

**SANTEE-LYNCHES REGIONAL  
COUNCIL OF GOVERNMENTS**

**FINANCIAL AND  
COMPLIANCE REPORT**

**JUNE 30, 2019**

# SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Santee-Lynches Regional Council of Governments** ("the Council") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2019, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11, the budgetary comparison information on pages 52 through 55, and information concerning the Council's pension and OPEB plans on pages 48 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Santee-Lynches Regional Council of Governments' basic financial statements. The schedules, listed in the table of contents as other supplementary information, and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2020, 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 solely 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 the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Columbia, South Carolina  
January 23, 2020

## 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, 2019. 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*, which include the Statement of Net Position and the Statement of Activities found on pages 12 and 13 of the report, and
- ❖ the *governmental fund statements*, which include a Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances found on pages 14 and 16 of the report.

### **Government-wide Financial Statements**

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

The *Statement of Net Position* presents a snapshot view of all the assets the Council owns, the liabilities it owes, and the net difference. That net difference, called Net Position, is separated into three amounts—invested in capital assets, restricted, and unrestricted. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the Council as a whole is improving or deteriorating. The Statement of Net position includes Deferred Outflows and Inflows of Resources as well as noncurrent liabilities referred to as “Net Pension Liability” and “Net Other Postemployment Benefits Liability”. Those liabilities and related inflows and outflows of resources are reporting elements required by GASB 68 and 75 (discussed later in this report) and relate to post-employment pensions and insurance benefits provided to retirees of the agency.

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 two 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, and
- ❖ Program administration – comprised of the remaining programs and services of the Council, including the major and non-major programs.

Both of the government-wide financial statements reflect *governmental activities*. These are functions or activities of the Council that are primarily supported by grants and contracts with federal, state and local governments or agencies.

### **Governmental Fund Statements**

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”.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The most significant differences between the two sets of statements, the Government-wide Financial Statements and the Governmental Fund Statements, are that 1) the Governmental Funds statements are more closely related to the cash inflows and outflows of the Council; 2) the Governmental Fund statement's balance sheet does not include the GASB 68 or 75 entries. These statements, unlike the Government-wide statements, do not account for non-cash transactions such as depreciation expenses, gain or loss on the disposal of assets, changes in accrued leave payables, or the deferred inflows and outflows of resources and net pension liability. A reconciliation of the Net Change in Fund Balances for the Governmental Funds and the Change in Net Position for the Government-wide activities is provided on pages 15 and 17 of the financial statements.

The financial statements also include Notes to the Financial Statements that provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements as well as an explanation of the entries required by implementation of GASB 68 & 75.

Other required supplemental information, found on pages 48 through 55 of the report, includes budgetary comparison schedules for the major governmental funds of the Council.

**GASB 68 & 75 Reporting and Its Impact to the Financial Statements**

The Government-wide Statement of Net Position includes the required GASB 68 & 75 entries for the current year. The GASB 68 & 75 standards create an *accounting* liability rather than a legal liability. Although pursuant to accounting standards the Council must report its proportionate share of the pension and postemployment benefits liabilities for the state's defined plans, the Council has no legal requirement to fund or pay out these shares of the liabilities.

In order to provide continuity for management's review of the Council's statements, the following comparison of the Council's Net position includes a separation of the GASB 68 & 75 impacts to the Net Position. Reviewing the change in the Unrestricted Net Position (exclusive of GASB 68 & 75 amounts) provides a clearer picture of the Council's position from year to year.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**Summary of Statement of Net Position**

*Governmental Activities: Government-wide Statements*

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>Net Change</u>
Current Assets	\$ 3,996,947	\$ 3,432,790	\$ 564,157
Noncurrent Assets	227,764	153,797	73,967
<b>Total Assets</b>	<b>4,224,711</b>	<b>3,586,587</b>	<b>638,124</b>
<b>Deferred Outflows of Resources</b>	<b>444,862</b>	<b>487,669</b>	<b>(42,807)</b>
Current Liabilities	656,633	421,181	235,452
Net Pension Liability	2,689,775	2,727,506	(37,731)
Net Other Postemployment Benefits Liability	2,066,922	1,989,330	77,592
<b>Total Liabilities</b>	<b>5,413,330</b>	<b>5,138,017</b>	<b>275,313</b>
<b>Deferred Inflows of Resources- Deferred Pension Credits</b>	<b>329,483</b>	<b>403,368</b>	<b>(73,885)</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	164,787	90,127	74,660
Restricted	-	-	-
Unrestricted (exclusive of GASB 68 & 75)	3,403,291	3,075,279	328,012
GASB 68 & 75 Portions	(4,641,318)	(4,632,535)	(8,783)
<b>Total Net Position</b>	<b>\$ (1,073,240)</b>	<b>\$ (1,467,129)</b>	<b>\$ 393,889</b>

The snapshot of the *governmental activities'* assets and liabilities above includes the following as required by GASB 68 & 75: Deferred Outflows of Resources, the Net Pension Liability, the Net Other Postemployment Benefits amount and Deferred Inflows of Resources. The GASB 68 & 75 portions of the current year net position, although combined in the financial statements, are separated in the above presentation to allow a comparable review of the Council's Unrestricted Net Position from year to year.

The Unrestricted portion of Net Position (exclusive of GASB 68 and 75) increased by \$328,012, or 10.7%, to \$3,403,291. The GASB 68 & 75 portion of net position decreased only slightly when compared to the prior year. Overall, there was an increase in Total Net Position of \$393,889.

Current Assets increased by \$564,157, or 16.4%, while Current Liabilities only increased by about \$235,452 from the prior year. A review of current assets and current liabilities reveals the following: the Council's cash position at June 30, 2019 was up almost 9% over the prior year; accounts receivables increased significantly by 46%; and accounts payable also increased significantly by 80%. Non-current assets, which include a long-term notes receivable and net capital assets, increased approximately 48% due to the purchase of new and replacement equipment (computers and kiosks) by Workforce for the SC Works centers using federal funds from a WIOA grant awarded for that purpose. The long-term notes receivable is slowly being paid down.



**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Summary of Statement of Activities**

*Governmental Activities: Government-wide Statements*

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>Net Change</u>
Operating Grants	\$ 6,824,186	\$ 6,165,810	\$ 658,376
State and Local Appropriations	382,984	388,298	(5,314)
Interest and Other Income	40,468	20,638	19,830
<b>Total Revenues</b>	<b><u>7,247,638</u></b>	<b><u>6,574,746</u></b>	<b><u>672,892</u></b>
General Administration	237,997	377,070	(139,073)
Program Administration	6,615,752	6,060,270	555,482
<b>Total Expenses</b>	<b><u>6,853,749</u></b>	<b><u>6,437,340</u></b>	<b><u>416,409</u></b>
<b>Change in Net Position</b>	<b><u>393,889</u></b>	<b><u>137,406</u></b>	<b><u>256,483</u></b>
Net Position at the Beginning of the Year	<u>(1,467,129)</u>	<u>(1,604,535)</u>	<u>137,406</u>
Net Position at the End of the Year	<u>\$ (1,073,240)</u>	<u>\$ (1,467,129)</u>	<u>\$ 137,406</u>

Revenues increased in each fund from the prior year, with total revenues from all sources up by over 10%. In expenses, there was an overall increase of 6.5% over the prior year. Overall, with revenues increasing at a higher rate than expenses, the change in Net Position increased more significantly than in the prior year.

The "Analysis of Balances and Transactions of Individual Funds" that follows provides more specific details of the variances in various programs/funds, both revenues and expenses.

**Analysis of Balances and Transactions of Individual Funds**

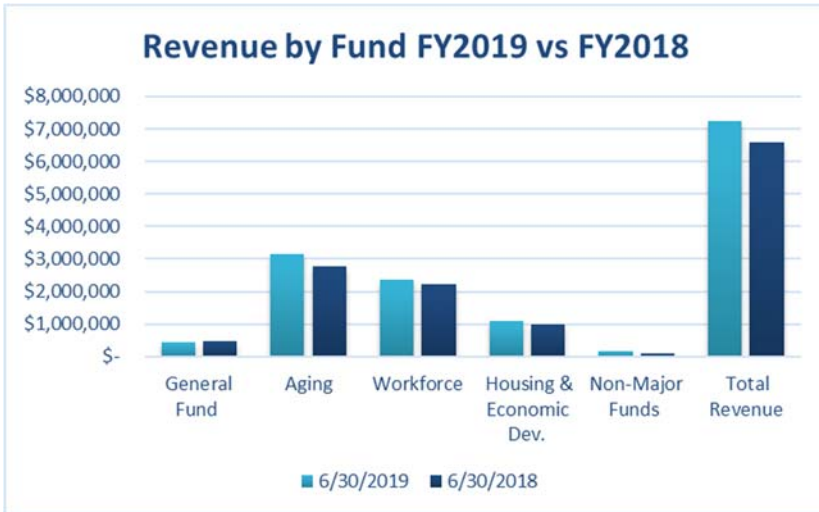
Overall, the most significant change in assets from last year to this year was the increase in cash on hand. In the General Fund, cash increased by almost \$241,000 or 9%. Most of this increase was created by the excess of revenues over expenses for the year and can only come from unrestricted sources such as local contracts, membership support and state appropriations. The SC Department on Aging again provided match for Aging program administration, allowing for retention of more local unrestricted funds this year.

Accounts receivables increased overall by \$322,860 with some funds showing decreased receivables and some showing increased receivables. These variances from year to year are primarily the result of timing of invoicing and receipt of payments. Total accounts payable balances increased by about \$235,500 or about 80%, due primarily to amounts owed for contracted services for the final month of the fiscal year.

