

**CHARLESTON COUNTY HOUSING AND  
REDEVELOPMENT AUTHORITY**

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

**FOR THE YEAR ENDED  
JUNE 30, 2019**

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
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**FOR YEAR ENDED JUNE 30, 2019**

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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, 2019 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, 2019, 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 1-12 and supplemental pension information on page 28 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* 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 March 12, 2020 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  
March 12, 2020

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT  
AUTHORITY  
Charleston, SC**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

June 30, 2019

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

The Charleston County Housing & Redevelopment Authority (“the Authority”) management’s discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current Fiscal Year’s (FY) activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statements.

**FINANCIAL HIGHLIGHTS**

- The Authority’s net position increased by \$50,647 or 1.77% during 2019 due to an increase in operating funding. The Authority also had an increase in overall revenue which contributed to the increase in Net Position. Since the Authority engages only in business-type activities, the increase is in the category of business-type net position. Net Position were \$2.92 million and \$2.87 million for FY 2019 and FY 2018 respectively.
- The business-type activity revenue increased by \$350,664 or 10.27% during FY 2019. The primary reason for the increase in revenue was due to an increase in capital grant activity. Total revenue was \$3.77 million and \$3.42 million for FY 2019 and FY 2018 respectively.
- The total expenses of all Authority programs increased by \$143,034 or 3.91%. Primary reasons for increases in expense were attributable to increased tenant services, utilities, and maintenance. Total expenses were \$3.8 million and \$3.66 million for FY 2019 and FY 2018 respectively.

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT  
AUTHORITY  
Charleston, SC**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2019  
(Continued)

**USING THIS ANNUAL REPORT**

This is a presentation of the Authority's financial statements. The following graphic outline is provided for your review:

**MD&A**

~ Management's Discussion  
and Analysis ~

**Basic Financial Statements**

~ Authority-wide Financial Statements ~  
~ Notes to Financial Statements ~

**Other Required Supplementary Information**

~ Required Supplementary Information ~

The primary focus of the Authority's financial statement (summarized fund-type information) has been discarded. The new and clearly preferable focus is on the consolidated business type basis. This consolidates all programs into a combined statement of Net Position. This method is easier for the end user to analyze and to understand.

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT  
AUTHORITY  
Charleston, SC**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2019  
(Continued)

**Authority-Wide Financial Statements**

The Authority-wide financial statements (see Tables 1 thru 6) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Position," formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current."

The focus of the Statement of Net Position (the "Unrestricted") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) are reported in three broad categories:

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

Restricted: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted: Consists of Net Position that do not meet the definition of "Net Position Invested in Capital Assets," "Net of Related Debt," or "Restricted".

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Position is the "Change in Net Position," which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.



**CHARLESTON COUNTY HOUSING & REDEVELOPMENT  
AUTHORITY  
Charleston, SC**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2019  
(Continued)

**Consolidated Financial Statements**

Traditional users of governmental financial statements will find the consolidated Financial Statements presentation more familiar. The focus is now on a consolidated balance rather than the individual fund types or programs. The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

**The Authority's Programs**

***Public Housing Program*** – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income after deductions. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties

***Housing Choice Voucher*** – The objective of this program is to provide housing for eligible low-income families through housing assistance payments to private landlords.

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT  
AUTHORITY  
Charleston, SC**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2019  
(Continued)

**AUTHORITY-WIDE STATEMENT**

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position compared to prior year. The Authority is engaged only in Business-Type Activities.

**Charleston County Housing and Redevelopment Authority  
Combined Statement of Net Position  
TABLE I**

<u>Account Descriptions</u>	<u>2019</u>	<u>2018</u>	<u>Total Change</u>	<u>% Change</u>
Current Assets	\$ 2,411,886	1,927,005	484,881	25.16%
Capital Assets	4,207,351	4,527,004	(319,653)	-7.06%
Deferred Outflows of Resources	578,557	941,137		
<b>Total Assets</b>	<b>\$ 7,197,794</b>	<b>7,395,146</b>	<b>(197,352)</b>	<b>-2.67%</b>
Current Liabilities	\$ 665,795	565,002	100,793	17.84%
Noncurrent Liabilities	2,842,637	3,955,357	(1,112,720)	-28.13%
Deferred Inflows Related to Pensions	769,666	6,738		
<b>Total Liabilities</b>	<b>\$ 4,278,098</b>	<b>4,527,097</b>	<b>(248,999)</b>	<b>-5.50%</b>
Net Investment in Capital Assets	\$ 3,509,295	3,752,744	(243,449)	-6.49%
Restricted Net Position	215,450	81,884	133,566	163.12%
Unrestricted Net Position	(805,049)	(965,579)	160,530	-16.63%
<b>Total Net Position</b>	<b>\$ 2,919,696</b>	<b>2,869,049</b>	<b>50,647</b>	<b>1.77%</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ 7,197,794</b>	<b>7,396,146</b>	<b>(198,352)</b>	<b>-2.68%</b>

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT  
AUTHORITY  
Charleston, SC**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2019

(Continued)

**Major Factors Affecting the Statement of Net Position**

Current assets increased by \$484,881 or 25.16% due to less operating subsidy and recapture of reserves, thus increasing the cash position of the Housing Authority.

Capital assets decreased by -\$319,653 or -7.06% normal increase in accumulated depreciation.

Current liabilities increased by \$100,793 due to increases in accounts payable vendors.

Noncurrent liabilities decreased by (\$1,112,720) due to decreases in long term compensated absences.

Net Position decreased by \$50,647 or 1.77% during FYE 2019.

Table II presents details on the change in Net Position

**Charleston County Housing and Redevelopment Authority  
Change in Net Position  
Table II**

Net Position	06/30/18	2,868,049
Change in Net Position		<u>51,647</u>
Net Position	06/30/19	<u>2,919,696</u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Net Position provides a clearer change in financial well-being.

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT  
AUTHORITY  
Charleston, SC**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2019

(Continued)

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

**Charleston County Housing and Redevelopment Authority  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
TABLE III**

<u>Account Description</u>	<u>2019</u>	<u>2018</u>	<u>Total Change</u>	<u>% Change</u>
Tenant Revenue	898,546	936,285	(37,739)	-4.03%
Operating Subsidies	10,087,937	9,086,629	1,001,308	11.02%
Capital Grants	417,312	112,061	305,251	272.40%
Interest Income	9,088	9,448	(360)	-3.81%
Interest Income - Restricted	-	422	(422)	-100.00%
Gain on Sale of Capital Assets	-	-	-	0.00%
Other Income	204,732	538,396	(333,664)	-61.97%
<b>Total Revenue</b>	<b>11,617,615</b>	<b>10,683,241</b>	<b>934,374</b>	<b>8.75%</b>
Administration	1,270,759	1,593,375	(322,616)	-20.25%
Tenant Services	73,762	69,791	3,971	5.69%
Utilities	367,204	373,984	(6,780)	-1.81%
Maintenance	1,160,715	998,394	162,321	16.26%
General expense	68,086	183,733	(115,647)	-62.94%
Insurance	94,403	111,485	(17,082)	-15.32%
Protective Services	55,363	67,684	(12,321)	-18.20%
Interest on Mortgage Payable	34,040	37,683	(3,643)	-9.67%
Casualty Losses - NonCapitalized	1,836	-	1,836	0.00%
Housing Assistance Payments	7,639,603	7,157,368	482,235	6.74%
Depreciation	800,197	790,720	9,477	1.20%
<b>Total Expenses</b>	<b>11,565,968</b>	<b>11,384,217</b>	<b>181,751</b>	<b>1.60%</b>
Change in Net Position	51,647	(700,976)	752,623	107.37%
Beginning Net Position	2,868,049	3,569,025	(700,976)	-19.64%
Ending Net Position	2,919,696	2,868,049	51,647	1.80%

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT  
AUTHORITY  
Charleston, SC**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2019

(Continued)

**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION**

**Total revenue increased by \$934,374 or 8.75% during fiscal year 2019 .**

- Tenant revenue decreased by -\$37,739 or -4.03% due to higher paying residents moving in and lower paying residents moving out.
- Operating subsidies and grants increased by \$1,001,308 or 11.02% due to increases in funding levels and increase in HAP payments to Landlords.
- Capital grants increased by \$305,251 or 272.40% due to the increase in capital fund construction activity.
- Interest income decreased by -\$360 or -3.81% due to decreases in interest rates.
- Other income decreased by -\$333,664 or -61.97% due to the decreases insurance proceeds.

