South Carolina State Housing Finance And Development Authority Columbia, South Carolina

Report on Financial Statements

For the year ended June 30, 2019

elliott davis

SOUTH CAROLINA OFFICE OF THE STATE AUDITOR
1401 Main Street, Suite 1200 • Columbia, SC 29201

October 14, 2019

Members of the Board of Commissioners
South Carolina State Housing Finance and Development Authority
Columbia, South Carolina

This report on the audit of the financial statements of the South Carolina State Housing Finance and Development Authority and the accompanying schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), for the fiscal year ended June 30, 2019, was issued by Elliott Davis, LLC, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

George L. Kennedy, III

George L. Kennedy, III, CPA
State Auditor

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SOUTH CAROLINA STATE HOUSING FINANCE
AND DEVELOPMENT AUTHORITY

COLUMBIA, SOUTH CAROLINA

REPORT ON FINANCIAL STATEMENTS

For the Year Ended June 30, 2019

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Independent Auditor's Report

Mr. George L. Kennedy, III, CPA
State Auditor
South Carolina Office of the State Auditor
Columbia, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the South Carolina State Housing Finance and Development Authority (the "Authority"), a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 governmental activities, the business-type activities, and each major fund of the South Carolina State Housing Finance and Development 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of the employer's proportionate share of the net pension liability, the schedule of the employer's pension plan contributions, the schedule of the employer's proportionate share of the net OPEB liability, and the schedule of the employer's OPEB plan contributions, as listed in the table of contents, 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 the Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Elliott Davis, LLC

Columbia, South Carolina
October 14, 2019

South Carolina State Housing Finance and Development Authority

Management's Discussion and Analysis

As management of the South Carolina State Housing Finance and Development Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2019.

Financial Highlights

- Net position of the Authority's business-type activities increased by $19,956,031 to $414,349,222. This increase is primarily attributable to the increase in the Authority's single family mortgage portfolio and non-operating revenues in the General Operating Fund.
- The governmental activities net position increased by $10,221,966 to $45,440,479. This increase is primarily the result of an increase in documentary stamp fees in the Housing Trust Fund.
- Federal grant revenue increased by $2,522,210 to $151,090,979. All federal assistance received by the Authority during the current fiscal year was from the U.S. Department of Housing and Urban Development (HUD). The increase in federal assistance is primarily due to an increase in funding in the HOME Investment Partnership Program and the Section 8 – Housing Assistance Payments Program.
- The Authority made principal payments on mortgage revenue bonds of $93,800,000 during the fiscal year. Of that total, $89,920,000 of bonds was redeemed prior to their maturity.
- For the fiscal year ended June 30, 2019, the Authority purchased $141,224,793 of single family first mortgages, down payment assistance loans, and multifamily mortgages in its proprietary funds. The majority of single family production was funded through the Mortgage Revenue Bond indenture and is recorded as loans. The Authority securitized $17,276,048 in loans held as Federal National Mortgage Association (FNMA) investments.
- Bonds Outstanding, net of unamortized premiums, decreased $23,627,572 to $398,390,088.
- The SC Housing Corp. was established to administer the South Carolina Homeownership Employment Lending Program (SC HELP). SC HELP provided $7,059,153 in Mortgage Payment Assistance, $6,341 in Direct Loan Assistance, $14,419 in Long Term Assistance, $4,357,381 in Blight Assistance and $3,735,000 in Down Payment Assistance for a total of $15,172,294 in program payments during the fiscal year ended June 30, 2019.

Overview of the Financial Statements

This annual report consists of three parts - management's discussion and analysis, the basic financial statements, and supplementary information. The basic financial statements include two types of statements presenting different views of the Authority's finances.

- The first two statements are entity-wide financial statements that provide information about the Authority's overall financial position and results. These statements, which are presented on an accrual basis of accounting, consist of the Statement of Net Position and the Statement of Activities. The Statement of Net Position includes all of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. Most of the Authority's activities are business-type activities and are reported in proprietary funds.
- The remaining statements are fund financial statements of the Authority's proprietary funds which operate similar to business activities and for which the Authority follows an accrual basis of accounting, and the governmental funds, which are special revenue funds that follow the modified accrual basis of accounting.
- The basic financial statements also include a "Notes to Financial Statements" section that explains the information in the entity-wide and fund financial statements. The notes also provide a more detailed explanation of data and significant accounting procedures and policies.

The remainder of this overview section explains the structure and contents of each of these statements. Prior year results referred to throughout this section are for comparison purposes only.

Fund Financial Statements

The fund financial statements provide more detailed information about the Authority's most significant funds and not the Authority as a whole. The Authority has two kinds of funds:

Governmental Funds - Governmental funds finance the Authority's governmental functions, including the disbursement of restricted monies. The Authority's governmental fund type is a special revenue fund. Expendable assets are assigned to the applicable governmental fund according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; and the difference between assets and liabilities is fund balance.

The special revenue funds account for the Housing Trust Fund and SC HELP. The Housing Trust Fund was established during May 1992 pursuant to South Carolina Code of Laws, Chapter 31, Article 4. The Authority receives funding from a percentage of the documentary stamp tax on instruments conveying real property. Under this enabling legislation, the Housing Trust Fund is to be used to "increase the supply of safe, decent, and affordable housing for members of the very low and lower income individuals and households." SC HELP was established during January 2011 and was funded by the U.S. Department of Treasury's Hardest Hit Fund. The program is designed to help homeowners avoid foreclosure.

As such, in accordance with governmental accounting standards, the portions of net position/fund balances that are not available for appropriation and expenditure and/or are legally segregated for a specified use are presented as restricted in the fund entity-wide statements.

Proprietary Funds - The Authority's primary activities are accounted for in its proprietary funds. These activities are accounted for in a manner similar to businesses operating in the private sector. Funding is primarily provided through the issuance of bonds, the proceeds of which are used to make various types of loans to finance low and moderate-income housing. HUD contracts are accounted for in the proprietary funds since the Authority receives fees to administer various HUD programs. The net positions of these programs represent accumulated earnings since their inception and are generally restricted for program purposes.

Financial Analysis of the Authority as a Whole

Net Position: The combined net position of the Authority increased by $30,177,997. The following table summarizes the financial position for the Authority as of and for the fiscal years ended June 30, 2019 and 2018.

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Assets:						
Total current assets	$ 64,099,234	$ 68,257,535	$ 101,065,388	$ 176,641,065	$ 165,164,622	$ 244,898,600
Total non-current assets	5,550,048	5,994,939	763,940,937	689,609,913	769,490,985	695,604,852
Total assets	69,649,282	74,252,474	865,006,325	866,250,978	934,655,607	940,503,452
Total deferred outflows of resources	-	-	2,809,550	4,961,326	2,809,550	4,961,326
Liabilities:						
Total current liabilities	149,415	451,515	32,693,004	33,420,165	32,842,419	33,871,680
Total non-current liabilities	-	-	415,849,872	437,814,778	415,849,872	437,814,778
Total liabilities	149,415	451,515	448,542,876	471,234,943	448,692,291	471,686,458
Total deferred inflows of resources	24,059,388	38,582,446	4,923,777	5,584,170	28,983,165	44,166,616
Net position:						
Net investment in capital assets	-	-	624,029	348,377	624,029	348,377
Net position-restricted	45,440,479	35,218,513	403,861,691	382,712,689	449,302,170	417,931,202
Net position-unrestricted	-	-	9,863,502	11,332,125	9,863,502	11,332,125
Total net position	$ 45,440,479	$ 35,218,513	$ 414,349,222	$ 394,393,191	$ 459,789,701	$ 429,611,704

Total net position of the Authority's governmental activities increased by $10,221,966 to $45,440,479. The Housing Trust Fund Act enacted by the General Assembly during 1992 restricts fund balance of the Housing Trust Fund. The Authority receives funding from a percentage of the documentary stamp tax on the instruments conveying real property to finance in whole or in part, affordable housing projects, and/or developments eligible under the Housing Trust Fund Act. SC HELP was established during January 2011 and was funded by the U.S. Department of Treasury's Hardest Hit Fund. The program is designed to help homeowners avoid foreclosure.

Net position of the Authority's business-type activities increased by $19,956,031 to $414,349,222.

Statement of Activities: The Statement of Activities shows the sources of the Authority's changes in net position as they progress through the various programs and functions. The Housing Trust Fund and SC HELP Fund are shown as governmental activities, and all other programs are shown as business-type activities. The business-type activities include the Single-Family Loan Programs, federal housing assistance, tax credits allocations, compliance monitoring, and other activities that are part of the Authority's administrative functions.

A condensed Statement of Activities for the last two fiscal years is shown below.

	Governmental Activities		**Business-Type Activities**		**Totals**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Revenues:						
Charges for services	$ 2,881,003	$ 2,201,215	$ 39,957,677	$ 37,058,864	$ 42,838,680	$ 39,260,079
General revenues	16,087,497	14,756,806	-	-	16,087,497	14,756,806
Operating grants and contributions	14,523,058	37,321,270	160,232,271	153,314,929	174,755,329	190,636,199
Total revenues	33,491,558	54,279,291	200,189,948	190,373,793	233,681,506	244,653,084
Expenses	23,269,592	47,487,743	180,233,917	178,754,601	203,503,509	226,242,344
Changes in net position	10,221,966	6,791,548	19,956,031	11,619,192	30,177,997	18,410,740
Net position, beginning of year, as originally reported	35,218,513	28,426,965	394,393,191	395,020,743	429,611,704	423,447,708
Implementation effect of GASB Statement No. 75	-	-	-	(12,246,744)	-	(12,246,744)
Net position, beginning of year, as restated	35,218,513	28,426,965	394,393,191	382,773,999	429,611,704	411,200,964
Net position, end of year	$ 45,440,479	$ 35,218,513	$ 414,349,222	$ 394,393,191	$ 459,789,701	$ 429,611,704

Revenues of the Authority's governmental activities were derived from a documentary stamp tax, a federal grant, interest payments on loans, and investment income. Revenues of the Authority's business-type activities were primarily from federal program revenue ($151,090,979), charges for services ($39,957,677), and net program investment income ($9,141,292) including a fair value adjustment of $4,823,416. Charges for services consist primarily of interest income on loans, HUD administrative fees, tax credit application fees, and various other fees, such as monitoring and servicing. Program investment income came primarily from the bond programs, and the income is restricted to those programs.

Direct expenses of the Authority's business-type activities consist of two major types-housing assistance payments and bond interest. All administrative expenses were incurred in the Authority's General Operating Fund. Program revenue adequately covers all expenses of the Authority. The total of revenues and transfers exceeded expenses by $19,956,031 for the business-type activities.

Total net position of the Authority increased from the previous year by $30,177,997 to $459,789,701.

Debt Administration

The Authority's total liabilities decreased by $22,994,167 to $448,692,291. Non-current liabilities decreased by $21,964,906 to $415,849,872. Refunding debt and optional bond redemptions are based on mortgage pre-payments received and an economic analysis of calling debt vs. making loans vs. investing funds. In recent years, calling debt has been the best financial alternative. The long-term debt consists of bonds payable ($387,835,088), net pension liability ($15,308,300), net OPEB liability ($12,061,720), accrued compensated absences ($271,720), and other non-current liabilities ($373,044). See Notes 5, 6, 12 and 13 to the financial statements for more information on the Authority's long-term liabilities.

Economic Factors

The Authority's financial condition remained strong at June 30, 2019. The South Carolina economy continues to experience steady growth, with the current economic expansion having entered its tenth year during 2019. The most recent data from the U.S. Bureau of Labor Statistics indicates that South Carolina's employment growth has returned to pre-recession levels and shows continued improvement. The U.S. Bureau of Economic Analysis data reflects an increase of 4.8% in personal income growth in South Carolina which ranks the State third in its twelve state region and eighth nationally. Data from the Authority's Mortgage Servicing and Investor Services divisions support the assertion that the South Carolina economy continues to improve. Foreclosures have declined and the number of properties held as Real Estate Owned has continued to decrease. The Authority will continue to focus its efforts on loan servicing and loss mitigation in order to prevent foreclosure and preserve assets.

Interest rates have increased but remain historically low. The Authority was able to remain in the bond market based on the strength of the Statement of Net Position. The Authority will continue to monitor all economic factors impacting its financial stability.