In the COG's accounting system, local funds used for match purposes are applied as revenue in the accounts they match and are netted against local or state appropriations received. This netting of

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

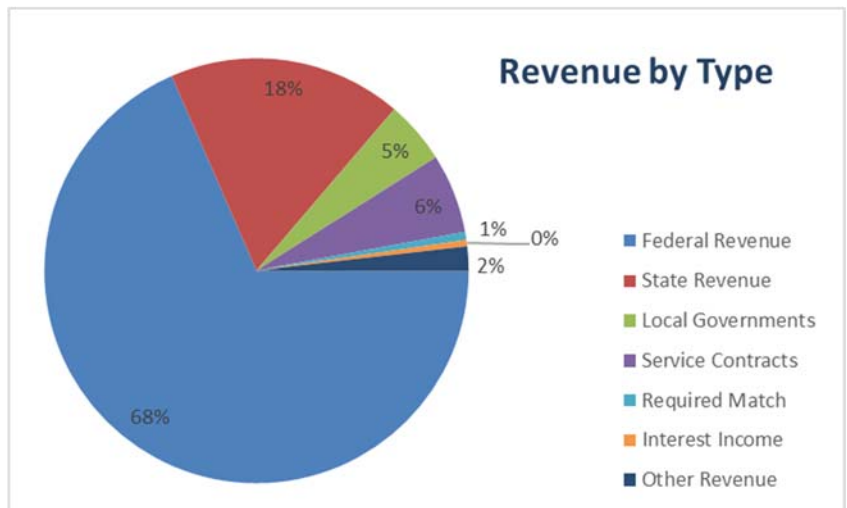
revenues means there are no cash matching funds shown as expenses. However, in the audited governmental fund statements, revenues and expenses include the required match applied.



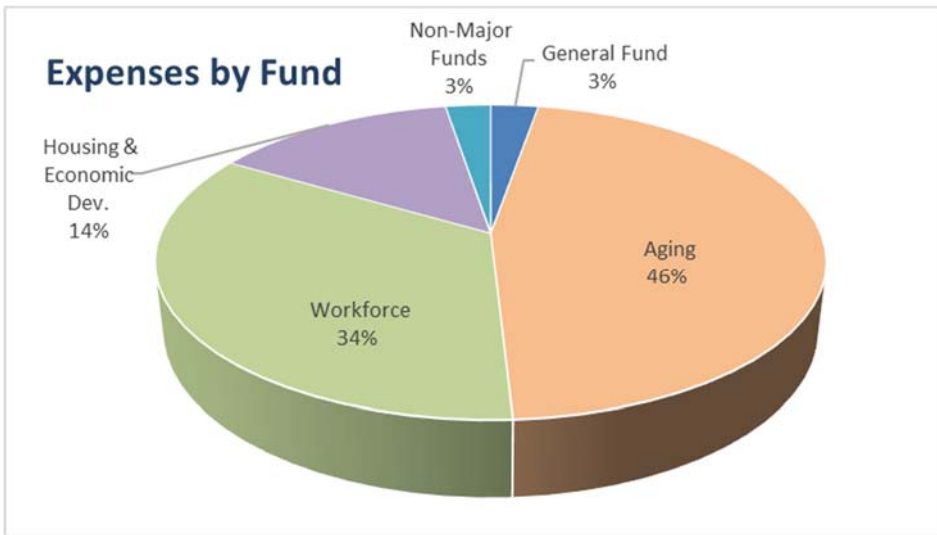
The slight decrease in “State and Local Appropriations” that is shown on the Statement of Activities is due to a portion of a local government’s membership contributions going towards a specific project for that member and that portion of their contributions were included in these reports under “Operating Grants”. Overall, membership contribution amounts were unchanged from the previous year. Excess Revenues over Expenditures in the General Fund increased by 4.7% due to a decrease in expenses such as applied match and indirect costs allocated to the fund, as

well as a 144% increase in interest income. The large increase in interest income was due to a change in banks for the Council’s operating funds.

Within the Aging program, there was an overall 13.7% increase in revenues. This large increase was primarily due to a change in the award length of federal funds for this program. Federal funds beginning with PY19 funds are now on a two-year cycle instead of a three-year cycle. Because of that, the South Carolina Department on Aging (“SCDOA”) awarded a large portion of the PY19 funds earlier than normal (during FY2019, instead of FY2020), with a shorter time frame to use the funds. The funds were utilized at a faster rate than in previous years. Both federal and state revenue increased from the prior year, however there was no revenue from service contracts this year due to the termination in FY17-18 of the Veteran-Directed program by the VA. Total expenses in the Aging program increased about 14.5% over last year. The single largest increase in expenses in this program was in payments to service providers and was directly related to the amount of reimbursement requested for services provided to seniors and caregivers. This large increase was possible because of the changes in awards previously mentioned. In addition, SCDOA provided over \$167,000 in funding for the local match requirement on federal grants. Overall, about \$47,000 was



**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
MANAGEMENT’S DISCUSSION AND ANALYSIS**



transferred from the General Fund to the Aging program to supplement grant revenue received for administrative costs.

In the Workforce program, revenues and expenditures were both up approximately 7.4% over the prior year. This was due primarily to the purchase of new and replacement equipment (computers and kiosks) by Workforce for the SC Works centers using a Workforce

Innovation and Opportunity Act (“WIOA”) grant given for that purpose. Expenses related to training and supportive services for participants also increased from the prior year by approximately \$17,700.

Within the Housing and Economic Development programs, revenues increased by over 10% from the prior year, primarily due to the receipt of NIP program payments, most of which was due from prior years when operating expenses were highly subsidized by the COG. In addition, because the majority of the NIP operating expenses were incurred in prior years, total expenses in this fund increased by only 1% over the prior year.

**General Fund Budget Analysis**

Within the Required Supplemental Information section of this report, a budgetary comparison schedule for the General Fund is provided on page 52. When comparing the original and final budgets, participating local government income was increased because of the increase in local support provided by member local governments. The Service and special contracts budget was also increased because of new contracts awarded after the year began. Budgeted interest income was increased based on higher earnings during the fiscal year.

Expenses originally budgeted for personnel costs were decreased in the final budget due to staff attrition. In addition, the agency utilized a temp agency and a consulting firm when short-staffed. Those changes shifted budgeted costs from “direct personnel costs” to “consulting and services” in the final budget (as well as in actual costs for the year). Budgeted expenses for consulting and services was also increased to include costs to make the agency’s website ADA compliant and costs associated with an agency performance assessment. Operations and maintenance costs were increased in the final budget based on trends during the year. Travel and training budgets were increased to allow for intentional staff training and professional development. Indirect cost allocations changed significantly in the final budget due to the other changes previously mentioned, which were mostly agency-wide expenses, rather than program-specific expenses.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Variations in actual and final budgeted revenues were most significant in federal and service contract revenues, where many revenue sources were grouped differently in the original and final budgets than in the audit financial statements (general fund versus non-major governmental fund). Service and special contract revenues were ultimately under budget due to delays in completion of certain local technical assistance projects.

Total actual costs were under budget for the general fund by about \$117,000, or 38%. The primary reason for the variances between actual costs and final budgeted costs is the difference in how those costs were grouped in the budget versus the audit financial statements. In addition, the purchase of some items/services included in the budget was delayed or put on hold for various reasons. Actual general fund revenues exceeded actual expenses by approximately \$262,000 – a variance from the final budgeted excess revenues over expenses of about \$65,000. After accounting for transfers in/out for other funds, the general fund had a net change in fund balance of \$327,411, which exceeded the final budget by almost \$37,839, or 13%.

**Capital Assets and Long-Term Debt Activity**

From last year to this year, the net value of capital assets increased by approximately \$74,700 or about 83% of the prior year value. This was due primarily to the purchase of new and replacement equipment (computers and kiosks) by Workforce for the SC Works centers using a Workforce Innovation and Opportunity Act (“WIOA”) grant given for that purpose. There was no long-term debt remaining from the prior year and no new long-term debt incurred this year.

**Economic Factors and Next Year’s Budget**

The Council’s Health & Human Services Department (“HHS”), which operates the Aging program and administers the Older Americans Act (“OAA”) in the Santee-Lynches region, has begun providing additional services to the community with funding sources other than OAA and SCDOA. These programs and the additional/alternative sources of funds will allow the agency to address previously unmet needs in the region and state.

The other factor impacting the Aging program is that federal funds are now on a two-year cycle instead of a three-year cycle. As discussed previously, this change has created a transition period in which more funding than usual was granted, but with a shorter time frame than usual to expend the funds. After this transition period, Aging program allocation levels should return to normal.

In the Workforce program, Adult and Dislocated Worker case management services were outsourced beginning July 1, 2019, as mandated by WIOA and the South Carolina Department of Employment and Workforce (“SCDEW”). This change means that additional funding will more than likely be needed in the future in order to maintain the same level of services in this program. However, the Council was awarded additional funding of approximately \$300,000 in June 2019 that will be expended during FY 2019-2020 on Adult and Dislocated Worker services. The additional funding was money that was unspent by another region in the state and is non-recurring.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Other factors that may impact future budgets and the financial position of the Council, include the ever-rising costs of health insurance and retirement benefits for employees. In particular, mandated employer contribution rates for retirement benefits/pensions are expected to increase steadily every year for the next few years.

