

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

*SANTEE-LYNCHES
REGIONAL COUNCIL OF GOVERNMENTS*

June 30, 2013

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June 30, 2013

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1704 Laurel Street
Columbia, SC 29201

P.O. Box 2411
Columbia, SC 29202



Phone (803) 799-0555
Fax (803) 799-4212

www.hobbsepa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Santee-Lynches Regional Council of Governments

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santee-Lynches Regional Council of Governments (the "Council") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Council 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.

AUDITORS' 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, each major fund, and the aggregate remaining fund information of Santee-Lynches Regional Council of Governments, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and pages 37 through 41 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 Council's basic financial statements. Schedule I through Schedule XIII, as defined in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purpose of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organization*, and is also not as required part of the basic financial statements.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013 on our consideration of the Council'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 Council's internal control over financial reporting and compliance.

Columbia, South Carolina
December 5, 2013

The Holtz Group, P.A.

Santee-Lynches Regional Council of Governments Management's Discussion and Analysis

This discussion and analysis of the Santee-Lynches Regional Council of Government's (the Council's) financial performance provides an overview of the Council's financial activities for the fiscal year ended June 30, 2013. The MD&A should be read in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

Overview of the Financial Statements

Under the GASB 34 reporting requirements, there are two basic sets of financial statements in this report:

- ❖ the *government-wide statements* include the Statement of Net Position and the Statement of Activities found on pages 12 and 13 of the report, and
- ❖ the *governmental fund statements* include a Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances found on pages 14 and 16 of the report.

Government-wide Financial Statements

The Government-wide statements report information about the Council as a whole and are designed to provide the reader with a broad overview of the Council's finances in a manner similar to a private sector business.

The *Statement of Net Position* presents a snapshot view of all of the assets the Council owns, the liabilities it owes, and the net difference. That net difference, called Net Position, is separated into three amounts- invested in capital assets, restricted, and unrestricted. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the Council as a whole is improving or deteriorating.

The *Statement of Activities* presents an overview of the Council's expenses and revenues in a summarized format that assists the reader in determining the extent to which programs are self-supporting and/or subsidized by general revenues. The three general functions that are identified in this statement are:

- ❖ General administration – comprised of administrative and indirect costs and local programs not supported by federal or state funds or service contracts,
- ❖ Program administration- comprised of the remaining programs and services of the Council, including the major and non-major programs, and
- ❖ Service administration – comprised of the contracted services provided by the Council to the Santee-Lynches Regional Development Corporation

Both of the government-wide financial statements distinguish between *governmental activities* and *business type activities*. *Governmental activities* are functions or activities of the Council that are primarily supported by grants and contracts with federal, state and local governments or agencies. *Business type activities* are functions or activities of the Council that are intended to recover all or a significant portion of their costs through interest and fees earned on notes receivable. The business-type activity reflected in these statements is the Council's Economic Development Administration (EDA) Title IX Revolving Loan fund.

Governmental Fund Statements

Governmental Funds:

In these statements, the major governmental funds - Aging, Workforce, and Housing & Economic Development - are presented in their own columns and the remaining funds are appropriately separated into either the "General" fund or combined into a column titled "Non-major Governmental Funds".

Proprietary Funds:

This fund consists solely of the EDA Title IX Revolving Loan fund.

The most significant difference between the two sets of statements, the Government-wide Financial Statements and the Governmental Fund Statements, is that the Governmental Funds statements are more closely related to the cash inflows and outflows of the Council. These statements, unlike the Government-wide statements, do not take into account non-cash transactions such as depreciation expenses, gain or loss on the disposal of assets, and changes in accrued leave payables. A reconciliation of the Net Change in Fund Balances for the Governmental Funds and the Change in Net Position for the Government-wide activities is provided on pages 15 and 17 of the financial statements.

The financial statements also include Notes to the Financial Statements that provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other required supplemental information, found on pages 37 through 40 of the report, includes budgetary comparison schedules for the major governmental funds of the Council.

**CONDENSED COMPARATIVE FINANCIAL STATEMENTS AND
ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS**

Summary of Statement of Net Position

| | Governmental Activities | | | Business-Type Activities | | |
|--|-------------------------|---------------------|---------------------|--------------------------|---------------------|-----------------------|
| | 6/30/2013 | 6/30/2012 | Net Change | 6/30/2013 | 6/30/2012 | Net Change |
| Current Assets | \$ 2,110,832 | \$ 2,242,255 | | \$ 0 | \$ 1,323,633 | |
| Noncurrent Assets | 376,309 | 339,111 | | 0 | | |
| Total Assets | \$ 2,487,141 | \$ 2,581,366 | \$ (94,225) | 0 | 1,323,633 | \$ (1,323,633) |
| Current Liabilities | \$ 416,313 | 579,736 | | | | |
| Long-Term Liabilities | 2,749 | 7,881 | | | | |
| Total Liabilities | \$ 419,062 | \$ 587,617 | \$ (168,555) | \$ 0 | \$ 0 | \$ 0 |
| Net Assets: | | | | | | |
| Invested in Capital Assets Net of Related Debt | \$ 297,297 | \$ 326,587 | | | | |
| Restricted | 73,671 | 73,698 | | \$ 0 | \$ 1,323,633 | |
| Unrestricted | 1,697,111 | 1,593,464 | | | | |
| Total Net Position | \$ 2,068,079 | \$ 1,993,749 | \$ 74,330 | \$ 0 | \$ 1,323,633 | \$ (1,323,633) |

The snapshot of the *governmental activities'* assets and liabilities indicates an approximate 3.7% improvement in this portion of the Council's overall financial position from FYE 2012 to FYE 2013. Total Assets and Total Liabilities both decreased, with Total Liabilities decreasing at a higher rate than Assets, resulting in positive change in Total Net Position of \$74,330.

A summary review of the changes in the *governmental activities'* assets and liabilities indicates the Council's cash position at June 30, 2013 was about 12.5% higher than the prior year. While Accounts Receivable decreased about 28% over the prior year, Accounts Payable decreased approximately 34% over the prior year. Non-current assets, which include a long-term notes receivable and net capital assets, continued to decline. The long-term notes receivable is slowly, but steadily, being paid down. Net capital assets continue to decrease in value, in part because of continued efforts to clear out obsolete computers and software programs and non-functioning equipment and copiers. Another reason for the decrease in capital assets is depreciation of vehicles without replacement and depreciation of the building. No new long-term liabilities were incurred, and the current equipment lease is being paid down, decreasing the long term liability.

The snapshot of the *business-type activities'* assets and liabilities shows a dramatic change from FY 2012 to 2013 because of the transfer of the corporation's Revolving Loan Fund to Catawba COG. As a result, there are no remaining assets or liabilities in the business-type activities at 6/30/13. This transfer is more fully discussed in the Notes accompanying the financial statements.

Summary of Statement of Activities

| | Governmental Activities | | | Business-Type Activities | | |
|---|-------------------------|---------------------|---------------------|--------------------------|---------------------|--------------------|
| | 6/30/2013 | 6/30/2012 | Net Change | 6/30/2013 | 6/30/2012 | Net Change |
| Operating Grants | \$ 5,865,920 | \$ 6,680,348 | | | | |
| Charges for Service | 31,689 | 23,330 | | \$ 25,327 | \$ 46,452 | |
| State and Local | 219,916 | 216,540 | | | | |
| Appropriations | | | | | | |
| Interest and | | | | | | |
| Other Income | (1,347) | 663 | | | | |
| Total Revenues | \$ 6,116,178 | \$ 6,920,881 | \$ (804,703) | \$ 25,327 | \$ 46,452 | \$ (21,125) |
| General Admin | \$ 156,204 | \$ 202,864 | | | | |
| Program Admin | 5,854,686 | 6,688,896 | | | | |
| Service Admin | 30,958 | 22,781 | | | | |
| EDA Title IX | | | | | | |
| Revolving Loan | | | | \$ 37,000 | \$ 69,683 | |
| Total Expenses | \$ 6,041,848 | \$ 6,914,541 | \$ (872,693) | \$ 37,000 | 69,683 | \$ (32,683) |
| Transfer of Operations | 0 | 0 | 0 | (1,311,960) | 0 | |
| Change in Net Position | 74,330 | 6,340 | 67,990 | (1,323,633) | (23,231) | (1,300,402) |
| Net Position at the Beginning of the Year | 1,993,749 | 1,987,409 | | 1,323,633 | 1,346,864 | |
| Net Position at the End of the Year | <u>\$ 2,068,079</u> | <u>\$ 1,993,749</u> | | <u>\$ 0</u> | <u>\$ 1,323,633</u> | |

Governmental Activities:

Overall, revenues decreased approximately 11.6% from the 2012 level. Dollar-wise the single most significant decrease in revenues was in the operating grants, funded predominately by federal and state funds. Total expenses also decreased approximately 12.6% from the prior year level. This decrease was at a slightly higher rate than that of the revenues. Program administration expenses accounted for the largest portion of the dollar decrease in expenses. The Change in Net Position was positive this year and was higher than the positive change in the prior year.

Business-type activities:

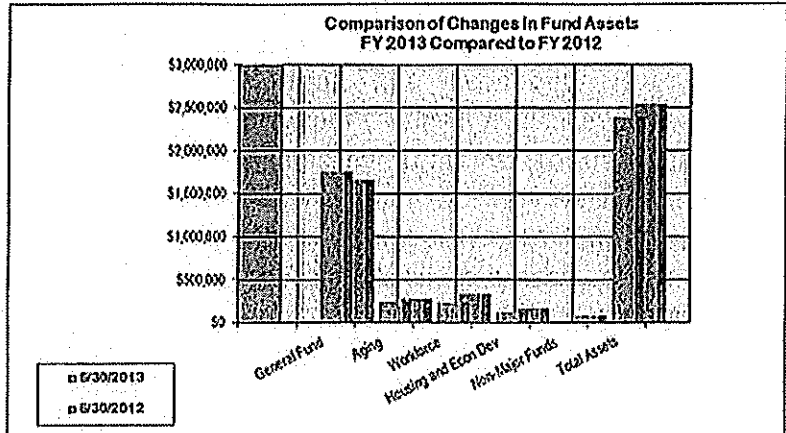
Both revenues and expenses decreased at almost the same rate over the prior year in the business-type activities.

The "Analysis of Balances and Transactions of Individual Funds" that follows provides more specific details of the variances in various programs/funds from last year to this year.

Analysis of Balances and Transactions of Individual Funds

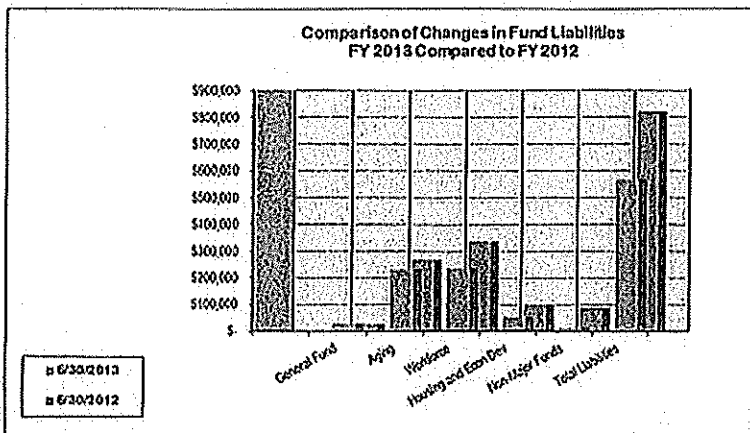
Governmental Funds:

In the general fund, total assets increased by approximately 6.0% over the prior year with the majority of the increase in Cash. Amounts Due from other funds decreased fairly significantly, and liabilities decreased only slightly. The net result was an approximate 6% increase in unreserved fund balance over the prior year.



Within the specific program areas, the Aging program reflected an approximate 14% decrease in accounts receivable. Correspondingly, Aging program liabilities decreased by about the same amount because of decreased accounts payable and deferred revenue. Timing of requests for payment and service provider use of funds affected these amounts this year. The ending fund balance for the aging program was unchanged.

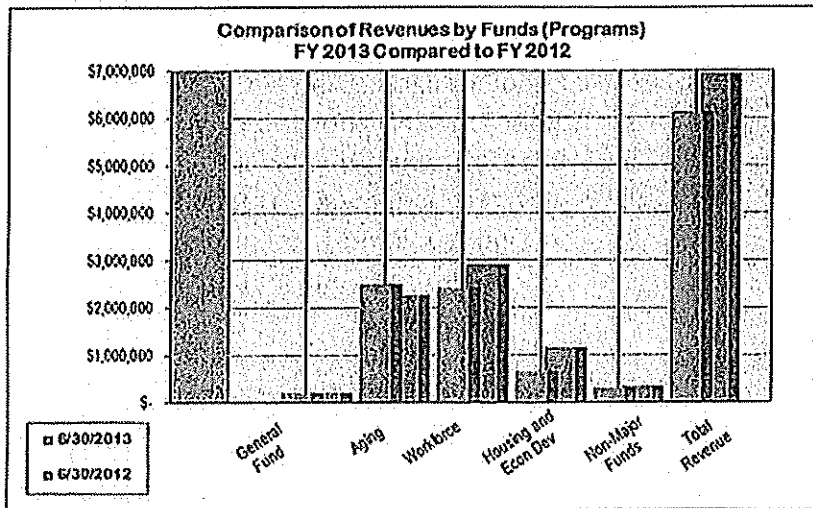
In the Workforce program, both assets and liabilities decreased from the prior year levels by about 30% in total. Accounts receivable decreased by about 30%, and accounts payable decreased by about 40%. An increase in the amount due to the general fund from the Workforce fund netted the liability decrease to approximately 30%. The timing of invoices from contractors and closeout out reports along with invoicing to the state for accounts receivable were the primary influences in the changes in position from the prior year.



