

AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL INFORMATION

*SANTEE-LYNCHES*  
*REGIONAL COUNCIL OF GOVERNMENTS*

June 30, 2012

TABLE OF CONTENTS  
*SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS*  
 June 30, 2012

Independent Auditors' Report .....	1
Management's Discussion and Analysis (Unaudited) .....	3
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Assets .....	11
Statement of Activities .....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	13
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets .....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	16
Statement of Net Assets – Proprietary Fund .....	17
Statement of Revenue, Expenses, and Changes in Net Assets – Proprietary Fund .....	18
Statement of Cash Flows – Proprietary Fund .....	19
Notes to the Basic Financial Statements .....	20
<b>Required Supplemental Information</b>	
Budgetary Comparison Schedule – General Fund .....	33
Budgetary Comparison Schedule – Aging Special Revenue Fund .....	34
Budgetary Comparison Schedule – Workforce Investment Act Special Revenue Fund .....	35
Budgetary Comparison Schedule – Housing and Economic Development Projects Special Revenue Fund .....	36
Notes to Budgetary Comparison Schedules .....	37
<b>Supplemental Information</b>	
Governmental Funds – Detail of Revenues, Expenditures and Changes in Fund Balances .....	38
U.S. Department of Transportation (FTA) Budgetary Schedule Workforce Transportation - Con- tract PT-2G216-66 .....	39
U.S. Department of Transportation (FTA) Budgetary Schedule Section 5316 Job Access Reverse Commute – Contract MT-9G216-98 .....	40
U.S. Department of Transportation (FTA) Budgetary Schedule Section 5316 Job Access Reverse Commute – Contract PT-2G216-SA .....	41
U.S. Department of Transportation (FTA) Budgetary Schedule Section 5317 New Freedom – Contract PT-9G217-SA .....	42
U.S. Department of Transportation (FTA) Budgetary Schedule Section 5304 Statewide Planning Funds – Contract PT-1G204-D5 .....	43
Detail Schedule of Notes Receivable .....	44

TABLE OF CONTENTS - Continued  
SANTÉE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
June 30, 2012

**Governmental Auditing Reports**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	45
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	47
Schedule of Expenditures of Federal Awards .....	49
Schedule of Findings and Questioned Costs .....	52
Schedule of Prior Audit Findings .....	53

1704 Laurel Street  
Columbia, SC 29201

\_\_\_\_\_  
P.O. Box 2411  
Columbia, SC 29202



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

\_\_\_\_\_  
[www.hobbscpa.com](http://www.hobbscpa.com)

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Santee-Lynches Regional Council of Governments  
Sumter, South Carolina

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, 2012, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Council, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2012, 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* and should be considered in assessing the results of our audit.

Board of Directors  
Santee-Lynches Regional Council of Governments

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 33 through 37 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's financial statements as a whole. The accompanying supplemental detail of revenues, expenditures and changes in fund balances, budgetary schedule workforce transportation, budgetary schedule sections 5304, 5316 and 5317, detail of revenues and expenditures governmental funds and the detail schedule of notes receivable 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 purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Columbia, South Carolina  
November 26, 2012

*The Halls 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, 2012. 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 Assets and the Statement of Activities found on pages 11 and 12 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 13 and 15 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 Assets* 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 assets, is separated into three classifications - invested in capital assets, restricted net assets, and unrestricted net assets. Over time, increases or decreases in net assets 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 Assets for the Government-wide activities is provided on page 16 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 33-37 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 Assets**

	Governmental Activities			Business-Type Activities		
	6/30/2012	6/30/2011	Net Change	6/30/2012	6/30/2011	Net Change
Current and Other Assets	\$ 2,242,255	\$ 1,979,583		\$ 1,323,633	\$ 1,346,864	
Net Capital Assets	339,111	390,370		0		
<b>Total Assets</b>	<b>\$ 2,581,366</b>	<b>\$ 2,369,953</b>	<b>\$ 211,413</b>	1,323,633	1,346,864	\$ (23,231)
Current Liabilities	\$ 579,736	370,171				
Long-Term Liabilities	7,881	12,373				
<b>Total Liabilities</b>	<b>\$ 587,617</b>	<b>\$ 382,544</b>	<b>\$ 205,073</b>	\$ 0	\$ 0	\$ 0
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	\$ 326,587	\$ 373,898				
Restricted	73,698	76,707		\$ 1,323,633	\$ 1,346,864	
Unrestricted	1,593,464	1,536,804				
<b>Total Net Assets</b>	<b>\$ 1,993,749</b>	<b>\$ 1,987,409</b>	<b>\$ 6,340</b>	\$ 1,323,633	\$ 1,346,864	\$ (23,231)

The snapshot of the *governmental activities'* assets and liabilities indicates only a slight improvement in this portion of the Council's overall financial position from FYE 2011 to FYE 2012. While Total Assets increased, Total Liabilities increased at a slightly lower rate, resulting in a small, but positive change in **Total Net Assets** of \$6,340.

A summary review of the changes in the *governmental activities'* assets and liabilities indicates the Council's cash position at June 30, 2012 was about 14% higher than the prior year. While Accounts Receivable increased about 14% over the prior year, Accounts Payable increased about 80% over the prior year. This increase in payables was the main contributor to the cash increase at year end. Net capital assets decreased in value because numerous obsolete computers, systems and software programs were disposed. The majority of the Council's long-term liabilities were paid off by year end, with only one long-term equipment lease still due.

Conversely, the snapshot of the *business-type activities'* assets and liabilities indicates a continued decline in this activity's financial position from FYE 2011 to FYE 2012. Assets declined by approximately 1.7% from the prior year, a rate that mirrors the prior year's rate. **Total Net Assets** decreased by \$23,231.



**Summary of Statement of Activities**

	Governmental Activities			Business-Type Activities		
	6/30/2012	6/30/2011	Net Change	6/30/2012	6/30/2011	Net Change
Operating Grants	\$ 6,680,348	\$ 6,927,560				
Charges for Service	23,330	25,753		\$ 46,452	\$ 67,463	
State and Local Appropriations	216,540	213,000				
Interest and Other Income	663	6,569				
<b>Total Revenues</b>	<b>\$ 6,920,881</b>	<b>\$ 7,172,882</b>	<b>\$ (252,001)</b>	<b>\$ 46,452</b>	<b>\$ 67,463</b>	<b>\$ (21,011)</b>
General Admin	\$ 202,864	\$ 184,090				
Program Admin	6,688,896	6,881,719				
Service Admin	22,781	24,988				
EDA Title IX Revolving Loan				\$ 69,683	\$ 90,707	
<b>Total Expenses</b>	<b>\$ 6,914,541</b>	<b>\$ 7,090,797</b>	<b>\$ (176,256)</b>	<b>\$ 69,683</b>	<b>\$ 90,707</b>	<b>\$ (21,024)</b>
<b>Change in Net Assets</b>	<b>6,340</b>	<b>82,085</b>	<b>(75,745)</b>	<b>(23,231)</b>	<b>(23,244)</b>	<b>13</b>
Net Assets at the Beginning of the Year	<u>1,987,409</u>	<u>1,905,324</u>		<u>1,346,864</u>	<u>1,370,108</u>	
Net Assets at the End of the Year	<u>\$ 1,993,749</u>	<u>\$ 1,987,409</u>		<u>\$ 1,323,633</u>	<u>\$ 1,346,864</u>	

*Governmental Activities:*

Overall, revenues decreased approximately 3.5% from the 2011 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 from the prior year level but at a slightly lesser rate, approximately 2.5%. Program administration expenses accounted for the largest portion of the dollar decrease in expenses. While the Change in Net Assets was positive this year, it was about 92% less than the positive change in the prior year.