**Requests for Information**

This financial report is intended to provide those interested with an overview of the finances of the Council and to demonstrate the Council's accountability for the money it receives. Questions concerning any information within this report may be directed to the Finance Department Chief of Santee-Lynches Regional Council of Governments, 2525 Corporate Way, Suite 200, Sumter, South Carolina 29154.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	Governmental Activities
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 2,970,635
Accounts receivable	1,022,883
Prepaid expenses	144
Notes receivable	3,285
<b>Total current assets</b>	<b>3,996,947</b>
Noncurrent Assets	
Notes receivable	62,977
Capital assets	
Depreciable assets, net of accumulated depreciation	164,787
<b>Total noncurrent assets</b>	<b>227,764</b>
<b>Total assets</b>	<b>4,224,711</b>
Deferred Outflows of Resources	
Deferred outflows related to pensions	331,460
Deferred outflows related to other postemployment benefits	113,402
<b>Total deferred outflows of resources</b>	<b>444,862</b>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable and accrued liabilities	528,440
Due to HOME	66,648
Unearned revenue	241
Accrued annual leave	56,135
Insurance and tax escrow	5,169
<b>Total current liabilities</b>	<b>656,633</b>
Noncurrent Liabilities	
Net pension liability	2,689,775
Total OPEB liability	2,066,922
<b>Total noncurrent liabilities</b>	<b>4,756,697</b>
<b>Total liabilities</b>	<b>5,413,330</b>
Deferred Inflows of Resources	
Deferred inflows related to pensions	147,624
Deferred inflows related to other postemployment benefits	181,859
<b>Total deferred inflows of resources</b>	<b>329,483</b>
<b>Net Position</b>	
Investment in capital assets	164,787
Unrestricted (deficit)	(1,238,027)
<b>Total net position</b>	<b>\$ (1,073,240)</b>

See notes to the financial statements.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2019**

	Total	Primary Government Functions/Programs	
		General Administration	Program Administration
Governmental Activities			
General administration	\$ 130,029	\$ 130,029	\$ -
Program administration	6,659,778	44,026	6,615,752
Unallocated depreciation	63,942	63,942	-
<b>Total governmental activities</b>	<u>6,853,749</u>	<u>237,997</u>	<u>6,615,752</u>
Program Revenues			
Operating grants and contributions	<u>6,824,186</u>	<u>-</u>	<u>6,824,186</u>
<b>Net program (expense) revenue</b>	<u>(29,563)</u>	<u>\$ (237,997)</u>	<u>\$ 208,434</u>
General Revenues			
State revenue	41,242		
Participating local governments	341,742		
Interest income	35,248		
Other revenue	5,220		
<b>Total general revenues</b>	<u>423,452</u>		
<b>Change in net position</b>	393,889		
<b>Net position (deficit), beginning of year</b>	<u>(1,467,129)</u>		
<b>Net position (deficit), end of year</b>	<u><b>\$ (1,073,240)</b></u>		

See notes to the financial statements.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	Special Revenue Funds					Total
	General	Aging	Workforce Innovation and Opportunity Act	Housing and Economic Development Projects	Non-Major Governmental Funds	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,970,635	\$ -	\$ -	\$ -	\$ -	\$ 2,970,635
Due from other funds	492,297	-	-	-	570	492,867
Accounts receivable	46,180	221,462	375,454	379,787	-	1,022,883
Prepaid items	144	-	-	-	-	144
Notes receivable	-	-	-	66,262	-	66,262
<b>Total assets</b>	<u>3,509,256</u>	<u>221,462</u>	<u>375,454</u>	<u>446,049</u>	<u>570</u>	<u>4,552,791</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable and accrued liabilities	49,589	151,181	160,099	167,001	570	528,440
Due to other governments	-	-	-	66,648	-	66,648
Unearned revenue	241	-	-	-	-	241
Insurance and tax escrow	-	-	-	5,169	-	5,169
Due to other funds	-	70,281	215,355	207,231	-	492,867
<b>Total liabilities</b>	<u>49,830</u>	<u>221,462</u>	<u>375,454</u>	<u>446,049</u>	<u>570</u>	<u>1,093,365</u>
<b>Fund Balances</b>						
Nonspendable for prepaid items	144	-	-	-	-	144
Unassigned	3,459,282	-	-	-	-	3,459,282
<b>Total fund balances</b>	<u>3,459,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,459,426</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,509,256</u>	<u>\$ 221,462</u>	<u>\$ 375,454</u>	<u>\$ 446,049</u>	<u>\$ 570</u>	<u>\$ 4,552,791</u>

See notes to the financial statements.



**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES TO THE  
STATEMENT OF NET POSITION  
YEAR ENDED JUNE 30, 2019**

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

Fund Balance of Governmental Funds	\$	3,459,426
Capital Assets, net of depreciation, are not current financial resources and are not included in the governmental funds		164,787
Net pension and OPEB liability, is not due and payable in the current period and, therefore, is not reported in the funds:		
Net pension liability		(2,689,775)
Net other postemployment benefits liability		(2,066,922)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions		331,460
Deferred outflows related to other postemployment benefits		113,402
Deferred inflows of resources related to pensions		(147,624)
Deferred inflows related to other postemployment benefits		(181,859)
Long-term liabilities, including accrued annual leave, are not due and payable in the current period and, therefore, are not reported in the governmental funds		<u>(56,135)</u>
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u><u>(1,073,240)</u></u></b>

**See notes to the financial statements.**

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds					Total
	General	Aging	Workforce Innovation and Opportunity Act	Housing and Economic Development Projects	Non-major Governmental Funds	
<b>Revenues</b>						
Federal revenue	\$ 14,390	\$ 1,914,224	\$ 2,245,667	\$ 702,014	\$ 85,000	\$ 4,961,295
State revenue	41,242	1,249,146	-	-	-	1,290,388
Participating local governments	341,742	-	-	-	5,314	347,056
Service and special contracts	13,250	-	7,500	367,176	49,953	437,879
Required match	-	-	-	22,776	21,250	44,026
Interest income	35,248	-	-	-	-	35,248
Other revenue	5,220	-	123,179	3,347	-	131,746
<b>Total revenues</b>	<u>451,092</u>	<u>3,163,370</u>	<u>2,376,346</u>	<u>1,095,313</u>	<u>161,517</u>	<u>7,247,638</u>
<b>Expenditures</b>						
General administration	121,847	-	-	-	-	121,847
Program administration	44,026	3,210,467	2,252,288	966,668	179,517	6,652,966
Capital outlay	23,297	-	121,135	491	491	145,414
<b>Total expenditures</b>	<u>189,170</u>	<u>3,210,467</u>	<u>2,373,423</u>	<u>967,159</u>	<u>180,008</u>	<u>6,920,227</u>
<b>Excess (deficiency) of revenues over (under expenditures)</b>	<u>261,922</u>	<u>(47,097)</u>	<u>2,923</u>	<u>128,154</u>	<u>(18,491)</u>	<u>327,411</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	65,489	47,097	-	-	18,491	131,077
Transfers out	-	-	(2,923)	(128,154)	-	(131,077)
<b>Total other financing sources (uses)</b>	<u>65,489</u>	<u>47,097</u>	<u>(2,923)</u>	<u>(128,154)</u>	<u>18,491</u>	<u>-</u>
<b>Net change in fund balance</b>	327,411	-	-	-	-	327,411
Fund Balances at June 30, 2018	<u>3,132,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,132,015</u>
<b>Fund Balances at June 30, 2019</b>	<u><b>\$ 3,459,426</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 3,459,426</b></u>

See notes to the financial statements.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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Net Change in Fund Balances - Total Governmental Funds \$ 327,411

Amounts reported for governmental activities in the Statement of Activities differ 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 are 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. These activities are reconciled as follows:

Cost of assets capitalized		145,413
Loss on disposal of assets		(6,811)
Depreciation expense		(63,942)

Governmental funds report pension contributions as expenditures; however, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Council pension contributions	\$ 177,164	
Cost of benefits earned net of employee contributions	<u>(156,954)</u>	20,210
Payments to service providers		
Governmental funds report OPEB contributions as expenditures; however, in the Statement of Consulting and services Applied as match		

Council OPEB contributions	\$ 74,514	
Cost of benefits related to other post employment benefits	<u>(103,507)</u>	(28,993)

Accrued annual leave is measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, the amounts used exceeded the amount accrued for annual leave

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**Fund Balances at June 30, 2018**

**\$ 393,889**

See notes to the financial statements.

# SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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### NOTE 1. DESCRIPTION OF ORIGINATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Santee-Lynches Regional Council of Governments (Council) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

#### **Reporting Entity:**

Santee-Lynches Regional Council of Governments 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 19651 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 sub-recipients on many projects. The Council provides contract services to the local governments for obtaining and administering grants.

The financial reporting entity, as defined by GASB Statement No. 14, *The Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Based on the following criteria, the Council has determined it is not a component unit of any other organization. Therefore, the Council reports as a primary entity.

The primary entity is financially accountable if it appoints a voting majority of the organization's governing body including situations in which the voting majority consists of the primary entity's officials serving as required by law and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary entity. The primary entity also may be financially accountable if an organization is fiscally dependent on it even if it does not appoint a voting majority of the board. An organization is fiscally dependent on the primary entity that holds one or more of the following powers: determine its budget without another government's having the authority to approve and modify that budget, levy taxes or set rates or charges without approval by another government, and issue bonded debt without approval by another government.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. DESCRIPTION OF ORIGINATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Basis of Presentation:**

The accounts of the Council are organized on the basis of governmental funds and proprietary fund 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.

#### **Government-wide Statements:**

The statement of net position and the statement of activities display information about the Council. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Council's governmental activities. Direct expenses are those that are specifically associated with a program or function, and, therefore, are clearly identifiable to a particular function. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not program revenues are presented as general revenues. The effect of interfund activity has been eliminated from the government-wide financial statements.

#### **Fund Financial Statements:**

The fund financial statements provide information about the Council's funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds and aggregated nonmajor funds, each displayed in a separate column. The Council presents all major funds.

The Council reports the following major governmental funds:

**General Fund.** 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.** The Aging Special Revenue fund is used to account for receipts and expenditures of money passed through the Lt. Governor's Office on Aging. These funds are used to promote coordination of aging services in the region.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. DESCRIPTION OF ORIGINATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Fund Financial Statements (Continued):**

***The Workforce Innovation and Opportunity Act Special Revenue Fund.*** The Workforce Innovation and Opportunity Act (WIOA) Special Revenue Fund is used to account for the receipts and expenditures of money passed from the United States Department of Labor to the 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.*** The Housing and Economic Development Projects Special Revenue Fund is used to account for receipts and expenditures of money passed through the U.S. 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.