While the percentage increase in the Housing and Economic Development program's Cash balance was fairly significant from last to this year, the dollar amount was relatively insignificant when compared to total assets. Accounts receivable decreased from the prior year by about 46%, and total liabilities decreased by approximately 45% with decreases in both accounts

payable and amounts due to general fund. The net fund balance remained relatively unchanged. The decreases in both accounts receivable and accounts payable can be attributed to the funding reductions over the prior year's funding as will be noted later in this analysis.

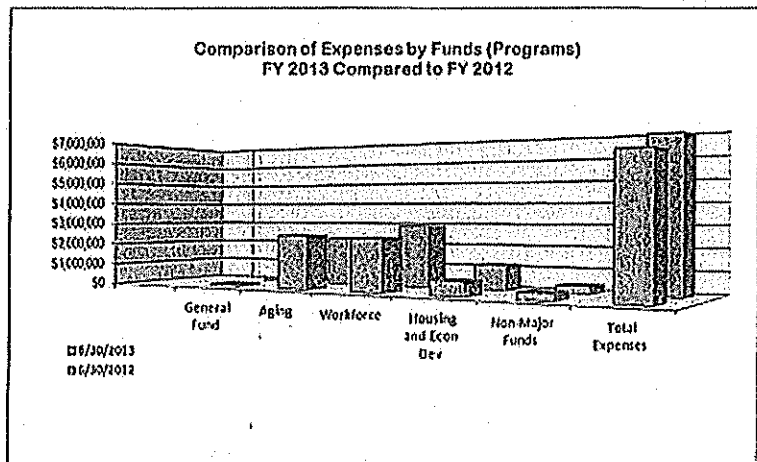
Assets and liabilities in the non-major fund decreased by approximately 80% from the prior year amounts. Accounts receivable decreased significantly as did the amounts due to the general fund while accounts payable were almost zero.



Changes in the general fund revenues and expenses, while not as large as the other program areas, are, however, important to note because the general fund is the only area that generates unrestricted fund balances. General fund revenues increased very slightly from the prior year, because of changes in local government appropriations due to final adjustments for census data. State appropriations remained the same. General fund expenses were

down almost 14% from the prior year primarily due to the decreases in amounts applied as matching funds from local sources and in-kind match reported.

While Federal Aging revenues decreased, state revenue funding was increased over the prior year's level. The primary reason for the decrease in federal funding was the lack of carryover funding that allowed for a one-time, pilot program in the prior year and provided for additional service provision. Participation in a Veterans Directed fee for services program instead of a grant assisted program increased contracted revenue in the current year while decreasing federal grant revenue. Overall, aging revenues increased approximately 10% with that increase coming primarily from the state provided funds. Correspondingly, aging expenses increased by almost 10% with payments to service providers increasing by almost 25%. This percentage increase was offset by reductions in operating costs at the AAA level and reduced Direct Participant Support payments as the result of the closing of the pilot program previously mentioned and operated in the prior year.



In the Workforce area, the graphs reflect decreases in both revenues and expenses. Revenues declined by about 17%, mainly as the result of decreased federal funding. Expenses correspondingly decreased approximately 17% as the result of reductions in staffing and overhead costs, consulting fees and payments to service providers. In short, both the Administrative Entity and its service provider contractors continued to reduce their costs/expenses to accommodate ongoing revenue reductions.

Housing and Economic Development program revenues and expenses both decreased by approximately 43% and 44% respectively. Continued reductions in federal funding as well as the lack of any new CDBG grant applications/awards were the cause of the revenue reductions. Intentional cost savings in overhead as well as staff attrition contributed to the lower costs for the year.

Within the Non-major governmental fund, revenues decreased by approximately 12% over the prior year, in part, due to the cyclical nature of special contracts and local planning and zoning work but also due to staff attrition that resulted in lower costs to be reimbursed by certain grants. While the staff vacancy generated reductions in salary and overhead costs, it also prevented the agency from actively seeking new grants or contracts within the planning arena.

Overall, the agency's ability to withstand an approximate 13.1% overall reduction in revenue from FY '12 to FY '13 was the result of operating in a very lean mode during the year by not filling the Executive Director's position until after the fiscal year ended and continuing to hold open two other staff positions vacated during the year. The cooperation of workforce contractors in modifying their budgets to accommodate lower revenue levels was also a key factor in holding down costs.

Proprietary Funds:

The business-type activities charted previously are the summaries of the EDA Title IX Revolving Loan Fund program. As was noted previously in this report, the Title IX RLF was transferred during the fiscal year to Catawba Regional COG after much deliberation by the Regional Development Corp and at the concurrence of the COG Board. As a result, there are no assets or liabilities that remain in the Proprietary Funds.

Revenues and expenses that were incurred during the year are significantly reduced from the prior year because of the phase out of the program and the corresponding staffing reduction.

Budgetary Analysis

Within the Required Supplemental Information section of this report, a budgetary comparison schedule for the General Fund is provided on page 37. When comparing the original budget to the final budget, there were no changes in the revenues section. On the expense side, budgeted personnel and indirect costs along with travel/transportation and matching costs were lowered from the original to the final budget. One of the significant factors in the revisions to the budgeted numbers were the continued staff vacancies in the Planner's and Executive Director's positions that lowered the proposed budgeted costs for personnel, indirect, and travel. "Applied as Match" budgeted costs were lowered as the result of decreased staffing and overhead costs and because remaining staff members were charging to more direct programs that required less or no match. The only relatively significant increases in original to final budgeted costs were in the operations and maintenance and capital outlays line items. A major computer virus during the year caused staff to increase the proposed budget for computer maintenance and repairs. Projected increases in telephone and internet costs were also computed in the operations budget increase. Capital outlay cost projections were increased for proposed computer and equipment upgrades during the year.

The most significant variances in the final budget and actual revenues and expenses were on the expenditures side. Budget to actual variances in revenues were, from a dollar standpoint, very minor. From the expenses standpoint, final direct personnel charges to accounts that comprise the general fund were higher than anticipated, resulting in final expenses that exceeded the budget but did not exceed the available grant awards. Operating and maintenance costs were actually held to less than what was finally budgeted in the general fund as were travel and transportation costs.

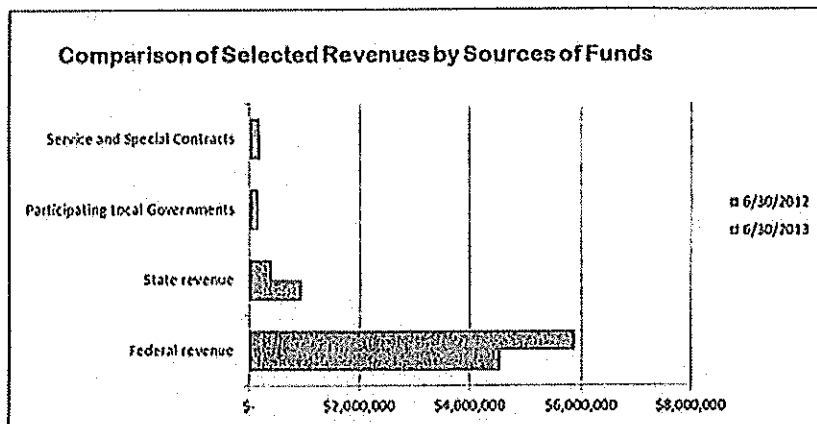
Funds actually applied for match were lower than budgeted because of lower than expected costs in certain programs that required matching funds. Actual capital outlays from the general fund were slightly more than \$7,500 over the budget for the general fund only because of the way accounts were combined in the financial statements. Actual capital outlay expenditures did not exceed the overall agency budget. Debt service principal payments, while not budgeted as expenses, are included in the financial statements and included in this schedule.

Capital Asset and Long Term Debt Activity

The net value of capital assets declined by approximately 9% from last year to this year. Agency-wide as well as throughout the Workforce service provider system, staff have continued to weed out from the capital inventory obsolete/unused computers and software programs previously capitalized as well as nonfunctioning equipment such as copiers. Depreciation of vehicles without replacement and of the building as it ages continues to lower the net value of capital assets.

Long term debt decreased by more than \$5,000 from last year to this fiscal year end as the result of pay down on capital leases with no new debt acquisition.

Economic Factors and Next Year's Budget



The reality of continuing decreases in federal funding is demonstrated in the chart to the left and continues to pose a challenge to maintaining a sufficient revenue base to support personnel and overhead costs and to maintain adequate levels of service provision through our various programs in the region. The bright spots in the picture have been the

increased State revenue provided to the Aging program for direct service provision along with continued strong local government participation via appropriations.

Staff attrition and the resultant lean staffing for the majority of FY 12-13, while conserving costs during the year, may temporarily work to the agency's disadvantage in the upcoming year because staffing limitations hindered or, in some cases, prevented pursuit of new funding opportunities, grants or contracts to "feed the pipeline". It will be important for new and existing staff to aggressively seek contracts, grants and other funding to in order to reestablish a supportive revenue base for operations. It is management's philosophy to expand, not contract, the agency and its services, and staff will be looking to create opportunities to do so in the coming year.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
 June 30, 2013

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 1,530,462 | | \$ 1,530,462 |
| Due from related parties | 12,968 | | 12,968 |
| Accounts receivable | 566,381 | | 566,381 |
| Notes receivable, net | 1,021 | | 1,021 |
| Total Current Assets | 2,110,832 | \$ 0 | 2,110,832 |
| Noncurrent assets | | | |
| Notes receivable, net | 71,002 | | 71,002 |
| Capital assets, net | | | |
| Building | 214,252 | | 214,252 |
| Furniture and equipment | 76,831 | | 76,831 |
| Vehicles | 14,224 | | 14,224 |
| Total Noncurrent Assets | 376,309 | 0 | 376,309 |
| TOTAL ASSETS | \$ 2,487,141 | \$ 0 | \$ 2,487,141 |
| LIABILITIES AND NET POSITION | | | |
| Current Liabilities | | | |
| Accounts payable | \$ 320,101 | | \$ 320,101 |
| Accrued payroll and other liabilities | 20,602 | | 20,602 |
| Unearned revenue | 17,763 | | 17,763 |
| Insurance and tax escrow | 772 | | 772 |
| Accrued annual leave | 51,814 | | 51,814 |
| Current portion of long-term debt | 5,261 | | 5,261 |
| Total Current Liabilities | 416,313 | \$ 0 | 416,313 |
| Noncurrent Liabilities | | | |
| Long-term debt | 2,749 | | 2,749 |
| Total Liabilities | 419,062 | 0 | 419,062 |
| Net Position | | | |
| Net investment in capital assets | 297,297 | | 297,297 |
| Restricted | 73,671 | | 73,671 |
| Unrestricted | 1,697,111 | | 1,697,111 |
| Total Net Position | 2,068,079 | 0 | 2,068,079 |
| TOTAL LIABILITIES AND NET POSITION | \$ 2,487,141 | \$ 0 | \$ 2,487,141 |

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

STATEMENT OF ACTIVITIES
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
 For the Year Ended June 30, 2013

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | |
|-------------------------------|------------------|----------------------|------------------------------------|---|-------------------------|--------------------------|-----------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental Activities | | | | | | | |
| General administration | \$ 156,204 | | | | \$ (156,204) | \$ | (156,204) |
| Program administration | 5,854,686 | 731 | 5,865,920 | | 11,965 | | 11,965 |
| Service administration | 30,958 | 30,958 | | | 0 | | 0 |
| Total Governmental Activities | 6,041,848 | 31,689 | 5,865,920 | 0 | (144,239) | 0 | (144,239) |
| Business-Type Activities | | | | | | | |
| EDA Title IX Revolving Loan | 37,000 | 25,327 | | | (11,673) | | (11,673) |
| Total Primary Government | \$ 6,078,848 | \$ 57,016 | \$ 5,865,920 | \$ 0 | (144,239) | (11,673) | (155,912) |

| General Revenues | | Transfer of Operations | |
|---------------------------------|---------|------------------------|-------------|
| State revenue | 41,242 | | (1,311,960) |
| Participating local governments | 178,674 | | |
| Interest income | 655 | 74,330 | (1,323,633) |
| Loss on disposal of asset | (2,130) | | |
| Other | 128 | | |
| Total General Revenues | 218,569 | 1,993,749 | 1,323,633 |
| | | | 0 |
| | | | (1,311,960) |
| | | | (1,249,303) |
| | | | 3,317,382 |
| | | | 0 |
| | | | 2,068,079 |
| | | | 0 |
| | | | 2,068,079 |