Requests for Information

This financial report provides a general overview of the South Carolina State Housing Finance and Development Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

South Carolina State Housing Finance and Development Authority
Finance Division
300-C Outlet Pointe Boulevard
Columbia, South Carolina 29210

FINANCIAL STATEMENTS

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental Activities	Business Type Activities	Totals
Assets			
Current assets:			
Cash and cash equivalents	$ -	$ 14,662,800	$ 14,662,800
Restricted assets:			
Cash and cash equivalents	62,107,328	40,777,710	102,885,038
Investments	-	14,777,987	14,777,987
Loans receivable	-	21,572,171	21,572,171
Accounts receivable - other	-	105,763	105,763
Accrued interest receivable:			
Loans	-	2,498,325	2,498,325
Deposits and investments	-	896,522	896,522
Accounts receivable:			
Due from grantor	-	690,272	690,272
Due from primary government	1,660,862	-	1,660,862
Internal balances	(19,680)	19,680	-
Other	-	355,961	355,961
Loans receivable	298,442	688,231	986,673
Accrued interest receivable:			
Loans	5,403	66,214	71,617
Deposits and investments	46,879	1,307	48,186
Other current assets	-	3,952,445	3,952,445
Total current assets	64,099,234	101,065,388	165,164,622
Noncurrent assets:			
Loans receivable, net of current portion	5,550,048	18,732,537	24,282,585
Allowance for doubtful loans	-	(485,233)	(485,233)
Restricted assets:			
Investments	-	109,081,581	109,081,581
Loans receivable, net of current portion	-	636,132,504	636,132,504
Allowance for doubtful loans	-	(144,481)	(144,481)
Capital assets, net of accumulated depreciation	-	624,029	624,029
Total noncurrent assets	5,550,048	763,940,937	769,490,985
Total assets	69,649,282	865,006,325	934,655,607
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	-	2,178,499	2,178,499
Deferred outflows of resources related to OPEB	-	631,051	631,051
Total deferred outflows of resources	-	2,809,550	2,809,550

(Continued)

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental Activities	Business Type Activities	Totals
Liabilities			
Current liabilities:			
Liabilities payable from restricted assets:			
Bonds payable, net of unamortized premiums	-	10,555,000	10,555,000
Accrued interest payable on bonds	-	6,708,883	6,708,883
Other liabilities	-	834,240	834,240
Mortgage escrows	-	6,115,386	6,115,386
Total liabilities payable from restricted current assets	-	24,213,509	24,213,509
Accrued compensated absences	-	452,398	452,398
Accrued salaries and related payroll expenses	-	842,800	842,800
Unearned revenue	-	6,727,064	6,727,064
Accounts payable and accrued expenses	149,415	457,233	606,648
Total current liabilities	149,415	32,693,004	32,842,419
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	-	271,720	271,720
Bonds payable, net of current portion and unamortized premiums	-	387,835,088	387,835,088
Other noncurrent liabilities	-	373,044	373,044
Net pension liability	-	15,308,300	15,308,300
Net OPEB liability	-	12,061,720	12,061,720
Total noncurrent liabilities	-	415,849,872	415,849,872
Total liabilities	149,415	448,542,876	448,692,291
Commitments and contingencies *(Note 15)*			
Deferred Inflows of Resources			
Deferred gain on refunding	-	2,924,788	2,924,788
Deferred inflows of resources related to pension plan	-	652,617	652,617
Deferred inflows of resources related to OPEB plan	-	1,346,372	1,346,372
Deferred inflows due to timing restrictions	24,059,388	-	24,059,388
Total deferred inflows of resources	24,059,388	4,923,777	28,983,165
Net Position			
Investment in capital assets	-	624,029	624,029
Restricted for:			
Debt service	-	10,817,859	10,817,859
Bond reserves	-	10,074,300	10,074,300
Housing projects and development	45,440,479	382,969,532	428,410,011
Unrestricted	-	9,863,502	9,863,502
Total net position	$ 45,440,479	$ 414,349,222	$ 459,789,701

See accompanying notes to financial statements.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenue		Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs						
Governmental activities:						
General government	$ 2,430,652	$ 581,653	$ 709,826	$ (1,139,173)	$ -	$ (1,139,173)
Housing assistance	15,172,294	1,359,062	13,813,232	-	-	-
Housing development	5,666,646	940,288	-	(4,726,358)	-	(4,726,358)
Total governmental activities	23,269,592	2,881,003	14,523,058	(5,865,531)	-	(5,865,531)
Business-type activities:						
Administrative	13,766,197	14,889,387	-	-	1,123,190	1,123,190
Single-family mortgage loan programs	15,662,736	24,757,358	8,986,242	-	18,080,864	18,080,864
Federal programs	149,458,371	-	151,090,979	-	1,632,608	1,632,608
Program fund programs	1,346,610	310,930	155,049	-	(880,631)	(880,631)
Total business-type activities	180,233,914	39,957,675	160,232,270	-	19,956,031	19,956,031
Total functions/programs	$ 203,503,506	$ 42,838,678	$ 174,755,328	(5,865,531)	19,956,031	14,090,500
General revenue:						
Documentary stamp taxes				16,087,497	-	16,087,497
Total general revenue and transfers				16,087,497	-	16,087,497
Change in net position				10,221,966	19,956,031	30,177,997
Net position, beginning of year				35,218,513	394,393,191	429,611,704
Net position, end of year				$ 45,440,479	$ 414,349,222	$ 459,789,701

See accompanying notes to financial statements.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2019

	Housing Trust Fund	SC HELP Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 37,953,695	$ 24,153,633	$ 62,107,328
Accounts receivable:			
Due from other funds	111,130	-	111,130
Due from primary government	1,660,862	-	1,660,862
Loans receivable	298,442	-	298,442
Accrued interest receivable:			
Loans	5,403	-	5,403
Deposits and investments	7,106	39,773	46,879
Total current assets	40,036,638	24,193,406	64,230,044
Noncurrent assets:			
Loans receivable, net of current portion	5,550,048	-	5,550,048
Total noncurrent assets	5,550,048	-	5,550,048
Total assets	$ 45,586,686	$ 24,193,406	$ 69,780,092
Liabilities, Deferred Inflows of Resources and Fund Balance			
Current liabilities:			
Due to other funds	$ -	$ 130,810	$ 130,810
Accounts payable and accrued expenses	146,207	3,208	149,415
Total current liabilities	146,207	134,018	280,225
Commitments and contingencies *(Note 15)*			
Deferred Inflows of Resources			
Deferred inflows due to timing restrictions	-	24,059,388	24,059,388
Total deferred inflows of resources	-	24,059,388	24,059,388
Fund balance:			
Restricted for:			
Housing projects and development	45,440,479	-	45,440,479
Total fund balance	45,440,479	-	45,440,479
Total liabilities, deferred inflows of resources and fund balance	$ 45,586,686	$ 24,193,406	$ 69,780,092

See accompanying notes to financial statements.

**SOUTH CAROLINA STATE HOUSING FINANCE
AND DEVELOPMENT AUTHORITY**

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2019

	Housing Trust Fund	SC HELP Fund	Totals
Revenue			
Documentary stamp taxes	$ 16,087,497	-	$ 16,087,497
Operating program revenue	-	14,523,058	14,523,058
Repayment of assistance funds disbursed	-	1,359,062	1,359,062
Interest on loans	83,213	-	83,213
Interest on deposits and investments	857,075	581,653	1,438,728
Total revenue	17,027,785	16,463,773	33,491,558
Expenditures			
General government	1,139,173	1,291,479	2,430,652
Housing assistance	-	15,172,294	15,172,294
Housing development	5,666,646	-	5,666,646
Total expenditures	6,805,819	16,463,773	23,269,592
Excess of revenue over expenditures	10,221,966	-	10,221,966
Net change in fund balance	10,221,966	-	10,221,966
Fund balance, beginning of year	35,218,513	-	35,218,513
Fund balance, end of year	$ 45,440,479	$ -	$ 45,440,479

See accompanying notes to financial statements.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2019

	General Operating	Single-Family Finance Programs	Program	Totals
Assets				
Current assets:				
Cash and cash equivalents	$ 7,828,688	$ -	$ 6,834,112	$ 14,662,800
Restricted assets:				
Cash and cash equivalents	14,827,934	25,949,776	-	40,777,710
Investments	3,797,984	10,980,003	-	14,777,987
Loans receivable	2,959,106	18,613,065	-	21,572,171
Accounts receivable - other	-	105,763	-	105,763
Accrued interest receivable:				
Loans	60,755	2,437,570	-	2,498,325
Deposits and investments	29,743	866,779	-	896,522
Accounts receivable:				
Due from grantor	690,272	-	-	690,272
Due from other funds	193,732	-	33,631	227,363
Other	355,961	-	-	355,961
Loans receivable	245,030	-	443,201	688,231
Accrued interest receivable:				
Loans	32,025	-	34,189	66,214
Deposits and investments	-	-	1,307	1,307
Other current assets	3,952,445	-	-	3,952,445
Total current assets	34,973,675	58,952,956	7,346,440	101,273,071
Noncurrent assets:				
Loans receivable, net of current portion	8,016,144	-	10,716,393	18,732,537
Allowance for doubtful loans	-	-	(485,233)	(485,233)
Restricted assets:				
Investments	-	109,081,581	-	109,081,581
Loans receivable, net of current portion	80,461,678	555,670,826	-	636,132,504
Allowance for doubtful loans	(67,232)	(77,249)	-	(144,481)
Capital assets, net of accumulated depreciation	624,029	-	-	624,029
Total noncurrent assets	89,034,619	664,675,158	10,231,160	763,940,937
Total assets	124,008,294	723,628,114	17,577,600	865,214,008
Deferred Outflows of Resources				
Deferred outflows of resources related to pensions	2,178,499	-	-	2,178,499
Deferred outflows of resources related to OPEB	631,051	-	-	631,051
Total deferred outflows of resources	2,809,550	-	-	2,809,550

SOUTH CAROLINA STATE HOUSING FINANCE
AND DEVELOPMENT AUTHORITY

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2019

	General Operating	Single-Family Finance Programs	Program	Totals
Liabilities				
Current liabilities:				
Liabilities payable from restricted assets:				
Bonds payable, net of unamortized premiums	$ -	$ 10,555,000	$ -	$ 10,555,000
Accrued interest payable on bonds	-	6,708,883	-	6,708,883
Other liabilities	8,149	826,091	-	834,240
Mortgage escrows	6,115,386	-	-	6,115,386
Total liabilities payable from restricted assets	6,123,535	18,089,974	-	24,213,509
Accrued compensated absences	452,398	-	-	452,398
Accrued salaries and related payroll expenses	842,800	-	-	842,800
Due to other funds	95,470	96,552	15,661	207,683
Unearned revenue	6,727,064	-	-	6,727,064
Accounts payable and accrued expenses	457,233	-	-	457,233
Total current liabilities	14,698,500	18,186,526	15,661	32,900,687
Noncurrent liabilities:				
Accrued compensated absences, net of current portion	271,720	-	-	271,720
Bonds payable, net of current portion and unamortized premiums	-	387,835,088	-	387,835,088
Other noncurrent liabilities	373,044	-	-	373,044
Net pension liability	15,308,300	-	-	15,308,300
Net OPEB liability	12,061,720	-	-	12,061,720
Total noncurrent liabilities	28,014,784	387,835,088	-	415,849,872
Total liabilities	42,713,284	406,021,614	15,661	448,750,559
Commitments and contingencies *(Note 15)*				
Deferred Inflows of Resources				
Deferred gain on refunding	-	2,924,788	-	2,924,788
Deferred inflows of resources related to pension plan	652,617	-	-	652,617
Deferred inflows of resources related to OPEB plan	1,346,372	-	-	1,346,372
Total deferred inflows of resources	1,998,989	2,924,788	-	4,923,777
Net Position				
Investment in capital assets	624,029	-	-	624,029
Restricted for:				
Debt service	-	10,817,859	-	10,817,859
Bond reserves	-	10,074,300	-	10,074,300
Housing projects and development	89,179,979	293,789,553	-	382,969,532
Unrestricted	(7,698,437)	-	17,561,939	9,863,502
Total net position	$ 82,105,571	$ 314,681,712	$ 17,561,939	$ 414,349,222