Additionally, the Council reports the following fund type:

***The Nonmajor Special Revenue Funds.*** The Nonmajor Special Revenue Funds are operating funds used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes.

#### **Measurement Focus and Basis of Accounting:**

##### ***Government-wide Fund Financial Statements:***

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Council gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

##### ***Governmental Fund Financial Statements:***

Governmental funds are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual are recognized when due. The primary sources susceptible to accrual are investment income and grant revenue.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. DESCRIPTION OF ORIGINATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Measurement Focus and Basis of Accounting (Continued):**

#### ***Governmental Fund Financial Statements (Continued):***

Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Payments of general long-term debt and acquisitions under capital leases are reported as other financing uses. Funds received but not yet earned are reflected as unearned revenues.

#### **Use of Resources:**

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

#### **Budget:**

As required by accounting principles generally accepted in the United States of America, the Council adopted a legal budget for the June 30, 2019, 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.

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 budgets 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. During fiscal year 2019, the Council did approve budgetary expenditure amendments.

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

The Aging, Housing and Economic Development, and Workforce Special Revenue Funds have separate legally adopted budgets.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. DESCRIPTION OF ORIGINATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Indirect Cost Allocation:**

Cost allocations made by the council are in accordance with the guidelines of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, Subpart E – Cost Principles. 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, Subpart E – Cost Principles, the cost allocations are subject to subsequent federal audit or review.

#### **Cash and Cash Equivalents:**

The Council maintains cash and pooled investments that are available for use by all funds. Cash includes cash on hand, demand deposits, and short-term investments with an original maturity of three months or less to be cash equivalents.

#### **Accounts Receivable:**

Accounts receivable consists of amounts due from the Federal government, state and local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the Council's grants and contracts.

#### **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 acquisition value at the date of donation. The Council capitalizes moveable personal property with a unit value greater than or equal to \$500 and a useful life in excess of one year. Routine repairs and maintenance are charged to expenses in the year in which the expense was incurred. 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.

#### **Deferred Outflows/Inflows of Resources:**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has two items that qualify for reporting in this category for outflows related to pensions and other postemployment benefits (OPEB). The outflows related to pensions and OPEB are described in Notes 9 and 13.



## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1. DESCRIPTION OF ORIGINATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Deferred Outflows/Inflows of Resources (Continued):**

Deferred outflows of resources represent consumption of net position that is applicable to a future period. Deferred inflows of resources represent acquisition of net position that is applicable to a future period. Changes in net pension and net OPEB liabilities not included in expenses are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension and net OPEB liabilities are reported as deferred outflows of resources and will be recognized as a reduction of the liability in the subsequent measurement period. The inflows related to pensions and OPEB are described in Notes 9 and 13.

#### **Unearned Revenues:**

Unearned revenues in the governmental funds include amounts received from grant and contract sponsors that have not yet been earned due to being in advance of meeting eligibility requirements.

#### **Accrued Annual Leave:**

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

#### **Deferred Compensation Agreement:**

The Council offers its employees a voluntary deferred compensation plan structured and operated according to provisions of Internal Revenue Code Section 457. The plan is administered by an agency of the State of South Carolina and the Council makes no contributions on behalf of the participants. The Council's liability is limited to remitting amounts deferred and withheld from the employee's wages to the Plan administrator.

#### **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 Council dues paid by member governments and state aid funds.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1. DESCRIPTION OF ORIGINATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Interfund 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.

#### **Pensions:**

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

#### **Postemployment Benefits Other Than Pensions (OPEB):**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and additions to/deductions from the SCRHITF's fiduciary net position have been determined on the accrual basis of accounting as they are reported by the SCRHITF in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses and benefits are recognized when incurred. Claims liabilities are reported when it is probable that a loss has occurred and the amount can be reasonably estimated. Investments are reported at fair value.

#### **Non-exchange Transactions:**

The Council generally has two types of non-exchange transactions, government-mandated non-exchange transactions (which occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose) and voluntary non-exchange transactions (which result from legislative or contractual agreements other than exchanges, entered into willingly by the parties to the agreement). The Council recognizes non-exchange transactions when they are both measurable and probable for collection. For government-mandated non-exchange transactions and voluntary non-exchange transactions, the Council recognized assets when all applicable eligibility requirements are met, or resources are received, whichever is first, and revenue when all applicable eligibility requirements are met.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. DESCRIPTION OF ORIGINATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Net Position/Fund Balances:**

The Council's net position in the government-wide financial statements are classified as follows:

#### ***Investment in Capital Assets:***

This represents the Council's total investment in capital assets, net of accumulated depreciation.

***Restricted.*** This category represents resources in which the Council is legally or contractually obligated by external parties such as lenders, grantors, contributors or by laws or regulations to spend in accordance with the restrictions imposed.

***Unrestricted.*** Unrestricted net position consist of all other assets not included in the above categories.

The Council's policy for applying expenses that can use both restricted and unrestricted resources is designated to the program administrative level. General practice is to first apply the expense to the restricted resource then to unrestricted resources.

In the governmental fund financial statements, the Council's fund balances are classified as follows:

***Nonspendable Fund Balance.*** Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

***Restricted Fund Balance.*** Represents amounts that are (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) are imposed by law through constitutional provisions or enabling legislation.

***Committed Fund Balance.*** Represents amounts that can only be used by for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

***Assigned Fund Balance.*** Amounts are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. DESCRIPTION OF ORIGINATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Net Position/Fund Balances (Continued):

**Unassigned Fund Balance.** Represents the 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.

When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, the Council's general practice is to first reduce committed resources, followed by assigned resources, and then unassigned resources.

#### Income Taxes:

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

#### Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

### NOTE 2. CASH AND INVESTMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

**Level 1** - unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access.

**Level 2** - other observable inputs including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets and liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. CASH AND INVESTMENTS (CONTINUED)

**Level 3** - unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The Council maintains a cash and cash equivalent investment pool that is available for use by all funds. Each fund portion of this pool is shown on the balance sheet as cash and cash equivalents. Transfers to or from the Local Government Investment Pool (LGIP) are made at the request of the council.

Individual funds may maintain cash and cash equivalents separate from the pool for convenience and control. Petty cash and working funds are maintained for nonrecurring incidental purchases. Such holdings are shown on the governmental balance sheet as cash and cash equivalents.

Investments with maturities greater than three (3) months are shown on the balance sheet by fund type as investments.

Total cash and investments at June 30, 2019, is as follows:

	Statement of Net Position	Total
Total cash and equivalents	\$ 2,970,635	\$ 2,970,635

### Cash Equivalents and Deposits

Cash and cash equivalents at June 30, 2019, consists of the following:

Demand deposits	\$ 1,967,049
Cash on hand	173
LGIP	1,003,413
<b>Total cash and cash equivalents</b>	<b>\$ 2,970,635</b>

Deposits with financial institutions include bank demand deposits.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. CASH AND INVESTMENTS (CONTINUED)

#### Credit Risk:

South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government. The Council has no investment policy that would further restrict its choices.

At June 30, 2019, the Council's investments were rated as follows:

Investment Type	Classification	Total
SC Local Government Investment Pool	Level 2	<u>\$ 1,003,413</u>

The LGIP is a 2a7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The LGIP is included as an investment trust fund in the State of South Carolina Comprehensive Annual Financial Report. At June 30, 2019, the underlying security ratings of the Council's investment in the LGIP is classified in risk category "A" and may be obtained from the LGIP's complete financial statements by writing to the following address:

Office of the State Treasurer  
Local Government Investment Pool  
Post Office Box 11778  
Columbia, South Carolina 29211

#### Interest Rate Risk:

In accordance with its investment policy, the Council manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than twelve months.

It is the policy of the State Treasurer's Office that no derivatives of the U.S. Government Securities or Federal Agency Securities or A1/P1 Commercial Paper be purchased by or for the LGIP. It is the policy of the State Treasurer's Office that the weighted average maturity (WAM) of the LGIP portfolio not exceed 60 days.

#### Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a bank failure, the Council's cash equivalents and deposits may not be returned to the Council. At year-end, the Council's net carrying amount of deposits was \$1,967,049 and the bank balance was \$2,053,239. Of these deposits, \$936,624 was covered by federal depository insurance, the remainder of \$1,116,615, was collateralized by a repurchase agreement.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. CASH AND INVESTMENTS (CONTINUED)

#### Custodial Credit Risk (Continued):

As of June 30, 2019, the Council held the following investments:

Investment Type	Balance Sheet Classification	Carrying Value	% of Investment Portfolio
SC Local Government Investment Pool	Cash and Equivalents	\$ 1,003,413	100%

#### 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.

#### Concentration of Credit Risk:

The Council's investment policy does not allow for an investment in any one issuer that is in excess of five (5) percent when investments are needed.

### NOTE 3. NOTE RECEIVABLES

In February 2004, the Council loaned an individual \$84,803 to purchase a home through a grant given by the U.S. 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 \$242, including 1% interest. As the money is repaid, it is to be used to fund additional HOME eligible projects within Clarendon County. The outstanding balance of the receivable at June 30, 2019, was \$66,262. Maturities of principal payments due from the borrower are as follows for the years ending June 30:

2020	\$ 3,285
2021	3,170
2022	3,201
2023	3,234
2024	3,265
2025 and thereafter	50,107
<b>Total</b>	<u><u>\$ 66,262</u></u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets being depreciated				
Buildings and improvements	\$ 12,626	\$ 5,835	\$ -	\$ 18,461
Equipment and furniture	425,469	139,578	(113,233)	451,814
Vehicles	61,211	-	-	61,211
<b>Total capital assets being depreciated</b>	<u>499,306</u>	<u>145,413</u>	<u>(113,233)</u>	<u>531,486</u>
Less accumulated depreciation:				
Buildings and improvements	(9,322)	(2,041)	-	(11,363)
Equipment and furniture	(338,646)	(61,901)	106,422	(294,125)
Vehicles	(61,211)	-	-	(61,211)
<b>Total accumulated depreciated</b>	<u>(409,179)</u>	<u>(63,942)</u>	<u>106,422</u>	<u>(366,699)</u>
<b>Total capital assets being depreciated, net</b>	<u>\$ 90,127</u>	<u>\$ 81,471</u>	<u>\$ (6,811)</u>	<u>\$ 164,787</u>

Depreciation expense of \$63,942 was unallocated in the primary government.