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

BALANCE SHEET - GOVERNMENTAL FUNDS
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
 June 30, 2013

| | Special Revenue Funds | | | | | Total Governmental Funds |
|--|-----------------------|-------------------|--------------------------------|--|------------------------------------|--------------------------------|
| | General | Aging | Workforce Investment Act | Housing and Economic Development Projects | Non-major Governmental Funds | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 1,513,687 | \$ 14,356 | \$ | \$ 2,419 | \$ | \$ 1,530,462 |
| Due from other funds | 205,153 | | | | \$ 2,572 | 207,725 |
| Due from related party | | | | | 12,968 | 12,968 |
| Accounts receivable | 44,772 | 232,062 | \$ 236,535 | 53,012 | | 566,381 |
| Notes receivable, net | | | | 72,023 | | 72,023 |
| TOTAL ASSETS | \$ 1,763,612 | \$ 246,418 | \$ 236,535 | \$ 127,454 | \$ 15,540 | \$ 2,389,559 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 5,869 | \$ 140,981 | \$ 166,759 | \$ 6,194 | \$ 298 | \$ 320,101 |
| Accrued payroll and other liabilities | 20,602 | | | | | 20,602 |
| Unearned revenue | | 2,521 | | | 15,242 | 17,763 |
| Insurance and tax escrow | | | | 772 | | 772 |
| Due to other funds | 2,572 | 88,560 | 69,776 | 46,817 | | 207,725 |
| Total Liabilities | 29,043 | 232,062 | 236,535 | 53,783 | 15,540 | 566,963 |
| Fund Balances | | | | | | |
| Restricted | | 14,356 | | 73,671 | | 88,027 |
| Unassigned | 1,734,569 | | 0 | 73,671 | 0 | 1,734,569 |
| Total Fund Balances | 1,734,569 | 14,356 | 0 | 73,671 | 0 | 1,822,596 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,763,612 | \$ 246,418 | \$ 236,535 | \$ 127,454 | \$ 15,540 | \$ 2,389,559 |

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

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
SANTÉE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
June 30, 2013

| | |
|-------------------------------------|--------------|
| Fund Balances of Governmental Funds | \$ 1,822,596 |
|-------------------------------------|--------------|

Amounts reported for governmental activities in the Statement of
Net Position are different because:

| | |
|--|---------|
| Capital Assets, net of depreciation, are not current financial resources and are not included in the governmental funds. | 305,307 |
|--|---------|

| | |
|---|--|
| Long-term liabilities, including accrued annual leave, notes and leases payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. | |
|---|--|

| | |
|----------------------|----------|
| Accrued annual leave | (51,814) |
| Lease payable | (8,010) |
| | <hr/> |

| | |
|---|---------------------|
| Net Position of Governmental Activities | <u>\$ 2,068,079</u> |
|---|---------------------|

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

For the Year Ended June 30, 2013

| | Special Revenue Funds | | | | | Total Governmental Funds |
|---|-----------------------|-----------|--------------------------------|--|------------------------------------|--------------------------------|
| | General | Aging | Workforce Investment Act | Housing and Economic Development Projects | Non-major Governmental Funds | |
| Revenues | | | | | | |
| Federal revenue | \$ | 1,585,281 | \$ 2,226,541 | \$ 565,275 | \$ 183,298 | \$ 4,560,395 |
| State revenue | 41,242 | 777,027 | 136,778 | | | 955,047 |
| Participating local governments | 178,674 | 32,825 | | 93,776 | 74,227 | 178,674 |
| Service and special contracts | | 81,279 | 800 | | 55,017 | 200,828 |
| Required match | 655 | | | | | 137,096 |
| Interest income | 128 | 24,062 | 60,183 | 731 | 510 | 655 |
| Other | 220,699 | 2,500,474 | 2,424,302 | 659,782 | 313,052 | 85,614 |
| Total Revenues | | | | | | 6,118,309 |
| Expenditures | | | | | | |
| General administration | 101,084 | | | | | 101,084 |
| Program administration | 18,397 | 2,501,338 | 2,406,139 | 655,027 | 323,140 | 5,885,644 |
| Capital outlays | 4,513 | | 7,366 | | | 25,763 |
| Debt service - principal retirement | 2,618 | | | | | 4,513 |
| Debt service - interest | 126,612 | 2,501,338 | 2,413,505 | 655,027 | 323,140 | 2,618 |
| Total Expenditures | | | | | | 6,019,622 |
| Excess (Deficiency) Revenues Over (Under) Expenditures | 94,087 | (864) | 10,797 | 4,755 | (10,088) | 98,687 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | 15,579 | 864 | | | 10,088 | 26,531 |
| Transfers out | (10,952) | | (10,797) | (4,782) | | (26,531) |
| Total Other Financing Sources (Uses) | 4,627 | 864 | (10,797) | (4,782) | 10,088 | 0 |
| Net Change in Fund Balances | 98,714 | 0 | 0 | (27) | 0 | 98,687 |
| Fund Balances at Beginning of Year | 1,635,855 | 14,356 | 0 | 73,698 | 0 | 1,723,909 |
| FUND BALANCES AT END OF YEAR | \$ 1,734,569 | \$ 14,356 | \$ 0 | \$ 73,671 | \$ 0 | \$ 1,822,596 |

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
SANTÉE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
For the Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds \$ 98,687

Amounts reported for governmental activities in the Statement of
Activities differs from the amounts in the Statement of
Revenues, Expenditures, and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities, the costs of those
assets is allocated over their estimated useful lives
as depreciation expense or are allocated to the appropriate
functional expense when the cost is below the capitalization
threshold. This activity is reconciled as follows:

| | |
|------------------------------------|----------|
| Cost of assets capitalized | 25,763 |
| Loss on disposal of capital assets | (2,130) |
| Depreciation expense | (57,439) |

The issuance of long-term debt provides current financial
resources to governmental funds, while repayment of the
principal of long-term debt consumes the current financial
resources of governmental funds. Neither transaction
however, has any effect on net assets. This activity is
reconciled as follows:

| | |
|----------------------|-------|
| Principal repayments | 4,513 |
|----------------------|-------|

Some expenses reported in the Statement of Activities do
not require the use of current financial resources
therefore, are not reported as expenditures in governmental
funds. This is the amount of increase in the liability for
accrued annual leave.

4,936

Change in Net Position of Governmental Activities \$ 74,330

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

STATEMENT OF NET POSITION - PROPRIETARY FUND
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
 June 30, 2013

| | EDA Title IX <u>Revolving Loan</u> |
|---|--|
| ASSETS | |
| Current Assets | |
| Cash | \$ 0 |
| | <u>0</u> |
| TOTAL ASSETS | <u>\$ 0</u> |
| LIABILITIES AND NET POSITION | |
| Current Liabilities | |
| Due to other funds | \$ 0 |
| | <u>0</u> |
| Total Liabilities | <u>0</u> |
| Net Position | |
| Restricted | 0 |
| | <u>0</u> |
| Total Net Position | <u>0</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 0</u> |

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
 PROPRIETARY FUND
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
 For the Year Ended June 30, 2013

| | EDA Title IX <u>Revolving Loan</u> |
|-----------------------------------|--|
| Operating Revenues | |
| Interest on notes receivable | \$ 24,714 |
| Interest income | 613 |
| Total Operating Revenues | <u>25,327</u> |
| Operating Expenses | |
| Personnel Costs | 19,037 |
| Indirect cost allocations | 8,738 |
| Miscellaneous fees and costs | 9,225 |
| Total Operating Expenses | <u>37,000</u> |
| Operating Loss | (11,673) |
| Transfer of operations | (1,311,960) |
| Change in Net Position | (1,323,633) |
| Net Position at beginning of Year | <u>1,323,633</u> |
| NET POSITION AT END OF YEAR | <u><u>\$ 0</u></u> |

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

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
 For the Year Ended June 30, 2013

| | EDA Title IX <u>Revolving Loan</u> |
|--|--|
| Cash Flows From Operating Activities | |
| Cash received from note recipients | \$ 385,973 |
| Cash payments for personnel costs and professional fees | (49,947) |
| Other operating cash receipts | 613 |
| Net Cash Provided By Operating Activities | <u>336,639</u> |
| Cash Flows From Nonoperating Activities | |
| Transfer of operations (see Note L) | (1,000,170) |
| Net Cash Used In Nonoperating Activities | <u>(1,000,170)</u> |
| Net Decrease In Cash | (663,531) |
| Cash at beginning of year | <u>663,531</u> |
| Cash At End Of Year | <u>\$ 0</u> |
| Reconciliation of Operating Loss to Net Cash Used By Operating Activities | |
| Operating loss | \$ (11,673) |
| Change in Assets and Liabilities: | |
| Notes receivable | 361,259 |
| Due to other funds | (12,947) |
| Net Cash Provided By Operating Activities | <u>\$ 336,639</u> |

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
June 30, 2013

Santee-Lynches Regional Council of Governments ("the Council") was organized on August 6, 1970 under the laws of South Carolina to perform various functions and activities associated with the implementation and administration of the provisions and spirit of the Public Works and Economic Development Act of 1965, Public Law 89136, as promulgated by the 89th Congress of the United States of America, and all subsequently enacted federal and state legislation related thereto.

The Council is comprised of Clarendon, Kershaw, Lee and Sumter Counties of South Carolina. The Council is governed by 29 representatives of the various counties and municipalities in the area. This Board is appointed and controls the operations and fiscal accountability of the Council. The Council is a separate reporting entity and is not a component unit of any other governmental entity.

The Council provides technical assistance to the various county and municipal governments who participate in the Council. The Council serves as an intermediary between the funding source and contract subrecipients on many projects. The Council provides contract services to the local governments for obtaining and administering grants.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Council in the accompanying basic financial statements conform in all material respects to accounting principles generally accepted in the United States of America applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The Council has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Measurement Focus and Basis of Accounting: The accounts of the Council are organized on the basis of governmental funds and proprietary funds types, specifically enterprise funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Enterprise funds account for activities that are financed with debt that is secured solely by a pledge of net revenues from fees and charges of the activity; or that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

NOTES TO THE BASIC FINANCIAL STATEMENTS
SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

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

Government-Wide Financial Statements

The Council's Government-Wide Financial Statements include a statement of net position and a statement of activities (including changes in net position). These statements present summaries of Governmental Activities and Business-Type Activities for the Council.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Council's assets and liabilities, including capital assets as well as long-term debt, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the Council are reported as either charges for services, operating grants and contributions, or capital grants and contributions. Charges for services include revenues received for performing administrative services for the program. Grant and contributions include revenues restricted to meeting the operational or capital requirements of a particular function.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to inter-fund activities, payables and receivables. All internal balances in the statement of net position have been eliminated.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and aggregated non-major funds. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-Wide Financial Statements. The Council has presented all major funds that met the qualifications of GASB Statement No. 34.

Governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable.

NOTES TO THE BASIC FINANCIAL STATEMENTS
SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

and available to finance expenditures of the period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual are investment income and grant revenues.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

The Council reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Council, except those required to be accounted for in another fund.

The Aging Special Revenue Fund is used to account for receipts and expenditures of money passed from United States Department of Health and Human Services through the Office of the Lieutenant Governor, Office on Aging. These funds are used to promote coordination of aging services in the region.

The Workforce Investment Act ("WIA") Special Revenue Fund is used to account for receipts and expenditures of money passed from the United States Department of Labor through South Carolina Department of Employment and Workforce to provide workforce investment activities that increase employment, retention, earnings, and skills of participants.

The Housing and Economic Development Projects Special Revenue Fund is used to account for receipts and expenditures of money passed through the US Department of Housing and Urban Development within the four counties the Council represents. These funds are used to provide for decent, safe, and sanitary housing for the citizens of the Santee-Lynches Region. In addition to housing issues, the funds are used to expand economic opportunities while encouraging a sustainable community living environment.

The Council reports the following major enterprise funds:

The EDA Title IX Revolving Loan Fund is used to account for lending activities derived from specific sources that are restricted by legal and regulatory provisions to finance specific activities. The asset balances are comprised of loans made to businesses to supplement working capital or provide funds for fixed asset additions. Proceeds collected on the notes are to be used for future loans and administrative costs.

Net Position and Fund Balances: The Council has adopted for fiscal year ended June 30, 2013, GASB Statement No. 63, *Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position*. Among other things, GASB 63 amends net assets reporting requirements by incorporating deferred inflows and outflows of resources into the definition of the required components presented in a

NOTES TO THE BASIC FINANCIAL STATEMENTS
SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

statement of financial position, with the residual measure identified as net position.

The Council has incorporated the term "net position" from GASB 63 into these statements but has determined that no amounts were required to be reclassified or otherwise recognized as deferred inflows or outflows of resources for the year ended June 30, 2013.

In the government-wide financial statements, the difference between the Council's total assets and total liabilities represents net position. Net position for both the governmental and proprietary fund types are report in three categories:

Net Investment in Capital Assets: Consists of capital assets, net of accumulated depreciation, reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Position: Result when constraints placed on the use of assets reduced by liabilities and deferred inflows of resources related to those assets are either externally imposed by creditors, grantors, contributors, and the like or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position: Consists of the net amount of the net position, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The Council applies expenses that can be used both for restricted and unrestricted resources against restricted resources first.

The Council reports under the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the Council is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the Council to classify and report amounts in the appropriate fund balance classifications. The Council's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding classification.

The Council reports the following classifications:

Nonspendable Fund Balance: Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted Fund Balance: Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or

NOTES TO THE BASIC FINANCIAL STATEMENTS
SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance: Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes the specified use by taking the same type of action imposing the commitment.

Assigned Fund Balance: Assigned fund balances are amounts that are constrained by the Council's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance: Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Reconciliation of Government-Wide and Fund Financial Statement: Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position – Following the governmental fund balance sheet is reconciliation between *fund balances - total governmental funds and net position of governmental activities* as reported in the government-wide statement of net position. The detail of these differences is explained in the above referenced financial statement.

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities – Following the governmental fund statements of revenues, expenditures, and change in fund balances, there is a reconciliation between *net changes in fund balances – total governmental funds and change in net position of governmental activities* as reported in the government-wide statement of activities. The detail of these differences is explained in the above referenced financial statement.