*Business-type activities:*

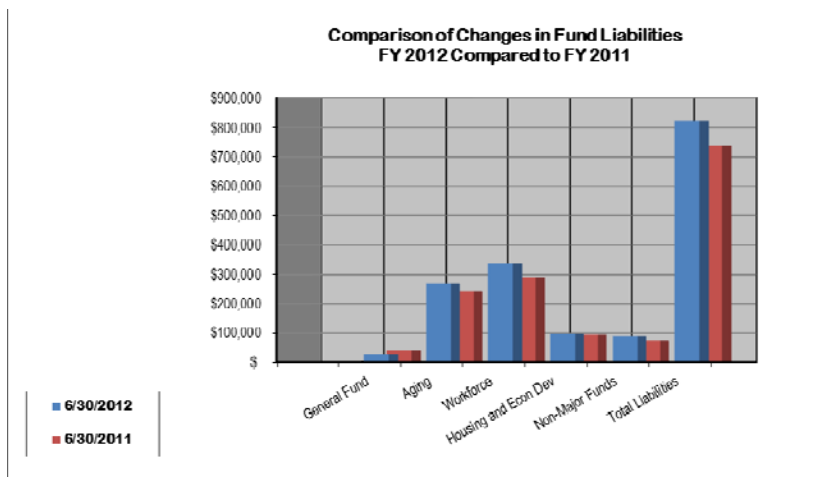
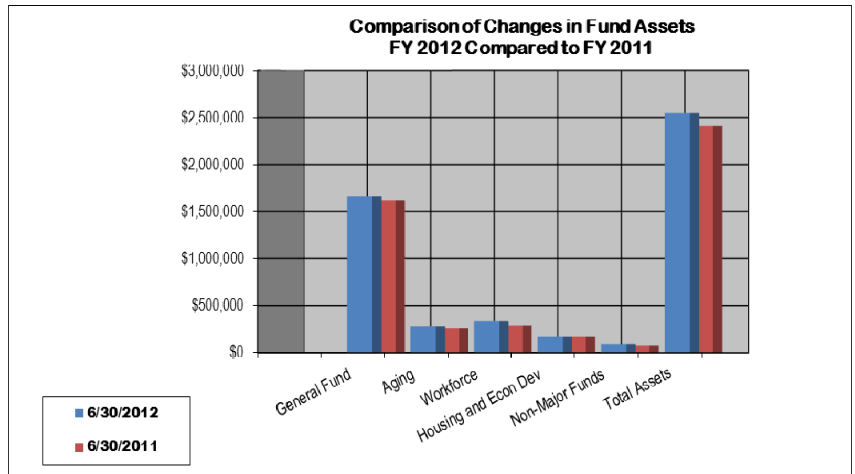
Both revenues and expenses decreased at almost the same rate in the business-type activities.

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 2.8% over the prior year with the majority of the increase in Cash. Amounts Due from other funds decreased fairly significantly while all liabilities decreased. The largest liability decrease was in accrued payroll tax liabilities because of less staff after the COG contracted out the operations of the SC Works (One-Stop) Centers versus staffing the operations in house.



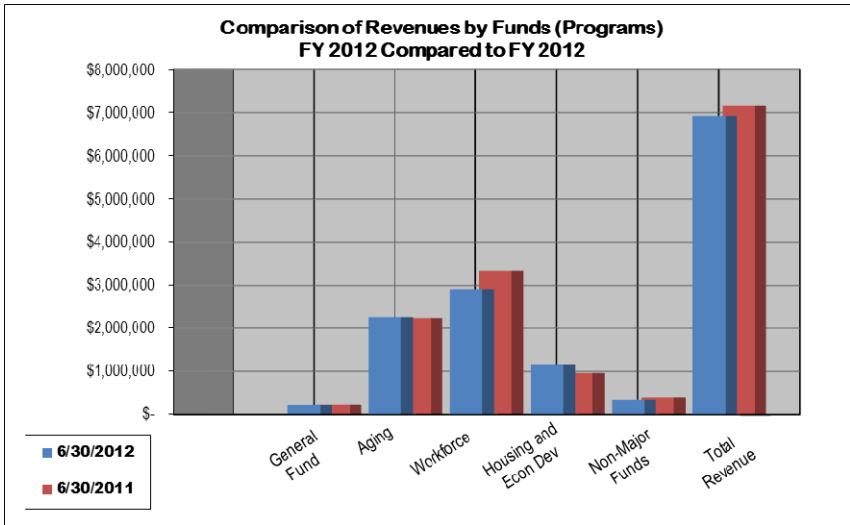
Within the specific program areas, the Aging program reflected an approximate 12% increase in accounts receivable. Correspondingly, Aging program liabilities increased by about 12% because of increased accounts payable, deferred revenue and amounts due to the general fund.

In the Workforce program, both assets and liabilities increased over the prior year by about 16.5%. Accounts receivable rose slightly and accounts payable rose significantly more than accounts receivable, resulting in a lower amount due to the general fund from the Workforce fund. The significantly larger increase in accounts payable over the prior year was the result of SC Works Center operations being contracted and the timing of receipt of their invoices for year end.

In the Housing and Economic Development program and increased accounts receivable meant net assets were virtually unchanged from last year. Increased accounts payables accounted for the approximate 3.7% increase in liabilities.

Decreased year-end cash balances in the Housing and Economic Development program and increased accounts receivable meant net assets were virtually unchanged from last year. Increased accounts payables accounted for the approximate 3.7% increase in liabilities.

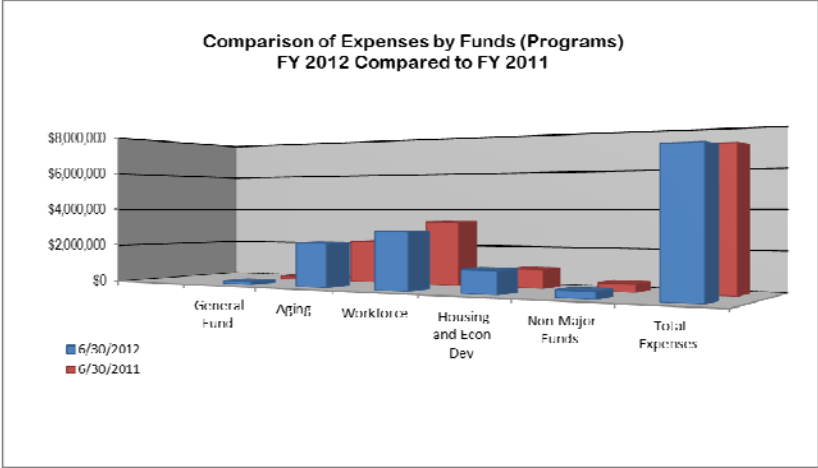
The primary increase of about 22% in non-major fund assets was in accounts receivable. While accounts payable in this fund decreased, the amount due to the general fund increased causing liabilities in the fund to increase by about 22% also.



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 decreased very slightly from the prior year, mainly because of reductions in interest earnings and other miscellaneous revenues. A decrease in state appropriations

was offset by an increase in local appropriations because of final census number changes. General fund expenses were down over 5% from the prior year due to decreased indirect/overhead costs, less capital equipment outlays and lower debt service retirement payments.

A small increase in Aging revenues is indicated on the graph and was the direct result of cost share revenue leveraged by a pilot program accomplished with one-time funds from the State Lt. Governor's Office on Aging. Funding reductions in state revenue were slightly less than cost share revenue gains, so the program showed an overall 1% increase in revenue. Conversely, expenses in the program increased by about 2%, primarily in direct participant support – again related to the cost share pilot program. Overall, expenses increased slightly more than revenues, indicating use of funds carried over from the prior year to cover expenses.



In the Workforce area, the graphs reflect decreases in both revenues and expenses. Revenues declined by about 12.6%, mainly as the result of decreased federal funding. Expenses correspondingly decreased about 12.7% as the result of reductions in overhead costs, consulting fees and payments to service providers. In short, both the Administrative Entity and its service provider contractors reduced their costs/expenses to accommodate the revenue reductions.

On the other hand, Housing and Economic Development program revenues and expenses increased by approximately 21% and 20% respectively. The increased revenues and expenses are essentially entirely attributable to a higher rate of expenditures for HOME-funded activities in this fiscal year.

Within the Non-major governmental fund, revenues decreased by approximately 13% over the prior year due to the cyclical nature of special contracts and local planning and zoning work. Expenses in this area decreased by almost 11% over last year almost entirely as the result of the expiration in the prior year of a special contract for pass through services for Mobility Management.