**In fiscal year 2019 the total expenses increased by \$181,751 or 1.60% due to the following.**

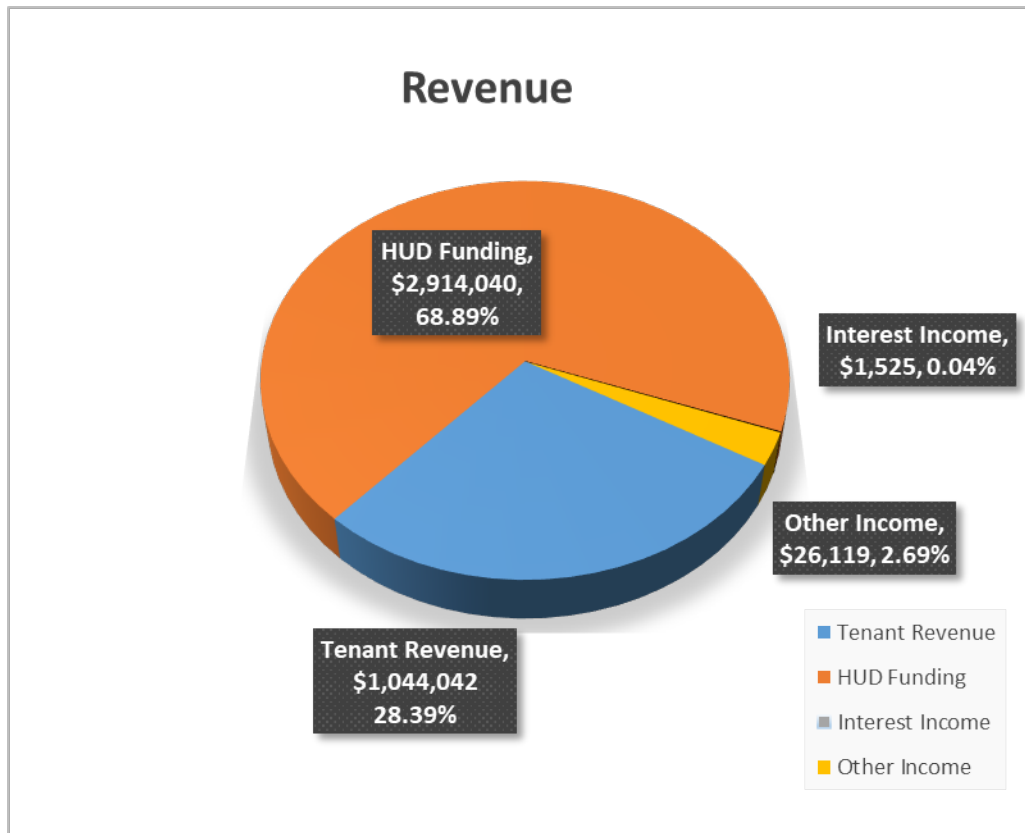
- Administrative expenses decreased by -\$322,616 or -20.25% due to decreases in administrative salaries and benefits, legal fees and travel.
- Tenant services increased by \$3,971 or 5.69% due to increases in resident participation of services provided by the housing authority.
- Utilities expenses decreased by -\$6,780 or -1.81% due to decreases in consumption and rates for Electricity.
- Maintenance expenses increased by \$162,321 or 16.26% due to increases in maintenance salaries and benefits; HVAC Contract Costs; Lawn Care.

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT  
AUTHORITY**  
Charleston, SC

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2019  
(Continued)

- General expenses decreased by -\$115,647 or -62.94% due to decreases in accounting adjustments.
- Insurance decreased by -\$17,082 or -15.32% due to decreases in premiums.
- Protective services decreased by -\$12,321 or -18.20% due to budgeted protective services contract.
- Housing Assistance Payments increased by \$482,235 or 6.74% due to higher leasing rates.
- Depreciation expense increased by \$9,477 or 1.20% due to the addition of new assets.

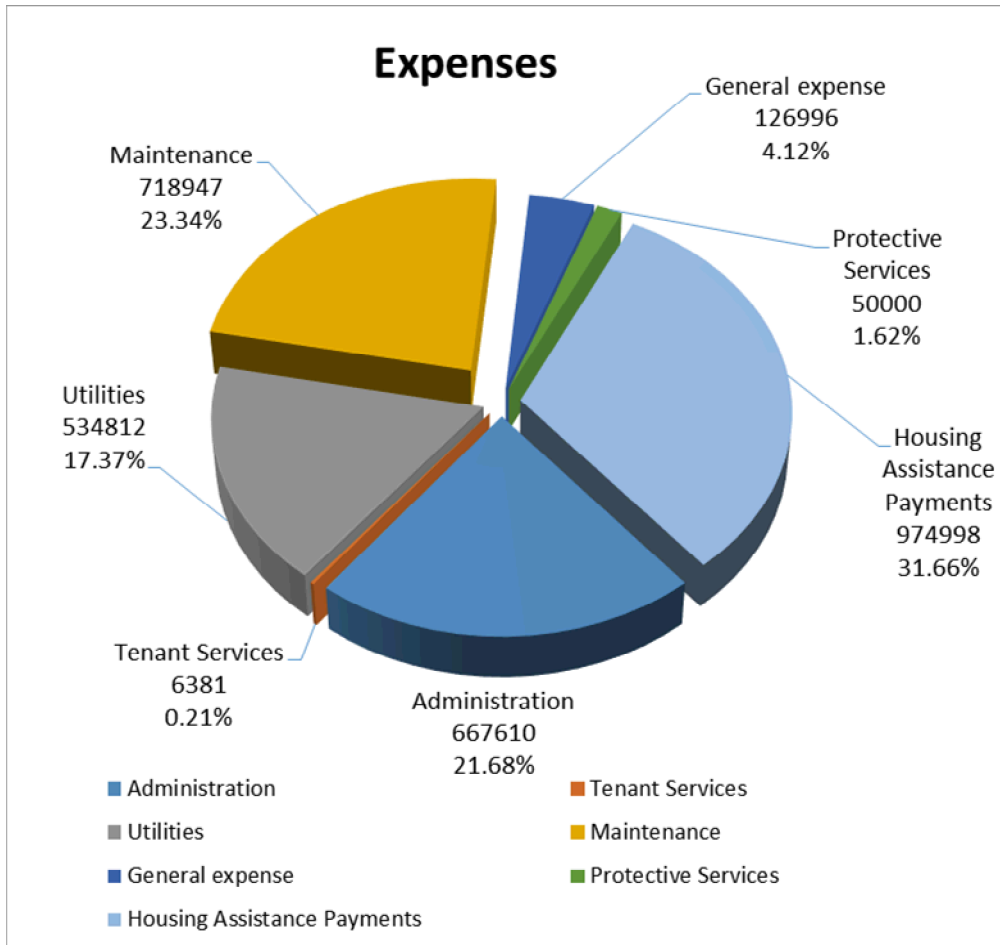


**CHARLESTON COUNTY HOUSING & REDEVELOPMENT  
AUTHORITY**  
Charleston, SC

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2019

(Continued)



**CHARLESTON COUNTY HOUSING & REDEVELOPMENT  
AUTHORITY  
Charleston, SC**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2019  
(Continued)

**CAPITAL ASSETS**

**Capital Assets**

As of yearend, the Authority had \$4.2 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of (\$319,653) from the end of last fiscal year.