### NOTE 5. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities is as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Accrued annual leave	\$ 56,736	\$ 70,946	\$ 71,547	\$ 56,135	\$ 56,135
Net pension liability	2,727,507	238,937	276,669	2,689,775	-
Net OPEB liability	1,989,330	173,235	95,643	2,066,922	-
<b>Total</b>	<u>\$ 4,773,573</u>	<u>\$ 483,118</u>	<u>\$ 443,859</u>	<u>\$ 4,812,832</u>	<u>\$ 56,135</u>

For the governmental activities, compensated absences, the net pension liability, and the net OPEB liability are generally liquidated by the General Fund.

### NOTE 6. LEASES

The Council leases facilities and equipment under several operating leases. Future minimum lease payments are as follows for the years ending June 30:

2020	\$ 208,969
2021	92,104
2022	27,677
2023	5,457
2024	1,200
<b>Total</b>	<u>\$ 335,407</u>

During the year ended June 30, 2019, the Council paid \$241,308 under operating leases.



## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 7. RELATED PARTY TRANSACTIONS**

#### **Member Local Government Dues:**

All member governments are required to pay dues to the Council. Dues are determined annually and are recognized as revenues when assessed because they are measurable and are collectible within the current period. Dues for the year were \$347,056.

#### **Related Party:**

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 basic financial statements and activity for this related, separately chartered legal entity have not been included in the accompanying basic financial statements since the Corporation does not meet the definition of a component unit.

The Corporation made payments to the Council under an agreement that provided accounting and support services to the Corporation. The amount the Corporation paid the Council for services was \$189,464 for the year ended June 30, 2019. The Corporation owed the Council \$71,861 as of June 30, 2019, for services provided.

### **NOTE 8. CONTINGENCIES**

The Council participates in certain federal and state grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 9. EMPLOYEE RETIREMENT PLAN**

#### **South Carolina Retirement System:**

##### **Plan Description:**

The Council participates in retirement plans under authorization of Title 9 of the SC Code of Laws, State of South Carolina which covers a majority of the Council's full-time employees. The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and, therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

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

##### **Membership:**

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

#### South Carolina Retirement System (Continued):

##### Benefits:

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

A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

##### Contributions:

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates adopted by the Board, are insufficient to maintain the amortization period set in statute, the Board shall increase employer contribution rates as necessary.

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

#### South Carolina Retirement System (Continued):

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

Required employee contribution rates for fiscal year 2018 - 2019 are as follows:

Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation

Required employer contribution rates for fiscal year 2018 - 2019 are as follows:

Employer Class Two	14.41% of earnable compensation
Employer Class Three	14.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

#### Actuarial Assumptions:

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

The following provides a summary of the actuarial assumptions and methods used to calculate the TLP as of June 30, 2018:

	SCRS
Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Investment rate of return	7.25%, including inflation
Projected salary increases	3.0% to 12.5%
Benefits adjustments	Lesser of 1% or \$500

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

#### South Carolina Retirement System (Continued):

#### Actuarial Assumptions (Continued):

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the determination of the June 30, 2018, TPL are as follows:

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

#### Net Pension Liability:

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2018, for SCRS are presented below:

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Employers' Net Pension Liability</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
SCRS	\$ 5,860,076	\$ 3,170,301	\$ 2,689,775	54.10%

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

At June 30, 2019, the Council reported a liability of \$2,689,775 for its proportionate share of the net pension liability. The Council's proportion of the net pension liability was based on a projection of the Council's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Council's proportion was 0.012004, which was a decrease of 0.000112 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Council recognized pension expense of \$156,954.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

#### South Carolina Retirement System (Continued):

##### Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
<b>Global Equity</b>	<b>47.0%</b>		
Global public equity	33.0%	6.99%	2.31%
Private equity	9.0%	8.73%	0.79%
Equity options securities	5.0%	5.52%	0.28%
<b>Real assets</b>	<b>10.0%</b>		
Real estate (private)	6.0%	3.54%	0.21%
Real estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
<b>Opportunistic</b>	<b>13.0%</b>		
GTAA/Risk parity	8.0%	3.75%	0.30%
Hedge funds (non-PA)	2.0%	3.45%	0.07%
Other opportunistic strategies	3.0%	3.75%	0.11%
<b>Diversified credit</b>	<b>18.0%</b>		
Mixed credit	6.0%	3.05%	0.18%
Emerging markets	5.0%	3.94%	0.20%
Private debt	7.0%	3.89%	0.27%
<b>Conservative fixed income</b>	<b>12.0%</b>		
Core fixed income	10.0%	0.94%	0.09%
Cash and short duration (net)	2.0%	0.34%	0.01%
	100%		
		Total expected real return	5.03%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.28%

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

#### South Carolina Retirement System (Continued):

##### Discount Rate:

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in the future years. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

##### Sensitivity Analysis:

The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7.25 percent, as well as what the Council's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

		<b>1% Decrease</b> (6.25%)	<b>Current</b> <b>Discount Rate</b> (7.25%)	<b>1% Increase</b> (8.25%)
SCRS	\$	3,437,033	\$ 2,689,775	\$ 2,155,557

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>SCRS</b>		
Differences Between Expected and Actual Experience	\$ 4,855	\$ 15,829
Changes in Assumptions	106,715	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	42,727	-
Changes in Proportions and Differences Between Council Contributions and Proportionated Share of Contributions	-	131,795
Direct Contributions Subsequent to the Measurement Date	177,164	-
<b>Totals</b>	<b>\$ 331,461</b>	<b>\$ 147,624</b>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

#### South Carolina Retirement System (Continued):

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

The contributions of \$177,164, reported as deferred outflows of resources related to pensions resulting from Council contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

#### Year ending June 30:

2020	\$	10,976
2021		37,424
2022		(36,822)
2023		(4,905)
		6,673
	\$	6,673

#### Pension Plan Fiduciary Net Position:

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2018, (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2018.

### NOTE 10. INTERFUND ACTIVITY

#### Interfund Balances:

The Council's General fund and Special Revenue Funds have advanced money between the funds to finance operations and supplement other fund sources. The repayment terms are indefinite and are dependent upon future receipts. The advance is between governmental funds and is, therefore, not reflected in the Statement of Net Position.

	Receivables	Payable
Due to/Due from		
General fund	\$ 492,297	\$ -
Aging fund	-	70,281
Workforce fund	-	215,355
Housing and Economic Development fund	-	207,231
Other non-major governmental funds	570	-
<b>Total</b>	\$ 492,867	\$ 492,867



## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. INTERFUND ACTIVITY (CONTINUED)

#### Interfund Transfers:

The following summarizes interfund transfers for the fiscal year ending June 30, 2019:

	Transfer In	Transfer Out
General fund	\$ 65,489	\$ -
Aging fund	47,097	-
Workforce fund	-	2,923
Housing and Economic Development fund	-	128,154
Non-major governmental funds	18,491	-
<b>Total</b>	<b>\$ 131,077</b>	<b>\$ 131,077</b>

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 11. FUND BALANCE RESERVATIONS AND DESIGNATIONS

The Council uses the following governmental fund balance accounts:

**Nonspendable for security deposit.** An account used to segregate a portion of fund balance to indicate prepaid items are “not in spendable form” even though it is a component of current assets.

**Restricted.** An account used to segregate a portion of fund balance restricted for Aging program.

**Unassigned.** This represents and includes all spendable amounts of the General Fund not contained in the other classifications.

### NOTE 12. RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council pays an annual premium to a private insurer for its insurance coverage.

There were no significant reductions in insurance coverage from the previous year and no settlements have exceeded insurance coverage for the past three years ended June 30, 2019, 2018, and 2017.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 13. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

#### **Plan Description:**

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides postemployment health and dental benefits to retired State and school district employees and their covered dependents. The South Carolina Retiree Health Insurance Trust Fund (SCRHITF) was created to fund and account for the employer costs of the State's retiree health and dental plans. In accordance with Act 195 of 2008, the SCRHITF is administered by the South Carolina Public Employee Benefit Authority (PEBA), Insurance Benefits, and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee. The SCRHITF is a cost-sharing multiple-employer defined benefit plan. Article 5 of the State Code of Laws defines the plan and authorizes the Trustee to at any time adjust the plan, including its benefits and contributions, as necessary, to ensure the fiscal stability of the plan. The State Fiscal Accountability Authority (SFFA), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the SCRHITF.

#### **Benefits Provided:**

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 on 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 a State retirement system, including the optional retirement plan. PEBA Insurance Benefits annually sets the employer and retiree premiums, which are the same for active employees and retirees. The amount of premium that a retiree pays depends mainly on the plan and dependent option elected. Supplemental health insurance is provided for Medicare-eligible retirees.

#### **Contributions:**

These postemployment healthcare benefits are funded primarily through a pension surcharge. Employers participating in the healthcare plan are mandated by State statute to contribute at a rate assessed each year by the Executive Budget Office of the Department of Administration, which was 6.05% of annual covered payroll for 2019. The Council's contributions to the OPEB plan for the year ending June 30, 2019, were \$74,514, applicable to the surcharge included with the employer contribution for retirement benefits.

