housing & Redevelopment Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Charleston County Housing & Redevelopment Authority's major federal programs for the year ended June 30, 2017. Charleston County Housing & Redevelopment Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Charleston County Housing & Redevelopment 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* (CFR) 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 Charleston County Housing & Redevelopment Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Charleston County Housing & Redevelopment Authority's compliance.

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

In our opinion, Charleston County Housing & Redevelopment Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance with the compliance requirements referred to above that are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to these matters.

Charleston County Housing & Redevelopment Authority's response to the noncompliance findings identified in our audit are described in the accompanying corrective action plan. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control over Compliance**

Management of Charleston County Housing & Redevelopment 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 Charleston County Housing & Redevelopment Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing 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 Charleston County Housing & Redevelopment Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a significant deficiency.

Charleston County Housing & Redevelopment Authority's responses to the internal control over compliance findings identified in our audit are described in the accompanying corrective action plan.

Charleston County Housing & Redevelopment Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. 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.

A handwritten signature in black ink that reads "Maletta & Company". The signature is written in a cursive style with a vertical line separating the two parts of the name.

Maletta & Company  
Certified Public Accountants

Bristol, Connecticut  
January 26, 2018

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>Federal Grantor / Pass-Through Grantor / Program Title</b>	<b>CFDA Number</b>	<b>Contract / Pass-Through</b>	<b>Federal Expenditures</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<b>Direct Programs:</b>			
Low Rent Public Housing	14.850	SC056-00000116D	\$ 582,736
Low Rent Public Housing	14.850	SC056-00000117D	567,481
Total Low Rent Public Housing			1,150,217
 Housing Choice Vouchers	 14.871	 SC056	 7,655,361
 Public Housing Capital Fund Program	 14.872	 SC16P056501-14	 94,187
Public Housing Capital Fund Program	14.872	SC16P056501-15	39,629
Public Housing Capital Fund Program	14.872	SC16P056501-16	150,454
Total Public Housing Capital Fund Program			284,270
 PIH Family Self Sufficiency (FSS)	 14.896	 SC056-FSH604A014	 94,597
<b>Total Expenditures of Federal Awards</b>			<b>\$ 9,184,445</b>

*See the accompanying notes to schedule of expenditures of federal awards.*

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Authority under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, change in net positions, or cash flows of the Authority.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The Authority has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C – PROGRAM COST**

The amounts presented as federal expenditures represent only the federal portion of the actual program costs. Actual program costs, including the Authority's portion, may be more than is shown on the schedule.



**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weaknesses identified?	_____	Yes	_____	X	No
Significant deficiencies identified?	_____	Yes	_____	X	None Reported
Noncompliance material to financial statements noted?	_____	Yes	_____	X	No

**Federal Awards**

Internal control over major programs:

Material weaknesses identified?	_____	Yes	_____	X	No
Significant deficiencies identified?	_____	X	_____	Yes	None Reported
Type of auditor's report issued on compliance for major federal programs:	<b>Unmodified</b>				
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	X	_____	Yes	No

<u>Identification of major federal programs:</u>	
<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
14.871	Housing Choice Voucher

Dollar threshold used to distinguish between type A and type B programs:	\$	<u>750,000</u>			
Auditee qualified as a low-risk auditee?	_____	X	_____	Yes	No

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

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**II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards**

None Reported

**III. Findings and Questioned Costs for Federal Awards**

**SIGNIFICANT DEFICIENCY AND MATERIAL NONCOMPLIANCE**

**2017-001 Eligibility  
Housing Choice Voucher – CFDA# 14.871  
(Repeat Finding # 2016-001)**

<b>Condition and Criteria:</b>	Income calculations performed during examinations contained errors and documentation obtained to determine annual income was insufficient or incomplete. PHA's are required to determine income eligibility and calculate the tenant's rent payment using sufficient, appropriate documentation in accordance with HUD regulations.
<b>Questioned Cost:</b>	Known questioned costs totaled \$5,018.
<b>Effect or Potential Effect:</b>	Overpayment of Housing Assistance Payments due to income calculation errors.
<b>Cause:</b>	Lack of staff adherence to administrative policies and ineffective quality control procedures.
<b>Context:</b>	A sample of 25 files were selected to audit income calculations from a population of 1,030. The test found eight files with some form of income calculation error, six of which contributed to the known question cost. Our sample was a statistically valid sample.
<b>Auditor's Recommendation:</b>	We recommend the Authority re-evaluate income documentation procedures used to annualize employment income and monitor HCV staff performance, including increased quality control reviews, to ensure compliance with HUD regulations. Further, management should consider additional staff training on the use and importance of EIV in the certification process.
<b>Management's Response:</b>	Management agrees with the finding and corrective action has been taken as detailed in the Corrective Action Plan.

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**2016-001 Eligibility  
Housing Choice Voucher – CFDA# 14.871**

**Condition and Criteria:** Income calculations performed during examinations contained errors and documentation obtained to determine annual income was insufficient or incomplete. PHA's are required to determine income eligibility and calculate the tenant's rent payment using sufficient, appropriate documentation in accordance with HUD regulations.

**Auditor's Recommendation:** We recommend the Authority re-evaluate income documentation procedures used to annualize employment income and monitor HCV staff performance, including increased quality control reviews, to ensure compliance with HUD regulations. Further, management should consider additional staff training on the use and importance of EIV in the certification process and require participants to certify income reported during the certification process.

**Status:** Corrective Action in Progress, see current year Audit Finding.



Charleston County Housing and Redevelopment Authority  
2106 Mt. Pleasant St., Charleston, SC 29403-3026  
(843) 722-1942 FAX (843) 577-6825 TDD (800) 735-2905

Dept. of Housing and Urban Development  
Strom Thurmond Federal Building  
1835 Assembly Street, 13th Floor  
Columbia, SC 29201

**2017-001 Eligibility  
Housing Choice Voucher – CFDA# 14.871  
(Repeat Finding # 2016-001)**

**Corrective Action Plan:**

Area of Concern: Rent Calculations

- Staff will receive additional EIV and Rent Calculation training offsite and in-house.
- Procedures on Calculating income will be created and implemented to ensure income is calculated correctly.
- Desk References will be implemented to mirror the Administrative Plan to ensure uniformity within the HCV department.
- Quality Control/ Quality Assurance Reviews will be increased from 10% to 20% to determine trouble areas and eliminate potential errors.
- HCV Recertification and Interim process will be restructured. All Recertification packets and Income documents will be updated.

Name of Contact Person: Erica Bryant, HCV Coordinator

Anticipated Completion Date: July 1, 2018