See accompanying notes to financial statements.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	General Operating	Single-Family Finance Programs	Program	Eliminations	Totals
Operating Revenues					
Interest and other charges on loans	$ 1,232,335	$ 24,757,358	$ 276,526	$ -	$ 26,266,219
Interest on deposits and investments	259,059	6,473,515	155,049	-	6,887,623
Net increase in the fair value of investments	65,614	2,458,773	-	-	2,524,387
Administrative fees and other	15,711,777	53,955	34,404	(2,379,398)	13,420,738
Total operating revenues	17,268,785	33,743,601	465,979	(2,379,398)	49,098,967
Operating Expenses					
Bond interest	-	12,900,425	-	-	12,900,425
Program services	-	2,017,266	-	(1,473,328)	543,938
General and administrative	14,574,602	-	-	(906,070)	13,668,532
Bond issuance expense	-	1,536,535	-	-	1,536,535
Depreciation of capital assets	97,665	-	-	-	97,665
Other expenses	285,631	204,580	191,628	-	681,839
Total operating expenses	14,957,898	16,658,806	191,628	(2,379,398)	29,428,934
Operating Income	2,310,887	17,084,795	274,351	-	19,670,033
Non-operating Revenues (Expenses)					
Federal grant and contract revenue	151,090,979	-	-	-	151,090,979
Housing assistance payments and grant awards disbursed	(149,458,371)	-	(1,346,610)	-	(150,804,981)
Total non-operating revenues (expenses)	1,632,608	-	(1,346,610)	-	285,998
Income (Loss) Before Operating Transfers	3,943,495	17,084,795	(1,072,259)	-	19,956,031
Transfers					
Transfers in	1,267,047	5,353,758	-	(6,620,805)	-
Transfers out	(5,331,254)	(1,289,551)	-	6,620,805	-
Total transfers, net	(4,064,207)	4,064,207	-	-	-
Changes in net position	(120,712)	21,149,002	(1,072,259)	-	19,956,031
Net position, at beginning of year	82,226,283	293,532,710	18,634,198	-	394,393,191
Net position, end of year	$ 82,105,571	$ 314,681,712	$ 17,561,939	$ -	$ 414,349,222

See accompanying notes to financial statements.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	General Operating	Single-Family Finance Programs	Program	Eliminations	Totals
Cash Flows From Operating Activities					
Receipt of loan principal payments	$ 2,809,245	$ 64,858,518	$ 2,047,754	$ -	$ 69,715,517
Receipt of loan interest payments	1,253,845	24,503,291	246,100	-	26,003,236
Purchases of new loans	(1,401,217)	(136,729,144)	(3,094,432)	-	(141,224,793)
Administrative fees and other	13,658,935	53,955	34,404	(2,379,398)	11,367,896
Payments to employees	(7,047,503)	-	-	-	(7,047,503)
Payments to vendors	(6,341,182)	(2,273,205)	(17,354)	2,379,398	(6,252,343)
Net cash flows provided by (used for) operating activities	2,932,123	(49,586,585)	(783,528)	-	(47,437,990)
Cash Flows from Capital and Related Financing Activities					
Purchases of equipment	(373,317)	-	-	-	(373,317)
Net cash flows used for capital and related financing activities	(373,317)	-	-	-	(373,317)
Cash Flows from Non-capital Financing Activities					
Transfers from other programs	1,267,047	11,085,806	-	(12,298,301)	54,552
Transfers to other programs	(5,331,254)	(6,967,047)	-	12,298,301	-
Proceeds from the sale of bonds	-	70,000,000	-	-	70,000,000
Premium received from the sale of bonds	-	2,062,185	-	-	2,062,185
Receipts from HUD	151,231,634	-	-	-	151,231,634
Payments of housing assistance and grants	(149,443,284)	(600,000)	(1,346,610)	-	(151,389,894)
Principal payments on bonds payable	-	(93,800,000)	-	-	(93,800,000)
Interest payments on bonds payable	-	(14,774,174)	-	-	(14,774,174)
Net cash flows used for non-capital financing activities	(2,275,857)	(32,993,230)	(1,346,610)	-	(36,615,697)
Cash Flows from Investing Activities					
Purchases of investments	(374,815)	(8,180,940)	-	-	(8,555,755)
Sales of investments	-	33,770,359	-	-	33,770,359
Income on deposits and investments	257,387	10,897,514	151,692	-	11,306,593
Net cash flows provided by (used for) investing activities	(117,428)	36,486,933	151,692	-	36,521,197
Net increase (decrease) in cash and cash equivalents	165,521	(46,092,882)	(1,978,446)	-	(47,905,807)
Cash and cash equivalents, beginning of year	22,491,101	72,042,658	8,812,558	-	103,346,317
Cash and cash equivalents, end of year	$ 22,656,622	$ 25,949,776	$ 6,834,112	$ -	$ 55,440,510

(Continued)

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	General Operating	Single-Family Finance Programs	Program	Totals
Reconciliation of operating income to net cash flows provided by operating activities:				
Operating income	$ 2,310,887	$ 17,084,795	$ 274,351	$ 19,670,033
Adjustments to reconcile operating income to net cash flows provided by operating activities:				
Depreciation	97,665	-	-	97,665
Loan loss expense	(428,474)	(257,328)	139,535	(546,267)
Net increase in the fair value of investments	(65,614)	(2,458,773)	-	(2,524,387)
Housing assistance payments	-	600,000	-	600,000
Deferral of pension contributions subsequent to measurement date	(65,526)	-	-	(65,526)
Pension expense related to recognition of net pension liability	357,377	-	-	357,377
Deferral of OPEB contributions subsequent to measurement date	(404,112)	-	-	(404,112)
OPEB expense related to recognition of net OPEB liability	555,199	-	-	555,199
Bonds interest expense reclassified to noncapital financing activities	-	12,900,425	-	12,900,425
Income on deposits and investments reclassified to investing activities	(100,748)	(6,473,515)	(152,999)	(6,727,262)
Changes in operating assets and liabilities:				
Loans receivable	1,502,220	(71,983,850)	(1,001,267)	(71,482,897)
Accounts receivable	(312,004)	387,639	(33,631)	42,004
Prepaid expenses	(1,394,156)	-	-	(1,394,156)
Accounts payable, accrued expenses and due to grantor	476,181	43,591	15,661	535,433
Mortgage escrows	394,782	-	-	394,782
Other liabilities	31,884	824,500	-	856,384
Accrued interest receivable - loans	(23,438)	(254,069)	(25,178)	(302,685)
Total adjustments	621,236	(66,671,380)	(1,057,879)	(67,108,023)
Net cash flows provided by (used for) operating activities	$ 2,932,123	$ (49,586,585)	$ (783,528)	$ (47,437,990)

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

Noncash Noncapital Financing Activities

a. Interest payments on bonds do not include $1,889,757 of amortization of bond premiums, $911,802 of amortization of deferred losses on refundings of debt, and $321,063 of amortization of deferred gains on refunding of debt that were included in operating revenues and expenses in the Single Family Finance Program Funds.

b. The Authority recorded an increase in the fair value of investments in the amount of $2,458,773 for the fiscal year ended June 30, 2019.

c. The Authority recorded $468,367 of amortization of servicing release premiums and $223,740 of amortization of deferred fee revenue in the General Operating Fund.

	General Operating	Single Family Finance Program	Program	Total
Cash is Reported on the Statement of Net Position as:				
Cash and cash equivalents	$ 7,828,688	$ -	$ 6,834,112	$ 14,662,800
Restricted cash and cash equivalents	14,827,934	25,949,776	-	40,777,710
Total cash and cash equivalents	$ 22,656,622	$ 25,949,776	$ 6,834,112	$ 55,440,510

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies

The financial statements of South Carolina State Housing Finance and Development Authority (the "Authority") were prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body in the United States of America for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the Authority are described hereafter.

1.A Reporting Entity

An organization other than a primary government may serve as a nucleus for a reporting entity when it issues separate financial statements. That organization is identified herein as a primary entity. The Authority, a primary entity, is a public body, corporate and politic, and is a discretely presented component unit of the State of South Carolina. As such, its funds are included in the Comprehensive Annual Financial Report of the State of South Carolina as a discretely presented component unit.

The Authority was established during 1971 pursuant to Section 31-13-20 of the South Carolina Code of Laws. The laws of the State of South Carolina and policies and procedures specified by the State of South Carolina for State agencies are applicable to the Authority. The powers of the Authority were expanded through the passage of the South Carolina State Housing Act of 1977 (31-13-10 through 330 and 31-3-1510), and as amended during 1982 (31-13-70), 1983 (31-13-80), 1986 (31-1-340), 1988 (31-13-50) and 1990 (31-13-200).

The South Carolina State Housing Act empowers the Authority to enter into grants and contracts with the federal government and to issue bonds and notes. During 1992, the General Assembly amended Chapter 13, Title 13 by adding Article 4 which enacts the Housing Trust Fund Act of 1992.

The Authority's Board of Commissioners (the "Board"), whose members are appointed by the Governor, is the governing body of the Authority. The Board administers, has jurisdiction over, and is responsible for the management of the Authority.

The core of the financial reporting entity is the primary government which has a separately elected governing body. As required by generally accepted accounting principles, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate organizations for which the officials of the primary government are financially accountable. In turn, component units may also have component units.

1. Summary of Significant Accounting Policies (Continued)

1.A Reporting Entity (Continued)

The Authority follows the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity Omnibus*.

GASB Statement No. 61 clarified previous statements by requiring a financial benefit or burden criteria to be present in order for a separate entity to be dependent on a primary government and included as a component unit of the primary entity, regardless of whether the primary government appoints a voting majority of the organization's governing body. The financial benefit or burden exists if the primary government is (a) legally entitled or can access the organization's resources, or (b) legally obligated or has assumed the obligation to finance deficits or provide financial support to the organization or (c) obligated in some manner for the debt of the organization. In addition, the relationship to the primary government can also be determined by the services provided by the component unit to the citizens, such that separate reporting as a major component unit is considered essential to the financial statement users.

Based on this criteria, the Authority has been determined to be classified as a discretely presented component unit of the State of South Carolina and that SC Housing Corp. is a blended component unit of the Authority. These financial statements report the activity of the Authority and SC Housing Corp.

The accompanying financial statements present the financial position, results of operations, and cash flows of only that portion of the funds of the State of South Carolina that is attributable to the transactions of the Authority and SC Housing Corp. The mortgage revenue bonds are special obligations of the Authority and are not a debt, grant or loan of the State of South Carolina nor any political subdivision of the State of South Carolina, and neither the State of South Carolina nor any political subdivision thereof is liable. The bonds are secured by and payable solely from the monies, income, and receipts of the Authority pledged for the payment thereof under the bond indentures. Payment of the principal or redemption price of, and interest on, all bonds is secured ratably and equally by the proceeds of the bonds, revenue (including scheduled payments of principal and interest on mortgages and repayments of mortgage loans and interest and income received on investments of money held in the funds and accounts), and the right, title, and interest of the Authority in and to the mortgage loans.

1. Summary of Significant Accounting Policies (Continued)

1.B Fund Accounting

Fund accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives, in accordance with limitations and restrictions imposed by sources outside the entity and in accordance with directives issued by the governing board.

The Authority's funds are classified into two categories - governmental and proprietary.

1.B.1 Governmental Funds

Governmental funds finance the Authority's governmental functions including the disbursement of restricted monies. Within the Authority’s governmental funds, expendable assets are assigned to the applicable governmental fund according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; and the difference between assets and liabilities is fund balance.

As such, in accordance with governmental accounting standards, the portions of net position/fund balance that are not available for appropriation and are legally segregated for a specified use are presented as restricted in the entity-wide and fund statements.

1.B.1.a The **Housing Trust Fund,** a special revenue fund, was established during May 1992 pursuant to South Carolina Code of Laws, Chapter 31, Article 4. The Authority receives funding from a percentage of the documentary stamp tax on instruments conveying real property. Under this legislation, the Housing Trust Fund is to be used to “increase the supply of safe, decent and affordable housing for members of the very low and lower income individuals and households.”