Other contributions to the SCRHITF include State appropriations and mandatory transfers of cash reserves accumulated in the employee insurance program operating accounts. The Council's portion of contributions in 2019 from these non-employer contributing entities was \$15,600, which is reported by the Council as State operating grants revenue for the year ended June 30, 2019.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 13. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

#### **OPEB Liabilities, OPEB Expenses, and Deferred Outflows Of Resources and Deferred Inflows Of Resources Related to OPEB:**

At June 30, 2019, the Council reported a liability of \$2,066,922 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2017. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2018, using generally accepted actuarial principles. The Council's proportion of the net OPEB liability was based on the Council's share of contributions to the OPEB plan relative to the contributions of all participating entities. At June 30, 2018 and 2017, the Council's proportion was 0.014586% and 0.014687%, respectively .

For the year ended June 30, 2019, the Council recognized OPEB expense of \$103,507. At June 30, 2019, the Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 30,963	\$ 720
Net difference between projected and actual earnings on OPEB plan investments	7,925	-
Changes in proportion and differences between Council contributions and proportionate share of contributions	-	12,829
Changes in plan assumptions	-	168,310
Council contributions subsequent to the measurement date	74,514	-
Total	\$ 113,402	\$ 181,859

## NOTES TO FINANCIAL STATEMENTS

### NOTE 13. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

#### OPEB Liabilities, OPEB Expenses, and Deferred Outflows Of Resources and Deferred Inflows Of Resources Related to OPEB (Continued):

The \$74,514 reported as deferred outflows of resources related to OPEB resulting from the Council's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year ending June 30:	
2020	\$ (26,748)
2021	(26,748)
2022	(26,748)
2023	(27,596)
2024	(28,941)
Thereafter	(6,190)
Total	<u>\$ (142,971)</u>

#### Actuarial Assumptions and Methods:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the OPEB was most recently issued as of July 1, 2015.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The discount rate changed from 3.56% as of June 30, 2017, to 3.62% as of June 30, 2018.

The June 30, 2018, total OPEB liability, net OPEB liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of June 30, 2017. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2018, using generally accepted actuarial principles.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 13. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

#### OPEB Liabilities, OPEB Expenses, and Deferred Outflows Of Resources and Deferred Inflows Of Resources Related to OPEB (Continued):

##### Actuarial Assumptions and Methods (Continued):

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

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Investment Rate of Return	4.00%, net of OPEB plan investment expense, including inflation
Single Discount Rate	3.62% as of June 30, 2018
Demographic Assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015.
Mortality Assumptions	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health Care Trend Rates	Initial trend starting at 6.75% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 15 years
Participation Assumptions	79% participation for retirees who are eligible for Funded Premiums  59% participation for retirees who are eligible for Partial Funded Premiums  20% participation for retirees who are eligible for Non-Funded Premiums
Aging factors	Based on plan specific experience
Expenses	The investment return assumption is net of the investment expenses;  Administrative expenses related to the health care benefits are included in the age-adjusted claims costs

## NOTES TO FINANCIAL STATEMENTS

### NOTE 13. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

#### OPEB Liabilities, OPEB Expenses, and Deferred Outflows Of Resources and Deferred Inflows Of Resources Related to OPEB (Continued):

##### Actuarial Assumptions and Methods (Continued):

The long-term expected rate of return represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. The expected return, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rate of return by the target allocation percentage and adding expected inflation.

This information is summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	2.09%	1.67%
Cash	20.00%	.84%	0.17%
<b>Total</b>	100.00%		1.84%
Expected Inflation			2.25%
<b>Total Return</b>			4.09%
<b>Investment Return Assumption</b>			4.00%

The annual money-weighted rate of return on the plan investments was 1.36%.

##### Discount Rate:

The Single Discount Rate of 3.62% was used to measure the total OPEB liability. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent). In addition, the plan does not intend to ever use a Single Discount Rate which is less than the municipal bond rate.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 13. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

#### Sensitivity of the Council's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate:

The following table presents the Council's proportionate share of the net OPEB liability using the single discount rate of 3.62 percent, as well as what the Council's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1.00 percent lower (2.62 percent) or 1.00 percent higher (4.62 percent) than the current rate:

	1% Decrease (2.62%)	Current discount rate (3.62%)	1% Increase (4.62%)
Net OPEB liability	\$ 2,435,032	\$ 2,066,922	\$ 1,770,195

#### Sensitivity of the Council's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following table presents the Council's proportionate share of the net OPEB liability calculated using the assumed rates, as well as what the Council's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1.00 percent lower or 1.00 percent higher:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB liability	\$ 1,700,743	\$ 2,066,922	\$ 2,540,323

#### OPEB Plan Fiduciary Net Position:

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the OPEB Trust Fund. The CAFR is publicly available through the Insurance Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to:

South Carolina Public Employee Benefit Authority  
Insurance Benefits  
202 Arbor Lake Drive  
Columbia, South Carolina 29223

PEBA is considered a division of the primary government of the state of South Carolina and, therefore, the OPEB trust fund financial information is also included in the comprehensive annual financial report of the state.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 14. INSURANCE POOL

The Council is a participant of the South Carolina Insurance Reserve Fund ("SCIRF"), which is a cooperative group of governmental entities joining together to finance insurance exposure, liability and risk. As required by GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the Council's risks covered within this pool are property (both building and personal), data processing equipment, business interruption, builder's risk, inland marine, torts, and automobile. The SCIRF does not cover risks associated with a whistle-blowers action, breaches of contract, debt guarantees of others, property tax appeals, automobile/aircraft/watercraft in excess of 26 feet in length, liability from pre-arranged speed contest, pollution liability (except sudden and accidental), war, workers compensation bodily injury to fellow employees and professional liability of medical practitioners and architects.

The Council expended \$27,807 during the year ended June 30, 2019, 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, 2019, there were no liabilities which exceeded the coverage available through the SCIRF and separately purchased carriers.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 15. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During fiscal year 2019, a number of budgetary departments exceeded appropriated amounts as shown in the budgetary comparison statement for the General Fund, Aging Fund, Housing and Economic Development Projects Fund, and Workforce Innovation and Opportunity Fund. The Council was able to generate additional income to offset the current fiscal year's excess expenditures. The following departments had expenditures in the General Fund, Aging Fund, Housing and Economic Development Projects Fund, and Workforce Innovation and Opportunity Fund and that exceeded budgeted amounts as indicated in the Council's Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual on page 16.

	Budget	Actual	Actual (Over) Budget
General Fund:			
Direct personnel costs	\$ 232,420	\$ 477,495	\$ (245,075)
Operations and maintenance	78,262	106,162	(27,900)
Development and training	10,380	16,923	(6,543)
Travel and transportation	6,900	34,967	(28,067)
Capital outlays	1,000	23,297	(22,297)
Aging Special Revenue Fund:			
Indirect cost allocations	113,288	220,130	(106,842)
Housing and Economic Development Projects Special Revenue Fund:			
Indirect cost allocations	63,944	93,771	(29,827)
Payments to service providers	500,000	568,937	(68,937)
Workforce Innovation and Opportunity Special Revenue Fund:			
Indirect cost allocations	99,411	179,177	(79,766)
Operations and maintenance	205,753	248,229	(42,476)
Travel and transportation	2,125	4,430	(2,305)
Consulting and services	500	114,778	(114,278)
Payments to service providers	610,000	679,731	(69,731)
Direct participants support	533,865	584,024	(50,159)
Capital outlay	2,801	121,135	(118,334)

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**LAST TEN FISCAL YEARS**

<b><u>SOUTH CAROLINA RETIREMENT SYSTEM</u></b>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Council's proportion of the net pension liability	0.012004%	0.012116%	0.012463%	0.014015%	0.014307%	0.014307%
Council's proportionate share of the net pension liability	\$ 2,689,775	\$ 2,727,506	\$ 2,662,078	\$ 2,658,012	\$ 2,463,191	\$ 2,566,165
Council's covered payroll	\$ 1,257,889	\$ 1,238,539	\$ 1,223,454	\$ 1,332,381	\$ 1,319,301	\$ 1,064,431
Council's proportionate share of the net pension liability as a percentage of its covered payroll	213.83%	220.22%	217.59%	199.49%	186.70%	241.08%
Plan fiduciary net position as a percentage of the total pension liability	54.10%	53.30%	52.91%	56.99%	59.92%	56.39%

The Council implemented GASB Statement 68 and GASB Statement 71 with the fiscal year beginning July 1, 2014.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the government will present information for those years for which information is available.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE**  
**OF NET OPEB LIABILITY**

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	<u>2019</u>	<u>2018</u>	<u>2017</u>
Council's proportion of the net OPEB liability (%)	0.014586%	0.014687%	0.014687%
Council's proportion of the net OPEB liability (\$)	\$ 2,066,922	\$ 1,989,330	\$ 2,125,008
Council's covered payroll	\$ 1,238,539	\$ 1,223,454	\$ 1,332,381
Council's proportionate share of the net OPEB liability as a percentage of its covered payroll	166.88%	162.60%	159.49%
Plan fiduciary net position as a percentage of the total OPEB liability	7.91%	7.60%	6.62%

The Council implemented GASB Statement 75 with the fiscal year beginning July 1, 2017.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10year trend is compiled, the government will present information for those year for which information is available.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE COUNCIL'S CONTRIBUTIONS - PENSION**  
**LAST TEN FISCAL YEARS**

<b><u>SOUTH CAROLINA RETIREMENT SYSTEM</u></b>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 177,164	\$ 168,683	\$ 144,318	\$ 133,479	\$ 143,231	\$ 137,867
Contributions in relation to the contractually required contribution	<u>(177,164)</u>	<u>(168,683)</u>	<u>(144,318)</u>	<u>(133,479)</u>	<u>(143,231)</u>	<u>(137,867)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 1,229,447	\$ 1,257,889	\$ 1,238,539	\$ 1,223,454	\$ 1,332,381	\$ 1,319,301
Contributions as a percentage of covered payroll	14.41%	13.41%	11.65%	10.91%	10.75%	10.45%

The Council implemented GASB Statement 68 and GASB Statement 71 with the fiscal year beginning July 1, 2014.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the government will present information for those years for which information is available.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE COUNCIL'S CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 74,514	\$ 69,184	\$ 66,014
Contributions in relation to the contractually required contribution	<u>74,514</u>	<u>69,184</u>	<u>66,014</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 1,229,447	\$ 1,238,539	\$ 1,223,454
Contributions as a percentage of covered payroll	6.06%	5.59%	5.40%