The following reconciliation summarizes the change in Capital Assets.

**Charleston County Housing and Redevelopment Authority  
Combined Statement of Capital Assets  
TABLE IV**

<u>Account Descriptions</u>	<u>2019</u>	<u>2018</u>	<u>Total Change</u>	<u>% Change</u>
Land	855,470	855,470	-	0.00%
Buildings & improvements	27,032,770	26,638,386	394,384	1.48%
Equipment	1,084,836	998,677	86,159	8.63%
Construction in progress	-	-	-	
	<u>28,973,076</u>	<u>28,492,533</u>	<u>480,543</u>	<u>1.69%</u>
Accumulated Depreciation	<u>(24,765,725)</u>	<u>(23,965,529)</u>	<u>(800,196)</u>	<u>3.34%</u>
<b>Total Capital Assets</b>	<b><u>4,207,351</u></b>	<b><u>4,527,004</u></b>	<b><u>(319,653)</u></b>	<b><u>-7.06%</u></b>

The major additions to the Capital Assets were the result of Public Housing improvements through the Capital Fund program of \$480,543.

Net (additions minus disposals) depreciation expense for the fiscal year was \$800,196 which was a 3.34% increase over the prior year's net depreciation expense.



**CHARLESTON COUNTY HOUSING & REDEVELOPMENT  
AUTHORITY  
Charleston, SC**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2019

**(Continued)**

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

**FINANCIAL CONTACT**

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, 2019**

<b>ASSETS</b>	
<b>Current Assets</b>	
Cash & Cash Equivalents - Unrestricted	\$ 1,116,285
Cash & Cash Equivalents - Restricted	665,659
Tenant Accounts Receivable, net of Allowances	23,013
Accounts Receivable - HUD	304,264
Accounts Receivable - Related Parties	113,502
Accounts Receivable - Other, net of Allowances	2,021
Notes Receivable	154,676
Inventory	7,439
Prepaid Expenses	25,027
<b>Total Current Assets</b>	<u>2,411,886</u>
<b>Noncurrent Assets</b>	
Capital Assets, net of A/D	
Nondepreciable	855,470
Depreciable	3,351,881
<b>Total Noncurrent Assets</b>	<u>4,207,351</u>
<b>Total Assets</b>	<u>6,619,237</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows Related to Pensions	578,557
<b>Total Deferred Outflows of Resources</b>	<u>578,557</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable - Vendors and Contractors	112,138
Accounts Payable - Other Government (PILOT)	157,995
Accrued Wages & Related Payables	38,539
Accrued Compensated Absences	36,158
Accrued Liabilities - Other	16,275
FSS Escrows Payable	58,225
Tenant Security Deposits Payable	74,914
Current Portion of Long Term Debt	78,860
Unearned Revenue	92,691
<b>Total Current Liabilities</b>	<u>665,795</u>
<b>Noncurrent Liabilities</b>	
Accrued Compensated Absences	9,040
FSS Escrows Payable	231,915
Long-Term Debt	619,196
Net Pension Liability	1,982,486
<b>Total Noncurrent Liabilities</b>	<u>2,842,637</u>
<b>Total Liabilities</b>	<u>3,508,432</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows Related to Pensions	769,666
<b>Total Deferred Inflows of Resources</b>	<u>769,666</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	3,509,295
Restricted for:	
Housing Assistance Payments	158,130
Debt Service	57,320
Unrestricted	(805,049)
<b>Total Net Position</b>	<u>\$ 2,919,696</u>

*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, 2019**

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<b>Operating Revenue</b>	
Tenant Rental Revenue	\$ 898,546
HUD Operating Grants	10,087,937
Fees for Other Services	74,703
Other Revenue	120,029
Total Operating Revenue	11,181,215
 <b>Operating Expenses</b>	
Administrative	1,396,589
Tenant & Protective Services	129,125
Utilities	367,204
Ordinary Maintenance and Operations	1,034,902
Insurance Premiums	94,403
General	68,086
Housing Assistance Payments	7,639,603
Depreciation	800,197
Total Operating Expenses	11,530,109
 <b>Operating Income (Loss)</b>	 (348,894)
 <b>Nonoperating Revenues (Expenses)</b>	
Other Government Grants	10,000
Interest Income	9,088
Interest Expense	(34,023)
Nonroutine Maintenance / Casualty Losses	(1,836)
Total Nonoperating Revenues (Expenses)	(16,771)
 <b>Income (Loss) before Capital Contributions</b>	 (365,665)
 Capital Contributions	 417,312
 <b>Change in Net Position</b>	 51,647
 <b>Net Position, Beginning of Period</b>	 2,868,049
 <b>Net Position, End of Period</b>	 \$ 2,919,696

*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, 2019**

<b>Cash Flows from Operating Activities:</b>	
Cash Received from Operations	\$ 963,566
HUD Operating Grants	10,028,526
Housing Assistance Payments	(7,639,603)
Payments to Vendors	(2,064,909)
Payments to Employees	(848,654)
Other Receipts (Payments)	67,460
Net Cash Provided by (Used in) Operating Activities	<u>506,386</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Principal Payments on Debt	-
Purchases of Capital Assets	(470,544)
Interest Payments on Debt	-
Capital Grants Received	150,318
Net Cash Provided by (Used in) Capital & Related Financing Activities	<u>(320,226)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest Income	9,088
Net Cash Provided by (Used in) Investing Activities	<u>9,088</u>
<b>Net Increase (Decrease) in Cash</b>	195,248
<b>Cash at the Beginning of the Period</b>	<u>1,586,696</u>
<b>Cash at the End of the Period</b>	<u>\$ 1,781,944</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>	
Operating Income (Loss)	\$ (348,894)
Adjustments to Reconcile Change in Net Cash Provided by Operating Activities:	
Depreciation Expense	800,197
Pension Expense	134,905
Employer Pension Contributions	(120,006)
Nonroutine Maintenance / Casualty Losses	(1,836)
Operating Grant revenue for Interest Expense	(34,023)
Change in Operating Assets and Liabilities:	
Decrease (Increase) in Receivables	(77,352)
Decrease (Increase) in Inventory	-
Decrease (Increase) in Prepaid Expenses	(21,491)
Increase (Decrease) in Accounts Payable	78,080
Increase (Decrease) in Other Liabilities	96,806
Net Cash Provided by (Used in) Operating Activities	<u>\$ 506,386</u>
<b>Noncash Capital and Related Financing:</b>	
Debt payments provided directly to HUD	<u>\$ (76,204)</u>
Interest payments directly to HUD	<u>\$ (34,023)</u>

*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, 2019**

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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, 2019**

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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 1,089 housing units, including ten specifically restricted to veterans. 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, 2019**

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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 a \$16,230 allowance established for tenant receivables in its public housing program and a \$151,237 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, 2019**

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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, 2019**

**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, 2019.

The breakdown of restricted deposits reported as of June 30, 2019 is as follows:

<u>Restrictions on Deposits</u>	<u>Amount</u>	<u>Program</u>
Restricted Cash - Debt Service	\$ 57,320	Public Housing
Restricted Cash - Security Deposits	74,914	Public Housing
Restricted Cash - Current Liability	82,600	Public Housing
Restricted Cash - FSS Escrows	292,695	Housing Choice Voucher
Restricted Cash - HAP	158,130	Housing Choice Voucher
Total Restricted Cash	<u>\$ 665,659</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, 2019, the outstanding balance on the note is \$123,983.

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, 2019, the outstanding balance on the note is \$30,693.