***Proprietary Funds:***

The business-type activities charted previously are the summaries of the EDA Title IX Revolving Loan Fund program. A detailed analysis shows that the only significant change in assets was a reduction in cash due to one new loan advanced and payment of operational overhead for the fund. Loan principle pay downs were almost equal to the loan advance, resulting in little to no change in the overall notes receivable balance.

Revenues are down from the prior year because of the lack of significant new loan generation and the gradual pay down of the existing loans in the portfolio. Accordingly, expenses were managed by staff to a lower level than the prior year; however, expenses still exceed revenue, resulting in a loss in the program again this year.

**Budgetary Analysis**

Within the Required Supplemental Information section of this report, a budgetary comparison schedule for the General Fund is provided on page 33. The only variance of any significance in General Fund revenue between the original and final budgets was in Other Revenue. The final budget amendment anticipated collection of some local contract fees and sale of equipment that did not occur until the next fiscal year.

The most significant variances in total budgeted expenditures from the original to the final general fund budget were in personnel, match and capital outlays. Final personnel charges to the administrative account were about \$13,000 higher than anticipated in the budget. 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 were almost \$47,000 less than budgeted because funds budgeted to address building façade and foundation issues were not expended in the fiscal year.

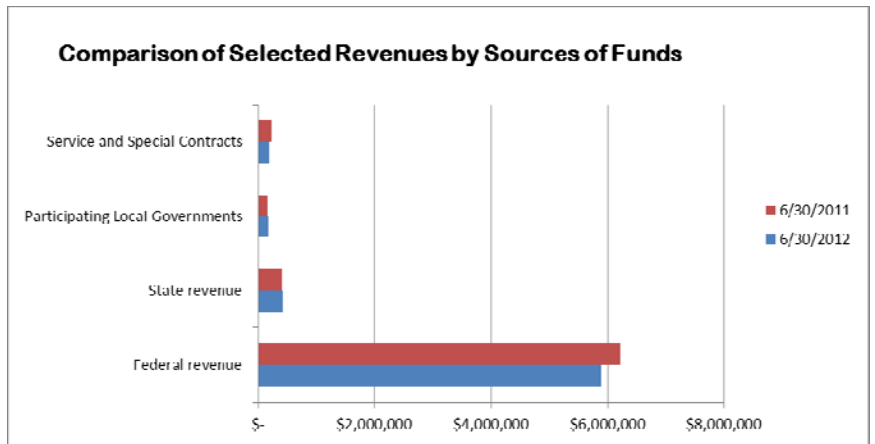
**Capital Asset and Long Term Debt Activity**

The net value of Capital assets decreased by over \$50,000 from last year to this year. Agency-wide as well as throughout the Workforce service provider system, obsolete/unused computers, servers and systems, as well as obsolete software programs previously capitalized were deleted and removed from capital asset inventory.

Long term debt decreased by approximately \$4,500 from last year to this fiscal year end as the result of pay down on capital leases and no new debt acquired.

## Economic Factors and Next Year's Budget

Variations in funding from last year to this year as demonstrated by the chart to the right continue to be a challenge for the COG in maintaining an adequate base of revenue to support personnel and overhead costs and to maintain adequate levels of service provision through our various programs in the region. Strong local government



participation via appropriations continues to allow the COG to leverage federal funds in spite of reduced State General Assembly appropriations. As indicated in the chart, however, federal funds are continuing to slowly decrease. Management is awaiting federal action regarding the national budget but anticipates some further reduction in the levels of federal funding in certain major programs of the COG.

## BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS  
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
 June 30, 2012

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash	\$ 1,360,209	\$ 663,531	\$ 2,023,740
Due from related parties	6,450		6,450
Accounts receivable	787,263		787,263
Internal balances	14,635	(14,635)	0
Notes receivable, net	1,011	58,477	59,488
Total Current Assets	<u>2,169,568</u>	<u>707,373</u>	<u>2,876,941</u>
Noncurrent assets			
Notes receivable, net	72,687	616,260	688,947
Capital assets, net			
Building	222,667		222,667
Furniture and equipment	94,111		94,111
Vehicles	22,333		22,333
Total Noncurrent Assets	<u>411,798</u>	<u>616,260</u>	<u>1,028,058</u>
TOTAL ASSETS	<u>\$ 2,581,366</u>	<u>\$ 1,323,633</u>	<u>\$ 3,904,999</u>
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities			
Accounts payable	\$ 486,385		\$ 486,385
Accrued payroll and other liabilities	23,006		23,006
Unearned revenue	8,739		8,739
Insurance and tax escrow	216		216
Accrued annual leave	56,747		56,747
Current portion of long-term debt	4,643		4,643
Total Current Liabilities	<u>579,736</u>	<u>\$ 0</u>	<u>579,736</u>
Noncurrent Liabilities			
Due in more than one year	7,881		7,881
Total Liabilities	<u>587,617</u>	<u>0</u>	<u>587,617</u>
Net Assets			
Invested in capital assets, net of related debt	326,587		326,587
Restricted	73,698	1,323,633	1,397,331
Unrestricted	1,593,464		1,593,464
Total Net Assets	<u>1,993,749</u>	<u>1,323,633</u>	<u>3,317,382</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,581,366</u>	<u>\$ 1,323,633</u>	<u>\$ 3,904,999</u>

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, 2012

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General Administration	\$ 202,864				\$ (202,864)		\$ (202,864)
Program Administration	6,688,896	\$ 751	\$ 6,680,348		(7,797)		(7,797)
Service Administration	22,781	22,579			(202)		(202)
Total Governmental Activities	6,914,541	23,330	6,680,348	\$ 0	(210,863)	\$ 0	(210,863)
Business-type activities:							
EDA Title IX Revolving Loan	69,683	46,452				(23,231)	(23,231)
Total Business-Type Activities	69,683	46,452	0	0	0	(23,231)	(23,231)
Total Primary Government	<u>\$ 6,984,224</u>	<u>\$ 69,782</u>	<u>\$ 6,680,348</u>	<u>\$ 0</u>	<u>(210,863)</u>	<u>(23,231)</u>	<u>(234,094)</u>
			General Revenues				
			State revenue		41,242		41,242
			Participating local governments		175,298		175,298
			Interest income		406		406
			Other		257		257
			Total General Revenues		<u>217,203</u>	<u>0</u>	<u>217,203</u>
						Change in Net Assets	
					6,340	(23,231)	(16,891)
						Net Assets at Beginning of Year	
					<u>1,987,409</u>	<u>1,346,864</u>	<u>3,334,273</u>
						Net Assets at End of Year	
					<u>\$ 1,993,749</u>	<u>\$ 1,323,633</u>	<u>\$ 3,317,382</u>

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

BALANCE SHEET - GOVERNMENTAL FUNDS  
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
 June 30, 2012

	Special Revenue Funds					
	General	Aging	Workforce Investment Act	Housing and Economic Development Projects	Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 1,345,636	\$ 14,356		\$ 217		\$ 1,360,209
Due from other funds	317,713					317,713
Due from related party					\$ 6,450	6,450
Accounts receivable	57	269,090	\$ 337,805	98,016	82,295	787,263
Notes receivable				73,698		73,698
<b>TOTAL ASSETS</b>	<b>\$ 1,663,406</b>	<b>\$ 283,446</b>	<b>\$ 337,805</b>	<b>\$ 171,931</b>	<b>\$ 88,745</b>	<b>\$ 2,545,333</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 4,545	\$ 175,950	\$ 276,425	\$ 28,957	\$ 508	\$ 486,385
Accrued payroll and other liabilities	23,006					23,006
Unearned revenue		5,407	3,331			8,738
Insurance and tax escrow				217		217
Due to general fund		87,733	58,049	69,059	88,237	303,078
<b>Total Liabilities</b>	<b>27,551</b>	<b>269,090</b>	<b>337,805</b>	<b>98,233</b>	<b>88,745</b>	<b>821,424</b>
<b>Fund Balances</b>						
Restricted		14,356		73,698		88,054
Unassigned	1,635,855					1,635,855
<b>Total Fund Balances</b>	<b>1,635,855</b>	<b>14,356</b>	<b>0</b>	<b>73,698</b>	<b>0</b>	<b>1,723,909</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,663,406</b>	<b>\$ 283,446</b>	<b>\$ 337,805</b>	<b>\$ 171,931</b>	<b>\$ 88,745</b>	<b>\$ 2,545,333</b>