The Council implemented GASB Statement 75 with the fiscal year beginning July 1, 2017.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the government will present information for those year for which information is available.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Federal revenue	\$ -	\$ -	\$ 14,390	\$ 14,390
State revenue	52,300	41,242	41,242	-
Participating local governments	178,674	178,674	341,742	163,068
Service and special contracts	-	-	13,250	13,250
Interest income	1,200	8,000	35,248	27,248
Other revenue	-	-	5,220	5,220
<b>Total revenues</b>	<u>232,174</u>	<u>227,916</u>	<u>451,092</u>	<u>223,176</u>
<b>EXPENDITURES</b>				
Direct personnel costs	255,807	232,420	477,495	(245,075)
Indirect cost allocations	(331,355)	(311,896)	(536,125)	224,229
Support services				
Operations and maintenance	77,803	78,262	106,162	(27,900)
Development and training	9,680	10,380	16,923	(6,543)
Travel and transportation	2,300	6,900	34,967	(28,067)
Consulting and services	76,300	32,050	22,425	9,625
Applied as match	100,946	147,234	44,026	103,208
Capital outlays	23,000	1,000	23,297	(22,297)
Debt service - interest	1,100	1,830	-	1,830
<b>Total expenditures</b>	<u>215,581</u>	<u>198,180</u>	<u>189,170</u>	<u>9,010</u>
<b>Excess of Revenues Over Expenditures</b>	16,593	29,736	261,922	232,186
<b>Other Financing Sources</b>				
Transfers in	-	-	65,489	65,489
Net Change In Fund Balance	16,593	29,736	327,411	297,675
<b>Fund Balance at beginning of year</b>	<u>-</u>	<u>2,862,569</u>	<u>3,132,015</u>	<u>269,446</u>
<b>Fund Balance at end of year</b>	<u>\$ 16,593</u>	<u>\$ 2,892,305</u>	<u>\$ 3,459,426</u>	<u>\$ 567,121</u>

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - AGING SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
<b>REVENUES</b>				
Federal revenue	\$ 2,828,442	\$ 3,142,643	\$ 1,914,224	\$ (1,228,419)
State revenue	310,130	254,164	1,249,146	994,982
Participating local governments	-	-	-	-
Service and special contracts	70,584	165,768	-	(165,768)
Required match	76,696	61,100	-	(61,100)
In-kind revenue	168,500	169,500	-	(169,500)
<b>Total revenues</b>	<u>3,454,352</u>	<u>3,793,175</u>	<u>3,163,370</u>	<u>(629,805)</u>
<b>EXPENDITURES</b>				
Direct personnel costs	535,043	551,981	539,747	12,234
Indirect cost allocations	116,778	113,288	220,130	(106,842)
Support services				
Operations and maintenance	127,142	117,455	61,275	56,180
Development and training	2,678	3,478	492	2,986
Travel and transportation	21,500	16,332	8,915	7,417
Consulting and services	3,729	9,350	950	8,400
Payments to service providers	2,224,840	2,472,310	2,378,958	93,352
Direct participants support	251,142	335,981	-	335,981
Applied as match	168,500	169,500	-	169,500
Capital outlays	3,000	3,500	-	3,500
<b>Total expenditures</b>	<u>3,454,352</u>	<u>3,793,175</u>	<u>3,210,467</u>	<u>582,708</u>
<b>Deficiency of Revenues (Under) Expenditures</b>	-	-	(47,097)	(47,097)
<b>Other Financing Sources</b>				
Transfers in	-	-	47,097	47,097
Net Change In Fund Balance	-	-	-	-
<b>Fund Balance at beginning of year</b>	-	-	-	-
<b>Fund Balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - HOUSING AND ECONOMIC**  
**DEVELOPMENT PROJECTS SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Federal revenue	\$ 383,719	\$ 668,868	\$ 702,014	\$ 33,146
Participating local governments	90,000	68,810	-	(68,810)
Service and special contracts	218,587	148,556	367,176	218,620
Required match	3,000	88,637	22,776	(65,861)
Other revenue	800	2,000	3,347	1,347
<b>Total revenues</b>	<u>696,106</u>	<u>976,871</u>	<u>1,095,313</u>	<u>118,442</u>
<b>EXPENDITURES</b>				
Direct personnel costs	303,128	311,559	227,261	84,298
Indirect cost allocations	66,160	63,944	93,771	(29,827)
Support services				
Operations and maintenance	69,496	65,151	60,475	4,676
Development and training	270	1,000	287	713
Travel and transportation	8,426	2,875	2,126	749
Consulting and services	24,750	25,950	13,811	12,139
Payments to service providers	219,484	500,000	568,937	(68,937)
Capital outlays	4,392	6,392	491	5,901
<b>Total expenditures</b>	<u>696,106</u>	<u>976,871</u>	<u>967,159</u>	<u>9,712</u>
<b>Excess of Revenues Over Expenditures</b>	-	-	128,154	128,154
<b>Other Financing Uses</b>				
Transfers out	-	-	(128,154)	(128,154)
Net Change In Fund Balance	-	-	-	-
<b>Fund Balance at beginning of year</b>	-	-	-	-
<b>Fund Balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - WORKFORCE INNOVATION AND**  
**OPPORTUNITY FUND**  
**YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Federal revenue	\$ 1,825,854	\$ 1,853,008	\$ 2,245,667	\$ 392,659
Service and special contracts	-	-	7,500	7,500
Other revenue	100,183	89,775	123,179	33,404
<b>Total revenues</b>	<u>1,926,037</u>	<u>1,942,783</u>	<u>2,376,346</u>	<u>433,563</u>
<b>EXPENDITURES</b>				
Direct personnel costs	533,260	484,362	440,642	43,720
Indirect cost allocations	116,388	99,411	179,177	(79,766)
Support services				
Operations and maintenance	227,292	205,753	248,229	(42,476)
Development and training	2,966	3,966	1,277	2,689
Travel and transportation	4,224	2,125	4,430	(2,305)
Consulting and services	500	500	114,778	(114,278)
Payments to service providers	575,000	610,000	679,731	(69,731)
Direct participant support	464,606	533,865	584,024	(50,159)
Consulting and services	1,801	2,801	121,135	(118,334)
<b>Total expenditures</b>	<u>1,926,037</u>	<u>1,942,783</u>	<u>2,373,423</u>	<u>(430,640)</u>
<b>Excess of Revenues Over Expenditures</b>	-	-	2,923	2,923
<b>Other Financing Uses</b>				
Transfers out	-	-	(2,923)	(2,923)
Net Change In Fund Balance	-	-	-	-
<b>Fund Balance at beginning of year</b>	-	-	-	-
<b>Fund Balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS  
OTHER SUPPLEMENTARY INFORMATION**

**SCHEDULE 1 - GOVERNMENTAL FUNDS - DETAIL OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2019**

	General	Aging	Workforce Innovation and Opportunity Fund	Housing and Economic Development	Non-major Governmental Funds	Total
<b>REVENUES</b>						
Federal revenue	\$ 14,390	\$ 1,914,224	\$ 2,245,667	\$ 702,014	\$ 85,000	\$ 4,961,295
State revenue	41,242	1,249,146	-	-	-	1,290,388
Participating local governments	341,742	-	-	-	5,314	347,056
Service and special contracts	13,250	-	7,500	367,176	49,953	437,879
Required match	-	-	-	22,776	21,250	44,026
Interest income	35,248	-	-	-	-	35,248
Other revenue	5,220	-	123,179	3,347	-	131,746
<b>Total revenues</b>	<u>451,092</u>	<u>3,163,370</u>	<u>2,376,346</u>	<u>1,095,313</u>	<u>161,517</u>	<u>7,247,638</u>
<b>EXPENDITURES</b>						
Direct personnel costs	477,495	539,747	440,642	227,261	107,433	1,792,578
Indirect cost allocations	(536,125)	220,130	179,177	93,771	43,047	-
Support services						
Operations and maintenance	106,162	61,275	248,229	60,475	26,697	502,838
Payments to service providers	16,923	492	1,277	287	-	18,979
Travel and transportation	34,967	8,915	4,430	2,126	2,340	52,778
Consulting and services	22,425	950	114,778	13,811	-	151,964
Applied as match	-	2,378,958	679,731	568,937	-	3,627,626
Direct participant support	-	-	584,024	-	-	584,024
Applied as match	44,026	-	-	-	-	44,026
Capital outlays	23,297	-	121,135	491	491	145,414
<b>Total expenditures</b>	<u>189,170</u>	<u>3,210,467</u>	<u>2,373,423</u>	<u>967,159</u>	<u>180,008</u>	<u>6,920,227</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>261,922</u>	<u>(47,097)</u>	<u>2,923</u>	<u>128,154</u>	<u>(18,491)</u>	<u>327,411</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	65,489	47,097	-	-	18,491	131,077
Transfers out	-	-	(2,923)	(128,154)	-	(131,077)
<b>Total other financing sources (uses)</b>	<u>65,489</u>	<u>47,097</u>	<u>(2,923)</u>	<u>(128,154)</u>	<u>18,491</u>	<u>-</u>
Net Change In Fund Balance	327,411	-	-	-	-	327,411
<b>Fund Balance at beginning of year</b>	<u>3,132,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,132,015</u>
<b>Fund Balance at end of year</b>	<u>\$ 3,459,426</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,459,426</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated January 23, 2020.

**Internal Control Over Financial Reporting**

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

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

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

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Santee-Lynches Regional Council of Governments' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Columbia, South Carolina  
January 23, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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

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

We have audited **Santee-Lynches Regional Council of Governments'** (Council) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2019. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Council's compliance.