**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	26,638,386	394,384	-	27,032,770
Equipment	998,677	86,160	-	1,084,837
Total	<u>28,492,533</u>	<u>480,544</u>	-	<u>28,973,077</u>
Accumulated Depreciation	<u>(23,965,529)</u>	(800,197)	-	<u>(24,765,726)</u>
Net Book Value	<u>\$ 4,527,004</u>			<u>\$ 4,207,351</u>

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**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	\$ 35,193	\$ 10,436	\$ (431)	\$ 45,198	\$ 36,158
FSS Escrows	195,381	108,428	(13,669)	290,140	58,225
Long-Term Debt	774,260	-	(76,204)	698,056	78,860
Net Pension Liability	3,093,095	155,708	(1,266,317)	1,982,486	-
Total	<u>\$ 4,097,929</u>	<u>\$ 274,572</u>	<u>\$ (1,356,621)</u>	3,015,880	<u>\$ 173,243</u>
			Less Current Portion:	<u>(173,243)</u>	
			Noncurrent Portion:	<u>\$ 2,842,637</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	\$ 774,260	\$ -	\$ (76,204)	\$ 698,056	\$ 78,860
	<u>\$ 774,260</u>	<u>\$ -</u>	<u>\$ (76,204)</u>	\$ 698,056	<u>\$ 78,860</u>
			Less: Current Portion	<u>(78,860)</u>	
			Long-Term Portion	<u>\$ 619,196</u>	

Aggregate maturities of long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2020	\$ 78,860	\$ 28,232	\$ 107,092
2021	82,702	24,308	107,010
2022	86,643	20,213	106,856
2023	90,773	15,958	106,731
2024	95,057	12,297	107,354
2025-2029	264,021	25,934	289,955
	<u>\$ 698,056</u>	<u>\$ 126,942</u>	<u>\$ 824,998</u>

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**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	\$ (53,085)	\$ 24,966	\$ (28,119)
Revenue			
HUD Operating Grants	680,401	7,728,695	8,409,096
Portability Billings	62,978	-	62,978
FSS Forfeitures	-	11,139	11,139
Investment Income	6,388	-	6,388
Fraud Recovery	790	790	1,580
Total Revenue	<u>750,557</u>	<u>7,740,624</u>	<u>8,491,181</u>
Expenses			
Operating	(725,010)	-	(725,010)
Housing Assistance Payments	<u>(32,143)</u>	<u>(7,607,460)</u>	<u>(7,639,603)</u>
Total Expenses	<u>(757,153)</u>	<u>(7,607,460)</u>	<u>(8,364,613)</u>
Net Result	<u>(6,596)</u>	<u>133,164</u>	<u>126,568</u>
Ending Net Position	\$ (59,681)	\$ 158,130	\$ 98,449
Net Pension Balances	<u>618,451</u>		
Adjusted Unrestricted Net Position	<u>\$ 558,770</u>		
HUD-Held Program Reserves (HHR)		<u>\$ -</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 \$22,116 have been charged during the year ended June 30, 2019.

**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.

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 9 – RETIREMENT PLAN (CONT'D)**

**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 2019 required employee and employer rates were 9.00% and 14.56%, respectively. The employer's portion includes 0.15% for incidental death benefits. Contributions to the pension plan from the Authority were \$120,006 for the year ended June 30, 2019.

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

As of June 30, 2019, the Authority reported a net pension liability of \$1,982,486. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018, the Authority's proportion was 0.008848 percent, which was an increase of 0.004892 percent from its proportion as of June 30, 2017.

**Pension Plan Fiduciary Net Position**

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

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 9 – RETIREMENT PLAN (CONT'D)**

For the year ended June 30, 2019 the Authority recognized pension expense of \$134,905. At June 30, 2019, 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	\$ 3,579	\$ 11,666
Differences between Projected and Actual Investment Earnings	31,492	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	344,826	758,000
Assumption Changes	78,654	-
Contributions Made after Valuation Date	120,006	-
	\$ 578,557	\$ 769,666

\$120,006 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, 2019. 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:	
2020	\$ 49,874
2021	(78,092)
2022	(259,971)
2023	(22,926)
2024	-
Thereafter	-

**Actuarial Assumptions**

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	3.00 percent
Investment Rate of Return	7.25 percent

Mortality rates were determined using published Scale AA projected from the year 2016.

The actuarial assumptions used in the July 1, 2017 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, 2019 Comprehensive Annual Financial Report (CAFR).

The long-term expected rate of return on pension plan investments was determined based upon the 30-year capital market outlook using an arithmetic building-block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation.

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 9 – RETIREMENT PLAN (CONT'D)**

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>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Public Equity	33%	6.99%	2.31%
Private Equity	9%	8.73%	0.79%
Equity Options Strategies	5%	5.52%	0.28%
Real Estate (Private)	6%	3.54%	0.21%
Real Estate (REITs)	2%	5.46%	0.11%
Infrastructure	2%	5.09%	0.10%
GTAA/Risk Parity	8%	3.75%	0.30%
Hedge Funds (non-PA)	2%	3.45%	0.07%
Other Opportunistic Strategies	3%	3.75%	0.11%
Mixed Credit	6%	3.05%	0.18%
Emerging Markets Debt	5%	3.94%	0.20%
Private Debt	7%	3.89%	0.27%
Core Fixed Income	10%	0.94%	0.09%
Cash and Short Duration (Net)	2%	0.94%	0.01%
Total Expected Real Return	100%		5.03%
Inflation for Actuarial Purposes			2.25%
Expected Arithmetic Nominal Return			7.28%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25 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. 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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Authority's Porportionate Share of Net Pension Liability	<u>\$ 2,533,337</u>	<u>\$ 1,982,486</u>	<u>\$ 1,588,798</u>

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**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, 2019:

	<b>SC056</b>
	<b><u>FSS17SC1071</u></b>
Funds Authorized	<u>\$ 61,012</u>
Funds Advanced	61,012
Less Project Expenditures	<u>61,012</u>
Excess(Deficiency) of Advances	<u>\$ -</u>

The following grants are open as of June 30, 2019:

	<b>SC056</b>
	<b><u>FSS18SC2319</u></b>
Funds Authorized	<u>\$ 61,012</u>
Funds Advanced	32,547
Less Project Expenditures	<u>34,385</u>
Excess(Deficiency) of Advances	<u>\$ (1,838)</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, 2019:

	<b>SC16-P056</b>	
	<b><u>501-15</u></b>	<b><u>501-16</u></b>
Funds Authorized	<u>\$ 396,685</u>	<u>\$ 414,355</u>
Funds Advanced	396,685	414,355
Less Project Expenditures	<u>396,685</u>	<u>414,355</u>
Excess(Deficiency) of Advances	<u>\$ -</u>	<u>\$ -</u>

The following grants are open as of June 30, 2019:

	<b>SC16-P056</b>		
	<b><u>501-17</u></b>	<b><u>501-18</u></b>	<b><u>501-19</u></b>
Funds Authorized	<u>\$ 431,108</u>	<u>\$ 663,434</u>	<u>\$ 694,966</u>
Funds Advanced	348,437	95,064	-
Less Project Expenditures	<u>391,806</u>	<u>330,571</u>	<u>-</u>
Excess(Deficiency) of Advances	<u>\$ (43,369)</u>	<u>\$ (235,507)</u>	<u>\$ -</u>

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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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 billed by the County. Subsequent to the audit period, the Authority came to terms on unpaid storm water fees to be paid and agreed to pay such fees going forwards. However, no specific agreement on past amounts has been reached and as such, potential additional fees may be assessed as a result of such proposed unpaid balances.