1.B.1.b The **SC HELP Fund**, SC Housing Corp., a blended component unit, is presented as a special revenue fund of the Authority under the title “SC HELP Fund.” On August 3, 2010, the Authority was notified by officials at the U.S. Department of Treasury (Treasury) that Treasury had approved the proposal of the Authority for administration and distribution of $138 million to help the State of South Carolina’s “hardest hit” homeowners. The program is administered by SC Housing Corp., a not for profit entity. On August 11, 2010, Treasury announced an additional $58.8 million in funding for this program. On September 29, 2010, Treasury announced an additional incremental award to the Authority of approximately $98.6 million in funding for this program. On February 19, 2016, Treasury announced that it would extend the program through 2020, and make $22.1 million of additional assistance available to the Authority under the program. The total program award is currently $317.5 million.

Separate financial statements for SC Housing Corp. may be obtained from its executive director upon request.

1. Summary of Significant Accounting Policies (Continued)

1.B Fund Accounting (Continued)

1.B.2 Proprietary Funds

The proprietary funds are used to account for activities similar to those found in the private sector, where the determination of operating income is necessary or useful for sound financial administration. Goods or services from activities of the Authority are provided to outside parties, and such activities are accounted for in an enterprise fund type. An enterprise fund accounts for activities that are self-sustaining, primarily through user charges or are used when management wants to control or measure costs of services.

The Authority's proprietary fund category includes the following enterprise funds:

1.B.2.a The **General Operating Fund** records administrative fees from the U.S. Department of Housing and Urban Development (HUD), loan servicing fees, other fee type income, and interest earned on loans and investments. These sources of funds as well as operating transfers from other programs are used to defray the general and administrative expenses of the Authority. The General Operating Fund also accounts for HUD funds that are used to provide rental assistance to qualified recipients as well as fund loans and grants for various other rental, homeownership, rehabilitation and development activities.

1.B.2.b The **Single Family Finance Programs Fund** accounts for the financing activities of the Authority's Single Family Mortgage Purchase Bond Indenture, the Mortgage Revenue Bonds Indenture and the Homeownership Revenue Bond Indenture. The proceeds of each series of bonds issued under these three programs are used to purchase mortgage loans made to the State of South Carolina's moderate-to-low income citizens who meet federal and Authority eligibility requirements. The three indentures generate income to cover the costs of administration and debt service on the bonds. Excess funds as determined by cash flow analysis and certification may be transferred to the other programs at the discretion of the Authority.

1.B.2.c The **Program Fund** was established in accordance with Section 31-13-340 of the South Carolina Code of Laws. Monies not required to be accounted for elsewhere can be deposited into the Program Fund. This fund is used by the Authority to finance special initiatives and down payment assistance loans (both forgivable and repayable) as authorized by the Authority's Board.

1. Summary of Significant Accounting Policies (Continued)

1.C Basis of Accounting and Reporting

All governmental funds are accounted for using the current financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* the Authority also reports the non-current portion of outstanding loans receivable on the balance sheet. Operating statements of these funds present increases and decreases in fund balance.

Governmental fund revenues and expenditures are recognized on the modified accrual basis of accounting. Revenues and other fund financial resources are recognized during the accounting period in which they become both measurable and available to finance expenditures. For this purpose, the Authority considers funds to be available if they are collected within sixty days of the end of the current fiscal year. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures are recognized during the accounting period in which the fund liability is incurred, if measurable.

Proprietary funds are accounted for via the flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Fund Net Position. Proprietary fund-type operating statements present increases and decreases in total net position.

The Authority recognizes revenues and expenses and the recording of depreciation expense for the enterprise fund-type using the accrual basis of accounting. Revenues and federal reimbursement type grants are recognized during the accounting period in which they are earned and become measurable; expenses are recognized during the period incurred, if measurable.

Transfers of financial resources among funds are recognized in all affected funds during the period in which the related interfund receivables and payables arise.

The Authority has elected to treat all funds as major and present them in separate columns.

1.D Restricted Assets and Liabilities Payable from Restricted Assets under Revenue Bond Resolutions

Generally, under the applicable bond indentures, the earnings and receipts of loan payments related to investment and mortgage loan assets in the Single Family Finance Programs Fund are required to be used to purchase mortgages or for the related debt service payments. Because these assets are generally restricted for this purpose, they have been reflected as current and noncurrent restricted assets in the accompanying statements of net position. Net restricted position for bond reserves are computed July 1 of each year by a percentage of the then outstanding bond principal in accordance with the bond indenture (see *Note 2E*).

1. Summary of Significant Accounting Policies (Continued)

1.E Discounts, Premiums, and Deferred Gains and Losses on Refundings of Debt

Under provisions of applicable bond indentures, net restricted position not restricted for the respective bond reserves of the Single Family Finance Programs Fund are reflected as either restricted for debt service or for special programs in the accompanying statements.

Bond discounts and premiums are amortized over the terms of the bonds. The deferred gains and losses on refundings of debt include the call premiums and the unamortized premiums or discounts attributable to the bonds refunded and are amortized over the term of the refunded issues or the new issues whichever is shorter, using the bonds outstanding method. The deferred gains on refundings of debt represent a deferred inflow of resources, which is reported separately on the Statement of Net Position. The deferred losses on refundings of debt represent a deferred outflow of resources, which is reported separately on the Statement of Net Position. Amortization of bond discounts and premiums and deferred losses and gains on refunding of debt are included in interest expense.

1.F Federally Assisted Program Advances and Fees

In accordance with the terms of contracts between the Authority and HUD, the Authority administers Section 8 Housing Assistance Payments Programs, Contract Administration, and the Housing Choice Voucher Program in certain areas of South Carolina. Under these programs, housing assistance payments are made to eligible individuals or to owners of rental housing on behalf of persons of limited income who meet the eligibility requirements.

Generally, HUD advances the Authority sufficient funds to cover the current month's housing assistance payments before such disbursements are made by the Authority. Additionally, HUD advances funds on a monthly basis for the Authority's costs of administering the subsidy contracts. These administrative fees are recognized as operating revenues when earned in the General Operating Fund. Because such funds are generally restricted as to purpose, they have been reflected in the restricted portion of the accompanying statements where appropriate.

The Authority also administers the Home Investments Partnership Program and Neighborhood Stabilization Program. The Home Investments Partnership Program provides loans and grants to local governments and nonprofit entities to assist private property owners in building new and rehabilitating existing rental housing for low-income tenants. The Home Investments Partnership Program also provides forgivable and repayable down payment assistance loans to qualified first time homebuyers. The Neighborhood Stabilization Program provides grants to other entities, primarily local governments and nonprofit entities, to purchase foreclosed or abandoned properties and to rehabilitate, resell, or redevelop these properties in order to stabilize neighborhoods and stem the decline of value for other homes in the neighborhood. Under both of these programs, an administrative fee is drawn from HUD to reimburse the Authority, as well as the entity that has been awarded funds under the program, for administrative costs. These administrative fees are recognized as operating revenues when earned.

Funds granted and passed through by the Authority are included in the accompanying financial statements in the General Operating Fund as non-operating revenues and expenses.

1. Summary of Significant Accounting Policies (Continued)

1.G Cash and Cash Equivalents

Amounts denoted in the financial statements as "cash and cash equivalents" represent cash on deposit in banks and cash on deposit with the State Treasurer's Office.

For purposes of the Statement of Cash Flows, the Authority considers all highly liquid debt instruments purchased with a maturity of three months or less at the time of acquisition to be cash equivalents.

Most State agencies, including the Authority, participate in the State of South Carolina's cash management pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The State Treasurer administers the cash management pool. The cash management pool includes some long-term investments such as obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements and certain corporate bonds.

The State of South Carolina's cash management pool consists of a general deposit account and several special deposit accounts. The State of South Carolina records each fund's equity interest in the general deposit account; however, all earnings on that account are credited to the General Fund of the State of South Carolina.

Interest earned by the Authority on amounts held in special deposit accounts is posted to the Authority's accounts at the end of each month and is retained by the Authority. Interest earnings are allocated based on the percentage of the Authority's accumulated daily interest income receivable to the total income receivable of the cash management pool. Reported interest income includes interest earnings at the stated rate, realized gains/losses, and unrealized gains/losses arising from changes in fair value on investments held by the cash management pool. Realized gains and losses are allocated daily and are included in the receivable. Unrealized gains and losses are allocated at year-end based on the Authority's percentage ownership in the cash management pool.

Although the cash management pool may include some long-term investments, it operates as a demand deposit account. Credit risk information pertaining to the cash management pool is contained in *Note 2D.*

The Authority has funds in State Treasurer accounts not included in the State's cash management pool and at other institutions. For these accounts, cash equivalents include investments in short-term, highly liquid securities having an initial maturity of three months or less at the time of acquisition.

The Authority records and reports its deposits in the general deposit account at cost but reports its deposits in the special deposit accounts at fair value.

1. Summary of Significant Accounting Policies (Continued)

1.H Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, Government National Mortgage Association (GNMA) and Federal National Mortgage Association, (FNMA) Mortgage Backed Securities (MBS), and the State of South Carolina's cash management pool are recorded at fair value and unrealized gains or losses are reported in the Statement of Revenues, Expenses and Changes in Net Position.

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the Authority uses valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value of investments.

1.I Loans Receivable

Loans receivable consist of mortgage loans, which are carried at par. Most mortgage loans in the Single Family Finance Programs Fund as well as the single family mortgage loans of approximately $11 million in the General Operating and Program Fund are insured with various governmental agencies and private mortgage insurance carriers at specified percentages of the original loan amount varying from 18% to 100%. Loans closed after July 29, 1999 are covered by the Homeowners Protection Act. Private mortgage insurance is cancelled after the loan-to-value ratio reaches 78% as provided by federal law. The Authority considers the mortgaged property as adequate collateral against significant potential loan losses for such uninsured properties. Most loans made from the Housing Trust Fund and a portion of the loans in the General Operating Fund are not single family mortgage loans and are not insured.

Management is of the opinion that the mortgage insurance coverage, in addition to over-collateralization, is adequate to cover any significant potential loan losses under the Single Family Finance Programs should they occur. Loans determined to be uncollectible and unrecoverable from mortgage insurance carriers are charged off against program income. The Authority has recorded allowances for doubtful loans which are considered adequate.

1.J Capital Assets

Capital assets are recorded at cost at the date of acquisition. The Authority follows capitalization guidelines established by the State of South Carolina. The Authority capitalizes furniture and equipment with a unit value exceeding $5,000 and an estimated useful life of more than two years. Routine repairs and maintenance are charged to operating expenses during the year in which the expense was incurred.

Depreciation is computed using the straight-line method over estimated useful lives of three to ten years for furniture and equipment. Currently, the Authority owns personal property only and owns no real property (land, buildings, attachments, etc.).

1. Summary of Significant Accounting Policies (Continued)

1.K Mortgage Escrows

Under provisions of certain mortgage loan agreements, the Authority is responsible for collecting deposits from homeowners for payment of property taxes and insurance. This is recorded as a current liability and paid from restricted assets.

1.L Compensated Absences

Generally, all permanent full-time State employees and certain part-time employees (those scheduled to work at least one-half of the month) are entitled to accrue and carry forward calendar year-end maximums of 180 days sick and 45 days of vacation leave. Upon termination of State employment, qualified employees are entitled to payment for accumulated unused vacation leave not exceeding the maximum carry forward balance at calendar year-end. Employees are not entitled to payment for unused sick leave balances at termination. Annually, at fiscal year-end, the Authority calculates and records a liability for compensated absences based on the total eligible balance of unused employee vacation leave. The liability is calculated using the current employee salary and related benefits data and is reported in the General Operating Fund on the Statement of Net Fund Position under current and noncurrent liabilities as appropriate.

1.M Rebatable Arbitrage

Arbitrage involves the investment of proceeds from the sale of tax-exempt debt in a taxable investment that yields a higher rate than the rate of the obligation. This results in income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax-exempt debt if the yield from those earnings exceeds the effective yield on the related tax-exempt debt issued. Governmental units may avoid the requirement to rebate the "excess" earnings to the Federal government under certain circumstances if they issue no more than $5 million in total of all such debt in a calendar year and if they meet specified targets for expenses of the proceeds and interest earnings thereon. For this purpose, tax-exempt indebtedness includes bonds, notes, and certain capital leases and installment purchases. The Federal government only requires arbitrage to be calculated, reported, and paid every five years or at maturity of the debt, whichever is earlier. However, the potential liability is calculated annually for financial reporting purposes. At June 30, 2019, the Authority had no arbitrage rebate liability associated with the Authority’s Mortgage Revenue Bonds outstanding.