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

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

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## Report on Internal Control Over Compliance

Management of Santee-Lynches Regional Council of Governments is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Santee-Lynches Regional Council of Governments' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Santee-Lynches Regional Council of Governments' internal control over compliance.

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

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

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

Columbia, South Carolina  
January 23, 2020

*Mauldin & Jenkins, LLC*

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**PERIOD ENDING JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass through Grantor Number	Federal Disbursements/ Expenditures
<b>U.S. Department of Transportation, Federal Transit Administration</b>			
Passed through SC Department of Transportation			
Division of Planning - Federal Highway Funds			
State Planning and Research Funds (SPR)	20.205	N/A	\$ 85,000
Total Passed through SCDOT			<u>85,000</u>
<b>Total U.S. Department of Transportation - Highway Planning and Construction Cluster</b>			<u>85,000</u>
<b>U.S. Department of Commerce</b>			
Direct Programs			
Economic Development Administration	11.302	ED16ATL3020018	35,000
Economic Development Administration	11.302	ED19ATL3020017	18,145
<b>Total U.S. Department of Commerce</b>			<u>53,145</u>
<b>U.S. Environmental Protection Agency</b>			
Passed through S.C. Department of Health & Environmental Control			
Water Quality Management Planning	66.454	EQ-8-1078	6,767
Payments to service providers	66.454	EQ-9-335	7,622
<b>Total U.S. Environmental Protection Agency</b>			<u>14,389</u>
<b>U.S. Department of Housing &amp; Urban Development</b>			
HOME - Federal (Administrative)	14.239	M-16-DC-45-0206	5,460
HOME - Federal (Administrative)	14.239	M-17-DC-45-0206	57,070
HOME - Federal (Administrative)	14.239	M-18-DC-45-0206	6,521
		M-14-DC-45-0206/ M-15-DC-45-0206/ M-16-DC-45-0206/ M-17-DC-45-0206/ M-18-DC-45-0206	
HOME - Federal (Projects)	14.239	M-18-DC-45-0206	579,818
<b>Total U.S. Department of Housing &amp; Urban Development</b>			<u>648,869</u>
<b>US Department of Health &amp; Human Services</b>			
Passed through Lt. Governor's Office on Aging			
Fund Balances at June 30, 2018	93.044	R06 MG19	47,345
Title III-B - Ombudsman (SIIIB17)	93.044	R06 MG19	10,584
Title III-B - Ombudsman (SIIIB18)	93.044	R06 MG19	61,323
Title III-B - Assessment Services (SIIIB18)	93.044	R06 MG19	114,855
Title III-B - Assessment Services (SIIIB19)	93.044	R06 MG19	12,628
Title III-B - Supportive Services (SIIIB18)	93.044	R06 MG19	294,965
Title III-B - Supportive Services (SIIIB19)	93.044	R06 MG19	71,871
Title III-B - Legal Services (SIIIB17)	93.044	R06 MG19	2,426
Title III-B - Legal Services (SIIIB18)	93.044	R06 MG19	6,091
Title III-B - Legal Services (SIIIB19)	93.044	R06 MG19	2,491
Title III-B Information & Assist (service salaries) (SIIIB17)	93.044	R06 MG19	27,911
Title III-B Information & Assist (service salaries) (SIIIB18)	93.044	R06 MG19	49,507
			<u>701,997</u>
Title III-C-1 - P & A (IIIC118)	93.045	R06 MG19	56,800
Title III-C-2 - P & A (IIIC218)	93.045	R06 MG19	28,581
Title III-C-1 - Group Dining (IIIC117)	93.045	R06 MG19	4
Title III-C-1 - Group Dining (IIIC118)	93.045	R06 MG19	186,227
Title III-C-2 - Home Delivered Meals (IIIC217)	93.045	R06 MG19	2
Title III-C-2 - Home Delivered Meals (IIIC218)	93.045	R06 MG19	343,631
Title III-C-2 - Home Delivered Meals (IIIC219)	93.045	R06 MG19	63,177
			<u>678,422</u>
NSIP (SNSIP18)	93.053	R06 MG19	130,439
NSIP (SNSIP19)	93.053	R06 MG19	53,189
			<u>183,628</u>
<b>Total Aging Services Cluster</b>			<u>1,564,047</u>
HCFAC15 Grant #90MP0236-03-03 (E0401HCFAC15)	93.048	R06 IC 19	7,974
HCFAC18 Grant #90MPPG0007-01-00 (E0401HCFAC18)	93.048	R06 IC 19	14,244
			<u>22,218</u>

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**PERIOD ENDING JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass through Grantor Number	Federal Disbursements/ Expenditures
<b>US Department of Health &amp; Human Services (Continued):</b>			
Title VII - Elder Abuse (SELD18)	93.041	R06 MG19	\$ 1,530
Title VII - Ombudsman (OMBUD18)	93.042	R06 MG19	874
Title III-D Evidence-Based Wellness Programs (SIID17)	93.043	R06 MG19	12,031
Title III-D Evidence-Based Wellness Programs (SIID18)	93.043	R06 MG19	11,204
			<u>25,639</u>
Title III-E - P & A (SIIE18)	93.052	R06 MG19	20,492
Title III-E Family Caregiver (service salaries) (SIIE18)	93.052	R06 MG19	62,704
Title III-E Family Caregiver Services (SIIE18)	93.052	R06 MG19	115,150
Title III-E Family Caregiver Services (SIIE19)	93.052	R06 MG19	10,003
Title III-E Family Caregiver Services - SRC (SIIE17)	93.052	R06 MG19	8,604
			<u>216,953</u>
MIPPA Grant #1701SCMIAA-03 (E0401MPAAA18)	93.071	R06 IC 19	2,171
MIPPA Grant #1701SCMIDR-03 (E0401MADRC18)	93.071	R06 IC 19	5,013
MIPPA Grant #1701SCMISH-03 (E0401MIPPA18)	93.071	R06 IC 19	15,770
MIPPA Grant #1801SCMIAA-00 (E0401MPAAA19)	93.071	R06 IC 19	15,774
MIPPA Grant #1801SCMIDR-00 (E0401MADRC19)	93.071	R06 IC 19	7,678
MIPPA Grant #1801SCMISH-00 (E0401MIPPA19)	93.071	R06 IC 19	155
SHIAP Grant #90SAPG0043-02-00 (E0401SHIAP17)	93.324	R06 IC 19	38,806
			<u>85,367</u>
<b>Total U.S. Department of Health &amp; Human Services</b>			<u>1,914,224</u>
<b>US Department of Labor</b>			
Passed through S.C. Department of Employment & Workforce			
WIOA Adult Program - Admin PY 17	17.258	* 17A010	11,910
WIOA Adult Program - Program PY 17	17.258	* 17A010	116,618
WIOA Adult Program - Admin PY 18	17.258	* 18A010	39,761
WIOA Adult Program - Program PY 18	17.258	* 18A010	426,707
WIOA Dislocated Worker Formula Grants - Admin PY 17	17.278	* 17DW010	9,926
WIOA Dislocated Worker Formula Grants - Program PY 17	17.278	* 17DW010	121,038
WIOA Dislocated Worker Formula Grants - Admin PY 18	17.278	* 18DW010	32,625
WIOA Dislocated Worker Formula Grants - Program PY 18	17.278	* 18DW010	554,075
WIOA Youth Activities - Admin PY 17	17.259	* 17Y010	16,521
WIOA Youth Activities - Program PY 17	17.259	* 17Y010	99,760
WIOA Youth Activities - Admin PY 18	17.259	* 18Y010	33,109
WIOA Youth Activities - Program PY 18	17.259	* 18Y010	570,824
WIOA Dislocated Worker Formula Grants - Incumbent Worker Training PY 17	17.278	* 17IWT10	54,989
WIOA Adult Program - Incumbent Worker Training PY 18	17.258	* 18IWT10	35,118
WIOA Dislocated Worker Formula Grants - Rapid Response IWT - Smith's Concrete Products	17.278	* 18RRIWT03	11,500
WIOA Youth Activities - Technology Grant	17.259	* 18TEC10	111,187
Total WIOA Cluster Passed through SCDEW			<u>2,245,668</u>
<b>Total U.S. Department of Labor</b>			<u>2,245,668</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 4,961,295</u>

\* Audited as major program



# SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

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### **A. General**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal award programs of Santee-Lynches Regional Council of Governments (the "Council") for the year ended June 30, 2019. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

### **B. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards includes federal grant activity of the Council under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in conformity with the requirements of Title 2 U.S. *Code of Federal Requirements* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present financial position or changes in net position.

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### **C. Relationship to Basic Financial Statements**

Federal award expenditures are reported in the Council's basic financial statements as expenditures in the General Fund and Special Revenue Fund.

### **D. Relationship to Federal Financial Reports**

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to expenditures made subsequent to the filing of the federal financial reports.

### **E. Indirect Cost**

Santee-Lynches Regional Council of Governments uses an appropriate actual indirect cost allocation methodology for its federal programs and did not use the 10% de Minimis indirect cost rate as allowed under the Uniform Guidance and covered in 2 CFR Part 200.414.

### **F. Subrecipients**

Santee-Lynches Regional Council of Governments did not provide awards to subrecipients for the year ended June 30, 2019.

# SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2019

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### I. Summary of Auditor's Results:

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None Reported

Noncompliance material to financial statements noted?

Yes  No

#### Federal Awards

Internal control over major federal programs:

Material weaknesses identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None Reported

Type of auditor's report issued on compliance for major federal programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

Identification of major federal programs:

CFDA#

93.044

93.045

93.053

US Department of HHS – Aging Cluster

HHS-Title III, Part B-Grants

HHS-Title III, Part C-Nutrition Services

HHS-NSIP

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Santee-Lynches Regional Council of Governments qualifies as a low-risk auditee?

Yes  No

### II. Findings 2019 Financial Statement Audit

None Reported

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

None Reported

# **SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**

## **SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2019**

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There were no prior audit findings.