**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 March 12, 2020 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, 2019**

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

	<b>Reporting Fiscal Year (Measurement Date)</b>				
	<b>2019 (2018)</b>	<b>2018 (2017)</b>	<b>2017 (2016)</b>	<b>2016 (2015)</b>	<b>2015 (2014)</b>
Authority's Portion of the Net Pension Liability (Asset)	0.008848%	0.013740%	0.011523%	0.009005%	0.009243%
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,982,486	\$ 3,093,095	\$ 2,461,296	\$ 1,707,842	\$ 1,591,338
Authority's Covered-Employee Payroll	\$ 923,139	\$ 901,762	\$ 1,083,951	\$ 1,149,740	\$ 1,149,740
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	214.75%	343.01%	227.07%	148.54%	138.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.1%	53.3%	57.0%	57.0%	59.9%
	<b>2014 (2013)</b>	<b>2013 through 2010</b>			
Authority's Portion of the Net Pension Liability (Asset)	0.009243%	Information not available			
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,657,864	Information not available			
Authority's Covered-Employee Payroll	\$ 1,122,242	Information not available			
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	147.73%	Information not available			
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.4%	Information not available			

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY PENSION INFORMATION (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Schedule of Authority Contributions**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily Required Contribution	\$ 120,006	\$ 123,793	\$ 102,891	\$ 119,885	\$ 119,007
Contributions in Relation to the Statutorily Required Contribution	<u>\$ (130,437)</u>	<u>\$ (113,362)</u>	<u>\$ (102,891)</u>	<u>\$ (119,885)</u>	<u>\$ (119,007)</u>
Contribution Deficiency (Excess)	<u>(10,431)</u>	<u>10,431</u>	<u>-</u>	<u>-</u>	<u>-</u>
Authority's Covered Payroll	\$ 832,797	\$ 923,139	\$ 901,762	\$ 1,083,951	\$ 1,091,807
Contributions as a Percentage of Covered-Employee Payroll	14.41%	13.41%	11.41%	11.06%	10.90%
			<b>2012 through 2010</b>		
Statutorily Required Contribution	<u>\$ 121,872</u>	<u>\$ 118,958</u>	Information not available		
Contributions in Relation to the Statutorily Required Contribution	<u>\$ (121,872)</u>	<u>\$ (118,958)</u>			
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>			
Authority's Covered Payroll	\$ 1,149,740	\$ 1,122,242			
Contributions as a Percentage of Covered-Employee Payroll	10.60%	10.60%			

**Notes to the Schedules**

*Change in Benefits:* None

*Change in Assumptions:* There were no changes in assumptions during the current year. Effective for the June 30, 2017 measurement date, the discount rate was changed from 7.50% to 7.25%.

CHARLESTON CO HSG REDEV AUTH (SC056)  
 CHARLESTON, SC  
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End:

06/30/2019

	Project Total	14.871 Housing Choice Vouchers	14.896 PIH Family Self-Sufficiency Program	2 State/Local
111 Cash - Unrestricted	\$553,836	\$525,723		
112 Cash - Restricted - Modernization and Development	\$0	\$0		
113 Cash - Other Restricted	\$57,320	\$392,600		
114 Cash - Tenant Security Deposits	\$74,914	\$0		
115 Cash - Restricted for Payment of Current Liabilities	\$82,600	\$58,225		
100 Total Cash	\$768,670	\$976,548	\$0	\$0
121 Accounts Receivable - PHA Projects	\$0	\$0		
122 Accounts Receivable - HUD Other Projects	\$278,876	\$25,388	\$0	
124 Accounts Receivable - Other Government	\$0	\$0		
125 Accounts Receivable - Miscellaneous	\$0	\$24,094		
126 Accounts Receivable - Tenants	\$39,243	\$0		
126.1 Allowance for Doubtful Accounts - Tenants	-\$16,230	\$0		
126.2 Allowance for Doubtful Accounts - Other	\$0	-\$1,293	\$0	
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0		
128 Fraud Recovery	\$0	\$33,241		
128.1 Allowance for Doubtful Accounts - Fraud	\$0	-\$31,221		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$301,889	\$50,209	\$0	\$0
142 Prepaid Expenses and Other Assets	\$23,111	\$1,285		
143 Inventories	\$8,266	\$0		
143.1 Allowance for Obsolete Inventories	-\$827	\$0		
144 Inter Program Due From	\$0	\$0		
150 Total Current Assets	\$1,101,109	\$1,028,042	\$0	\$0
161 Land	\$855,470	\$0		
162 Buildings	\$26,260,281	\$0		
163 Furniture, Equipment & Machinery - Dwellings	\$294,797	\$0		
164 Furniture, Equipment & Machinery - Administration	\$505,935	\$141,259		
165 Leasehold Improvements	\$264,752	\$0		
166 Accumulated Depreciation	-\$24,001,158	-\$132,733		
167 Construction in Progress	\$0	\$0		
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,180,077	\$8,526	\$0	\$0
180 Total Non-Current Assets	\$4,180,077	\$8,526	\$0	\$0
200 Deferred Outflow of Resources	\$265,674	\$130,336		

CHARLESTON CO HSG REDEV AUTH (SC056)  
 CHARLESTON, SC  
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End:

06/30/2019

	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$7,115	\$29,611	\$1,116,285	\$0	\$1,116,285
112 Cash - Restricted - Modernization and Development		\$0	\$0	\$0	\$0
113 Cash - Other Restricted		\$0	\$449,920	\$0	\$449,920
114 Cash - Tenant Security Deposits		\$0	\$74,914	\$0	\$74,914
115 Cash - Restricted for Payment of Current Liabilities		\$0	\$140,825	\$0	\$140,825
100 Total Cash	\$7,115	\$29,611	\$1,781,944	\$0	\$1,781,944
121 Accounts Receivable - PHA Projects		\$0	\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects		\$0	\$304,264	\$0	\$304,264
124 Accounts Receivable - Other Government		\$0	\$0	\$0	\$0
125 Accounts Receivable - Miscellaneous	\$240,646	\$0	\$264,740	\$0	\$264,740
126 Accounts Receivable - Tenants		\$0	\$39,243	\$0	\$39,243
126.1 Allowance for Doubtful Accounts - Tenants		\$0	-\$16,230	\$0	-\$16,230
126.2 Allowance for Doubtful Accounts - Other	-\$149,944	\$0	-\$151,237	\$0	-\$151,237
127 Notes, Loans, & Mortgages Receivable - Current	\$154,676	\$0	\$154,676	\$0	\$154,676
128 Fraud Recovery		\$0	\$33,241	\$0	\$33,241
128.1 Allowance for Doubtful Accounts - Fraud		\$0	-\$31,221	\$0	-\$31,221
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$245,378	\$0	\$597,476	\$0	\$597,476
142 Prepaid Expenses and Other Assets		\$631	\$25,027	\$0	\$25,027
143 Inventories		\$0	\$8,266	\$0	\$8,266
143.1 Allowance for Obsolete Inventories		\$0	-\$827	\$0	-\$827
144 Inter Program Due From		\$0	\$0	\$0	\$0
150 Total Current Assets	\$252,493	\$30,242	\$2,411,886	\$0	\$2,411,886
161 Land		\$0	\$855,470	\$0	\$855,470
162 Buildings	\$507,737	\$0	\$26,768,018	\$0	\$26,768,018
163 Furniture, Equipment & Machinery - Dwellings		\$0	\$294,797	\$0	\$294,797
164 Furniture, Equipment & Machinery - Administration	\$74,272	\$68,573	\$790,039	\$0	\$790,039
165 Leasehold Improvements		\$0	\$264,752	\$0	\$264,752
166 Accumulated Depreciation	-\$564,604	-\$67,230	-\$24,765,725	\$0	-\$24,765,725
167 Construction in Progress		\$0	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$17,405	\$1,343	\$4,207,351	\$0	\$4,207,351
180 Total Non-Current Assets	\$17,405	\$1,343	\$4,207,351	\$0	\$4,207,351
200 Deferred Outflow of Resources		\$182,547	\$578,557	\$0	\$578,557