1. Summary of Significant Accounting Policies (Continued)

1.N Budget Policy

The Appropriations Act as enacted by the General Assembly becomes the legal operating budget for the Authority. The Appropriations Act authorizes expenditures from funds appropriated from the General Fund of the State of South Carolina and authorizes expenditures of Total Funds. The Total Funds column in the Appropriations Act for each individual budgetary unit authorizes expenditures from all budgeted resources. A revenue budget is not adopted for individual budgetary units. The General Assembly enacts the budget through passage of line-item appropriations by program within budgetary unit within budgetary fund category, State General Fund or other budgeted funds. Budgetary control is maintained at the line-item level of the budgetary entity. Agencies may process disbursement vouchers in the State of South Carolina's budgetary accounting system only if enough appropriation authorization exists and generally if sufficient cash is on hand.

1.O Operating and Non-operating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations including granting and collecting loans. The Authority's primary operating revenues are from administrative fees for the administration of HUD programs and interest and other charges on loans. Operating expenses include the Authority's administrative expenses and depreciation on capital assets. All revenues and expenses (excluding bond interest expense) not meeting this definition are reported as non-operating revenues and expenses.

1.P Net Position and Fund Balance

Net position or fund balance is presented in the following components or classifications:

Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and amortization, 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.

Restricted assets - Net position or fund balance, for enterprise or governmental fund types, respectively, are reported as restricted when constraints placed on resource use are restricted by legal and/or contractual requirements. Generally, such assets have use restrictions placed on them by (1) external parties such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) laws of the enabling government. The Authority’s restrictions are primarily due to requirements of bond indentures, South Carolina law and Federal program requirements.

1. Summary of Significant Accounting Policies (Continued)

1.P Net Position and Fund Balance (Continued)

Unrestricted assets - For business-type activities, all assets not meeting the definition of “restricted” or “net investment in capital assets” are classified as unrestricted.

Other governmental fund balance classifications - The Authority follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Under GASB Statement No. 54, all governmental fund assets of the Authority not meeting the definition of "restricted" are classified as “non-spendable,” “committed”, “assigned”, or “unassigned” as appropriate. The Authority had no such governmental fund balance classifications for the fiscal year ended June 30, 2019.

For governmental funds, it is the policy of the Authority to spend unassigned fund balances first followed thereafter by restricted, committed, and assigned resources as needed.

For business-type activities, when both restricted and unrestricted resources are available, it is the policy of the Authority to spend restricted resources first followed thereafter by unrestricted resources as needed.

1.Q Use of 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 at the date of financial statement preparation that affect certain reported amounts of assets, liabilities, revenues, expenses, and disclosures of contingent assets and liabilities, for the reporting period. Actual results may differ from those estimates.

1.R Pension

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), as well as additions to and deductions from SCRS’ 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. Investments are reported at fair value.

1. Summary of Significant Accounting Policies (Continued)

1.S Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the South Carolina Retiree Health Insurance Trust Fund (SCRHITF), as well as additions to and deductions from SCRHITF's fiduciary net position, have been determined on the same basis as they are reported by SCRHITF. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

1.T Deferred Outflows of Resources and Deferred Inflows of Resources

Changes in the net pension liability, net OPEB liability not included in pension expense or OPEB expense, respectively, and advances from US Treasury are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions made subsequent to the measurement date of the net pension liability and net OPEB liability are reported as deferred outflows of resources. Deferred outflows of resources and deferred inflows of resources are also determined by the difference in actual and expected liability experience, projected and actual returns on investments, deferred amounts from changes in the Authority's proportionate share, changes in assumptions, and differences between the Authority's contributions and its proportionate share of the total employer contributions to the plans. Deferred outflows of resources and deferred inflows of resources also include deferred losses and deferred gains on bond refundings, respectively.

1.U Adoption of New Accounting Standard

During March 2018, the GASB issued GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in the notes to governmental financial statements related to debt, including direct borrowings and direct placements. It also establishes which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in the notes to the financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to the financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

1. Summary of Significant Accounting Policies (Continued)

1.U Adoption of New Accounting Standard (Continued)

The provisions of this Statement became effective for reporting periods beginning after June 15, 2018. The Authority adopted the provisions of this Statement during the fiscal year ended June 30, 2019, but such provisions did not have a material impact on these financial statements.

1.V Subsequent Events

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through October 14, 2019, the date these financial statements were available to be issued. See Note 16 for additional information regarding subsequent events.

2. Deposits and Investments

Financial Statements		Footnotes	
Current assets:		Deposits:	
Cash and cash equivalents:		Deposits held by State	
Unrestricted	$ 14,662,800	Treasurer	$ 57,939,308
Restricted	102,885,038	Deposits with banks	59,608,530
Investments:		Total deposits	117,547,838
Unrestricted	-		
Restricted	14,777,987	Investments:	
		State Treasurer	14,777,987
Non-current assets:		Other investments	109,081,581
Investments:		Total investments	123,859,568
Restricted	109,081,581		
Total	$ 241,407,406	Total	$ 241,407,406

2.A Deposits

All deposits of the Authority are insured or collateralized by using the dedicated method. Under the dedicated method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by each of the depository banks. At June 30, 2019, the Authority’s cash had a carrying amount of $59,608,530 and a bank balance of $58,884,221. Of that balance, $250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method.

2.B Deposits Held by State Treasurer

State law requires full collateralization of all deposits and investments of State funds. The depository institution must correct any deficiencies in collateral within seven days. With respect to investments in the State's cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agents in the State's name. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

2. Deposits and Investments (Continued)

2.C Investments

At June 30, 2019, the Authority's investment balances were as follows:

	Fair Value	Less Than 1 Year	Greater Than 1 Year
SC State Treasurer Pool	$ 14,777,987	$ 14,777,987	$ -
Government National Mortgage Association Insured Mortgage Backed Securities (GNMAs)	80,267,892	-	80,267,892
Federal National Mortgage Association Mortgage Backed Securities (FNMAs)	28,813,689	-	28,813,689
Totals	$ 123,859,568	$ 14,777,987	$ 109,081,581

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of June 30, 2019: The South Carolina Treasurer's Pool of $14,777,987 is valued using quoted prices for similar assets or liabilities in active markets (Level 2 inputs). GNMAs of $80,267,892 and FNMAs of $28,813,689 are valued using a matrix pricing model (Level 2 inputs).

2.D Investment Risk Factors

There are a number of variables that affect the value of investments. These risks are discussed below.

2.D.1 Interest Rate Risk

Interest rate risk is the risk that the value of fixed income securities will decline because of changes in interest rates. It is the Authority's policy to limit interest rate risk by calling debt as quickly as allowed. During the fiscal year ended June 30, 2019, the Authority called over $89 million in debt prior to maturity.

2.D.2 Custodial Credit Risk

For a deposit, the custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its deposits, investments, or collateral securities held by an outside party. The Authority has no policy on custodial credit risk.

2. Deposits and Investments (Continued)

2.D.3 Credit Risk

The Authority follows Section 11-9-660 of the South Carolina Code of Laws regarding credit risk. The Authority places a portion of its funds on deposit in the State's cash management pool. Although the State's cash management pool itself is unrated, it is invested according to the requirements of State law, which allows only limited investments in instruments subject to credit risk. State law further requires that investments in obligations of corporations and in state or political subdivisions of the United States have an investment grade rating from at least two nationally recognized rating agencies.

2.D.4 Concentration of Credit Risk

The Authority places no limit on the amount it may invest in any one issuer. The Authority's investments are as follows: *GNMAs 66.8%, State Treasurer Investment Pools 9.2%, and FNMAs 24.0%.*

2.E Restricted Deposits and Investments

Under provisions of applicable bond indentures, the Authority is required to restrict sufficient assets with an independent trustee (The Bank of New York/Mellon) in the Single Family Finance Program Funds in order to meet reserve requirements for payment of debt service on bonds. The required and actual reserve amounts for each program at June 30, 2019 are as follows:

	Reserve Requirements	Actual Funding	Over
Single Family Indenture Bond Reserve Funds	$ 877,650	$ 1,047,380	$ 169,730
Mortgage Revenue Indenture Bond Reserve Funds	9,196,650	9,662,945	466,295
Totals	$10,074,300	$10,710,325	$ 636,025

3. Loans Receivable

Loans receivable consist of the following:

Governmental Funds	
Housing Trust Fund notes maturing on various dates from 2019-2045 plus interest ranging from 0.000%-4.000% per annum, payable in monthly installments of principal and interest, as provided in the notes, reported net of allowance for doubtful accounts of $0.	$ 5,848,490
Total governmental funds	$ 5,848,490
Proprietary Funds	
General Operating Fund notes maturing on various dates from 2019-2058 plus interest ranging from 0.000%-6.250% per annum, payable in installments of principal and interest as provided in the notes, reported net of allowance for doubtful accounts of $67,232.	$ 91,614,726
Program Fund notes maturing on various dates from 2019-2030 plus interest ranging from 0.000%-5.000% per annum, payable in monthly installments of principal and interest as provided in the notes, reported net of allowance for doubtful accounts of $485,233.	10,674,361
Single Family Finance Programs notes maturing on various dates from 2019-2049 plus interest ranging from 0.000%-8.500% per annum, payable in monthly installments of principal and interest, reported net of allowance for doubtful accounts of $77,249.	574,206,642
Total proprietary funds	$ 676,495,729

4. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	June 30, 2018	Increases	Decreases	June 30, 2019
Equipment and furniture	$ 2,096,981	$ 373,317	$ (669,427)	$ 1,800,871
Accumulated depreciation	(1,748,604)	(97,665)	669,427	(1,176,842)
Capital assets, net of accumulated depreciation	$ 348,377	$ 275,652	$ -	$ 624,029

5. Changes in Long-Term Liabilities

Long-term liabilities activity for the fiscal year ended June 30, 2019 was as follows:

	June 30, 2018	Increases	Decreases	June 30, 2019	Due within One Year
Bonds payable	$ 410,220,000	$ 70,000,000	$ (93,800,000)	$ 386,420,000	$ 10,555,000
Unamortized premiums	11,797,660	2,062,185	(1,889,757)	11,970,088	-
Total bonds payable	422,017,660	72,062,185	(95,689,757)	398,390,088	10,555,000
Net pension liability	15,960,282	-	(651,982)	15,308,300	-
Net OPEB liability	11,867,444	194,276	-	12,061,720	-
Accrued compensated absences	710,228	724,118	(710,228)	724,118	452,398
Other noncurrent liabilities	424,976	1,749,022	(966,714)	1,207,284	834,240
Total other long-term liabilities	28,962,930	2,667,416	(2,328,924)	29,301,422	1,286,638
Total long-term liabilities	$ 450,980,590	$ 74,729,601	$ (98,018,681)	$ 427,691,510	$ 11,841,638

6. Bonds Payable

At June 30, 2019, bonds payable, including unamortized premiums, consisted of the following:

	Date Issued	Issue Amount	Outstanding Balance
Single Family Mortgage Purchase Bonds			
(5.00% to 5.50%) due 2019-2035	09/11/98	$ 106,975,000	$ 29,255,000
Plus: Unamortized premium			441,584
			29,696,584
Mortgage Revenue Bonds			
2014A (2.00% to 4.00%) due 2019-2041	12/16/14	87,115,000	47,025,000
2015A (2.517% to 4.023%) due 2019-2037	07/07/15	39,595,000	20,420,000
2016A (1.30% to 4.00%) due 2019-2036	02/23/16	30,000,000	20,405,000
2016B (1.10% to 4.00%) due 2019-2043	08/02/16	67,000,000	51,250,000
2017A (1.65% to 4.00%) due 2019-2047	01/19/17	50,000,000	46,020,000
2017B (1.15% to 4.00%) due 2019-2047	09/07/17	55,000,000	51,565,000
2018A (1.65% to 4.50%) due 2019-2049	08/14/18	70,000,000	69,870,000
			306,555,000
Plus: Unamortized premium			10,834,628
			317,389,628
Homeownership Revenue Bonds			
2010-1 (3.85% to 5.00%) due 2019-2028	07/01/10	100,000,000	3,200,000
2010-2 (5.00%) due 2019-2027	12/09/10	40,000,000	450,000
2011-1 (2.32% to 4.50%) due 2019-2041	10/20/11	70,000,000	26,280,000
2013-1 (2.95%) due 2041	04/17/13	50,110,000	20,680,000
			50,610,000
Plus: Unamortized premium			693,876
			51,303,876
Total bonds payable, including unamortized premiums			$ 398,390,088