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 ASSETS  
SANTÉE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
June 30, 2012

Fund Balances of Governmental Funds	\$ 1,723,909
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital Assets, net of depreciation, are not current financial resources and are not included in the governmental funds.	339,111
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.	
Annual leave	(56,747)
Lease outstanding	(12,524)
	<hr/>
Net Assets of Governmental Activities	<u>\$ 1,993,749</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, 2012

	Special Revenue Funds					
	General	Aging	Workforce Investment Act	Housing and Economic Development Projects	Non-major Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Federal revenue		\$ 1,835,132	\$ 2,797,592	\$ 1,018,267	\$ 239,614	\$ 5,890,605
State revenue	\$ 41,242	312,406	59,944			413,592
Participating local governments	175,298					175,298
Service and special contracts				146,458	41,421	187,879
Required match		79,472			72,403	151,875
Interest income	406					406
Other	257	40,736	58,088	751	1,395	101,227
<b>Total Revenues</b>	<b>217,203</b>	<b>2,267,746</b>	<b>2,915,624</b>	<b>1,165,476</b>	<b>354,833</b>	<b>6,920,882</b>
<b>Expenditures</b>						
<b>Current</b>						
General Administration	129,213					129,213
Program Administration		2,275,689	2,911,414	1,162,987	361,587	6,711,677
Capital outlays	10,847	6,016				16,863
Debt service - principal retirement	3,948					3,948
Debt service - interest	3,048					3,048
<b>Total Expenditures</b>	<b>147,056</b>	<b>2,281,705</b>	<b>2,911,414</b>	<b>1,162,987</b>	<b>361,587</b>	<b>6,864,749</b>
<b>Excess (Deficiency) Revenues Over (Under) Expenditures</b>	<b>70,147</b>	<b>(13,959)</b>	<b>4,210</b>	<b>2,489</b>	<b>(6,754)</b>	<b>56,133</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	9,708	13,959			6,754	30,421
Transfers out	(20,713)		(4,210)	(5,498)		(30,421)
<b>Total Other Financing Sources (Uses)</b>	<b>(11,005)</b>	<b>13,959</b>	<b>(4,210)</b>	<b>(5,498)</b>	<b>6,754</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>59,142</b>	<b>0</b>	<b>0</b>	<b>(3,009)</b>	<b>0</b>	<b>56,133</b>
<b>Fund Balances at Beginning of Year</b>	<b>1,576,713</b>	<b>14,356</b>	<b>0</b>	<b>76,707</b>	<b>0</b>	<b>1,667,776</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 1,635,855</b>	<b>\$ 14,356</b>	<b>\$ 0</b>	<b>\$ 73,698</b>	<b>\$ 0</b>	<b>\$ 1,723,909</b>

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  
*SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS*  
For the Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ 56,133

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	16,863
Depreciation expense	(68,121)

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	3,948
----------------------	-------

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  
compensated absences.

(2,483)
---------

Change in Net Assets of Governmental Activities	\$ 6,340
---	----------

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

STATEMENT OF NET ASSETS - PROPRIETARY FUND  
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
 June 30, 2012

	EDA Title IX <u>Revolving Loan</u>
ASSETS	
Current Assets	
Cash	\$ 663,531
Notes receivable	58,477
	<u>722,008</u>
Total Current Assets	
Noncurrent assets	
Notes receivable	616,260
	<u>616,260</u>
TOTAL ASSETS	<u>\$ 1,338,268</u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Due to other funds	\$ 14,635
	<u>14,635</u>
Total Liabilities	
Net Assets	
Restricted	1,323,633
	<u>1,323,633</u>
Total Net Assets	
	<u>1,323,633</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,338,268</u>

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -  
 PROPRIETARY FUND  
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
 For the Year Ended June 30, 2011

	EDA Title IX <u>Revolving Loan</u>
Operating Revenues	
Interest on notes receivable	\$ 46,319
Application and late fees	16
Interest income	117
Total Operating Revenues	<u>46,452</u>
Operating Expenses	
Personnel Costs	42,973
Indirect cost allocations	16,036
Miscellaneous fees and costs	10,674
Total Operating Expenses	<u>69,683</u>
Change in Net Assets	(23,231)
Net Assets at beginning of Year	<u>1,346,864</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 1,323,633</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, 2010

	EDA Title IX <u>Revolving Loan</u>
Cash Flows From Operating Activities	
Cash received from note recipients	\$ 94,990
Cash payments for personnel costs and professional fees	(72,351)
Cash payment to note recipients	(76,000)
Other operating cash receipts	<u>133</u>
Net Cash Used By Operating Activities	<u>(53,228)</u>
Cash at beginning of year	<u>716,759</u>
Cash At End Of Year	<u><u>\$ 663,531</u></u>
Reconciliation of Operating Loss to Net Cash Used By Operating Activities	
Operating loss	\$ (23,231)
Change in Assets and Liabilities:	
Notes receivable	(27,330)
Related party payable	<u>(2,667)</u>
Net Cash Used By Operating Activities	<u><u>\$ (53,228)</u></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, 2012

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 -- 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. The following significant accounting policies were applied in the preparation of the accompanying basic financial statements:

**Basis of Accounting/Measurement Focus:** 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).

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

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

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES - Continued

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 Assets and a Statement of Activities (including Changes in Net Assets). 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 Assets. The Statement of Activities presents changes in net assets. 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 Assets 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 assets as presented in these statements to the net assets presented in the Government-Wide Financial Statements. The Council has presented all major funds that met the qualifications of GASB Statement No. 34.

All 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 assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual

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

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES - Continued

(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 Asset and Fund Balance Classifications:** In the Government-Wide financial statements, the difference between the Council's total assets and liabilities represent net assets. Net assets for both the governmental and proprietary fund types are reported in three classifications, as follows:

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

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES - Continued

**Invested in Capital Assets, net of related debt:** This category represents capital assets at historical cost less the related accumulated depreciation and outstanding debt incurred to acquire the assets.

**Restricted Net Assets:** This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. In the fund financial statements the restricted net assets represent grantor imposed restrictions.

**Unrestricted Net Assets:** This category represents the net assets of the Council that are not restricted for any project or other purpose.

The Council has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement established 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 classifications and definitions are as follows:

**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 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 Council's Board of Directors – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Council's Board of Director 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 balances are the residual classification for the General Fund. This classification represents the 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.

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

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES – Continued

**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 assets** – Following the governmental fund balance sheet is reconciliation between *fund balances - total governmental funds and net assets of governmental activities* as reported in the government-wide statement of net assets. The details of these differences are 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 assets of governmental activities* as reported in the government-wide statement of activities. The detail of these differences are 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, 2012 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.

**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:** The Council accounts for capital asset purchases by recording acquisitions at cost or estimated historical cost. Donated assets are recorded at their estimated fair value at the date of donation.

Capital assets are depreciated over their estimated useful lives using the straight-line method of depreciation. Useful lives of the Council's capital assets generally range from 3 to 40 years.

**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 thirty-six 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 thirty-eight

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

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

**Inter-fund Receivables and Payables:** During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “*due from other funds*” or “*due to other funds*” on the governmental funds balance sheet.

**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:** In the proprietary fund financial statements, management evaluates the collectability that notes receivable are collectible, and provides for any allowance for doubtful accounts accordingly.

**Operating Transfers:** Operating 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:** The Council expenses advertising costs as they are incurred.

**Use of Restricted/Unrestricted Net Assets:** When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Council’s policy is to apply restricted net assets first.

**New Accounting Pronouncements:** A new accounting pronouncement affecting the Council is as follows:

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA pronouncements*, effective periods beginning after December 15, 2011, incorporates into GASB’s authoritative literature certain accounting and financial reporting guidance included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure, which do not conflict with or contradict GASB pronouncements. The Council intends to implement the new requirements for the fiscal year 2012-13 financial statements.



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

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, 2012 at local financial institutions were \$2,324,854 and were insured as follows:

Amount insured by FDIC	\$ 500,000
Amount insured and collateralized by U.S. Government Agency Securities	<u>1,824,854</u>
TOTAL	<u><u>\$ 2,324,854</u></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.

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, 2012 was \$73,698.

Notes receivable at June 30, 2012 are as follows for each of the programs of the Council:

Governmental Activities:	
HOME Receivable	\$ 73,698
Business-type Activities:	
Title IX Revolving Loan Funds	<u>674,737</u>
TOTAL NOTES RECEIVABLE	<u><u>\$ 748,435</u></u>

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

NOTE C -- NOTES RECEIVABLE – Continued

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

Year ending June 30,	
2013	\$ 59,488
2014	63,541
2015	67,878
2016	65,023
2017	51,369
Thereafter	441,136
TOTAL	<u>\$ 748,435</u>

NOTE D -- CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2012:

	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
Furniture and equipment	\$ 770,383	\$ 20,363	\$ (76,987)	\$ 713,759
Vehicles	129,185			129,185
Building	336,631			336,631
Total Capital Assets	<u>1,236,199</u>	<u>20,363</u>	<u>(76,987)</u>	<u>1,179,575</u>
Accumulated Depreciation	<u>(845,829)</u>	<u>(68,121)</u>	<u>73,486</u>	<u>(840,464)</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 390,370</u>	<u>\$ (47,758)</u>	<u>\$ (3,501)</u>	<u>\$ 339,111</u>

Depreciation expense is charged to the following functions:

General Administration	\$ 37,665
Program Administration	30,456
TOTAL	<u>\$ 68,121</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 Assets.

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, 2012:

Due to/Due From	Receivable	Payables
General Fund	\$ 317,713	
Aging Fund		\$ 87,733
Workforce Investment Act Fund		58,049
Housing and Economic Development Projects Fund		23,744
Non-major Governmental Funds		133,552
EDA Title IX Revolving Loan		14,635
TOTAL	\$ 317,713	\$ 317,713

Interfund Transfers: The following summarizes interfund transfers for the fiscal year ended June 30, 2012:

	Transfers In	Transfers Out
General Fund	\$ 9,708	\$ 20,713
Aging Fund	13,959	
Workforce Investment Act fund		4,210
Housing and Economic Development Projects Fund		5,498
Non-major Governmental Funds	6,754	
TOTAL	\$ 30,421	\$ 30,421

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 -- RETIREMENT PLAN

The Council contributes to the South Carolina Retirement System (“the *System*”). This plan is a cost-sharing, multiple-employer pension plan administered by the Retirement Division of the State Budget and Control Board. The System offers retirement benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The plan’s provisions are established by Title 9 of the South Carolina Code of Laws. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available by writing the South Carolina Retirement System, Post Office Box 11960, Columbia, South Carolina 29211-1960.

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

NOTE F -- RETIREMENT PLAN - Continued

All regular employees are eligible for a retirement annuity upon reaching age 65 or completion of 28 years credited service. The benefit formula, effective July 1, 1989, for the System is 1.82% of an employee's average final compensation multiplied by the number of years of credited service. An early retirement option with reduced benefits is available at age 60 or age 55 with 25 years of service. Employees are vested for a deferred annuity after five years service and qualify for a survivor's benefit upon completion of 15 years credited service. Disability annuity benefits are payable to employees totally and permanently disabled so long as they have a minimum of five years credited service unless injury is job related.

The plan members are required to contribute 6.5% of their covered salary and the Council is required to contribute at an actuarially determined rate. Effective July 1, 2011, the employer contribution rate became 13.685% of annual-covered payroll contribution rate, which includes a 4.30% surcharge to fund retiree health and dental insurance coverage. The Council's actual contributions, not including the surcharge, to the System for the three most recent years ended June 30, 2012, 2011, and 2010, were \$132,735, \$137,141 and \$115,400, respectively. The contribution rates for June 30, 2012 and 2011 were 9.385%, not including the surcharge, of annual-covered payroll.

The System does not make separate measurements of assets and pension benefit obligations for individual employers. Accordingly, information regarding the excess, if any, applicable to the Council of the actuarially computed value of vested benefits over the total of the applicable pension fund and any balance sheet accruals, less any pension prepayments of deferred charges, is not available. Under Title 9 of the South Carolina Code of Laws, the Council's liability under the System is limited to the amount of contributions, stated as a percentage of covered payroll, established by the State Budget and Control Board. Accordingly, the Council recognizes no contingent liability for unfunded costs associated with participation in the System. All actuarially required contributions due to the System were met.

NOTE G -- POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

**Plan Description:** The Council participates in the State of South Carolina's post-employment benefit plan for retirees. 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 eligible retired Council employees and their covered dependents. The Council contributes to the Retiree Medical Plan (RMP) and the Long-term Disability Plan (LTDP), cost-sharing, multiple employer defined benefit post-employment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). 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 May 2, 2008 and after, retirees are eligible for benefits if they have established twenty-five years of service for 100% employer funding and fifteen through twenty-four years of service for 50% employer funding. Benefits become effective when the former employee retires under the State retirement system. Basic long-term disability (BLTD) benefits are provided through the State of South Carolina Plan to Council employees approved for disability.

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

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

**Funding Policies:** The postemployment healthcare and long-term disability benefits described above are funded through a pension surcharge. The Council elected to contribute, at a rate assessed each year by the Office of the State Budget, to pay this surcharge. The surcharge amounted to 4.90%, 3.90% and 3.5% of annual covered payroll for 2012, 2011, and 2010, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The Council paid approximately \$55,159, \$58,884 and \$43,700 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2012, 2011, and 2010, respectively. BLTD benefits are funded through a per person premium charged by the State to the Council. The monthly premium per active employee paid to the EIP was \$3.56, \$3.56, and \$3.58 for 2012, 2011, and 2010, 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 South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated through EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

One may obtain complete financial statements for the benefit plans and the trust funds from Employee Insurance Program, 1201 Main Street, Suite 360, Columbia, South Carolina 29201.

NOTE H -- 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 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. These payments totaled \$22,440 in 2012. Services in the amount of \$6,450 were receivable at June 30, 2012.

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

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

NOTE I -- INSURANCE POOL - Continued

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 \$28,876 during the year ended June 30, 2012 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, 2012, there were no liabilities which exceeded the coverage available through the SCIRF and separately purchased carriers.

NOTE J -- CONTINGENCIES

The Council received a \$1,000,000 revolving loan grant from the Economic Development Administration program. This grant contains stipulations which require the Council to repay should the program not comply with established guidelines.

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 K -- LONG-TERM LIABILITIES

The following summarizes long-term debt activity of the Council for the year ended June 30, 2012:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Annual leave	\$ 54,265	\$ 79,459	\$ (76,977)	\$ 56,747	\$ 56,747
Capital lease	16,472		(3,948)	12,524	4,643
TOTAL	<u>\$ 70,737</u>	<u>\$ 79,459</u>	<u>\$ (80,925)</u>	<u>\$ 69,271</u>	<u>\$ 61,390</u>

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

NOTE K -- 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, 2012 are as follows:

Equipment	\$ 14,759
Accumulated Depreciation	(6,604)
TOTAL	<u>\$ 8,155</u>

Future minimum lease payments remaining under the capital lease as of June 30, 2012 are as follows:

<u>Year Ending June 30,</u>	
2013	5,927
2014	5,927
2015	<u>2,696</u>
Minimum lease payments	14,550
Less interest	<u>(2,026)</u>
PRESENT VALUE OF CAPITAL LEASE	<u>\$ 12,524</u>

NOTE L -- SUBSEQUENT EVENTS

Subsequent to year end the Council has begun exploring, among other options, the option of transferring the EDA Title IX Revolving Loan Program to another agency.

REQUIRED SUPPLEMENTAL INFORMATION



REQUIRED SUPPLEMENTAL INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
 For the Year Ended June 30, 2012

	Budget		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
State revenue	\$ 42,365	\$ 41,242	\$ 41,242	\$ 0
Participating local governments	175,298	175,298	175,298	0
Interest income	2,500	400	406	6
Other	1,200	4,700	257	(4,443)
Total Revenues	<u>221,363</u>	<u>221,640</u>	<u>217,203</u>	<u>(4,437)</u>
<b>Expenditures</b>				
Direct personnel costs	322,004	284,201	297,166	(12,965)
Indirect cost allocations	(523,462)	(495,957)	(503,171)	7,214
<b>Support services</b>				
Operations and maintenance	155,256	162,242	163,855	(1,613)
Development and training	10,024	10,024	5,806	4,218
Travel and transportation	10,430	10,430	12,612	(2,182)
Consulting services	2,300	3,300	3,044	256
Applied as match	163,301	178,129	149,901	28,228
Capital outlays	2,500	57,686	10,847	46,839
Debt service - principal retirement	4,000	4,000	3,948	52
Debt service - interest	2,800	2,800	3,048	(248)
Total Expenditures	<u>149,153</u>	<u>216,855</u>	<u>147,056</u>	<u>69,799</u>
Excess Revenues Over Expenditures	72,210	4,785	70,147	65,362
<b>Other Financing Sources (Uses)</b>				
Transfers in			9,708	9,708
Transfers out			(20,713)	(20,713)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(11,005)</u>	<u>(11,005)</u>
Net Change in Fund Balance	72,210	4,785	59,142	54,357
Fund Balance at Beginning of Year			<u>1,576,713</u>	<u>1,576,713</u>
FUND BALANCE AT END OF YEAR	<u>\$ 72,210</u>	<u>\$ 4,785</u>	<u>\$ 1,635,855</u>	<u>\$ 1,631,070</u>

See accompanying notes to required supplemental information.

REQUIRED SUPPLEMENTAL INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - AGING SPECIAL REVENUE FUND  
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
 For the Year Ended June 30, 2012

	Budget		Actual Amount	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Federal revenue	\$ 2,116,592	\$ 2,154,226	\$ 1,835,132	\$ (319,094)
State revenue	14,694	35,357	312,406	277,049
Required match	97,993	77,572	79,472	1,900
Other	42,014	30,503	40,736	10,233
Total Revenues	<u>2,271,293</u>	<u>2,297,658</u>	<u>2,267,746</u>	<u>(29,912)</u>
<b>Expenditures</b>				
Direct personnel costs	413,352	433,429	438,391	(4,962)
Indirect cost allocations	167,365	163,912	167,760	(3,848)
Support services				
Operations and maintenance	39,449	37,444	39,656	(2,212)
Development and training	4,000	4,000	5,314	(1,314)
Travel and transportation	19,705	21,060	16,594	4,466
Consulting services	4,225	20,459	18,625	1,834
Payments to service providers	1,390,940	1,390,940	1,367,722	23,218
Direct participant support	220,116	211,435	211,348	87
In-kind match	12,140	10,503	10,279	224
Capital outlays	0	4,475	6,016	(1,541)
Total Expenditures	<u>2,271,292</u>	<u>2,297,657</u>	<u>2,281,705</u>	<u>15,952</u>
Excess (Deficiency) Revenues Over Expenditures	1	1	(13,959)	(13,960)
<b>Other Financing Sources (Uses)</b>				
Transfers in	0	0	13,959	13,959
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>13,959</u>	<u>13,959</u>
Net Change in Fund Balance	1	1	0	(1)
Fund Balance at Beginning of Year	<u>(1)</u>	<u>0</u>	<u>14,356</u>	<u>14,356</u>
FUND BALANCE AT END OF YEAR	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 14,356</u>	<u>\$ 14,355</u>

See accompanying notes to required supplemental information.

REQUIRED SUPPLEMENTAL INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - WORKFORCE INVESTMENT ACT SPECIAL REVENUE FUND  
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
 For the Year Ended June 30, 2012

	Budget		Actual Amount	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Federal revenue	\$ 3,459,627	\$ 3,204,385	\$ 2,797,592	\$ (406,793)
State revenue			59,944	59,944
Other	69,984	44,800	58,088	13,288
<b>Total Revenues</b>	<b>3,529,611</b>	<b>3,249,185</b>	<b>2,915,624</b>	<b>(333,561)</b>
<b>Expenditures</b>				
Direct personnel costs	553,398	743,676	751,497	(7,821)
Indirect cost allocations	179,978	157,319	163,684	(6,365)
Support services				
Operations and maintenance	74,646	161,573	164,668	(3,095)
Development and training	22,067	20,725	10,410	10,315
Travel and transportation	10,250	14,227	8,397	5,830
Consulting services	32,854	43,772	56,446	(12,674)
Payments to service providers	2,498,722	2,039,365	1,688,201	351,164
Direct participant support	153,333	68,527	66,137	2,390
Applied as match			1,974	(1,974)
Capital outlays	4,362	0	0	0
<b>Total Expenditures</b>	<b>3,529,610</b>	<b>3,249,184</b>	<b>2,911,414</b>	<b>337,770</b>
<b>Excess (Deficiency) Revenues Over Expenditures</b>	<b>1</b>	<b>1</b>	<b>4,210</b>	<b>4,209</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out			(4,210)	(4,210)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>(4,210)</b>	<b>(4,210)</b>
<b>Net Change in Fund Balance</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>(1)</b>
<b>Fund Balance at Beginning of Year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 0</b>	<b>\$ (1)</b>

See accompanying notes to required supplemental information.

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, 2012

	Budget		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Federal revenue	\$ 884,582	\$ 885,147	\$ 1,018,267	\$ 133,120
Service and special contracts	124,216	125,466	146,458	20,992
Other	725	725	751	26
Total Revenues	1,009,523	1,011,338	1,165,476	154,138
<b>Expenditures</b>				
Direct personnel costs	155,785	160,377	165,182	(4,805)
Indirect cost allocations	63,077	60,651	63,140	(2,489)
Support services				
Operations and maintenance	16,740	16,390	12,070	4,320
Development and training	100	100	34	66
Travel and transportation	3,450	3,450	1,475	1,975
Consulting services	22,370	22,370	20,589	1,781
Payments to service providers	748,000	748,000	900,497	(152,497)
Total Expenditures	1,009,522	1,011,338	1,162,987	(151,649)
Excess (Deficiency) Revenues Over Expenditures				
	1	0	2,489	2,489
<b>Other Financing Sources (Uses)</b>				
Transfers out			(5,498)	(5,498)
Total Other Financing Sources (Uses)	0	0	(5,498)	(5,498)
Net Change in Fund Balance				
	1	0	(3,009)	(3,009)
Fund Balance at Beginning of Year	2,499	0	76,707	76,707
FUND BALANCE AT END OF YEAR	\$ 2,500	\$ 0	\$ 73,698	\$ 73,698

See accompanying notes to required supplemental information.

NOTES TO BUDGETARY COMPARISON SCHEDULES  
*SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS*  
June 30, 2012

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, 2012, expenditures exceed revenues in the Housing and Economic Development Projects special revenue fund by \$3,009. These over expenditures were funded by prior year grant revenues carried forward that were not yet expended at June 30, 2011.

SUPPLEMENTAL INFORMATION

GOVERNMENTAL FUNDS - DETAIL REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
 For the Year Ended June 30, 2012

	Special Revenue Funds					
	General	Aging	Workforce Investment Act	Housing and Economic Development Projects	Non-major Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Federal revenue		\$ 1,835,132	\$ 2,797,592	\$ 1,018,267	\$ 239,614	\$ 5,890,605
State revenue	\$ 41,242	312,406	59,944			413,592
Participating local governments	175,298					175,298
Service and special contracts				146,458	41,421	187,879
Required match		79,472			72,403	151,875
Interest income	406					406
Other	257	40,736	58,088	751	1,395	101,227
<b>Total Revenues</b>	<b>217,203</b>	<b>2,267,746</b>	<b>2,915,624</b>	<b>1,165,476</b>	<b>354,833</b>	<b>6,920,882</b>
<b>Expenditures</b>						
Direct personnel costs	297,166	438,391	751,497	165,182	234,502	1,886,738
Indirect cost allocations	(503,171)	167,760	163,684	63,140	92,551	(16,036)
Support services						
Operations and maintenance	163,855	39,656	164,668	12,070	16,789	397,038
Development and training	5,806	5,314	10,410	34	3,238	24,802
Travel and transportation	12,612	16,594	8,397	1,475	10,560	49,638
Consulting services	3,044	18,625	56,446	20,589		98,704
Payments to service providers		1,367,722	1,688,201	900,497		3,956,420
Direct participant support		211,348	66,137		3,947	281,432
Applied as match	149,901		1,974			151,875
In-kind match		10,279				10,279
Capital outlays	10,847	6,016				16,863
Debt service - principal retirement	3,948					3,948
Debt service - interest	3,048					3,048
<b>Total Expenditures</b>	<b>147,056</b>	<b>2,281,705</b>	<b>2,911,414</b>	<b>1,162,987</b>	<b>361,587</b>	<b>6,864,749</b>
<b>Excess (Deficiency) Revenues Over (Under) Expenditures</b>	<b>70,147</b>	<b>(13,959)</b>	<b>4,210</b>	<b>2,489</b>	<b>(6,754)</b>	<b>56,133</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	9,708	13,959			6,754	30,421
Transfers out	(20,713)		(4,210)	(5,498)		(30,421)
<b>Total Other Financing Sources (Uses)</b>	<b>(11,005)</b>	<b>13,959</b>	<b>(4,210)</b>	<b>(5,498)</b>	<b>6,754</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>59,142</b>	<b>0</b>	<b>0</b>	<b>(3,009)</b>	<b>0</b>	<b>56,133</b>
<b>Fund Balances at Beginning of Year</b>	<b>1,576,713</b>	<b>14,356</b>	<b>0</b>	<b>76,707</b>	<b>0</b>	<b>1,667,776</b>
<b>Fund Balances at End of Year</b>	<b>\$ 1,635,855</b>	<b>\$ 14,356</b>	<b>\$ 0</b>	<b>\$ 73,698</b>	<b>\$ 0</b>	<b>\$ 1,723,909</b>











AGENCY NAME: Santee-Lynches Regional COG  
 Federal Awarding Agency: U.S. Department of Transportation (FTA)  
 CFDA #: 20.515 Program Title: Statewide Planning Funds- Section 5304  
 Contract #: PT-1G204-D5  
 Pass Through Agency: SC Department of Transportation  
 Program Years: January 1, 2011 - December 31, 2012

	CATEGORY	Entire Program BUDGET	FY 10-11 PROGRAM YR EXPENDITURES	FY 11-12 Program Year Expenditures	PROJECT TO DATE EXPENDITURES
	<b>Technical Assistance</b>	<b>(as requested)</b>	<b>Total Expenditures</b>	<b>Total Expenditures</b>	<b>Total Expenditures</b>
41.20.01	Personnel	\$ 53,000	\$ 12,034	\$ 23,825	\$ 35,859
41.20.02	Fringe Benefits	\$ 15,900	\$ 4,649	\$ 10,846	\$ 15,495
41.20.03	Travel	\$ 1,850	\$ 1,654	\$ 2,420	\$ 4,074
41.20.05	Supplies	\$ 700	\$ 229	\$ 214	\$ 443
41.20.07.A	Dues/Subscriptions	\$ 500	\$ -	\$ 125	\$ 125
41.20.07.B	Advertising	\$ 1,550	\$ -	\$ -	\$ -
41.20.07.C	Computer and Software	\$ 2,500	\$ 37	\$ -	\$ 37
41.20.08	Indirect Charges	\$ 24,000	\$ 5,753	\$ 13,271	\$ 19,024
			\$ -		\$ -
			\$ -		\$ -
<b>TOTAL ADMINISTRATIVE CHARGES:</b>		\$ 100,000	\$ 24,356	\$ 50,701	\$ 75,057
	<b>Operations Charges</b>	<b>ANNUAL BUDGET</b>	<b>FY 10-11 Exps</b>	<b>FY 11-12 Exps</b>	<b>Total Expenditures</b>
		\$ -	\$ -		\$ -
		\$ -	\$ -		\$ -
		\$ -	\$ -		\$ -
		\$ -	\$ -		\$ -
		\$ -	\$ -		\$ -
		\$ -	\$ -		\$ -
		\$ -	\$ -		\$ -
		\$ -	\$ -		\$ -
		\$ -	\$ -		\$ -
		\$ -	\$ -		\$ -
		\$ -	\$ -		\$ -
		\$ -	\$ -		\$ -
		\$ -	\$ -		\$ -
		\$ -	\$ -		\$ -
<b>TOTAL OPERATIONS CHARGES:</b>					
	Federal Share:	\$ 80,000	\$ 19,485	\$ 40,561	\$ 60,046
	SCDOT Share:	\$ -	\$ -	\$ -	\$ -
	Local Share:	\$ 20,000	\$ 4,871	\$ 10,140	\$ 15,011
	<b>Total:</b>	\$ 100,000	\$ 24,356	\$ 50,701	\$ 75,057

DETAIL SCHEDULE OF NOTES RECEIVABLE  
*SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS*  
 June 30, 2012

Title IX Revolving Loan Funds

The loans outstanding at June 30, 2012 are as follows:

Due from Drakeford Architects payable in monthly installments of \$387, including interest at 7.0% through January 2016.	14,730
Due from Helen Jones and Lynn Knotts d/b/a Precious Angels Daycare payable in monthly installments of \$553, including interest at 8.50% through August 2016.	22,933
Due from Sherry Glasscho d/b/a Glasscho Child Care Center payable in monthly installments of \$647, including interest at 5.5%, through January 2014.	40,711
Due from Geddings Hardware, Inc. payable in monthly installments of \$1,181, including interest at 7.0% through December 2015.	45,116
Due from Southern Custom Doors, Inc. payable in monthly installments of \$653, including interest at 7.5% through July 2017.	55,576
Due from Vasantkumar and Shilpaben Patel d/b/a Vedaditi, LLC payable in monthly installments of \$1,000, including interest at 7.5% through March 2020.	76,489
Due from TEG of Sumter, LLC payable in monthly installments of \$1,917, including interest at 6.5% through June 2027.	238,873
Due from Dorwin T. Moore payable in monthly installments of \$1,286, including interest at 7.5% through March 2018.	103,926
Due from Leslie Dial payable in monthly installments of \$651, including interest at 6.0% through March 2022.	<u>76,383</u>
	<u>\$ 674,737</u>

GOVERNMENTAL AUDITING REPORTS

1704 Laurel Street  
Columbia, SC 29201

P.O. Box 2411  
Columbia, SC 29202



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

www.hobbsepa.com

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  
Sumter, South Carolina

We have audited 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") as of and for the year ended June 30, 2012, which collectively comprise the Council's basic financial statements and have issued our report thereon dated November 26, 2012. 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.

Internal Control over Financial Reporting

Management of the Council is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

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 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Directors  
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of 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*.

This report is intended solely for the information and use of management, the audit committee, board of directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Columbia, South Carolina  
November 26, 2012

*The Heller Group, P.A.*



1704 Laurel Street  
Columbia, SC 29201

\_\_\_\_\_  
P.O. Box 2411  
Columbia, SC 29202



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

\_\_\_\_\_  
[www.hobbsepa.com](http://www.hobbsepa.com)

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors  
Santee-Lynches Regional Council of Governments  
Sumter, South Carolina

Compliance

We have audited Santee-Lynches Regional Council of Governments (the "Council") compliance with the types of compliance requirements described in the *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, 2012. The Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

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 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 Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion the Council, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

To the Board of Directors  
Page Two

Internal Control over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the audit committee, board of directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Columbia, South Carolina  
November 26, 2012

*The Halle Group, P.A.*

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
 For the Year Ended June 30, 2012

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
<b>Direct Programs:</b>			
U.S. DEPARTMENT OF COMMERCE			
Economic Development Administration	11.302	04-83-06319	\$ 92,089
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			
HOME - Federal (Administrative)	14.239	M09DC450206/M10DC450206	106,007
HOME Federal (Projects)	14.239	M09DC450206/M10DC450206	912,260
			<u>1,018,267</u>
TOTAL DIRECT PROGRAMS			\$ 1,110,356
<b>Pass Through Programs:</b>			
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed through SC Lt. Governor's Office on Aging			
Title VII Ombudsman - Elder Abuse	93.041	R6MG12	\$ 3,047
Title VII Ombudsman - PY 11	93.042	R6MG12	14,454
Title III-D Preventive Health	93.043	R6MG12	16,609
Title III-D State Administration - PY 11	93.043	R6MG12	762
Title III-D Medication Management - PY 11	93.043	R6MG12	6,311
			<u>41,183</u>
Title III-B Supportive Services at AAA	93.044	R6MG12	108,262
Title III-B Supportive Services - PY 11	93.044	R6MG12	231,585
Title III-B Supportive Services - PY 10	93.044	R6MG12	23,405
Title III-B Supportive Services - PY 10 Pilot Program	93.044	R6MG12	86,090
Title III-B Program Development	93.044	R6MG12	33,714
Title III-B State Administration - PY 11	93.044	R6MG12	284
Title III-B Ombudsman	93.044	R6MG12	27,081
			<u>510,421</u>
Title III C Planning and Administration - PY 11	93.045	R6MG12	121,888
Title III C1 State Administration - PY 11	93.045	R6MG12	668
Title III C2 State Administration - PY 11	93.045	R6MG12	75
Title III-C1 Group Dining - PY 11	93.045	R6MG12	286,799
Title III-C1 Group Dining - PY 10	93.045	R6MG12	65,000
Title III-C2 Home Delivered Meals - PY 11	93.045	R6MG12	305,002
			<u>779,432</u>
Senior Medicare Patrol Project (SMEPA 09)	93.048	R6IC12	3,284
Senior Medicare Patrol Project (SMEPA 10)	93.048	R6IC12	6,525
Model Approaches to Legal Assistance Services	93.048	MALR612	9,142
HCBS for Seniors, Adults with Disabilities and Veterans	93.048	MALR612	13,579
			<u>32,530</u>
Title III-E National Family Caregiver & IR&A Staff - PY 10	93.052	R6MG12	57,228
Title III-E National Family Caregiver III-E P & A	93.052	R6MG12	17,393
Title III-E National Family Caregiver - State Admin	93.052	R6MG12	651
Title III-E National Family Caregiver - Services PY 11	93.052	R6MG12	97,828
Title III-E National Family Caregiver - Services PY 10	93.052	R6MG12	31,689
			<u>204,789</u>
Nutrition Services Incentive Program (NSIP) (Oct 10 -June 11)	93.053	R6MG12	13,023
Nutrition Services Incentive Program (NSIP) (July - Sept 11)	93.053	R6MG12	32,764
Nutrition Services Incentive Program (NSIP) (Oct 11 - June 12)	93.053	R6MG12	88,682
			<u>134,469</u>
MIPPA - F AAA (MPAAA10) SFY 11	93.071	R6IC12	25,776
MIPPA - F ADRC (MADRC10) SFY 12	93.071	R6IC12	9,238
MIPPA - F SHIP FFY 12 (MSHIP10)	93.779	R6IC12	9,130
			<u>44,144</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued  
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
 For the Year Ended June 30, 2012

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			
Passed through SC Lt. Governor's Office on Aging - Continued I-Care Insurance Counseling (SCARE 10) SFY 11	93.779	R6IC11	48,165
<b>U.S. DEPARTMENT OF LABOR</b>			
Passed Through SC Department of Employment and Workforce WIA Cluster:			
SC Works Signage Grant	17.259	11SRS10	10,810
WIA Administration- PY 10	17.258-260	10A010/10DW010/10Y010	147,329
WIA Administration- PY 11	17.258-260	11A010/11DW010/11Y010	16,219
WIA Adult - Program Funds Only - PY 11	17.258	11A010	370,873
WIA Adult - Program Funds Only - PY 10	17.258	10A010	479,739
WIA Youth- Program Funds Only - 11	17.259	11Y010	376,917
WIA Youth- Program Funds Only - 10	17.259	10Y010	544,899
WIA Dislocated Worker - Program Funds Only - PY 11	17.260	11DW010	505,239
WIA Dislocated Worker - Program Funds Only - PY 10	17.260	10DW010	257,037
WIA Incumbent Worker Training - PY 10	17.258	10IN010	60,565
WIA Title II Incentives PY 10	17.258	10INC010	23,734
			2,793,361
<b>U.S. DEPARTMENT OF TRANSPORTATION (FTA)</b>			
Passed Through SC Department of Transportation through SC Lt. Governor's Office on Aging Division of Mass Transit - FTA Funds			
Section 5317 - New Freedom Program - Rural - Operations	20.521	NFRGR611	4,425
Section 5317 - New Freedom Program - Rural - Capital	20.521	NFRGR611	9,689
Section 5317 - New Freedom Program - Urban - Operations	20.521	NFUGR611	3,334
Section 5317 - New Freedom Program - Urban - Capital	20.521	NFUGR611	14,305
Section 5317 - New Freedom Program - Rural - Operations	20.521	NFRGR612	219
Section 5317 - New Freedom Program - Rural - Capital	20.521	NFRGR612	8,048
Section 5317 - New Freedom Program - Urban - Operations	20.521	NFRGR612	402
Section 5317 - New Freedom Program - Urban - Capital	20.521	NFRGR612	13,007
Section 5317 - New Freedom Program - Admin	20.521	PT-9G217-SA	10,000
			63,429
<b>U.S. DEPARTMENT OF TRANSPORTATION (FTA)</b>			
Passed Through SC Department of Transportation - Continued Division of Planning - Federal Highway Funds State Planning and Research Funds (SPR)	20.205	N/A	59,299
State Planning and Research Funds - Statewide Planning Funds (Section 5304)	20.515	PT-1G204-D5	40,561
Division of Mass Transit - FTA Funds Section 5316- Jobs Access-Reverse Commute (JARC)	20.516	MT-9G216-98	21,108
Section 5316- Jobs Access-Reverse Commute (JARC) - Admin	20.516	PT - 2G316-SA	10,000
Section 5316- Jobs Access-Reverse Commute (JARC)	20.516	PT-2G216-66	2,536
			33,644
<b>U.S. DEPARTMENT OF COMMERCE</b>			
Passed through Economic Development Administration Title IX RLF-Long Term Economic Deterioration Implementation Grant	11.307	04-39-03571	703,907
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed Through SC Department of Health and Environmental Control Water Quality Management Planning	66.454	EQ-1-708	3,203
Water Quality Management Planning	66.454	EQ-2-1155	500
			3,703

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued  
 SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
 For the Year Ended June 30, 2012

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION Office of Postsecondary Education Passed Through SC Department of Education College Access Challenge Grant	84.378	H63010012211	0
TOTAL PASS THROUGH PROGRAMS			<u>\$ 5,493,037</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 6,603,393</u></u>

NOTE A -- BASIS OF PRESENTATION

This schedule of expenditures of federal awards includes federal activity of Santee-Lynches Regional Council of Governments 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.

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-.260	\$ 1,688,201
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	649,328
Special Programs for the Aging - Title III, part B Grants for Supportive Services and Senior Centers	93.044	253,263
Special Programs for the Aging - Title III, Part D Preventive Health	93.043	16,609
Nutrition Services Incentive Program (NSIP)	93.053	134,469
Home Federal Program	14.239	900,497
		<u>\$ 3,642,367</u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
For the Year Ended June 30, 2012

Section I – SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified 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 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 programs are reported in the Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for Santee-Lynches Regional Council of Governments expresses an unqualified 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 programs tested as major programs were:
  - a) Title IX RLF – Long Term Economic Deterioration Implementation Grant, CFDA 11.307
  - b) Aging Cluster, CFDA 93.044, 93.045, and 93.053
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Council qualifies as a low-risk auditee.

Section II - FINDINGS – FINANCIAL STATEMENTS AUDIT

None

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

None

SCHEDULE OF PRIOR AUDIT FINDINGS  
*SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS*  
For the Year Ended June 30, 2012

There were no findings related to federal awards for the year ended June 30, 2011.