CHARLESTON CO HSG REDEV AUTH (SC056)  
 CHARLESTON, SC  
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End:

06/30/2019

	Project Total	14.871 Housing Choice Vouchers	14.896 PIH Family Self-Sufficiency Program	2 State/Local
290 Total Assets and Deferred Outflow of Resources	\$5,546,860	\$1,166,904	\$0	\$0
311 Bank Overdraft	\$0	\$0		
312 Accounts Payable <= 90 Days	\$103,731	\$2,570		
313 Accounts Payable >90 Days Past Due	\$151	\$0		
321 Accrued Wage/Payroll Taxes Payable	\$11,097	\$11,632		
322 Accrued Compensated Absences - Current Portion	\$12,199	\$9,563		
333 Accounts Payable - Other Government	\$157,995	\$0		
341 Tenant Security Deposits	\$74,914	\$0		
342 Unearned Revenue	\$92,691	\$0		
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$78,860	\$0		
345 Other Current Liabilities	\$0	\$58,225		
346 Accrued Liabilities - Other	\$7,545	\$3,372		
347 Inter Program - Due To	\$0	\$0		
310 Total Current Liabilities	\$539,183	\$85,362	\$0	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$619,196	\$0		
353 Non-current Liabilities - Other	\$0	\$231,915		
354 Accrued Compensated Absences - Non Current	\$3,050	\$2,391		
357 Accrued Pension and OPEB Liabilities	\$905,653	\$548,146		
350 Total Non-Current Liabilities	\$1,527,899	\$782,452	\$0	\$0
300 Total Liabilities	\$2,067,082	\$867,814	\$0	\$0
400 Deferred Inflow of Resources	\$271,483	\$200,641		
508.4 Net Investment in Capital Assets	\$3,482,021	\$8,526	\$0	\$0
511.4 Restricted Net Position	\$57,320	\$158,130	\$0	\$0
512.4 Unrestricted Net Position	-\$331,046	-\$68,207	\$0	\$0
513 Total Equity - Net Assets / Position	\$3,208,295	\$98,449	\$0	\$0
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$5,546,860	\$1,166,904	\$0	\$0

CHARLESTON CO HSG REDEV AUTH (SC056)  
 CHARLESTON, SC  
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End:

06/30/2019

	1 Business Activities	COCC	Subtotal	ELIM	Total
290 Total Assets and Deferred Outflow of Resources	\$269,898	\$214,132	\$7,197,794	\$0	\$7,197,794
311 Bank Overdraft		\$0	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$300	\$5,386	\$111,987	\$0	\$111,987
313 Accounts Payable >90 Days Past Due		\$0	\$151	\$0	\$151
321 Accrued Wage/Payroll Taxes Payable		\$15,810	\$38,539	\$0	\$38,539
322 Accrued Compensated Absences - Current Portion		\$14,396	\$36,158	\$0	\$36,158
333 Accounts Payable - Other Government		\$0	\$157,995	\$0	\$157,995
341 Tenant Security Deposits		\$0	\$74,914	\$0	\$74,914
342 Unearned Revenue		\$0	\$92,691	\$0	\$92,691
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$0	\$78,860	\$0	\$78,860
345 Other Current Liabilities		\$0	\$58,225	\$0	\$58,225
346 Accrued Liabilities - Other		\$5,358	\$16,275	\$0	\$16,275
347 Inter Program - Due To		\$0	\$0	\$0	\$0
310 Total Current Liabilities	\$300	\$40,950	\$665,795	\$0	\$665,795
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$0	\$619,196	\$0	\$619,196
353 Non-current Liabilities - Other		\$0	\$231,915	\$0	\$231,915
354 Accrued Compensated Absences - Non Current		\$3,599	\$9,040	\$0	\$9,040
357 Accrued Pension and OPEB Liabilities		\$528,687	\$1,982,486	\$0	\$1,982,486
350 Total Non-Current Liabilities	\$0	\$532,286	\$2,842,637	\$0	\$2,842,637
300 Total Liabilities	\$300	\$573,236	\$3,508,432	\$0	\$3,508,432
400 Deferred Inflow of Resources		\$297,542	\$769,666		\$769,666
508.4 Net Investment in Capital Assets	\$17,405	\$1,343	\$3,509,295		\$3,509,295
511.4 Restricted Net Position	\$0	\$0	\$215,450		\$215,450
512.4 Unrestricted Net Position	\$252,193	-\$657,989	-\$805,049		-\$805,049
513 Total Equity - Net Assets / Position	\$269,598	-\$656,646	\$2,919,696	\$0	\$2,919,696
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$269,898	\$214,132	\$7,197,794	\$0	\$7,197,794

CHARLESTON CO HSG REDEV AUTH (SC056)  
 CHARLESTON, SC  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End:

06/30/2019

	Project Total	14.871 Housing Choice Vouchers	14.896 PIH Family Self-Sufficiency Program	2 State/Local
70300 Net Tenant Rental Revenue	\$872,214	\$0		
70400 Tenant Revenue - Other	\$26,332	\$0		
70500 Total Tenant Revenue	\$898,546	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$1,607,063	\$8,409,096	\$71,778	
70610 Capital Grants	\$417,312	\$0		
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants	\$10,000	\$0		
71100 Investment Income - Unrestricted	\$2,700	\$6,388		
71400 Fraud Recovery	\$0	\$1,580		
71500 Other Revenue	\$81,975	\$74,117		
72000 Investment Income - Restricted	\$0	\$0		
70000 Total Revenue	\$3,017,596	\$8,491,181	\$71,778	\$0
91100 Administrative Salaries	\$136,544	\$230,819		
91200 Auditing Fees	\$16,741	\$6,068		
91300 Management Fee	\$314,538	\$148,248		
91310 Book-keeping Fee	\$33,413	\$92,655		
91400 Advertising and Marketing	\$3,411	\$1,937		
91500 Employee Benefit contributions - Administrative	\$41,326	\$92,461		
91600 Office Expenses	\$66,991	\$41,114		
91700 Legal Expense	\$1,351	\$2,686		
91800 Travel	\$4,027	\$10,153		
91900 Other	\$82,366	\$29,805		
91000 Total Operating - Administrative	\$700,708	\$655,946	\$0	\$0

CHARLESTON CO HSG REDEV AUTH (SC056)  
 CHARLESTON, SC  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End:

06/30/2019

	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$0	\$872,214	\$0	\$872,214
70400 Tenant Revenue - Other		\$0	\$26,332	\$0	\$26,332
70500 Total Tenant Revenue	\$0	\$0	\$898,546	\$0	\$898,546
70600 HUD PHA Operating Grants		\$0	\$10,087,937	\$0	\$10,087,937
70610 Capital Grants		\$0	\$417,312	\$0	\$417,312
70710 Management Fee		\$462,785	\$462,785	-\$462,785	\$0
70720 Asset Management Fee		\$45,590	\$45,590	-\$45,590	\$0
70730 Book Keeping Fee		\$126,068	\$126,068	-\$126,068	\$0
70750 Other Fees	\$22,116	\$0	\$22,116	\$0	\$22,116
70700 Total Fee Revenue		\$634,443	\$634,443	-\$634,443	\$0
70800 Other Government Grants		\$0	\$10,000	\$0	\$10,000
71100 Investment Income - Unrestricted		\$0	\$9,088	\$0	\$9,088
71400 Fraud Recovery		\$0	\$1,580	\$0	\$1,580
71500 Other Revenue	\$26,512	\$0	\$182,604	-\$11,568	\$171,036
72000 Investment Income - Restricted		\$0	\$0	\$0	\$0
70000 Total Revenue	\$48,628	\$634,443	\$12,263,626	-\$646,011	\$11,617,615
91100 Administrative Salaries		\$316,646	\$684,009	\$0	\$684,009
91200 Auditing Fees		\$8,125	\$30,934	\$0	\$30,934
91300 Management Fee	\$10,952		\$473,738	-\$462,785	\$10,953
91310 Book-keeping Fee			\$126,068	-\$126,068	\$0
91400 Advertising and Marketing		\$0	\$5,348	\$0	\$5,348
91500 Employee Benefit contributions - Administrative		\$128,871	\$262,658	\$0	\$262,658
91600 Office Expenses	\$93	\$29,544	\$137,742	-\$11,568	\$126,174
91700 Legal Expense		\$60,954	\$64,991	\$0	\$64,991
91800 Travel		\$14,357	\$28,537	\$0	\$28,537
91900 Other	\$11,377	\$59,437	\$182,985	\$0	\$182,985
91000 Total Operating - Administrative	\$22,422	\$617,934	\$1,997,010	-\$600,421	\$1,396,589