6. Bonds Payable (Continued)

Amounts, including interest, required to complete payment of the bond obligations as of June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2020	$ 10,555,000	$ 13,800,898	$ 24,355,898
2021	15,890,000	13,365,732	29,255,732
2022	16,400,000	12,844,827	29,244,827
2023	17,045,000	12,279,864	29,324,864
2024	17,555,000	11,669,080	29,224,080
2025-2029	75,270,000	49,519,103	124,789,103
2030-2034	78,300,000	36,409,922	114,709,922
2035-2039	65,220,000	22,500,405	87,720,405
2040-2044	60,230,000	11,000,584	71,230,584
2045-2049	29,955,000	2,989,698	32,944,698
Total	$ 386,420,000	$ 186,380,113	$ 572,800,113

The Authority has the option to redeem most of its bonds prior to maturity as specified under each bond issue. These early redemptions are funded by mortgage pre-payments and other income. The mortgage pre-payment rate varies from year-to-year and determines the amount of funds available to call bonds prior to maturity. Below is a listing of the Single Family Finance Program bonds redeemed prior to their maturity during the fiscal year ended June 30, 2019:

6. Bonds Payable (Continued)

Single Family Finance Programs:	
Single Family Mortgage Purchase Bonds	
Series 1998 A	$ 43,955,000
Mortgage Revenue Bonds	
Series 2012 A	7,805,000
Series 2014 A	8,770,000
Series 2015 A	3,655,000
Series 2016A	3,495,000
Series 2016B	5,940,000
Series 2017A	1,985,000
Series 2017B	2,740,000
Series 2018A	130,000
Homeownership Revenue Bonds	
Series 2010-1	2,465,000
Series 2010-2	270,000
Series 2011-1	5,070,000
Series 2013-1	3,640,000
Total	$ 89,920,000

6. Bonds Payable (Continued)

During August 2018, the Authority issued $70,000,000 in Mortgage Revenue Bonds, Series 2018A, with fixed interest rates ranging from 1.65% to 4.50%. The proceeds will purchase first-time homeowner mortgages. The Series 2018A Bonds were issued at a premium of $2,062,185 with issuance costs and underwriters fees of $770,000.

Bond premium amortized for the fiscal year ended June 30, 2019 and attributable to the Single Family Finance Programs Fund bonds totaled $1,889,757 and was reported as interest expense in the fund.

Amortization of net deferred gains on refundings of debt of $590,739 for the fiscal year ended June 30, 2019 was attributable to the Single Family Finance Programs Fund bonds and was included in interest expense in the proprietary fund.

7. Leases

At June 30, 2019, the Authority was obligated under various operating leases with external parties for office space and office equipment having non-cancelable lease terms in excess of one year.

The lease for office space was renewed for seven years from November 1, 2016 to October 31, 2023. The first year of the renewal reflects an initial decrease of 6.7% in lease payments; however, the lease escalates 2.5% annually for each subsequent year.

Future minimum annual lease payments under non-cancelable operating leases with remaining terms in excess of one year are as follows:

Year Ending June 30,		
2020		$ 351,417
2021		360,202
2022		369,207
2023		378,437
2024		127,180
	Total leases with external entities	$ 1,586,443

The Authority also leases motor vehicles from the Department of Administration which may be cancelled with a 30 day-notice. Under this agreement, the Authority incurred expenses of $106,839 during the fiscal year ended June 30, 2019.

The above information includes existing leases only and is not necessarily a forecast of total future rental expense. In the normal course of business, the Authority may renew or replace existing operating leases or enter into new operating leases.

8. Transactions with State Agencies

These financial statements include the following related party transactions between the Authority and the State of South Carolina and various State agencies:

- The South Carolina Department of Revenue collects documentary stamp taxes and remits $0.20 of every $1.30 collected to the Authority for the Housing Trust Fund.
- The employee insurance plans and retirement plan are administered by PEBA. PEBA was created July 1, 2012, by the South Carolina General Assembly as a State agency responsible for the administration and management of the State's employee insurance programs and retirement systems.
- Services received at no cost from State agencies include maintenance of certain accounting records and payroll and disbursement processing from the Comptroller General; check preparation, banking and investment functions from the State Treasurer; and legal services from the Attorney General.
- The Authority receives services from both the Department of Administration and the State Fiscal Accountability Authority (SFAA) to include grant services, personnel management, review, and approval of certain budget amendments, procurement services, and other centralized functions. The Authority accrued $186,522 for the Statewide Cost Allocation Plan during the fiscal year ended June 30, 2019.
- Financial transactions include payments to the Department of Administration and the SFAA for vehicle rental, insurance coverage, office supplies, printing, telephone, and interagency mail. Payments were also made for the workers' compensation insurance coverage and unemployment compensation. The amounts for such items applicable to fiscal year 2019 expenditures were not readily available.

9. Fund Transfers

Fund transfers to and from other funds, which are legally allowable and in accordance with the terms of the respective bond indentures, as applicable, during the fiscal year ended June 30, 2019 are as follows:

- $5,331,254 from the General Operating Fund to the Mortgage Revenue Bond Fund to fund the Series 2018B cost of issuance, capitalized interest and bond reserve.
- $1,267,047 from the Single Family Finance Programs Fund to the General Operating Fund to pay loan purchase fees and fund escrows.

10. Risk Management

The Authority is exposed to various risks of loss and maintains State or commercial insurance coverage for such risks except business interruption insurance. The Authority has arranged for backup facilities for its information technology needs. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settled claims have not exceeded this coverage in any of the past three years. The Authority pays insurance premiums to certain other State agencies and commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits except for deductibles.

Several State funds accumulate assets and the State assumes substantially all risks for the following:

1. Claims of State employees for unemployment compensation benefits (South Carolina Department of Employment and Workforce)
2. Claims of covered employees for workers' compensation benefits for job-related illnesses or injuries (State Accident Fund)
3. Claims of covered public employees for health and dental insurance benefits (Public Employee Benefit Authority Insurance Benefits)
4. Claims of covered public employees for long-term disability and group-life insurance benefits (Public Employee Benefit Authority Insurance Benefits)

Employees elect health coverage through the State's self-insured plan. All other coverage listed above is through the applicable State self-insured plan except that dependent and optional life premiums are remitted to commercial carriers.

The Authority and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following assets, activities, and/or events:

1. Theft of, damage to, or destruction of assets
2. Torts

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of property and equipment. IRF rates are determined actuarially.

The Authority obtains coverage through a commercial insurer for employee fidelity bond insurance for potential losses arising from theft or misappropriation by employees.

The Authority records expenses for insurance premiums in the general and administrative expense category of the General Operating Fund.

11. Conduit Debt

The Authority has issued bonds to provide financing for multifamily housing. These bonds are special limited obligations of the Authority, payable solely from and secured by mortgages to be received from mortgage loans with various mortgagees. The bonds do not constitute a debt or pledge of the faith and credit of the Authority or the State of South Carolina, and accordingly, have not been reported in the accompanying financial statements.

Issue Date	Bond/Note Title	Original Issue Amount	Amount Outstanding
	Fiscal Year 2004 (03/04)		
06/04	Multifamily Rental Housing Revenue Bonds (Canebreak Apartments Project)	$ 4,500,000	$ 3,508,833
	Fiscal Year 2005 (04/05)		
07/04	Multifamily Rental Housing Revenue Bonds (Bayside Apartments Project)	17,250,000	16,470,000
12/04	Multifamily Rental Housing Revenue Bonds (Wyndham Pointe Apartments Project)	9,400,000	6,549,263
12/04	Multifamily Rental Housing Revenue Bonds (Planters Retreat Apartments Project)	11,850,000	9,931,186
05/05	Multifamily Rental Housing Revenue Bonds (Wenmont Apartments Project)	6,210,000	5,380,915
	Fiscal Year 2006 (05/06)		
09/05	Multifamily Rental Housing Revenue Bonds (Hallmark Homes Apartments Project)	12,840,000	9,340,921
09/05	Multifamily Rental Housing Revenue Bonds (Appian Way Apartments Project)	11,600,000	10,000,000
09/05	Multifamily Rental Housing Revenue Bonds (Cross Creek Apartments Project)	8,850,000	8,022,621
01/06	Multifamily Rental Housing Revenue Bonds (Rocky Creek Apartments Project)	12,745,000	5,775,000
	Fiscal Year 2008 (07/08)		
01/08	Multifamily Rental Housing Revenue Bonds (Bridle Ridge Apartments)	7,885,000	7,355,000
	Fiscal Year 2009 (08/09)		
11/08	Multifamily Rental Housing Revenue Bonds (Franklin Square Apartments)	9,800,000	9,800,000
12/08	Multifamily Rental Housing Revenue Bonds (Brookside Crossing)	9,900,000	9,380,000

11. Conduit Debt (Continued)

Issue Date	Bond/Note Title	Original Issue Amount	Amount Outstanding
	Fiscal Year 2011 (10/11)		
5/11	Multifamily Rental Housing Revenue Bonds (North Augusta Gardens Apartments)	4,975,000	4,975,000
	Multifamily Rental Housing Revenue Bonds (Pickens Gardens Apartments)	1,275,000	885,000
	Fiscal Year 2015 (14/15)		
11/14	Multifamily Rental Housing Revenue : (Ashley Arms Apartments)	6,600,000	6,455,000
11/14	Multifamily Rental Housing Revenue Bonds (Palmilla Apartments)	14,385,000	11,320,000
5/15	Multifamily Rental Housing Revenue Bonds (Village at River's Edge)	11,000,000	9,905,670
	Fiscal Year 2016 (15/16)		
12/15	Multifamily Rental Housing Revenue : (Columbia Gardens)	15,000,000	12,993,000
12/15	Multifamily Rental Housing Revenue Bonds (Willow Run)	15,000,000	12,811,000
	Fiscal Year 2017 (16/17)		
07/16	Multifamily Rental Housing Revenue Loan (Waters at St James)	30,250,000	31,416,208
08/16	Multifamily Rental Housing Revenue Bonds (The Colony)	13,812,000	7,820,643
	Fiscal Year 2018 (17/18)		
11/17	Multifamily Rental Housing Revenue Bonds (Waters at Willow Lake)	9,500,000	7,662,716
	Fiscal Year 2019 (18/19)		
11/18	Multifamily Rental Housing Revenue Bonds (Lorick Place)	7,500,000	7,500,000
3/19	Multifamily Rental Housing Revenue Bonds (Killian Terrace)	23,398,000	23,398,000
6/19	Multifamily Rental Housing Revenue Bonds (Belle Meade)	10,950,000	10,950,000
Total		$ 286,475,000	$ 249,605,976

12. Pension Plan

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board of Directors decisions regarding the funding of the South Carolina Retirement Systems (Systems) and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The comprehensive annual financial report is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the Comprehensive Annual Financial Report of the State of South Carolina.

12.A Plan Descriptions

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the State of South Carolina, its public school districts, and political subdivisions.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

12. Pension Plan (Continued)

12.B Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

• SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

• State ORP - As an alternative to membership in SCRS, newly hired State, public school, and higher education employees and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election have the option to participate in the State ORP, which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement systems' trust funds for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

12.C Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of the benefit terms for each system is presented below.

• SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years.

12. Pension Plan (Continued)

12.C Benefits (Continued)

Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

12.D Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase in the SCRS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a thirty-year amortization schedule of the unfunded liabilities of the plans, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

12. Pension Plan (Continued)

12.D Contributions (Continued)

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization period.

Required employee contribution rates[1] are as follows:

	Fiscal Year 2019	Fiscal Year 2018
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%

Required employer contribution rates[1] are as follows:

	Fiscal Year 2019	Fiscal Year 2018
SCRS		
Employer Class Two	14.41%	13.41%
Employer Class Three	14.41%	13.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution[2]	14.41%	13.41%
Employer Incidental Death Benefit	0.15%	0.15%

[1] Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of laws.

[2] Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

The Authority has contributed $972,451 to the retirement and incidental death benefit programs, during the year ended June 30, 2019.

12. Pension Plan (Continued)

12.E Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future. South Carolina State statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report was most recently issued as of July 1, 2015.