Budget: As required by accounting principles generally accepted in the United States of America, the Council adopted a legal budget for the June 30, 2013 general resources and the related expenditures required to earn those resources. The budget is adopted and amended, as considered necessary, by approval from the Board of Directors.

Indirect Cost Allocation: Cost allocations made by the Council are in accordance with the guidelines of the Office of Management and Budget's Circular A-87 "*Cost Principles for State and Local Governments*". These guidelines provide that allowable indirect costs are identified and accumulated in an indirect cost pool and distributed to applicable federal, state and local grant activities and programs based upon an appropriate actual indirect cost allocation methodology. Certain employee benefits are accumulated in a fringe benefit cost pool and allocated to grant projects as a percentage of labor costs, referred to as release time. In accordance with Office of Management and Budget's Circular A-87, the cost allocations are subject to subsequent federal audit or review.

NOTES TO THE BASIC FINANCIAL STATEMENTS
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash and Cash Equivalents: Cash and cash equivalents include all cash balances and highly liquid investments with an initial maturity of three months or less.

Capital Assets: Capital assets, which include property and equipment, are reported in the governmental columns in the government-wide financial statements. Capital assets are defined by the Council as assets with an initial, individual cost greater than or equal to \$500 and have an estimated useful life of three years or more.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|---------------------------|--------------|
| Furniture and Equipment | 3 - 7 |
| Vehicles | 5 |
| Building and Improvements | 27.5 - 40 |

Accrued Leave: The Council allows employees to accrue vacation leave at a rate of one-half day to two days for each month actively employed with the Council, depending on length of service. After twenty years of service, employees are allowed to accrue vacation leave at a rate of two days for each month actively employed. Council employees can carryover from year to year annual leave up to twenty-four to forty-two days for subsequent use or for payment upon termination, death or retirement based on length of service. Upon termination, employees are entitled to receive no more than thirty-two or forty-four days of accrued annual leave, depending on length of service. Employees are not entitled to be paid for unused sick leave upon termination.

Capital Leases: Leases that substantially transfer all of the risks and benefits of ownership are accounted for as capital leases. Capital leases are included in capital assets and, where appropriate, are amortized over their economic useful lives. The related capital lease obligations are included in long-term liabilities in the government-wide financial statements.

Internal and Interfund Balances and Activities: In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- a) Interfund Reimbursements – repayments from funds responsible for certain expenditures/ expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.

NOTES TO THE BASIC FINANCIAL STATEMENTS
SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

- b) Interfund Transfers -- flow of assets from one fund to another, where repayment is not expected, are reported as transfers.

Government-wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- a) Internal Balances -- amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amount due between governmental and business-type activities, which are reported as Internal Balances.
- b) Internal Activities -- amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for net amount of transfers between governmental and business-type activities, which are reported as Transfers -- Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the statement of activities.

Estimates: The preparation of the Council's basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Notes Receivable: Management evaluates the collectability of the notes receivable and accordingly provides for any allowance for doubtful accounts.

Transfers: Transfers are distributions of local cash resources to grant projects requiring local cash match in accordance with the terms and conditions of grant contracts and/or to absorb any deficit in any grant project. Local funds are derived from State and participating local government's revenue.

Advertising: No prepaid amounts are set up, as currently, no advertising contracts are in effect. Advertising expense at June 30, 2013 was \$21,280.

Income Taxes: The Council has received a determination letter from the Internal Revenue Service (IRS) indicating it is a tax-exempt Organization under Section 501(c) (4) of the Internal Revenue Code and is subject to federal income tax only on unrelated business income.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Council and to recognize a tax liability (or asset) if the Council has taken an uncertain position that more likely than not would not be substantiated upon examination by the IRS. Management has analyzed the tax positions taken by the Council and has concluded that as of June 30,

NOTES TO THE BASIC FINANCIAL STATEMENTS
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

2013 there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Council is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for fiscal years prior to 2010. U.S. state jurisdictions have statutes of limitations that generally range from three to five years. Currently no audits for any tax periods are in progress.

Subsequent events: Subsequent events have been evaluated through December 5, 2013 which represents the date financial statements were available to be issued.

NOTE B -- DEPOSITS

Deposits: The Council's policies require that funds held by a bank or savings and loan association must be secured by deposit insurance or collateral securities to protect the Council against loss.

The amounts shown in the financial statements as cash represent cash on hand and cash on deposit with local financial institutions.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Council will not be able to recover collateral securities that are in possession of an outside party. The Council's policies state that deposits at financial institutions shall not exceed the limits of the Federal Deposit Insurance Corporation (FDIC) unless collateralized.

The deposits for the Council at June 30, 2013 at local financial institutions were \$1,689,750 and were insured as follows:

| | |
|--|---------------------|
| Amount insured by FDIC | \$ 1,250,000 |
| Amount insured and collateralized by U.S. Government Agency Securities | 162,510 |
| Amount insured and collateralized by repurchase agreements | <u>277,240</u> |
| TOTAL | <u>\$ 1,689,750</u> |

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Council does not maintain deposits that are denominated in a currency other than the United States dollar; therefore, the Council is not exposed to this risk.

NOTES TO THE BASIC FINANCIAL STATEMENTS
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTE C -- NOTES RECEIVABLE

In February of 2004 the Council loaned an individual \$84,803 to purchase a home through a grant given by the US Department of Housing & Urban Development (HOME Investment Partnerships Program). The loan is to be repaid to the Council over 30 years with a monthly payment of \$223, including 1% interest. As the money is repaid it is to be used to fund additional projects in Housing and Economic Development within Clarendon County. The outstanding balance of the receivable at June 30, 2013 was \$72,023.

Notes receivable at June 30, 2013 are as follows for each of the programs of the Council:

| | |
|--------------------------|-----------|
| Governmental Activities: | |
| HOME Receivable | \$ 72,023 |

Maturities of principal payments due from the borrowers for the next five years and thereafter are as follows:

| | | |
|-------------|----|---------------|
| Year ending | | |
| June 30, | | |
| 2014 | \$ | 1,021 |
| 2015 | | 1,031 |
| 2016 | | 1,042 |
| 2017 | | 1,052 |
| 2018 | | 1,063 |
| Thereafter | | 66,814 |
| TOTAL | \$ | <u>72,023</u> |

NOTES TO THE BASIC FINANCIAL STATEMENTS
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTE D -- CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2013:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|------------------|-----------------|-------------------|
| Governmental Activities: | | | | |
| Capital Assets Being Depreciated: | | | | |
| Furniture and equipment | \$ 713,760 | \$ 25,763 | \$ 90,438 | \$ 649,085 |
| Vehicles | 129,186 | | 7,330 | 121,856 |
| Building and improvements | 336,631 | | | 336,631 |
| <i>Total Capital Assets Being Depreciated</i> | <u>1,179,577</u> | <u>25,763</u> | <u>97,768</u> | <u>1,107,572</u> |
| Less Accumulated Depreciation For: | | | | |
| Furniture and equipment | 619,651 | 40,914 | 88,308 | 572,257 |
| Vehicles | 106,849 | 8,109 | 7,330 | 107,628 |
| Building and improvements | 113,964 | 8,416 | | 122,380 |
| <i>Total Accumulated Depreciation</i> | <u>840,464</u> | <u>57,439</u> | <u>95,638</u> | <u>802,265</u> |
| Total Capital Assets, Net | <u>\$ 339,113</u> | <u>\$ 31,674</u> | <u>\$ 2,130</u> | <u>\$ 305,307</u> |

Depreciation expense is charged to the following functions:

| | |
|------------------------|------------------|
| General Administration | \$ 35,494 |
| Program Administration | 21,945 |
| TOTAL | <u>\$ 57,439</u> |

NOTE E -- INTERFUND ACTIVITY

Interfund Balances: The Council's General Fund and Special Revenue Funds have advanced money between the funds to finance operations and supplement other fund sources. The repayment terms are indefinite and are dependent upon future receipts. The advance is between governmental funds and is therefore not reflected in the statement of net position.

NOTES TO THE BASIC FINANCIAL STATEMENTS
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTE E -- INTERFUND ACTIVITY - Continued

The following summarizes interfund balances for the fiscal year ended June 30, 2013:

| Due to/Due From | Receivable | Payables |
|---|-------------------|-------------------|
| General Fund | \$ 205,153 | \$ 2,572 |
| Aging Fund | | 88,560 |
| Workforce Investment Act Fund | | 69,776 |
| Housing and Economic Development Projects Fund | | 46,817 |
| Non-major Governmental Funds | 2,572 | |
| TOTAL | \$ 207,725 | \$ 207,725 |

Interfund Transfers: The following summarizes interfund transfers for the fiscal year ended June 30, 2013:

| | Transfers In | Transfers Out |
|---|------------------|------------------|
| General Fund | \$ 15,579 | \$ 10,952 |
| Aging Fund | 864 | |
| Workforce Investment Act fund | | 10,797 |
| Housing and Economic Development Projects Fund | | 4,782 |
| Non-major Governmental Funds | 10,088 | |
| TOTAL | \$ 26,531 | \$ 26,531 |

The transfers between the General and Special Revenue Funds were made to meet grant matching requirements and/or to absorb deficits (if any) in any grant programs.

NOTE F -- LONG-TERM LIABILITIES

The following summarizes long-term debt activity of the Council for the year ended June 30, 2013:

| | Beginning Balance | Additions | Payments | Ending Balance | Due Within One Year |
|---------------|----------------------|------------------|--------------------|-------------------|------------------------|
| Annual leave | \$ 56,747 | \$ 67,069 | \$ (72,002) | \$ 51,814 | \$ 51,814 |
| Capital lease | 12,523 | | (4,513) | 8,010 | 5,261 |
| TOTAL | \$ 69,270 | \$ 67,069 | \$ (76,515) | \$ 59,824 | \$ 57,075 |

NOTES TO THE BASIC FINANCIAL STATEMENTS
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTE F -- LONG-TERM LIABILITIES – Continued

Capital lease: The Council leases equipment which will become property of the Council when all lease terms are met. Assets under capital leases as of June 30, 2013 are as follows:

| | |
|--------------------------|-----------------|
| Equipment | \$ 18,259 |
| Accumulated Depreciation | <u>(10,955)</u> |
| TOTAL | <u>\$ 7,304</u> |

Future minimum lease payments remaining under the capital lease as of June 30, 2013 are as follows:

| | |
|--------------------------------|-----------------|
| <u>Year Ending June 30,</u> | |
| 2014 | 5,927 |
| 2015 | <u>2,696</u> |
| Minimum lease payments | 8,623 |
| Less interest | <u>(742)</u> |
| PRESENT VALUE OF CAPITAL LEASE | <u>\$ 7,881</u> |

NOTE G -- PENSION PLAN

The majority of employees of the Council are covered by a retirement plan through the South Carolina Retirement Systems (SCRS), a cost sharing multiple-employer defined benefit pension plan administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA), a public employee retirement system. Generally, all full-time or part-time equivalent State employees in a permanent position are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended. The SCRS plan provides a life-time monthly retirement annuity benefit to members as well as disability, survivor options, annual benefits adjustments, death benefits, and incidental benefits to eligible employees and retired members.

The Retirement Division maintains five independent benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, South Carolina 29211-1960. Furthermore, the Division and the five pension plans are included in the State of South Carolina's CAFR.

Under the SCRS, Class II members are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 years of credits service regardless of age. Employees who first became members of the System after June 30, 2012 are considered Class III members and are eligible for a full service retirement annuity upon reaching age 65 or upon meeting the rule of 90 requirement (i.e., the members age plus the years of service add up to a total of at least 90). The benefit formula for full benefits effective since July 1, 1989 for the SCRS is based on the member's average final compensation (AFC), years of service and a benefit multiplier of 1.82 percent. For Class II members, AFC is the average annual earnable compensation dur-

NOTES TO THE BASIC FINANCIAL STATEMENTS
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTE G -- PENSION PLAN - Continued

ing 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters, and termination pay for unused annual leave at retirement is not included. Early retirement options with reduced benefits are available as early as age 55 for Class II members and age 60 for Class III members. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon 15 years or more of credited service, five years of which must be earned service for Class II members and eight years of earned service for Class III members.

Disability annuity benefits are payable to Class II members if they have permanent incapacity to perform regular duties of the member's job and they are "in service" and have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job related injury). Class III members qualify for disability annuity benefits provided they are "in service" and have a minimum of eight years of credited service.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years.

Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. The TERI program will end effective June 30, 2018.

Effective July 1, 2012, employees participating in the SCRS were required to contribute 7.00% of all earnable compensation. The employer contribution rate for SCRS was 15.00%. Included in the total SCRS employer contribution rate is a base retirement contribution of 10.45% and a 4.55% surcharge that will fund retiree health and dental insurance coverage.

The Council's actual contributions to SCRS for the years ended June 30, 2013, 2012 and 2011 were:

| Fiscal Year Ended | Retirement | |
|----------------------|------------|--------------|
| | Rate | Contribution |
| 2013 | 10.450% | \$ 111,233 |
| 2012 | 9.385% | \$ 132,735 |
| 2011 | 9.240% | \$ 137,141 |

NOTES TO THE BASIC FINANCIAL STATEMENTS
SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTE G -- PENSION PLAN – Continued

The amounts paid by the Council for pension contributions are reported as employer contribution expenditures within the applicable functional expenditures categories to which the related salaries are charged.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws 1976, as amended, prescribes requirements related to membership, benefit, and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS and PORS are actuarially determined.

The surcharges to fund retiree health and dental insurance are not part of the actuarially established rates.

For the current fiscal year, the SCRS does not make separate measurements of assets and pension benefit obligations for individual employers within the cost-sharing plan. Under Title 9 of the South Carolina Code of Laws, the Council's liability under the plans is limited to the amount of contributions (stated as a percentage of covered payroll) as established by the South Carolina Public Employee Benefit Authority and as appropriated in the South Carolina Appropriation Act and from other applicable revenue sources. Accordingly, the Council recognizes no contingent liability for unfunded costs associated with participation in the Plans.

NOTE H -- POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description: 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. The Council contributes to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), cost-sharing multiple employer defined benefit postemployment healthcare, and long-term disability plans administered by the Insurance Benefits Division (IB), a part of the South Carolina Public Employee Benefit Authority (PEBA).

Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. 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 through 24 years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system. Basic Long-Term Disability (BLTD) benefits are provided to active state, public school district, and participating local government employees approved for disability.

Funding Policies: Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the IB, for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 4.55% of annual covered payroll for 2013 and 4.90% of annual covered payroll for 2012. The IB

NOTES TO THE BASIC FINANCIAL STATEMENTS
SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTE H -- POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

sets the employer contribution rate based on a pay-as-you-go basis. The Council paid approximately \$48,432 and \$55,159 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2013 and 2012, respectively. BLTD benefits are funded through a person's premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to IB was \$3.56 for the fiscal years ended June 30, 2013 and 2012. The Council recorded employer contributions expenses applicable to these insurance benefits for active employees in the amount of approximately \$ 968 and \$1,253 for the years ended June 30, 2013 and 2012, respectively.

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The SCRHITF is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated IB reserves, and income generated from investments. The SCLTDITF is primarily funded through investment income and employer contributions.

A copy of the complete financial statements for the benefit plans and the trust funds is available from PEBA Retirement Benefits and Insurance Benefits, located at 202 Arbor Lake Drive, Suite 360, Columbia, SC 29223.

NOTE I -- INSURANCE POOL

The Council is a participant of the South Carolina Insurance Reserve Fund ("SCIRF"), which is a cooperative group of governmental entities joining together to finance insurance exposure, liability and risk. As required by GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, the Council's risks covered within this pool are property (both building and personal), data processing equipment, business interruption, builder's risk, inland marine, torts, and automobile. The SCIRF does not cover risks associated with a whistle-blowers action, breaches of contract, debt guarantees of others, property tax appeals, automobile/aircraft/watercraft in excess of 26 feet in length, liability from pre-arranged speed contest, pollution liability (except sudden and accidental), war, workers compensation bodily injury to fellow employees and professional liability of medical practitioners and architects. The Council expended \$28,658 during the year ended June 30, 2013 for coverage through the SCIRF. For all covered risks, the transfer of risk culminates upon filing of a claim. Consequently, for items not covered, the Council's separately purchased policies bear the risk up to policy maximums. At June 30, 2013, there were no liabilities which exceeded the coverage available through the SCIRF and separately purchased carriers.

NOTE J -- RELATED PARTY TRANSACTIONS

Santee-Lynches Regional Development Corporation ("the Corporation") is a nonprofit civic and social welfare organization which was created by the Board of Directors of the Council and incorporated in the State of South Carolina on April 15, 1983. The Corporation's primary function is to assist in the expansion of

NOTES TO THE BASIC FINANCIAL STATEMENTS
SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTE J -- RELATED PARTY TRANSACTIONS - Continued

small businesses in the region through participating in the United States Small Business Association's Section 503 – Certified Development Company Program and other lending programs. The basic financial statements and activity for this related, separately chartered legal entity have not been included in the accompanying basic financial statements since the Corporation does not meet the definition of a component unit.

The Corporation made payments to the Council under an agreement that provided accounting and support services to the Corporation. The amount the Corporation paid the Council for services was \$23,488 in 2013. The Corporation owed the Council \$12,968 as of June 30, 2013 for services provided.

NOTE K -- CONTINGENCIES

The Council must apply for annual renewals of certain contracts and grants. Funding is subject to both increases and reductions at the discretion of the contractor or grantor. Some of the agreements are subject to termination by either party contingent upon certain conditions. Amounts received or receivable from grantors are subject to audit and adjustment by the grantor. Any disallowed claims, including amounts already collected, may constitute a liability of the disallowed funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Council expects such amounts, if any, to be immaterial.

NOTE L -- TRANSFER OF OPERATIONS

On February 27, 2013, the Council transferred the assets and liabilities comprising its EDA Title IX Revolving Loan Fund to the Catawba Regional Council of Governments with the approval of the United State Department of Commerce. As a result of the transfer, the Council has no claim to any future funds collected on the notes receivable and is released of any contingent liability from the revolving loan funds administered by the Economic Development Administration.

The Council did not recognize a gain or loss as a result of this transaction. Expenses and revenues of the enterprise fund operations were \$37,000 and \$25,327, respectively, and are shown on the statement of revenues, expenses, and changes in the net position – proprietary fund.

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
For the Year Ended June 30, 2013

| | Budget | | Actual Amount | Variance with Final Budget Favorable (Unfavorable) |
|---|----------------|----------------|---------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State revenue | \$ 41,242 | \$ 41,242 | \$ 41,242 | \$ 0 |
| Participating local governments | 178,674 | 178,674 | 178,674 | 0 |
| Interest income | 2,500 | 2,500 | 655 | (1,845) |
| Other | 1,200 | 1,200 | 128 | (1,072) |
| Total Revenues | 223,616 | 223,616 | 220,699 | (2,917) |
| Expenditures | | | | |
| Direct personnel costs | 317,441 | 274,762 | 298,338 | (23,576) |
| Indirect cost allocations | (527,394) | (490,489) | (490,525) | 36 |
| Support services | | | | |
| Operations and maintenance | 153,506 | 168,919 | 149,772 | 19,147 |
| Development and training | 10,024 | 11,700 | 15,436 | (3,736) |
| Travel and transportation | 24,625 | 16,950 | 9,041 | 7,909 |
| Consulting services | 2,100 | 2,550 | 616 | 1,934 |
| Applied as match | 207,256 | 187,831 | 118,406 | 69,425 |
| Capital outlays | 6,800 | 10,650 | 18,397 | (7,747) |
| Debt service - principal retirement | | | 4,513 | (4,513) |
| Debt service - interest | 2,800 | 2,200 | 2,618 | (418) |
| Total Expenditures | 197,158 | 185,073 | 126,612 | 58,461 |
| Excess Revenues Over Expenditures | 26,458 | 38,543 | 94,087 | 55,544 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | | | 15,579 | 15,579 |
| Transfers out | | | (10,952) | (10,952) |
| Total Other Financing Sources (Uses) | 0 | 0 | 4,627 | 4,627 |
| Net Change in Fund Balance | 26,458 | 38,543 | 98,714 | 60,171 |
| Fund Balance at Beginning of Year | | | 1,635,855 | |
| | | | \$ 1,734,569 | |

See accompanying notes to required supplemental information.

BUDGETARY COMPARISON SCHEDULE - AGING SPECIAL REVENUE FUND
SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
For the Year Ended June 30, 2013

| | Budget | | Actual Amount | Variance with Final Budget Favorable (Unfavorable) |
|---|------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal revenue | \$ 1,956,319 | \$ 2,015,172 | \$ 1,585,281 | \$ (429,891) |
| State revenue | 21,863 | 39,171 | 777,027 | 737,856 |
| Service and special contracts | 44,400 | 29,338 | 32,825 | 3,487 |
| Required match | 102,535 | 92,411 | 81,279 | (11,132) |
| Other | 300 | 24,066 | 24,062 | (4) |
| Total Revenues | 2,125,417 | 2,200,158 | 2,500,474 | 300,316 |
| Expenditures | | | | |
| Direct personnel costs | 398,098 | 430,480 | 439,723 | (9,243) |
| Indirect cost allocations | 167,098 | 171,168 | 182,522 | (11,354) |
| Support services | | | | |
| Operations and maintenance | 34,561 | 36,601 | 28,851 | 7,750 |
| Development and training | 2,900 | 3,083 | 4,708 | (1,625) |
| Travel and transportation | 31,058 | 22,984 | 11,641 | 11,343 |
| Consulting services | 3,934 | 29,508 | 28,807 | 701 |
| Payments to service providers | 1,390,940 | 1,406,082 | 1,708,767 | (302,685) |
| Direct participant support | 93,528 | 95,971 | 95,120 | 851 |
| In-kind match | 300 | 450 | 1,199 | (749) |
| Capital outlays | 3,000 | 3,831 | 0 | 3,831 |
| Total Expenditures | 2,125,417 | 2,200,158 | 2,501,338 | (301,180) |
| Deficiency of Revenues Under Expenditures | 0 | 0 | (864) | (864) |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 0 | 0 | 864 | 864 |
| Total Other Financing Sources (Uses) | 0 | 0 | 864 | 864 |
| Net Change in Fund Balance | 0 | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | | | 14,356 | |
| FUND BALANCE AT END OF YEAR | | | \$ 14,356 | |

See accompanying notes to required supplemental information.

BUDGETARY COMPARISON SCHEDULE - WORKFORCE INVESTMENT ACT SPECIAL REVENUE FUND
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
 For the Year Ended June 30, 2013

| | Budget | | Actual Amount | Variance with Final Budget Favorable (Unfavorable) |
|---|------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal revenue | \$ 2,223,721 | \$ 2,355,401 | \$ 2,226,541 | \$ (128,860) |
| State revenue | | 204,597 | 136,778 | (67,819) |
| Required Match | | | 800 | 800 |
| Other | 53,850 | 60,402 | 60,183 | (219) |
| Total Revenues | 2,277,571 | 2,620,400 | 2,424,302 | (196,098) |
| Expenditures | | | | |
| Direct personnel costs | 417,706 | 423,257 | 415,675 | 7,582 |
| Indirect cost allocations | 175,329 | 168,296 | 173,970 | (5,674) |
| Support services | | | | |
| Operations and maintenance | 65,731 | 118,283 | 87,716 | 30,567 |
| Development and training | 14,625 | 67,340 | 32,144 | 35,196 |
| Travel and transportation | 6,075 | 8,800 | 6,705 | 2,095 |
| Consulting services | 65,605 | 100,605 | 46,422 | 54,183 |
| Payments to service providers | 1,500,000 | 1,725,000 | 1,624,817 | 100,183 |
| Direct participant support | 32,500 | | 0 | 0 |
| Applied as match | | | 18,690 | (18,690) |
| Capital outlays | | 8,819 | 7,366 | 1,453 |
| Total Expenditures | 2,277,571 | 2,620,400 | 2,413,505 | 206,895 |
| | | | | |
| Deficiency of Revenues Under Expenditures | 0 | 0 | 10,797 | 10,797 |
| | | | | |
| Other Financing Sources (Uses) | | | | |
| Transfers out | | | (10,797) | (10,797) |
| Total Other Financing Sources (Uses) | 0 | 0 | (10,797) | (10,797) |
| | | | | |
| Net Change in Fund Balance | 0 | 0 | 0 | 0 |
| | | | | |
| Fund Balance at Beginning of Year | | | 0 | |
| | | | | |
| FUND BALANCE AT END OF YEAR | | | \$ 0 | |

See accompanying notes to required supplemental information.

BUDGETARY COMPARISON SCHEDULE - HOUSING AND ECONOMIC DEVELOPMENT
PROJECTS SPECIAL REVENUE FUND
SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
For the Year Ended June 30, 2013

| | Budget | | Actual Amount | Variance with Final Budget Favorable (Unfavorable) |
|---|------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal revenue | \$ 879,961 | \$ 872,444 | \$ 565,275 | \$ (307,169) |
| Service and special contracts | 140,284 | 127,637 | 93,776 | (33,861) |
| Other | 725 | 725 | 731 | 6 |
| Total Revenues | 1,020,970 | 1,000,806 | 659,782 | (341,024) |
| Expenditures | | | | |
| Direct personnel costs | 162,220 | 150,360 | 111,333 | 39,027 |
| Indirect cost allocations | 68,090 | 59,786 | 47,054 | 12,732 |
| Support services | | | | |
| Operations and maintenance | 16,740 | 16,740 | 8,905 | 7,835 |
| Development and training | 100 | 100 | 150 | (50) |
| Travel and transportation | 3,450 | 3,450 | 946 | 2,504 |
| Consulting services | 22,370 | 22,370 | 17,065 | 5,305 |
| Payments to service providers | 748,000 | 748,000 | 469,574 | 278,426 |
| Total Expenditures | 1,020,970 | 1,000,806 | 655,027 | 345,779 |
| | | | | |
| Deficiency of Revenues Under Expenditures | 0 | 0 | 4,755 | 4,755 |
| | | | | |
| Other Financing Sources (Uses) | | | | |
| Transfers out | | | (4,782) | (4,782) |
| Total Other Financing Sources (Uses) | 0 | 0 | (4,782) | (4,782) |
| | | | | |
| Net Change in Fund Balance | 0 | 0 | (27) | (27) |
| | | | | |
| Fund Balance at Beginning of Year | | | 73,698 | |
| | | | | |
| FUND BALANCE AT END OF YEAR | | | \$ 73,671 | |

See accompanying notes to required supplemental information.

NOTES TO BUDGETARY COMPARISON SCHEDULES
SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
June 30, 2013

The Council adopts an annual legal budget, which covers the General Fund and certain Special Revenue Funds. The budgets for the General Fund and certain Special Revenue Funds are prepared on the modified accrual basis except for encumbrances which are treated as budgeted expenditures. The statements comparing budget and actual amounts for these governmental funds include adjustments to those budgetary bases for the differences noted above and for certain other items which are reported in the Council's budget differently than they are reported for accounting principles generally accepted in the United States. Budgetary level of control is exercised at the department level. Any revisions that alter total expenditures of the General Fund and certain Special Revenue funds must be approved by the Board of Directors.

The Budgetary Comparison Schedules included in the required supplementary information presents a comparison of budgetary data to actual results of operations for the General Fund and major Special Revenue Funds (Aging, Workforce Investment Act, and Housing and Economic Development Projects), for which an annual operating budget is legally adopted. These funds utilize the same basis of accounting for both budgetary purposes and actual results.

For the year ended June 30, 2013, expenditures exceed revenues in the Aging special revenue fund by \$864. These over expenditures were funded by local funds.

SUPPLEMENTAL INFORMATION

GOVERNMENTAL FUNDS - DETAIL REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
 For the Year Ended June 30, 2013

| | Special Revenue Funds | | | | | | Total Governmental Funds |
|---|-----------------------|------------------|--------------------------------|--|------------------------------------|----|--------------------------------|
| | General | Aging | Workforce Investment Act | Housing and Economic Development Projects | Non-major Governmental Funds | | |
| Revenues | | | | | | | |
| Federal revenue | \$ | \$ 1,585,281 | \$ 2,226,541 | \$ 565,275 | \$ 183,298 | \$ | \$ 4,560,395 |
| State revenue | | 777,027 | 136,778 | | | | 955,047 |
| Participating local governments | | | | | | | 178,674 |
| Service and special contracts | | 32,825 | | 93,776 | 74,227 | | 200,828 |
| Required match | | 81,279 | 800 | | 55,017 | | 137,096 |
| Interest income | 655 | | | | | | 655 |
| Other | 128 | 24,052 | 60,183 | 731 | 510 | | 85,614 |
| Total Revenues | 220,699 | 2,500,474 | 2,424,302 | 659,782 | 313,052 | | 6,118,309 |
| Expenditures | | | | | | | |
| Direct personnel costs | 298,338 | 439,723 | 415,675 | 114,333 | 190,432 | | 1,455,501 |
| Indirect cost allocations | (490,525) | 182,522 | 173,970 | 47,054 | 78,241 | | (8,738) |
| Support services | | | | | | | |
| Operations and maintenance | 149,772 | 28,851 | 87,716 | 8,905 | 8,609 | | 283,853 |
| Development and training | 15,436 | 4,708 | 32,144 | 150 | 1,253 | | 53,691 |
| Travel and transportation | 9,041 | 11,641 | 6,705 | 946 | 1,475 | | 29,808 |
| Consulting services | 616 | 28,807 | 46,422 | 17,065 | 5,749 | | 98,659 |
| Payments to service providers | | 1,708,767 | 1,624,817 | 469,574 | | | 3,803,158 |
| Direct participant support | | 95,120 | | | 37,381 | | 132,501 |
| Applied as match | 118,406 | | 18,690 | | | | 137,096 |
| In-kind match | | | | | | | 1,199 |
| Capital outlays | 18,397 | 1,199 | 7,366 | | | | 25,763 |
| Debt service - principal retirement | 4,513 | | | | | | 4,513 |
| Debt service - interest | 2,618 | | | | | | 2,618 |
| Total Expenditures | 126,612 | 2,501,338 | 2,413,505 | 655,027 | 323,140 | | 6,019,622 |
| Excess (Deficiency) Revenues Over (Under) Expenditures | 94,087 | (864) | 10,797 | 4,755 | (10,088) | | 98,687 |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers in | 15,579 | 854 | | | 10,088 | | 26,531 |
| Transfers out | (10,952) | | (10,797) | (4,782) | | | (26,531) |
| Total Other Financing Sources (Uses) | 4,627 | 854 | (10,797) | (4,782) | 10,088 | | 0 |
| Net Change in Fund Balances | 98,714 | 0 | 0 | (27) | 0 | | 98,687 |
| Fund Balances at Beginning of Year | 1,635,855 | 14,356 | 0 | 73,698 | 0 | | 1,723,909 |
| Fund Balances at End of Year | \$ 1,734,569 | \$ 14,356 | \$ 0 | \$ 73,671 | \$ 0 | | \$ 1,822,596 |

Santee-Lynches Regional COG
 Schedule of Budgeted to Actual Costs
 For the Year Ended June 30, 2013
 Schedule I

DMT Contract #
 Contract Period:

| MT-9G216-98 | | | | | | |
|----------------------------------|--------------------------|--------------------------------|--------------------------|-------------------------|------------------------------|----------|
| July 1, 2008 - November 30, 2012 | | | | | | |
| Total Budget | Section 5316 | | Local | | Total Program Variance | |
| | Current Jul 12-Nov 12 | Prior Period Jul 08- Jun 12 | Current Jul 12-Nov 12 | Prior Jul 08- Jun 12 | | |
| ADMINISTRATION | | | | | | |
| Total Admin | | | | | | |
| OPERATIONS | | | | | | |
| Total Operations | | | | | | |
| CAPITAL | | | | | | |
| Mobility Mgmt Mod #2 | \$ 90,501 | \$ - | \$ 70,011 | \$ - | \$ 17,503 | \$ 2,987 |
| Total Capital | \$ 90,501 | \$ - | \$ 70,011 | \$ - | \$ 17,503 | \$ 2,987 |
| TECHNICAL ASSISTANCE | | | | | | |
| Personnel | \$ 6,476 | \$ - | \$ 5,310 | \$ - | \$ 1,328 | \$ (162) |
| Fringe Benefits | \$ 1,943 | \$ - | \$ 2,230 | \$ - | \$ 556 | \$ (843) |
| Travel (in state) | \$ 211 | \$ - | \$ 7 | \$ - | \$ 2 | \$ 202 |
| Travel (out of state) | \$ 258 | \$ - | \$ - | \$ - | \$ - | \$ 258 |
| Materials/Supplies | \$ 59 | \$ - | \$ 12 | \$ - | \$ 3 | \$ 44 |
| Dues/Subscriptions | \$ 58 | \$ - | \$ - | \$ - | \$ - | \$ 58 |
| Advertising | \$ 128 | \$ - | \$ - | \$ - | \$ - | \$ 128 |
| Other Services | \$ 3,367 | \$ - | \$ 2,441 | \$ - | \$ 611 | \$ 315 |
| Total Technical Asst | \$ 12,500 | \$ - | \$ 10,000 | \$ - | \$ 2,500 | \$ (0) |
| Total Program | \$ 103,001 | \$ - | \$ 80,011 | \$ - | \$ 20,003 | \$ 2,987 |

| | |
|-----------------------|-------------------|
| Approved Budget | <u>\$ 103,001</u> |
| TI Federal Costs | \$ 80,010 |
| TI State Costs | \$ - |
| TI Local Costs | <u>\$ 20,003</u> |
| Budget over Actual | <u>\$ 2,988</u> |
| or Actual over Budget | |

Santee-Lynches Regional COG
 Schedule of Budgeted to Actual Costs
 For the Year Ended June 30, 2013
 Schedule II

DMT Contract #
 Contract Period:
 Actual Cost
 Performance period

| PT-1G204-D5 | | | | | | |
|-------------------------------------|----------------|----------------|----------------|----------------|------------------------------|------------|
| January 1, 2010 - December 31, 2012 | | | | | | |
| Total Budget | Section 5304 | | Local | | Total Program Variance | |
| | Current | Prior Period | Current | Prior | | |
| | Jul 12-June 13 | Jan 10- Jun 12 | Jul 12-June 13 | Jan 10- Jun 12 | | |
| ADMINISTRATION | | | | | | |
| Total Admin | | | | | | |
| OPERATIONS | | | | | | |
| Total Operations | | | | | | |
| CAPITAL | | | | | | |
| Mobility Management | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Total Capital | \$ - | \$ - | \$ - | \$ - | \$ - | |
| TECHNICAL ASSISTANCE | | | | | | |
| Personnel | \$ 53,000 | \$ 9,151 | \$ 28,687 | \$ 2,288 | \$ 7,172 | \$ 5,702 |
| Fringe Benefits | \$ 15,900 | \$ 4,772 | \$ 12,396 | \$ 1,193 | \$ 3,099 | \$ (5,560) |
| Travel | \$ 1,850 | \$ 43 | \$ 3,259 | \$ 11 | \$ 815 | \$ (2,278) |
| Supplies | \$ 700 | \$ 122 | \$ 354 | \$ 31 | \$ 89 | \$ 104 |
| Dues/Subscription | \$ 500 | \$ - | \$ 100 | \$ - | \$ 25 | \$ 375 |
| Advertising | \$ 1,550 | \$ - | \$ - | \$ - | \$ - | \$ 1,550 |
| Computer and Software | \$ 2,500 | \$ - | \$ 30 | \$ - | \$ 7 | \$ 2,463 |
| Indirect Charges | \$ 24,000 | \$ 5,866 | \$ 15,219 | \$ 1,466 | \$ 3,805 | \$ (2,356) |
| Total Technical Asst | \$ 100,000 | \$ 19,954 | \$ 60,045 | \$ 4,989 | \$ 15,012 | \$ - |
| Total Program | \$ 100,000 | \$ 19,954 | \$ 60,045 | \$ 4,989 | \$ 15,012 | \$ - |

Approved Budget \$ 100,000
 TI Federal Costs \$ 80,000
 TI State Costs \$ -
 TI Local Costs \$ 20,000
 Budget over Actual \$ -
 or Actual over Budget

Santee-Lynches Regional COG
 Schedule of Budgeted to Actual Costs
 For the Year Ended June 30, 2013
 Schedule III

DMT Contract #
 Contract Period:
 Actual Cost
 Performance period

| PT-3G216-E6 | | | | | | |
|-------------------------------|----------------|--------------|----------------|-------|----------|------------------------------|
| July 2012- June 2013 | | | | | | |
| Total Budget | Section 5316 | | | Local | | Total Program Variance |
| | Current | Prior Period | Current | Prior | | |
| | Jul 12-June 13 | N/A | Jul 12-June 13 | N/A | | |
| OPERATIONS | | | | | | |
| Total Operations | | | | | | |
| CAPITAL | | | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Capital | | | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| PROJECT ADMINISTRATION | | | | | | |
| \$ 2,750 | \$ 2,226 | \$ - | \$ - | \$ - | \$ 524 | \$ 524 |
| \$ 818 | \$ 1,217 | \$ - | \$ - | \$ - | \$ (399) | \$ (399) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ 1,432 | \$ 1,557 | \$ - | \$ - | \$ - | \$ (125) | \$ (125) |
| \$ 5,000 | \$ 5,000 | \$ - | \$ - | \$ - | \$ 0 | \$ 0 |
| Total Program | | | | | | |
| \$ 5,000 | \$ 5,000 | \$ - | \$ - | \$ - | \$ 0 | \$ 0 |

| | |
|-----------------------|-----------------|
| Approved Budget | <u>\$ 5,000</u> |
| TI Federal Costs | \$ 5,000 |
| TI State Costs | \$ - |
| TI Local Costs | <u>\$ -</u> |
| Budget over Actual | <u>\$ 0</u> |
| or Actual over Budget | |

Santee-Lynches Regional COG
 Schedule of Budgeted to Actual Costs
 For the Year Ended June 30, 2013
 Schedule IV

DMT Contract #
 Contract Period:

| PT-3G216-G4 | | | | | | |
|-----------------------------------|-----------------|----------------|--------------|----------------|-------|------------------------------|
| July 2012- June 2013 | | | | | | |
| Actual Cost Performance period | Total Budget | Section 5316 | | Local | | Total Program Variance |
| | | Current | Prior Period | Current | Prior | |
| | | Jul 12-June 13 | N/A | Jul 12-June 13 | N/A | |
| OPERATIONS | | | | | | |
| Total Operations | | | | | | |
| CAPITAL | | | | | | |
| Total Capital | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| PROJECT ADMINISTRATION | | | | | | |
| Other Salaries & Wages | \$ 2,750 | \$ 2,275 | \$ - | \$ - | \$ - | \$ 475 |
| Fringe Benefits | \$ 818 | \$ 1,186 | \$ - | \$ - | \$ - | \$ (368) |
| Travel | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Supplies | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Dues/Subscription | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Advertising | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Computer and Software | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Services | \$ 1,432 | \$ 1,539 | \$ - | \$ - | \$ - | \$ (107) |
| Total Admin | \$ 5,000 | \$ 5,000 | \$ - | \$ - | \$ - | \$ - |
| Total Program | \$ 5,000 | \$ 5,000 | \$ - | \$ - | \$ - | \$ - |

| | |
|-----------------------|-----------------|
| Approved Budget | <u>\$ 5,000</u> |
| TI Federal Costs | \$ 5,000 |
| TI State Costs | \$ - |
| TI Local Costs | <u>\$ -</u> |
| Budget over Actual | <u>\$ -</u> |
| or Actual over Budget | |

Santee-Lynches Regional COG
Schedule of Budgeted to Actual Costs
For the Year Ended June 30, 2013
Schedule V

DMT Contract #
Contract Period:
Actual Cost
Performance period

| PT-2G216-66 | | | | | | |
|---------------------------------|-------------------|---------------|----------------|---------------|------------------------------|-----------|
| July 1, 2011- December 31, 2012 | | | | | | |
| Total Budget | Section 5316/JARC | | Local | | Total Program Variance | |
| | Current | Prior Period | Current | Prior | | |
| | Jul 12-June 13 | Jul 11-Jun 12 | Jul 12-June 13 | Jul 11-Jun 12 | | |
| CAPITAL | | | | | | |
| Mobility Management | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Capital | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| OPERATING | | | | | | |
| Operating & Wages | \$ 2,324 | \$ - | \$ - | \$ - | \$ - | \$ 2,324 |
| Operations Overtime | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Operations Fringe | \$ 697 | \$ - | \$ - | \$ - | \$ - | \$ 697 |
| Advertising Fees | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Professional & Tech Servs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contract Maint Servs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Custodial Service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Services- Ind & Trans | \$ 61,979 | \$ 1,810 | \$ 2,536 | \$ 1,810 | \$ 2,536 | \$ 53,287 |
| Total Operating | \$ 65,000 | \$ 1,810 | \$ 2,536 | \$ 1,810 | \$ 2,536 | \$ 56,308 |
| Total Program | \$ 65,000 | \$ 1,810 | \$ 2,536 | \$ 1,810 | \$ 2,536 | \$ 56,308 |

Approved Budget \$ 65,000
TI Federal Costs \$ 4,346
TI State Costs \$ -
TI Local Costs \$ 4,346
Budget over Actual \$ 56,308
or Actual over Budget

Santee-Lynches Regional COG
 Schedule of Budgeted to Actual Costs
 For the Year Ended June 30, 2013
 Schedule VI

DMT Contract #
 Contract Period:
 Actual Cost
 Performance period

| PT-3G216-A3 | | | | | | |
|-----------------------|------------------|---------------|----------------|---------------|-------------|------------------------------|
| July 2012- June 2013 | | | | | | |
| Total Budget | Section 5316 | | | Local | | Total Program Variance |
| | Current | Prior Period | Current | Prior | | |
| | Jul 12-June 13 | N/A | Jul 12-June 13 | N/A | | |
| ADMINISTRATION | | | | | | |
| Total Admin | | | | | | |
| OPERATIONS | | | | | | |
| Total Operations | | | | | | |
| CAPITAL | | | | | | |
| Mobility Management | \$ 10,938 | \$ 610 | \$ - | \$ 152 | \$ - | \$ 10,176 |
| Total Capital | \$ 10,938 | \$ 610 | \$ - | \$ 152 | \$ - | \$ 10,176 |
| TECHNICAL ASSISTANCE | | | | | | |
| Personnel | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fringe Benefits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Travel | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Supplies | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Dues/Subscription | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Advertising | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Computer and Software | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Indirect Charges | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Technical Asst | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Program | \$ 10,938 | \$ 610 | \$ - | \$ 152 | \$ - | \$ 10,176 |

| | |
|---|-------------------------|
| Approved Budget | <u>\$ 10,938</u> |
| TI Federal Costs | <u>\$ 610</u> |
| TI State Costs | <u>\$ -</u> |
| TI Local Costs | <u>\$ 152</u> |
| Budget over Actual or Actual over Budget | <u><u>\$ 10,176</u></u> |

Santee-Lynches Regional COG
 Schedule of Budgeted to Actual Costs
 For the Year Ended June 30, 2013
 Schedule VII

DMT Contract #
 Contract Period:
 Actual Cost
 Performance period

| PT-3G216-85 | | | | | | |
|------------------------------|----------------|--------------|----------------|--------|------------------------------|-----------|
| July 1, 2012 - June 30, 2013 | | | | | | |
| Total Budget | Section 5316 | | Local | | Total Program Variance | |
| | Current | Prior Period | Current | Prior | | |
| | Jul 12-June 13 | N/A | Jul 12-June 13 | N/A | | |
| ADMINISTRATION | | | | | | |
| Total Admin | | | | | | |
| OPERATIONS | | | | | | |
| Total Operations | | | | | | |
| CAPITAL | | | | | | |
| Mobility Mgmt | \$ 32,812 | \$ 623 | \$ - | \$ 156 | \$ - | \$ 32,033 |
| Total Capital | \$ 32,812 | \$ 623 | \$ - | \$ 156 | \$ - | \$ 32,033 |
| TECHNICAL ASSISTANCE | | | | | | |
| Personnel | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fringe Benefits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Travel (in state) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Travel (out of state) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Materials/Supplies | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Dues/Subscriptions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Advertising | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Technical Asst | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Program | \$ 32,812 | \$ 623 | \$ - | \$ 156 | \$ - | \$ 32,033 |

| | |
|-----------------------|------------------|
| Approved Budget | <u>\$ 32,812</u> |
| TI Federal Costs | \$ 623 |
| TI State Costs | \$ - |
| TI Local Costs | <u>\$ 156</u> |
| Budget over Actual | <u>\$ 32,033</u> |
| or Actual over Budget | |

Contract period:

July 1, 2012- June 30, 2013

Actual Cost
Performance period

CAPITAL
Mobility Management

Total Capital

OPERATING

Operating & Wages
Operations Overtime
Operations Fringe
Advertising Fees
Professional & Tech Servs
Contract Maint Servs
Custodial Service
Other Services
Total Operating

Total Program

Approved Budget

TI Federal Costs

TI State Costs

TI Local Costs

Budget over Actual

or Actual over Budget

| | Total Budget | Section 5316 | | Local | | Total Program Variance |
|--|-----------------|----------------|--------------|----------------|-------|------------------------------|
| | | Current | Prior Period | Current | Prior | |
| | | Jul 12-June 13 | N/A | Jul 12-June 13 | N/A | |
| | | | | | | |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | \$ 32,500 | \$ 16,152 | \$ - | \$ 16,152 | \$ - | \$ 196 |
| | \$ 32,500 | \$ 16,152 | \$ - | \$ 16,152 | \$ - | \$ 196 |
| | \$ 32,500 | \$ 16,152 | \$ - | \$ 16,152 | \$ - | \$ 196 |

\$ 32,500

\$ 16,152

\$ -

\$ 16,152

\$ 196

Santee-Lynches Regional COG
 Schedule of Budgeted to Actual Costs
 For the Year Ended June 30, 2013
 Schedule IX

DMT Contract #

Contract Period:

Actual Cost

Performance period

| PT-3G216-A2 | | | | | |
|-----------------------------|------------------|---------------|----------------|---------------|------------------------------|
| July 1, 2012- June 30, 2013 | | | | | |
| Total Budget | Section 5316 | | Local | | Total Program Variance |
| | Current | Prior Period | Current | Prior | |
| | Jul 12-June 13 | N/A | Jul 12-June 13 | N/A | |
| CAPITAL | | | | | |
| Mobility Management | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Capital | \$ - | \$ - | \$ - | \$ - | \$ - |
| OPERATING | | | | | |
| Operating & Wages | \$ - | \$ - | \$ - | \$ - | \$ - |
| Operations Overtime | \$ - | \$ - | \$ - | \$ - | \$ - |
| Operations Fringe | \$ - | \$ - | \$ - | \$ - | \$ - |
| Advertising Fees | \$ - | \$ - | \$ - | \$ - | \$ - |
| Professional & Tech Servs | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contract Maint Servs | \$ - | \$ - | \$ - | \$ - | \$ - |
| Custodial Service | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Services | \$ 65,000 | \$ 731 | \$ - | \$ 731 | \$ 63,538 |
| Total Operating | \$ 65,000 | \$ 731 | \$ - | \$ 731 | \$ 63,538 |
| Total Program | \$ 65,000 | \$ 731 | \$ - | \$ 731 | \$ 63,538 |

Approved Budget

\$ 65,000

TI Federal Costs

\$ 731

TI State Costs

\$ -

TI Local Costs

\$ 731

Budget over Actual

\$ 63,538

or Actual over Budget

Santee-Lynches Regional COG
 Schedule of Budgeted to Actual Costs
 For the Year Ended June 30, 2013
 Schedule X

DMT Contract #
 Contract Period:

| PT-3G217-F7 | | | | | | |
|-----------------------------------|-----------------|----------------|--------------|----------------|-------|------------------------------|
| July 2012- June 2013 | | | | | | |
| Actual Cost Performance period | Total Budget | Section 5317 | | Local | | Total Program Variance |
| | | Current | Prior Period | Current | Prior | |
| | | Jul 12-June 13 | N/A | Jul 12-June 13 | N/A | |
| OPERATIONS | | | | | | |
| Total Operations | | | | | | |
| CAPITAL | | | | | | |
| Total Capital | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| PROJECT ADMINISTRATION | | | | | | |
| Other Salaries & Wages | \$ 2,750 | \$ 2,396 | \$ - | \$ - | \$ - | \$ 354 |
| Fringe Benefits | \$ 818 | \$ 1,132 | \$ - | \$ - | \$ - | \$ (314) |
| Travel | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Supplies | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Dues/Subscription | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Advertising | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Computer and Software | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Services | \$ 1,432 | \$ 1,472 | \$ - | \$ - | \$ - | \$ (40) |
| Total Admin | \$ 5,000 | \$ 5,000 | \$ - | \$ - | \$ - | \$ - |
| Total Program | \$ 5,000 | \$ 5,000 | \$ - | \$ - | \$ - | \$ - |

| | |
|-----------------------|----------|
| Approved Budget | \$ 5,000 |
| TI Federal Costs | \$ 5,000 |
| TI State Costs | \$ - |
| TI Local Costs | \$ - |
| Budget over Actual | \$ - |
| or Actual over Budget | |

Santee-Lynches Regional COG
 Schedule of Budgeted to Actual Costs
 For the Year Ended June 30, 2013
 Schedule XI

DMT Contract #
 Contract Period:
 Actual Cost
 Performance period

| PT-3G217-D5 | | | | | | |
|-----------------------|----------------|--------------|----------------|--------|------------------------------|-----------|
| July 2012- June 2013 | | | | | | |
| Total Budget | Section 5317 | | Local | | Total Program Variance | |
| | Current | Prior Period | Current | Prior | | |
| | Jul 12-June 13 | N/A | Jul 12-June 13 | N/A | | |
| ADMINISTRATION | | | | | | |
| Total Admin | | | | | | |
| OPERATIONS | | | | | | |
| Total Operations | | | | | | |
| CAPITAL | | | | | | |
| Mobility Management | \$ 25,000 | \$ 3,361 | \$ - | \$ 840 | \$ - | \$ 20,799 |
| Total Capital | \$ 25,000 | \$ 3,361 | \$ - | \$ 840 | \$ - | \$ 20,799 |
| TECHNICAL ASSISTANCE | | | | | | |
| Personnel | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fringe Benefits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Travel | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Supplies | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Dues/Subscription | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Advertising | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Computer and Software | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Indirect Charges | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Technical Asst | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Program | \$ 25,000 | \$ 3,361 | \$ - | \$ 840 | \$ - | \$ 20,799 |

Approved Budget \$ 25,000
 TI Federal Costs \$ 3,361
 TI State Costs \$ -
 TI Local Costs \$ 840
 Budget over Actual \$ 20,799
 or Actual over Budget

Santee-Lynches Regional COG
 Schedule of Budgeted to Actual Costs
 For the Year Ended June 30, 2013
 Schedule XII

DMT Contract #

Contract Period:

Actual Cost
 Performance period

ADMINISTRATION

Total Admin

OPERATIONS

Total Operations

CAPITAL

Mobility Management

Total Capital

TECHNICAL ASSISTANCE

Personnel
 Fringe Benefits
 Travel
 Supplies
 Dues/Subscription
 Advertising
 Computer and Software
 Indirect Charges
 Total Technical Asst

Total Program

| PT-3G217-85 | | | | | |
|----------------------|----------------|--------------|----------------|-------|------------------------------|
| July 2012- June 2013 | | | | | |
| Total Budget | Section 5317 | | Local | | Total Program Variance |
| | Current | Prior Period | Current | Prior | |
| | Jul 12-June 13 | N/A | Jul 12-June 13 | N/A | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| \$ 25,000 | \$ 3,277 | \$ - | \$ 820 | \$ - | \$ 20,903 |
| \$ 25,000 | \$ 3,277 | \$ - | \$ 820 | \$ - | \$ 20,903 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
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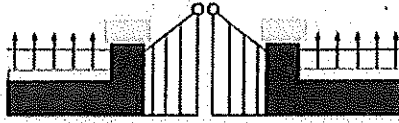
Santee-Lynches Regional COG
Schedule of Budgeted to Actual Costs
For the Year Ended June 30, 2013
Schedule XIII

DMT Contract #
Contract Period:

| PT-3G217-G9 | | | | | | |
|-----------------------------------|-----------------|----------------|--------------|----------------|-------|------------------------------|
| July 2012- June 2013 | | | | | | |
| Actual Cost Performance period | Total Budget | Section 5317 | | Local | | Total Program Variance |
| | | Current | Prior Period | Current | Prior | |
| | | Jul 12-June 13 | N/A | Jul 12-June 13 | N/A | |
| OPERATIONS | | | | | | |
| | | | | | | |
| Total Operations | | | | | | |
| CAPITAL | | | | | | |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Capital | | | | | | |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| PROJECT ADMINISTRATION | | | | | | |
| Other Salaries & Wages | \$ 2,750 | \$ 2,309 | \$ - | \$ - | \$ - | \$ 441 |
| Fringe Benefits | \$ 818 | \$ 1,047 | \$ - | \$ - | \$ - | \$ (229) |
| Travel | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Supplies | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Dues/Subscription | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Advertising | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Computer and Software | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Services | \$ 1,432 | \$ 1,644 | \$ - | \$ - | \$ - | \$ (212) |
| Total Admin | \$ 5,000 | \$ 5,000 | \$ - | \$ - | \$ - | \$ - |
| Total Program | \$ 5,000 | \$ 5,000 | \$ - | \$ - | \$ - | \$ - |

| | |
|-----------------------|----------|
| Approved Budget | \$ 5,000 |
| TI Federal Costs | \$ 5,000 |
| TI State Costs | \$ - |
| TI Local Costs | \$ - |
| Budget over Actual | \$ - |
| or Actual over Budget | |

GOVERNMENTAL AUDITING SECTION



1704 Laurel Street
Columbia, SC 29201

P.O. Box 2411
Columbia, SC 29202

TheHobbsGroup
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS, PA

Phone (803) 799-0555
Fax (803) 799-4212

www.hobbsepa.com

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

To the Board of Directors
Santee-Lynches Regional Council of Governments

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santee-Lynches Regional Council of Governments (the "*Council*") of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Santee-Lynches Regional Council of Governments' basic financial statements, and have issued our report thereon dated December 5, 2013.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we the Council'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 Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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

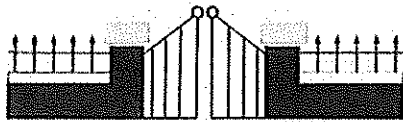
As part of obtaining reasonable assurance about whether Santee-Lynches Regional Council of Governments' statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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.

Columbia, South Carolina
December 5, 2013

The Holler Group, P.A.



1704 Laurel Street
Columbia, SC 29201

P.O. Box 2411
Columbia, SC 29202

TheHobbsGroup
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS, PA

Phone (803) 799-0555
Fax (803) 799-4212

www.hobbsepa.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors
Santee-Lynches Regional Council of Governments

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the Santee-Lynches Regional Council of Governments' (the "Council"), compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2013. The Council's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the Council'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Santee-Lynches Regional Council of Governments' 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 Council's compliance.

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Council 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 Council'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 OMB Circular A-133, 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 Council'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Columbia, South Carolina
December 5, 2013

The Heller Group, P.A.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
 For the Year Ended June 30, 2013

| Federal Grantor / Pass Through Grantor / Program Title | Federal CFDA Number | Pass Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|---|-------------------------|
| Direct Programs: | | | |
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| Rural Business Enterprise Grants - SCRA Cooperative Agreement | 10.769 | Subcontract # 2013-600/ Coop Agrmt # RBS-11-08 | \$ 7,186 |
| U.S. DEPARTMENT OF COMMERCE | | | |
| Economic Development Administration | 11.302 | 04-83-06319 | 18,407 |
| Economic Development Administration | 11.302 | 04-83-06737 | 14,008 |
| | | | <u>32,415</u> |
| U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT | | | |
| HOME - Federal (Administrative) | 14.239 | M10DC450206/M11DC450206 | 65,138 |
| HOME Federal (Projects) | 14.239 | M09DC450206/M10DC450206/M11 DC450206 | 496,990 |
| | | | <u>562,128</u> |
| TOTAL DIRECT PROGRAMS | | | 601,729 |
| Pass Through Programs: | | | |
| U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES | | | |
| Passed through SC Lt. Governor's Office on Aging | | | |
| Title VII Ombudsman - Elder Abuse | 93.041 | R6MG13 | 3,238 |
| Title VII Ombudsman | 93.042 | R6MG13 | 11,014 |
| Title III-D Preventive Health | 93.043 | R6MG13 | 19,080 |
| Title III-D Medication Management | 93.043 | R6MG13 | 3,796 |
| | | | <u>37,128</u> |
| Title III-B Supportive Services at AAA | 93.044 | R6MG13 | 104,147 |
| Title III-B Supportive Services - PY 13 | 93.044 | R6MG13 | 202,572 |
| Title III-B Supportive Services - PY 12 | 93.044 | R6MG12 | 2,732 |
| Title III-B Program Development | 93.044 | R6MG13 | 31,750 |
| Title III-B Ombudsman | 93.044 | R6MG13 | 25,170 |
| | | | <u>366,371</u> |
| Title III C Planning and Administration - PY 12 | 93.045 | R6MG13 | 126,668 |
| Title III-C1 Group Dining | 93.045 | R6MG13 | 290,053 |
| Title III-C2 Home Delivered Meals - PY 11 | 93.045 | R6MG13 | 336,743 |
| | | | <u>753,464</u> |
| Senior Medicare Patrol Project (SMEPA 09) | 93.048 | R6IC13 | 4,536 |
| Senior Medicare Patrol Project (SMEPA 12) | 93.048 | R6IC13 | 7,819 |
| Senior Medicare Patrol Expansion (SCSMP10) | 93.048 | R6IC13 | 458 |
| Senior Medicare Patrol Expansion (SCSMP12) | 93.048 | R6IC13 | 11,114 |
| Model Approaches to Legal Assistance Services | 93.048 | MALR611 | 2,767 |
| Model Approaches to Legal Assistance Services | 93.048 | MALR613 | 4,196 |
| HCBS for Seniors, Adults with Disabilities and Veterans | 93.048 | KCVETR611 | 8,306 |
| | | | <u>39,196</u> |
| Title III-E National Family Caregiver Staff | 93.052 | R6MG13 | 48,045 |
| Title III-E National Family Caregiver III-E P & A | 93.052 | R6MG13 | 17,805 |
| Title III-E Information and Assistance | 93.052 | R6MG13 | 9,500 |
| Title III-E National Family Caregiver - Services PY 13 | 93.052 | R6MG13 | 92,520 |
| Title III-E National Family Caregiver - Services PY 12 | 93.052 | R6MG12 | 2,514 |
| | | | <u>170,384</u> |
| Nutrition Services Incentive Program (NSIP) (July - Sept 12) | 93.053 | R6MG13 | 30,637 |
| Nutrition Services Incentive Program (NSIP) (Oct 12 - June 13) | 93.053 | R6MG13 | 88,682 |
| | | | <u>119,319</u> |
| MIPPA - ADRC (MADRC10) SFY 12 | 93.518 | R6IC13 | 8,337 |
| MIPPA - AAA (MIPPA10) SFY 13 | 93.779 | R6IC13 | 1,740 |
| | | | <u>10,077</u> |

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
 For the Year Ended June 30, 2013

| Federal Grantor / Pass Through Grantor / Program Title | Federal CFDA Number | Pass Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|--|-------------------------|
| U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES | | | |
| Passed through SC Lt. Governor's Office on Aging - Continued | | | |
| I-Care Insurance Counseling (SCARE 12) | 93.779 | RGIC13 | 36,040 |
| I-Care Insurance Counseling (SCARE 13) | 93.779 | RGIC13 | 8,773 |
| | | | <u>44,813</u> |
| U.S. DEPARTMENT OF LABOR | | | |
| Passed Through SC Department of Employment and Workforce | | | |
| WIA Cluster: | | | |
| WIA Administration- PY 12 | 17.258-259, 17.278 | 12A010/12DW010/12Y010 | 81,856 |
| WIA Administration- PY 11 | 17.258-259, 17.278 | 11A010/11DW010/11Y010 | 83,314 |
| WIA Adult - Program Funds Only - PY 12 | 17.258 | 12A010 | 327,972 |
| WIA Adult - Program Funds Only - PY 11 | 17.258 | 11A010 | 276,567 |
| WIA Youth- Program Funds Only - 12 | 17.259 | 12Y010 | 423,888 |
| WIA Youth- Program Funds Only - 11 | 17.259 | 11Y010 | 315,298 |
| WIA Dislocated Worker - Program Funds Only - PY 12 | 17.278 | 12DW010 | 323,614 |
| WIA Dislocated Worker - Program Funds Only - PY 11 | 17.278 | 11DW010 | 300,923 |
| WIA Incumbent Worker Training | 12.278 | 12RRIWTO2 | 32,588 |
| WIA Title II Incentives PY 11 | 17.258 | 11INC010 | 41,558 |
| | | | <u>2,207,578</u> |
| U.S. DEPARTMENT OF TRANSPORTATION (FTA) | | | |
| Passed Through SC Lt. Governor's Office on Aging | | | |
| Section 5317- New Freedom Program - Rural- Operations | 20.521 | NFRGR612 | 359 |
| Section 5317- New Freedom Program - Rural- Operations | 20.521 | NFRGR612 | 181 |
| Section 5317- New Freedom Program - Rural- Capital | 20.521 | NFRGR612 | 9,344 |
| Section 5317- New Freedom Program - Rural- Capital | 20.521 | NFRGR612 | 12,468 |
| Section 5317- New Freedom Program - Urban- Operations | 20.521 | NFUGR612 | 256 |
| Section 5317- New Freedom Program - Urban- Operations | 20.521 | NFUGR612 | 169 |
| Section 5317- New Freedom Program - Urban- Capital | 20.521 | NFUGR612 | 12,448 |
| Section 5317- New Freedom Program - Urban- Capital | 20.521 | NFRGR612 | 9,369 |
| | | | <u>44,594</u> |
| U.S. DEPARTMENT OF TRANSPORTATION (FTA) | | | |
| Passed Through SC Department of Transportation | | | |
| Division of Planning - Federal Highway Funds | | | |
| State Planning and Research Funds (SPR) | 20.205 | N/A | 71,919 |
| Office of Public Transit - FTA Funds | | | |
| Statewide Planning Funds (Section 5304) | 20.515 | PT-1G204-D5 | 19,955 |
| Section 5316- Jobs Access-Reverse Commute - Rural Admin | 20.516 | PT-3G216-E6 | 5,000 |
| Section 5316- Jobs Access-Reverse Commute - Urban Admin | 20.516 | PT-3G216-G4 | 5,000 |
| Section 5316- Jobs Access-Reverse Commute | 20.516 | PT-2G216-66 | 1,810 |
| Section 5316- Job Access Reverse Commute | 20.516 | PT-3G216-A3 | 610 |
| Section 5316- Job Access Reverse Commute | 20.516 | PT-3G216-85 | 623 |
| Section 5316- Job Access Reverse Commute - Rural | 20.516 | PT-3G216-86 | 16,152 |
| Section 5316- Job Access Reverse Commute | 20.516 | PT-3G216-A2 | 731 |
| Section 5317- New Freedom Program -Rural- State Administration | 20.521 | PT-3G217-F7 | 5,000 |
| Section 5317- New Freedom Program - Small Urban - Mob Mngmt | 20.521 | PT-3G217-D5 | 3,361 |
| Section 5317- New Freedom Program - Rural - Mob Mngmt | 20.521 | PT-3G217-B5 | 3,277 |
| Section 5317- New Freedom Program -Small Urban - Admin | 20.521 | PT-3G217-G9 | 5,000 |
| | | | <u>66,519</u> |

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
 For the Year Ended June 30, 2013

| Federal Grantor / Pass Through Grantor / Program Title | Federal CFDA Number | Pass Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|--|-------------------------|
| U.S. DEPARTMENT OF COMMERCE | | | |
| Passed through Economic Development Administration Title IX RLF-Long Term Economic Deterloration Implementation Grant | 11.307 | 04-39-03571 | 18,190 |
| U.S. ENVIRONMENTAL PROTECTION AGENCY | | | |
| Passed Through SC Department of Health and Environmental Control Water Quality Management Planning | 66.454 | EQ-2-1155 | 5,118 |
| U.S. DEPARTMENT OF EDUCATION | | | |
| Office of Postsecondary Education Passed Through SC Department of Education College Access Challenge Grant | 84.378 | 12HE95E-95 | <u>7,500</u> |
| TOTAL PASS THROUGH PROGRAMS | | | <u>3,962,170</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 4,563,899</u> |

NOTE A -- BASIS OF PRESENTATION

This accompanying schedule of expenditures (the "schedule") of federal awards includes the federal grant activity of Santee-Lynches Regional Council of Governments (the "Council") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. Because the schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Council.

NOTE B -- GRANTS PASSED THROUGH TO SUBRECIPIENTS

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the Council provided federal awards to subrecipients as follows:

| Program Title | CFDA Number | Amount Provided |
|---|--------------------|---------------------|
| WIA Cluster | 17.258-259, 17.278 | \$ 1,624,817 |
| Special Programs for the Aging - Title III, Part C Nutrition Services | 93.045 | 620,167 |
| Special Programs for the Aging - Title III, part B Grants for Supportive Services and Senior Centers | 93.044 | 205,304 |
| Special Programs for the Aging - Title III, Part D Preventive Health | 93.043 | 19,082 |
| Nutrition Services Incentive Program (NSIP) | 93.053 | 119,319 |
| Home Federal Program | 14.239 | <u>469,574</u> |
| | | <u>\$ 3,058,263</u> |

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
For the Year Ended June 30, 2013**

SECTION I – SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of Santee-Lynches Regional Council of Governments.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of Santee-Lynches Regional Council of Governments, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program is reported in the Independent Auditors' Report on Compliance For Each Major Federal Program on Internal Control over Compliance Required by OMB Circular A-133.
5. The auditors' report on compliance for the major federal award program for Santee-Lynches Regional Council of Governments expresses an unmodified opinion.
6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 reported in this schedule.
7. The program tested as a major program was:
 - a) WIA Cluster, CFDA 17.258, 17.259, and 17.278
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Santee-Lynches Regional Council of Governments was determined to be a low-risk auditee.

SECTION II - FINDINGS – FINANCIAL STATEMENTS AUDIT

None

SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

SECTION IV – SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

None