CHARLESTON CO HSG REDEV AUTH (SC056)  
 CHARLESTON, SC  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End:

06/30/2019

	Project Total	14.871 Housing Choice Vouchers	14.896 PIH Family Self-Sufficiency Program	2 State/Local
92000 Asset Management Fee	\$45,590	\$0		
92100 Tenant Services - Salaries	\$0	\$0	\$54,379	
92200 Relocation Costs	\$0	\$0	\$0	
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$17,399	
92400 Tenant Services - Other	\$1,984	\$0		
92500 Total Tenant Services	\$1,984	\$0	\$71,778	\$0
93100 Water	\$188,268	\$0		
93200 Electricity	\$147,518	\$0		
93300 Gas	\$18,418	\$0		
93800 Other Utilities Expense	\$13,000	\$0		
93000 Total Utilities	\$367,204	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$111,589	\$0		
94200 Ordinary Maintenance and Operations - Materials and Other	\$121,751	\$174		
94300 Ordinary Maintenance and Operations Contracts	\$733,415	\$2,960		
94500 Employee Benefit Contributions - Ordinary Maintenance	\$52,812	\$0		
94000 Total Maintenance	\$1,019,567	\$3,134	\$0	\$0
95300 Protective Services - Other	\$0	\$0		
95000 Total Protective Services	\$55,363	\$0	\$0	\$0
96110 Property Insurance	\$61,898			
96120 Liability Insurance	\$2,054	\$921		
96130 Workmen's Compensation	\$8,078	\$8,649		
96140 All Other Insurance	\$4,138	\$1,083		
96100 Total insurance Premiums	\$76,168	\$10,653	\$0	\$0
96200 Other General Expenses	\$0	\$39,018		
96210 Compensated Absences	\$518	\$2,638		
96300 Payments in Lieu of Taxes	\$0	\$0		
96400 Bad debt - Tenant Rents	\$18,632	\$0		
96000 Total Other General Expenses	\$19,150	\$41,656	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable	\$34,023	\$0		
96700 Total Interest Expense and Amortization Cost	\$34,023	\$0	\$0	\$0

CHARLESTON CO HSG REDEV AUTH (SC056)  
 CHARLESTON, SC  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End:

06/30/2019

	1 Business Activities	COCC	Subtotal	ELIM	Total
92000 Asset Management Fee			\$45,590	-\$45,590	\$0
92100 Tenant Services - Salaries		\$0	\$54,379	\$0	\$54,379
92200 Relocation Costs		\$0	\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services		\$0	\$17,399	\$0	\$17,399
92400 Tenant Services - Other		\$0	\$1,984	\$0	\$1,984
92500 Total Tenant Services	\$0	\$0	\$73,762	\$0	\$73,762
93100 Water		\$0	\$188,268	\$0	\$188,268
93200 Electricity		\$0	\$147,518	\$0	\$147,518
93300 Gas		\$0	\$18,418	\$0	\$18,418
93800 Other Utilities Expense		\$0	\$13,000	\$0	\$13,000
93000 Total Utilities	\$0	\$0	\$367,204	\$0	\$367,204
94100 Ordinary Maintenance and Operations - Labor		\$0	\$111,589	\$0	\$111,589
94200 Ordinary Maintenance and Operations - Materials and Other		\$125	\$122,050	\$0	\$122,050
94300 Ordinary Maintenance and Operations Contracts		\$12,076	\$748,451	\$0	\$748,451
94500 Employee Benefit Contributions - Ordinary Maintenance		\$0	\$52,812	\$0	\$52,812
94000 Total Maintenance	\$0	\$12,201	\$1,034,902	\$0	\$1,034,902
95300 Protective Services - Other		\$0	\$0	\$0	\$0
95000 Total Protective Services	\$0	\$0	\$55,363	\$0	\$55,363
96110 Property Insurance		\$0	\$61,898	\$0	\$61,898
96120 Liability Insurance		\$768	\$3,743	\$0	\$3,743
96130 Workmen's Compensation		\$6,515	\$23,242	\$0	\$23,242
96140 All Other Insurance		\$299	\$5,520	\$0	\$5,520
96100 Total insurance Premiums	\$0	\$7,582	\$94,403	\$0	\$94,403
96200 Other General Expenses		\$0	\$39,018	\$0	\$39,018
96210 Compensated Absences		\$7,280	\$10,436	\$0	\$10,436
96300 Payments in Lieu of Taxes		\$0	\$0	\$0	\$0
96400 Bad debt - Tenant Rents		\$0	\$18,632	\$0	\$18,632
96000 Total Other General Expenses	\$0	\$7,280	\$68,086	\$0	\$68,086
96710 Interest of Mortgage (or Bonds) Payable		\$0	\$34,023	\$0	\$34,023
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$34,023	\$0	\$34,023

CHARLESTON CO HSG REDEV AUTH (SC056)  
 CHARLESTON, SC  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End:

06/30/2019

	Project Total	14.871 Housing Choice Vouchers	14.896 PIH Family Self-Sufficiency Program	2 State/Local
96900 Total Operating Expenses	\$2,319,757	\$711,389	\$71,778	\$0
97000 Excess of Operating Revenue over Operating Expenses	\$697,839	\$7,779,792	\$0	\$0
97300 Housing Assistance Payments	\$0	\$7,607,460		
97350 HAP Portability-In	\$0	\$32,143		
97400 Depreciation Expense	\$781,705	\$13,621		
90000 Total Expenses	\$3,103,298	\$8,364,613	\$71,778	\$0
10010 Operating Transfer In	\$301,873	\$0		
10020 Operating transfer Out	-\$301,873	\$0		
10091 Inter Project Excess Cash Transfer In	\$70,000			
10092 Inter Project Excess Cash Transfer Out	-\$70,000			
10093 Transfers between Program and Project - In	\$0	\$0		
10094 Transfers between Project and Program - Out	\$0	\$0		
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$85,702	\$126,568	\$0	\$0
11020 Required Annual Debt Principal Payments	\$88,577	\$0	\$0	\$0
11030 Beginning Equity	\$3,293,997	-\$28,119	\$0	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0		\$0
11170 Administrative Fee Equity		-\$59,681		
11180 Housing Assistance Payments Equity		\$158,130		
11190 Unit Months Available	4644	13068	0	0
11210 Number of Unit Months Leased	4455	12541	0	0
11270 Excess Cash	\$264,024			
11610 Land Purchases	\$0			
11620 Building Purchases	\$449,217			
11630 Furniture & Equipment - Dwelling Purchases	\$29,706			
11640 Furniture & Equipment - Administrative Purchases	\$0			
11650 Leasehold Improvements Purchases	\$0			
11660 Infrastructure Purchases	\$0			
13510 CFFP Debt Service Payments	\$76,204			

CHARLESTON CO HSG REDEV AUTH (SC056)  
 CHARLESTON, SC  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End:

06/30/2019

	1 Business Activities	COCC	Subtotal	ELIM	Total
96900 Total Operating Expenses	\$22,422	\$644,997	\$3,770,343	-\$646,011	\$3,124,332
97000 Excess of Operating Revenue over Operating Expenses	\$26,206	-\$10,554	\$8,493,283	\$0	\$8,493,283
97300 Housing Assistance Payments		\$0	\$7,607,460	\$0	\$7,607,460
97350 HAP Portability-In		\$0	\$32,143	\$0	\$32,143
97400 Depreciation Expense	\$3,212	\$1,659	\$800,197	\$0	\$800,197
90000 Total Expenses	\$25,634	\$646,656	\$12,211,979	-\$646,011	\$11,565,968
10010 Operating Transfer In		\$0	\$301,873	-\$301,873	\$0
10020 Operating transfer Out		\$0	-\$301,873	\$301,873	\$0
10091 Inter Project Excess Cash Transfer In			\$70,000	-\$70,000	\$0
10092 Inter Project Excess Cash Transfer Out			-\$70,000	\$70,000	\$0
10093 Transfers between Program and Project - In		\$0	\$0	\$0	\$0
10094 Transfers between Project and Program - Out		\$0	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$22,994	-\$12,213	\$51,647	\$0	\$51,647
11020 Required Annual Debt Principal Payments	\$0	\$0	\$88,577		\$88,577
11030 Beginning Equity	\$246,604	-\$644,433	\$2,868,049	\$0	\$2,868,049
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$0	\$0	\$0	\$0
11170 Administrative Fee Equity			-\$59,681		-\$59,681
11180 Housing Assistance Payments Equity			\$158,130		\$158,130
11190 Unit Months Available	0	0	17712	0	17712
11210 Number of Unit Months Leased	0	0	16996	0	16996
11270 Excess Cash			\$264,024		\$264,024
11610 Land Purchases		\$0	\$0		\$0
11620 Building Purchases		\$0	\$449,217		\$449,217
11630 Furniture & Equipment - Dwelling Purchases		\$0	\$29,706		\$29,706
11640 Furniture & Equipment - Administrative Purchases		\$0	\$0		\$0
11650 Leasehold Improvements Purchases		\$0	\$0		\$0
11660 Infrastructure Purchases		\$0	\$0		\$0
13510 CFFP Debt Service Payments		\$0	\$76,204		\$76,204

**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, 2019, 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 March 12, 2020.

***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 March 12, 2020.

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Maletta & Company". The signature is stylized and cursive.

Maletta & Company  
Certified Public Accountants

Bristol, Connecticut  
March 12, 2020

**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, 2019. 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, 2019.

## **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, described in the accompanying schedule of findings and questioned costs as item 2019-001 and 2019-002, that we consider to be significant deficiencies.

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, flowing style.

Maletta & Company  
Certified Public Accountants

Bristol, Connecticut  
March 12, 2020

**CHARLESTON COUNTY HOUSING & REDEVELOPMENT AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Contract / Pass-Through</u>	<u>Federal Expenditures</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<b>Direct Programs:</b>			
Low Rent Public Housing	14.850	SC056-00000117D	\$ 1,296
Low Rent Public Housing	14.850	SC056-00000118D	592,124
Low Rent Public Housing	14.850	SC056-00000119D	611,747
Total Low Rent Public Housing			1,205,167
Section 8 Housing Choice Vouchers	14.871	SC056	8,409,096
Total Housing Voucher Cluster			8,409,096
Public Housing Capital Fund Program	14.872	SC16P056501-15	43,817
Public Housing Capital Fund Program	14.872	SC16P056501-16	129,530
Public Housing Capital Fund Program	14.872	SC16P056501-17	315,290
Public Housing Capital Fund Program	14.872	SC16P056501-18	330,571
Total Public Housing Capital Fund Program			819,208
PIH Family Self Sufficiency (FSS)	14.896	SC056-FSH604A014	71,778
<b>Total Expenditures of Federal Awards</b>			<b>\$ 10,505,249</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, 2019**

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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, 2019. 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, 2019**

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

**Financial Statements**

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

Internal control over financial reporting:			
• Material weakness(es) identified?	_____	Yes	_____ X _____ No
• Significant deficiency(ies) identified?	_____	Yes	_____ X _____ None Reported
Noncompliance material to financial statements noted?	_____	Yes	_____ X _____ No

**Federal Awards**

Internal control over major programs:			
• Material weakness(es) identified?	_____	Yes	_____ X _____ No
• Significant deficiency(ies) 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 Voucher Cluster
14.872	Public Housing Capital Fund Program

Dollar threshold used to distinguish between type A and type B programs:	\$	_____ 750,000 _____
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, 2019**

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**II. Financial Statement Findings**

None Reported.

**III. Federal Awards Findings**

**SIGNIFICANT DEFICIENCY AND MATERIAL NONCOMPLIANCE**

**2019-001 Eligibility  
Housing Choice Voucher – CFDA# 14.871  
(Repeat Finding # 2017-001)**

<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 \$5,771.
<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 related to annualizing wages and ineffective quality control procedures.
<b>Context:</b>	A sample of 40 files were selected to audit income calculations from a population of 1,075. The test found 5 files with some form of income calculation deficiency, four of which contributed to the known question cost. Our sample was a statistically valid sample.
<b>Auditor's Recommendation:</b>	We recommend the Authority continue its corrective action regarding updating income calculation policies used to annualize income and monitor staff performance, including increased quality control reviews, to ensure compliance with HUD regulations.
<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 FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2019**

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

**SIGNIFICANT DEFICIENCY**

**2019-002 Procurement  
Public Housing – CFDA# 14.850  
(Repeat Finding # 2018-002)**

<b>Condition and Criteria:</b>	Contracts awarded without evidence of competitive procurement. Authorities are required to comply with provisions of A-102 Common Rule and its procurement policy in accordance with program and federal requirements.
<b>Effect or Potential Effect:</b>	Potential for unnecessary additional costs to the Authority as procedures did not ensure that the most competitive prices or rates were obtained.
<b>Cause:</b>	Staff turnover in the prior year and due to the timing of implementing corrective action, the Authority's system of controls was not effective in documenting and retaining evidence of the procurement process.
<b>Context:</b>	Procurements were sampled during audit testing resulting in no deviations since corrective action was taken. However, procurements selected prior to corrective action contained deviations. This was not a statistically valid sample.
<b>Auditor's Recommendation:</b>	We recommend the Authority continue with its corrective action which began during the current fiscal year.
<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  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

**2018-002 Procurement  
Public Housing – CFDA# 14.850**

**Condition and Criteria:** Procurement and/or contract files did not sufficient document the history of procurement, including selection and rationale for procurement method. Authorities are required to comply with provisions of A-102 Common Rule and its procurement policy in accordance with program and federal requirements.

**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 completed, however see current year Audit Finding.

**2018-001 Eligibility  
Housing Choice Voucher – CFDA# 14.871  
(Repeat Finding 2017-001)**

**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, 13<sup>th</sup> Floor  
Columbia, SC 29201

3/25/2020

**2019-001 Eligibility  
Housing Choice Voucher  
CFDA# 14.871 (Repeat Finding # 2017-001)**

**Corrective Action Plan:**

Area of Concern: Income Calculations

- Staff Attended Nan McKay Housing Specialist Training June 17-21 ,2019
- QC audits have increased to 50 % for staff members that are having income calculation errors.
- Staff was counseled on EIV policies and the importance of following the procedures

Name of Contact Person: Erica Bryant, HCV Director

Anticipated Completion Date: 8/1/2020

**2019-002 – Procurement  
Public Housing**

**Corrective Action Plan:**

Area of Concern: Unable to provide sufficient documentation on Procurement procedures

- Corrective action plan has been completed as indicated in prior year's action plan
- The agency hired a Procurement Specialist who came on board May 1<sup>st</sup>, 2019
- New procedures have been developed and we do not anticipate a recurrence of this finding

Name of Contact Person: James Williams, Executive Director