The June 30, 2018, total pension liability (TPL), the net pension liability (NPL), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2017. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2018, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2018.

	SCRS
Actuarial cost method	Entry age normal
Investment rate of return[1]	7.25%
Projected salary increases[1]	3.0% to 12.5% (varies by service)
Benefit adjustments	lesser of 1% or $500 annually

[1] *Includes inflation at 2.25%*

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

12.E Actuarial Assumptions and Methods (Continued)

Assumptions used in the determination of the June 30, 2018, TPL are as follows.

12. Pension Plan (Continued)

12.E Actuarial Assumptions and Methods (Continued)

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

12.F Net Pension Liability

The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. The NPL amounts for SCRS are presented below:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	$ 48,821,730,067	$ 26,414,916,370	$ 22,406,813,697	54.1%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

The Authority's proportionate share of the net pension liability was calculated on the basis of historical employer contributions. Although GASB 68 encourages the use of the employer's projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is considered acceptable. For the year ending June 30, 2018, the Authority's percentage of the SCRS net pension liability was 0.070898%. For the year ending June 30, 2019, the Authority's percentage of the SCRS net pension liability was 0.068320% which is a decrease of 0.002578%. The Authority's proportionate share is determined by its percentage of total contributions to SCRS during the respective fiscal year. The change in percentage resulted in the Authority's recognizing a change in its proportionate share of the SCRS net pension liability at related deferred outflows and inflows of resources.

12. Pension Plan (Continued)

12.G Discount Rate

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

12.H Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 30-year capital market assumptions. The long-term expected rate of returns represents assumptions developed 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 2017 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 and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

12. Pension Plan (Continued)

12.H Long-term Expected Rate of Return (Continued)

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	**47.0**		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options	5.0%	5.52%	0.28%
Real Assets	**10.0**		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
Opportunistic	**13.0**		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-	2.0%	3.45%	0.07%
Other Opportunistic	3.0%	3.75%	0.11%
Diversified Credit	**18.0**		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
Conservative Fixed	**12.0**		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short	2.0%	0.34%	0.01%
Total Expected Real	100.0		5.03%
Inflation for			2.25%
Total Expected			7.28%

12.I Sensitivity Analysis

The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7.25 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

Sensitivity of the Proportional Share of Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	$ 19,561,165	$ 15,308,300	$ 12,267,909

12. Pension Plan (Continued)

12.J Deferred Outflows (Inflows) of Resources

For the year ended June 30, 2019, the Authority recognized pension expense of $1,333,378. At June 30, 2019, the Authority reported deferred outflows (inflows) of resources related to pensions from the following sources and will be amortized to pension expense as noted in following schedules. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2018 was 4.080 years for SCRS:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 972,451	$ —
Differences in actual and expected plan experience	27,633	90,085
Change in proportionate share and differences between the Authority's contributions and proportionate share of contributions	327,894	562,532
Changes in assumptions	607,348	—
Net differences between projected and actual earnings on plan investments	243,173	—
	$ 2,178,499	$ 652,617

Measurement Period Ending June 30,	**Fiscal Year Ending June 30,**	**SCRS**
2019	2020	$ 479,521
2020	2021	398,232
2021	2022	(288,618)
2022	2023	(35,704)

The Authority reported $972,451 as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

13. Post-Employment Benefits Other Than Pensions

13.A General Information

As previously described, PEBA is a State agency responsible for the administration and management of the State's employee insurance programs, other post-employment benefits trusts (OPEB Trusts) and retirement systems and is part of the State's primary government. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority ("SFFA"), which consists of five elected officials, also reviews certain PEBA Board of Director decisions in administering the State Health Plan and other post-employment benefits.

PEBA issues audited financial statements and required supplementary information for the OPEB Trusts. This information is publicly available through the Insurance Benefits' link on PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the State of South Carolina, and therefore, the financial information of the OPEB Trusts is also included in the State's comprehensive annual financial report.

13.B Plan Descriptions

The OPEB Trusts, collectively refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's Retiree Health and Dental Plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan. In accordance with Act 195, the OPEB Trusts are administered by PEBA, Insurance Benefits. The State Treasurer is the custodian of the funds held in trust. The PEBA Board of Directors has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit plans. Article 5 of the South Carolina Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

13.C Benefits

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least 10 years of retirement service credit.

13. Post-Employment Benefits Other Than Pensions (Continued)

13.C Benefits (Continued)

For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 to 24 years of service for 50% employer funding.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

Management of the Authority evaluated the net OPEB liability, OPEB expense, and related deferred outflows and inflows of resources associated with the SCLTDITF, and has concluded that these financial statement items are immaterial to the Authority's financial statements as of and for the fiscal year ended June 30, 2019. Accordingly, no adjustments were made to the Authority's financial statements pursuant to the provisions of GASB Statement No. 75 for the SCLTDITF.

13.D Contributions

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these post-employment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to PEBA, Insurance Benefits. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA, Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by the State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2018 was 5.50 percent. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments.

Employer contributions also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA, Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income.

13. Contributions (Continued)

13.D Contributions (Continued)

Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

The Authority's contributions to the SCRHITF plan were $404,112 for the fiscal year ended June 30, 2019.

13.E Net OPEB Liability and OPEB Expense

At June 30, 2019, the Authority reported a liability of $12,061,720 for its proportionate shares of the SCRHITF's net OPEB liability, measured at June 30, 2018. The SCRHITF's net OPEB liability represents its total OPEB liability determined in accordance with GASB Statement No. 74, less its fiduciary net position. The net OPEB liability was determined based upon actuarial valuations performed on June 30, 2017 which were then rolled forward to the June 30, 2018 measurement date. This method is expected to be reflective of the Authority's long-term contribution effort, as well as, be transparent to individual employers and their external auditors. At June 30, 2018, the Authority's proportionate share of the SCRHITF plan's net OPEB liability was 0.085118%, which represents a decrease of 0.002498% from its proportionate share measured as of June 30, 2017.

For the year ended June 30, 2019, the Authority recognized OPEB expense of $597,951.

13.F Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 180,690	$ 4,203
Changes of assumptions	-	982,188
Net difference between projected and actual earnings on OPEB plan investments	46,249	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-	359,981
Authority contributions subsequent to the measurement date	404,112	-
Total	$ 631,051	$ 1,346,372

13. Post-Employment Benefits Other Than Pensions (Continued)

13.F Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Of the total amount reported as deferred outflows of resources related to OPEB, $404,112 resulting from contributions made subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Authority's OPEB expense as follows:

	SCRHITF
Years ending June 30:	
2020	$ (202,137)
2021	(202,137)
2022	(202,137)
2023	(207,090)
2024	(214,937)
Thereafter	(90,995)

13.G Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The total OPEB liabilities were determined by actuarial valuations performed as of June 30, 2017. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2018. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

13. Post-Employment Benefits Other Than Pensions (Continued)

13.F Actuarial Assumptions (Continued)

Additional information as of the latest actuarial valuations for the SCRHITF Plan is as follows:

SCRHITF:

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00%, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	3.62% as of June 30, 2018
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ended June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 6.75% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 years
Aging Factors:	Based on plan specific experience
Retiree Participation:	79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for Partial Fund Premiums 20% participation for retirees who are eligible for Non-Funded Premiums
Notes:	There were no benefit changes during the year. The discount rate changed from 3.59% as of June 30, 2017 to 3.62% as of June 30, 2018.

The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 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.

13. Post-Employment Benefits Other Than Pensions (Continued)

13.F Actuarial Assumptions (Continued)

This information is summarized in the following table:

Asset Class	**Target Asset Allocation**	**Expected Arithmetic Real Rate of Return**	**Allocation-Weighted Long-Term Expected Real Rate of Return**
U.S. Domestic Fixed Income	80.00%	2.09%	1.67%
Cash	20.00%	0.84%	0.17%
Total	100.00%		1.84%
Expected Inflation			2.25%
Total Return			4.09%
Investment Return Assumption			**4.00%**

13.H Discount Rate

The Single Discount Rate of 3.62% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

13.I Sensitivity Analysis

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.62%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher. In addition, regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher.

	1% Decrease 2.62%	**Current Discount Rate 3.62%**	**1% Increase 4.62%**
SCRHITF Net OPEB Liability	$ 14,209,863	$ 12,061,720	$ 10,330,144

13. Post-Employment Benefits Other Than Pensions (Continued)

13.I Sensitivity Analysis (Continued)

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
SCRHITF Net OPEB Liability	$ 9,924,847	$ 12,061,720	$ 14,824,298

13.J OPEB Plan Fiduciary Net Position

Detailed information about the SCRHITF's fiduciary net position is available in the separately issued PEBA financial report which can be obtained as noted above.

14. Deferred Compensation Plans

Several optional deferred compensation plans are available to State employees and employees of its political subdivisions. Certain employees of the Authority have elected to participate in such plans. The multiple-employer plans, created under Internal Revenue Code Section 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employees. The State of South Carolina has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

The State of South Carolina has authorized deferred compensation matching contributions, which are funded from various funding sources based on the same percentages used for employees' salaries. The Authority made no contributions for the fiscal year ended June 30, 2019.

15. Commitments and Contingencies

Financial Award Commitments
As of June 30, 2019, the Authority has financial award commitments outstanding totaling $12,544,760 under the Housing Trust Fund programs.

The Authority receives significant federal grant and entitlement revenues. Compliance audits of federal programs may identify disallowed expenditures. Disallowances by federal program officials as a result of these audits may become liabilities of the Authority. The Authority records a liability for pending disallowances if settlement is probable and the settlement amount is reasonably estimable. Otherwise, the liability is recorded only when the Authority and the federal government agree on reimbursement terms.

15. Commitments and Contingencies (Continued)

Based on an analysis of historical data, the Authority believes that any such disallowances relating to the fiscal year ended June 30, 2019, or earlier years will not have a material impact on the Authority's financial statements.

16. Subsequent Events

On July 2, 2019, the Authority issued Mortgage Revenue Bond, Series 2019A, in the amount of $74,000,000. The proceeds are being used to purchase loans and mortgage backed securities made up of Authority loans.

17. Segment Financial Information

Segment financial information as required by the bond trustees for each indenture of the Authority's Single Family Finance Programs as of and for the fiscal year ended June 30, 2019, is presented on the following pages.

Statement of Net Position - June 30, 2019

	Single Family	Mortgage Revenue	Homeownership Bond	Revenue Reserve	Eliminations	Totals
Assets						
Current assets:						
Restricted assets:						
Cash and cash equivalents	$ 5,055,728	$ 16,833,777	$ 3,767,160	$ 293,111	$ -	$ 25,949,776
Investments	418,616	10,516,208	-	45,179	-	10,980,003
Loans receivable	4,061,250	14,153,945	-	397,870	-	18,613,065
Accounts receivable - other	-	-	-	105,763	-	105,763
Due from other funds	5,700,000	-	-	-	(5,700,000)	-
Accrued interest receivable:						
Loans	476,597	1,905,712	-	55,261	-	2,437,570
Deposits and investments	226,891	294,955	204,349	140,584	-	866,779
Total current assets	15,939,082	43,704,597	3,971,509	1,037,768	(5,700,000)	58,952,956
Non-current assets:						
Restricted assets:						
Investments	8,768,304	17,149,014	74,408,397	8,755,866	-	109,081,581
Loans receivable, net of current portion	91,277,169	441,866,371	-	22,527,286	-	555,670,826
Allowance for doubtful loans	(35,343)	(41,906)	-	-	-	(77,249)
Total noncurrent assets	100,010,130	458,973,479	74,408,397	31,283,152	-	664,675,158
Total assets	115,949,212	502,678,076	78,379,906	32,320,920	(5,700,000)	723,628,114

17. Segment Financial Information (Continued)

Statement of Net Position - June 30, 2019

	Single Family	Mortgage Revenue	Homeownership Bond	Revenue Reserve	Eliminations	Totals
Liabilities						
Current liabilities:						
Liabilities payable from restricted assets:						
Bonds payable, net of unamortized premiums	3,465,000	6,405,000	685,000	-	-	10,555,000
Accrued interest payable on bonds	803,012	5,368,038	537,833	-		6,708,883
Other	-	782,500	-	43,591	-	826,091
Total liabilities payable from restricted assets	4,268,012	12,555,538	1,222,833	43,591	-	18,089,974
Due to other funds	-	42,000	-	5,754,552	(5,700,000)	96,552
Total current liabilities	4,268,012	12,597,538	1,222,833	5,798,143	(5,700,000)	18,186,526
Non-current liabilities:						
Bonds payable, net of current portion and unamortized premiums	26,231,584	310,984,628	50,618,876	-	-	387,835,088
Total noncurrent liabilities	26,231,584	310,984,628	50,618,876	-	-	387,835,088
Total liabilities	30,499,596	323,582,166	51,841,709	5,798,143	(5,700,000)	406,021,614
Deferred Inflows of Resources						
Deferred gain on refunding	-	2,656,337	268,451	-	-	2,924,788
Total deferred inflows of resources	-	2,656,337	268,451	-	-	2,924,788
Net Position						
Restricted for:						
Debt service	(4,268,012)	13,513,038	1,572,833	-	-	10,817,859
Bond reserves	877,650	9,196,650	-	-	-	10,074,300
Housing projects and development	88,839,978	153,729,885	24,696,913	26,522,777	-	293,789,553
Total net position	$ 85,449,616	$ 176,439,573	$ 26,269,746	$ 26,522,777	$ -	$ 314,681,712

17. Segment Financial Information (Continued)

Statement of Revenues, Expenses, and Changes in Net Position - For the Year Ended June 30, 2019

	Single Family	Mortgage Revenue	Homeownership Bond	Revenue Reserve	Eliminations	Totals
Operating revenues						
Interest and other charges on loans	$ 4,622,036	$ 19,856,120	$ -	$ 279,202	$ -	$ 24,757,358
Income on deposits and investments	1,369,937	1,450,163	2,916,856	736,559	-	6,473,515
Net increase (decrease) in the fair value of investments	370,667	449,941	1,232,644	405,521	-	2,458,773
Administrative fees and other	1,355	18,639	40	33,921	-	53,955
Total operating revenues	6,363,995	21,774,863	4,149,540	1,455,203	-	33,743,601
Operating expenses						
Bond interest	1,558,764	9,686,258	1,655,403	-	-	12,900,425
Program services	179,314	1,200,135	37,817	600,000	-	2,017,266
Bond issuance expense	-	1,536,535	-	-	-	1,536,535
Other expenses	5,849	121,754	-	76,977	-	204,580
Total operating expenses	1,743,927	12,544,682	1,693,220	676,977	-	16,658,806
Operating income (loss)	4,620,068	9,230,181	2,456,320	778,226	-	17,084,795
Transfers						
Transfers in	-	5,331,258	-	597,600	(575,100)	5,353,758
Transfers out	-	(1,025,899)	(572,484)	(266,268)	575,100	(1,289,551)
Total transfers	-	4,305,359	(572,484)	331,332	-	4,064,207
Changes in net position	4,620,068	13,535,540	1,883,836	1,109,558	-	21,149,002
Net position, at beginning of year	80,829,548	162,904,033	24,385,910	25,413,219	-	293,532,710
Net position, at end of year	$ 85,449,616	$ 176,439,573	$ 26,269,746	$ 26,522,777	$ -	$ 314,681,712

17. Segment Financial Information (Continued)

Statement of Cash Flows - For the Year Ended June 30, 2019

	Single Family	Mortgage Revenue	Homeownership Bond	Revenue Reserve	Eliminations	Totals
Cash Flows From Operating Activities						
Receipt of loan principal payments	$ 10,489,493	$ 43,563,389	$ -	$ 10,805,636	$ -	$ 64,858,518
Receipt of loan interest payments	4,551,262	19,718,351	-	233,678	-	24,503,291
Purchases of new loans	(24,262,136)	(84,393,143)	-	(28,073,865)	-	(136,729,144)
Administrative fees and other	1,355	18,639	40	33,921	-	53,955
Payments to vendors	(133,961)	(2,068,042)	(37,816)	(33,386)	-	(2,273,205)
Net cash flows used for operating activities	(9,353,987)	(23,160,806)	(37,776)	(17,034,016)	-	(49,586,585)
Cash Flows From Non-capital Financing Activities						
Transfers from other programs	-			6,352,152	4,733,654	11,085,806
Transfers to other programs	(5,700,000)	4,305,359	(572,484)	(266,268)	(4,733,654)	(6,967,047)
Housing assistance payments	-	-	-	(600,000)	-	(600,000)
Proceeds from the sale of bonds	-	70,000,000	-	-	-	70,000,000
Premium received from the sale of bonds	-	2,062,185	-	-	-	2,062,185
Principal payments on bonds payable	(47,240,000)	(35,115,000)	(11,445,000)	-	-	(93,800,000)
Interest payments on bonds payable	(2,795,238)	(10,092,846)	(1,886,090)	-	-	(14,774,174)
Net cash flows provided by (used for) non-capital financing activites	(55,735,238)	31,159,698	(13,903,574)	5,485,884	-	(32,993,230)
Cash Flows From Investing Activities						
Purchases of investments	-	(8,180,940)	-	-	-	(8,180,940)
Sale of investments	19,368,392	2,342,191	1,924,448	10,135,328	-	33,770,359
Income on deposits and investments	1,087,349	1,296,956	8,233,711	279,498	-	10,897,514
Net cash flows provided by (used for) investing activites	20,455,741	(4,541,793)	10,158,159	10,414,826	-	36,486,933
Net increase (decrease) in cash and cash equivalents	(44,633,484)	3,457,099	(3,783,191)	(1,133,306)		(46,092,882)
Cash and cash equivalents, beginning of year	49,689,212	13,376,678	7,550,351	1,426,417	-	72,042,658
Cash and cash equivalents, end of year	$ 5,055,728	$ 16,833,777	$ 3,767,160	$ 293,111	$ -	$ 25,949,776

17. Segment Financial Information (Continued)

Statement of Cash Flows - For the Year Ended June 30, 2019

	Single Family	Mortgage Revenue	Homeownership Bond	Revenue Reserve	Totals
Reconciliation of operating income to net cash flows used for operating activities:					
Operating income	$ 4,620,068	$ 9,230,181	$ 2,456,320	$ 778,226	$ 17,084,795
Adjustments to reconcile operating income to net cash flows used for operating activities:					
Loan loss expense	(306)	(257,022)	-	-	(257,328)
Net increase in the fair value of investments	(370,667)	(449,941)	(1,232,644)	(405,521)	(2,458,773)
Housing assistance payments	-	-	-	600,000	600,000
Bonds interest expense reclassified to non-capital financing activities	1,558,764	9,686,258	1,655,403	-	12,900,425
Income on deposits and investments reclassified to investing activities	(1,369,937)	(1,450,163)	(2,916,856)	(736,559)	(6,473,515)
Change in operating assets and liabilities:					
Loans receivable	(13,721,132)	(40,606,851)	-	(17,655,867)	(71,983,850)
Accounts receivable	-	-	-	387,639	387,639
Accrued interest receivable - loans	(70,774)	(137,769)	-	(45,526)	(254,069)
Accounts payable, accrued expenses and unearned revenue	-	824,500	-	43,591	868,091
Total adjustments	(13,974,052)	(32,390,988)	(2,494,097)	(17,812,243)	(66,671,380)
Net cash flows used for operating activities	$ (9,353,984)	$ (23,160,807)	$ (37,777)	$ (17,034,017)	$ (49,586,585)

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

	SCRS					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Authority's proportion of the net pension liability	0.068320%	0.070898%	0.067562%	0.070607%	0.072075%	0.072075%
Authority's proportionate share of the net pension liability	$ 15,308,300	$ 15,960,280	$ 14,431,143	$ 13,390,958	$ 12,408,926	$ 12,927,684
Authority's covered payroll during the measurement period	$ 5,863,935	$ 5,718,578	$ 5,169,442	$ 5,144,169	$ 5,481,134	$ 5,390,921
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll during the measurement period	261.058487%	279.095258%	279.162490%	260.313337%	226.393407%	239.804738%
Plan fiduciary net position as a percentage of the total pension liability	54.1%	53.3%	52.9%	57.0%	59.9%	56.4%

Note: The amounts presented above were detetermined as of June 30th of the preceding year.

Note: Only six years of data were available, thus only six years were presented.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
SCHEDULE OF THE EMPLOYER'S PENSION CONTRIBUTION
FOR THE YEAR ENDED JUNE 30, 2019

	SCRS					
	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 972,451	$ 907,016	$ 791,248	$ 694,073	$ 694,228	$ 693,610
Contributions in relation to the contractually required contribution	972,451	907,016	791,248	694,073	694,228	693,610
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 6,678,922	$ 5,863,935	$ 5,718,578	$ 5,169,442	$ 5,144,169	$ 5,481,134
Contributions as a percentage of covered-employee payroll	14.56000%	15.46770%	13.83645%	13.42646%	13.49544%	12.65450%

* This schedule is presented to illustrate the requirement to show information for ten (10) years.
However,information for fiscal years 2009 through 2013 is not readily available.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
SCHEDULE OF THE EMPLOYER'S SHARE OF THE NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

	SCRHITF		
	2019	**2018**	**2017**
Authority's proportion of the net OPEB liability	0.085118%	0.087616%	0.087616%
Authority's proportionate share of the net OPEB liability	$ 12,061,720	$ 11,867,444	$ 12,676,836
Authority's covered payroll during the measurement period	$ 5,863,935	$ 5,718,578	$ 5,169,442
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll during the measurement period	205.693276%	207.524388%	245.226390%
Plan fiduciary net position as a percentage of the total OPEB liability	7.9%	7.6%	6.6%

Note: The amounts presented above were detetermined as of June 30th of the preceding year.

Note: Only three years of data were available, thus only three years were presented.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
SCHEDULE OF THE EMPLOYER'S OPEB CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019

	SCRHITF		
	2019	2018	2017
Contractually required contribution	$ 404,112	$ 342,999	$ 360,607
Contributions in relation to the contractually required contribution	404,112	342,999	360,607
Contribution deficiency (excess)	$ -	$ -	$ -
Authority's covered-employee payroll	$ 6,678,922	$ 5,863,935	$ 5,718,578
Contributions as a percentage of covered-employee payroll	6.05056%	5.84930%	6.30589%

* This schedule is presented to illustrate the requirement to show information for ten (10) years.
However,information for fiscal years 2009 through 2016 is not readily available.

SINGLE AUDIT SECTION

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Program Title	CFDA Number	Total Awards/ Expenditures
Department of Housing and Urban Development		
Section 8 - Housing Assistance Payments Program-Special Allocations	14.195	$ 136,760,578
HOME Investment Partnership Program	14.239	3,043,913
HERA Neighborhood Stabilization Program	14.228	38,846
Section 8 - Housing Choice Vouchers Program	14.871	13,903,604
National Housing Trust Fund	14.275	179,518
Total Direct - Department of Housing and Urban Development		$ 153,926,459

See accompanying notes to schedule of expenditures of federal awards.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal awards programs of the Authority for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Expenditures for federal financial assistance awarded directly from federal agencies are included on the Schedule. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

2. Summary of Significant Accounting Policies

The accompanying Schedule is presented using the full accrual basis of accounting, which is described in the notes to the Authority's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

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

4. HOME Investment Partnership Program

Total expenditures for the HOME Investment Partnership Program for the fiscal year ended June 30, 2019 include $1,401,217 of awards expended for loans that are recorded as *Loans Receivable* in the Statement of Net Position and not included in *Housing Assistance Payments and Grant Awards Disbursed* on the Statement of Revenues, Expenses and Changes in Fund Net Position. The total balance of loans for which the federal government has continuing compliance requirements is $82,730,165.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Mr. George L. Kennedy, III, CPA
State Auditor
South Carolina Office of the State Auditor
Columbia, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the South Carolina State Housing Finance and Development Authority (the "Authority"), a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 14, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.*

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.

Elliott Davis, LLC

Columbia, South Carolina
October 14, 2019

elliott davis

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Mr. George L. Kennedy, III, CPA
State Auditor
South Carolina Office of the State Auditor
Columbia, South Carolina

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Elliott Davis, LLC

Columbia, South Carolina
October 14, 2019

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.195	Section 8 – Housing Assistance Payments Program
14.871	Section 8 – Housing Choice Voucher Program

Dollar threshold used to distinguish between Type A and Type B programs	$ 750,000
Auditee qualified as a low risk auditee?	Yes

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported