

**SANTEE-LYNCHES REGIONAL
COUNCIL OF GOVERNMENTS**

**FINANCIAL AND
COMPLIANCE REPORT**

JUNE 30, 2021

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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, 2021, 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.

Opinions

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, 2021, 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 10, the budgetary comparison information on pages 50 through 53, and information concerning the Council's pension and OPEB plans on pages 46 through 49 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2022, 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
April 8, 2022

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") financial performance provides an overview of the Council's financial activities for the fiscal year ended June 30, 2021. 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 Governmental Accounting Standards Board (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 11 and 12 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 13 and 15 of the report.

Government-wide Financial Statements

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

The *Statement of Net 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 14 and 16 of the financial statements.

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

Other required supplemental information, found on pages 47 through 54 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>6/30/2021</u>	<u>6/30/2020</u>	<u>Net Change</u>
Current Assets	\$ 4,114,474	\$ 3,934,103	\$ 180,371
Noncurrent Assets	<u>174,889</u>	<u>187,119</u>	<u>(12,230)</u>
Total Assets	<u>4,289,363</u>	<u>4,121,222</u>	<u>168,141</u>
Deferred Outflows of Resources	<u>947,761</u>	<u>504,571</u>	<u>443,190</u>
Current Liabilities	614,545	498,756	115,789
Net Pension Liability	2,714,993	2,631,145	83,848
Net Other Postemployment Benefits Liability	<u>2,343,980</u>	<u>2,125,784</u>	<u>218,196</u>
Total Liabilities	<u>5,673,518</u>	<u>5,255,685</u>	<u>417,833</u>
Deferred Inflows of Resources-			
Deferred Pension Credits	<u>579,288</u>	<u>413,415</u>	<u>165,873</u>
Net Position:			
Net Investment in Capital Assets	113,070	124,640	(11,570)
Restricted	-	-	-
Unrestricted (exclusive of GASB 68 & 75)	3,561,748	3,497,826	63,922
GASB 68 & 75 Portions	<u>(4,690,500)</u>	<u>(4,665,773)</u>	<u>(24,727)</u>
Total Net Position	<u>\$ (1,015,682)</u>	<u>\$ (1,043,307)</u>	<u>\$ 27,625</u>

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 \$63,922, or 1.8%, to \$3,561,748. 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 \$27,625.

Current Assets increased by \$180,371, or 4.6%, while Current Liabilities increased by \$115,789 from the prior year. A review of current assets and current liabilities reveals the following: the Council's cash position at June 30, 2021 was up almost 20% from the prior year; accounts receivables decreased by 17%; and accounts payable increased by 29%. Non-current assets, which include a long-term notes receivable and net capital assets, decreased approximately 6.5% due to depreciation. 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>6/30/2021</u>	<u>6/30/2020</u>	<u>Net Change</u>
Operating Grants	\$ 6,604,751	\$ 6,219,310	\$ 385,441
State and Local Appropriations	331,589	371,876	(40,287)
Interest and Other Income	<u>178,225</u>	<u>167,663</u>	<u>10,562</u>
Total Revenues	<u>7,114,565</u>	<u>6,758,849</u>	<u>355,716</u>
General Administration	390,013	503,275	(113,262)
Program Administration	<u>6,696,927</u>	<u>6,225,641</u>	<u>471,286</u>
Total Expenses	<u>7,086,940</u>	<u>6,728,916</u>	<u>358,024</u>
Change in Net Position	27,625	29,933	(2,308)
Net Position at the Beginning of the Year	<u>(1,043,307)</u>	<u>(1,073,240)</u>	<u>29,933</u>
Net Position at the End of the Year	<u><u>\$ (1,015,682)</u></u>	<u><u>\$ (1,043,307)</u></u>	<u><u>\$ 27,625</u></u>

Revenues increased in the Aging, Workforce, and Non-Major Funds from the prior year, but decreased in both the General Fund and the Housing & Economic Development Fund; total revenues from all sources were up 5.26%. In expenses, there was also an overall increase of 5.32% over the prior year. Overall, with revenues increasing at a slightly lower rate than expenses, the Net Position increased slightly less than in the prior year. However, the agency did still experience a positive change in net position of \$27,625.

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

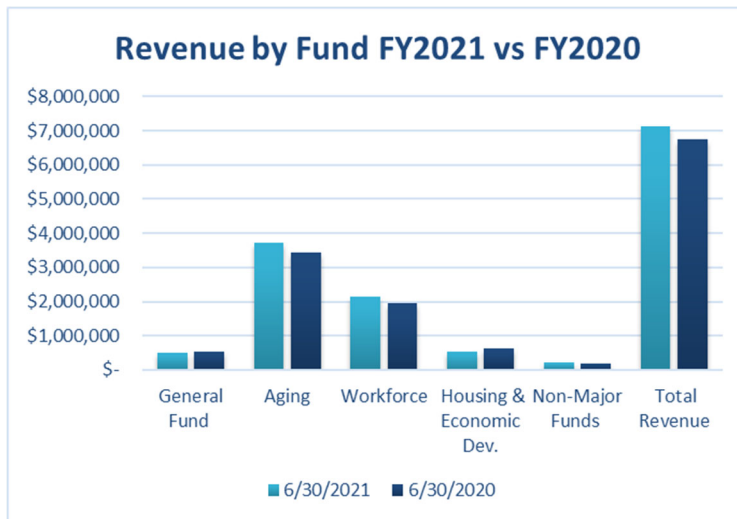
Overall, the most significant changes in assets from last year to this year was the increase of \$455,450 (or 19.6%) in cash on hand and decrease of \$274,970 (or 17.2%) to accounts receivable. These changes are primarily the result of the timing of invoicing and receipt of payments.

Total accounts payable balances increased by \$104,484 (or about 29.4%), due primarily to a push in the fourth quarter of the fiscal year to begin services for new clients in Workforce programs which resulted in higher-than-average contractor invoices submitted at the end of the year.

In the Council'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 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.

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

The decrease in State and Local Appropriations that is shown on the Statement of Activities is due to the elimination of contributions from member governments towards the future purchase of a building to house the Council’s operations. Interest Income also decreased because of the economic conditions caused by the COVID-19 pandemic. Excess Revenues over Expenditures in the General Fund increased from the prior year by \$76,248 due to a combination of factors, including lower costs for Personal Protective Equipment (PPE) purchased due to the pandemic.

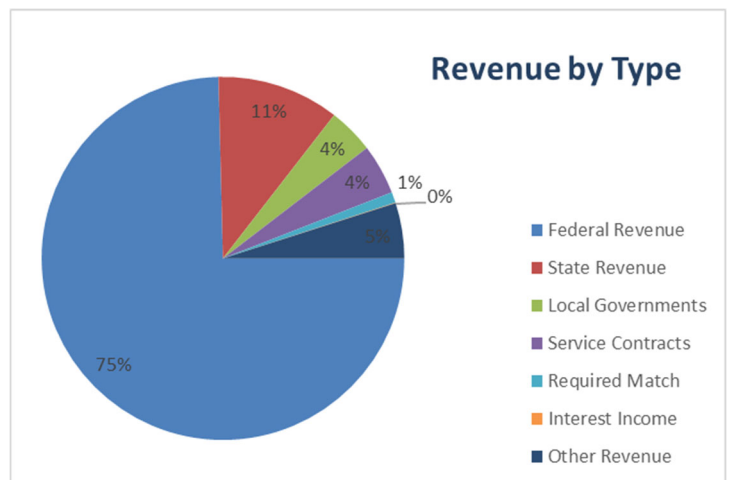


Within the Aging program, there was an overall 8% increase in revenues. This increase was due primarily to COVID-19 related grants received from SCDOA, as well as increased revenue from a contract with SC Thrive to assist people with Long-Term Care Assistance applications. Total expenses in the Aging program increased about 11% 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. There were also increases in staff costs due to the addition of a new position. Overall, Excess Revenues over Expenditures was -\$8,662.

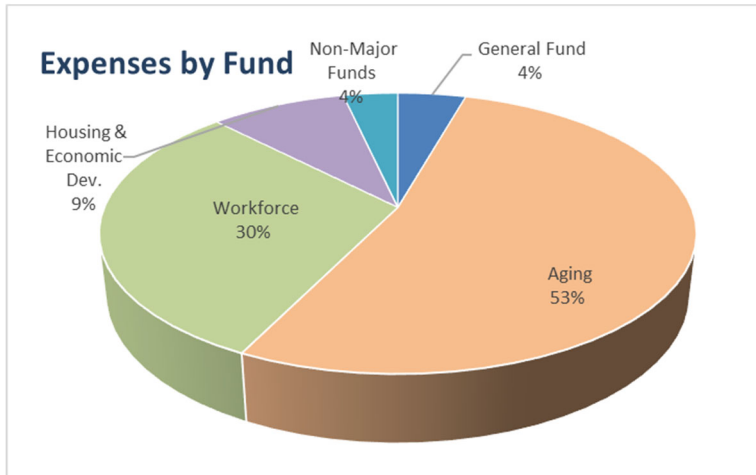
In the Workforce program, revenues and expenditures were both up approximately 9% over the prior year. While there was a decrease in Workforce Innovation and Opportunity Act (“WIOA”) allocations, the program received additional funding through discretionary grants the Council applied for and from voluntary reallocations from another region in the state.

Within the Housing and Economic Development programs, revenues decreased by 15% from the prior year and expenses decreased by 3%. These changes were due to a decrease in services provided through the HOME program and the addition of new staff positions. Overall, \$86,317 was transferred from the General Fund to the Housing and Economic Development Fund to supplement revenue earned, primarily for CDBG project administration.



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

In Non-Major Funds, revenue increased almost 18% due to a Coronavirus Relief Fund grant received to cover certain pandemic-related costs; expenses increased almost 25% due to additional costs incurred related to the pandemic, such as PPE for staff and increased cleaning/sanitizing.



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 51. When comparing the original and final budgets, Interest Income was added in the final budget based on trends in earnings. Other Revenue included funds received from the resale of PPE; it was not included in the original budget because the Council was not providing that service at the time the original budget was prepared.

Expenses originally budgeted for personnel costs were decreased in the final budget due to staff attrition. In “operations and maintenance”, some costs were mistakenly shifted to the Housing & Economic Dev. Fund from the General Fund in the final budget. (The agency-wide budget for “operations and maintenance” increased in the final budget due to pandemic-related costs as previously mentioned.) Budgeted capital outlays was decreased because the planned purchase of new accounting software was delayed.

Variations in actual and final budgeted revenues and expenses were most significant in “operations and maintenance”, “cost of goods sold” (PPE purchased for resale), and “applied as match”. As previously mentioned, one of the reasons for the significant difference between actual and final budgeted “operations and maintenance” was due to mistaken shift in costs in the final budget; however, there were also additional costs due to the pandemic that increased the actual costs in that category significantly from the original budget. The required match, or “applied as match”, was higher than budgeted because the amount of reimbursement from the EDA Planning grant (in the Housing & Economic Development Fund) was higher than projected, and therefore the match required was higher as well.

Actual general fund revenues exceeded actual expenses by \$200,726, which was higher than originally budgeted, but lower than what was reflected in the final budget. After accounting for transfers in/out for other funds, the general fund had a net change in fund balance of \$74,750, which was higher than both the original and final budgets.

Capital Assets and Long-term Debt Activity

From last year to this year, the net value of capital assets decreased by \$11,570 or about 9% of the prior year value due to depreciation. There was no long-term debt remaining from the prior year and no new long-term debt incurred this year.

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

Economic Factors and Next Year’s Budget

The COVID-19 pandemic has had a significant impact on recent budgets and is expected to continue impacting the Council’s budgets for the foreseeable future, as it continues to impact the economy and grant opportunities. In particular for FY21-22, the Council has been awarded ARP grants for Aging and HOME programs (Housing & Economic Development Fund). The use of these grants will stretch over two to three years and will result in increased revenue and related program expenses.

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, 2021

	Governmental Activities
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 2,784,155
Accounts receivable	1,323,758
Prepaid expenses	3,360
Notes receivable	3,201
Total current assets	4,114,474
Noncurrent Assets	
Notes receivable	61,819
Capital assets:	
Depreciable assets, net of accumulated depreciation	113,070
Total noncurrent assets	174,889
Total assets	4,289,363
Deferred Outflows of Resources	
Deferred outflows related to pensions	445,859
Deferred outflows related to other postemployment benefits	501,902
Total deferred outflows of resources	947,761
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	460,384
Due to HOME Program	66,648
Accrued annual leave	80,753
Insurance and tax escrow	6,760
Total current liabilities	614,545
Noncurrent Liabilities	
Net pension liability	2,714,993
Net OPEB liability	2,343,980
Total noncurrent liabilities	5,058,973
Total liabilities	5,673,518
Deferred Inflows of Resources	
Deferred inflows related to pensions	219,184
Deferred inflows related to other postemployment benefits	360,104
Total deferred inflows of resources	579,288
Net Position (Deficit)	
Investment in capital assets	113,070
Unrestricted (deficit)	(1,128,752)
Total net position (deficit)	\$ (1,015,682)

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Total	Primary Government	
		Functions/Programs	
		General Administration	Program Administration
Governmental Activities			
General administration	\$ 269,621	\$ 269,621	\$ -
Program administration	6,764,891	67,964	6,696,927
Unallocated depreciation	52,428	52,428	-
Total governmental activities	<u>7,086,940</u>	<u>390,013</u>	<u>6,696,927</u>
Program Revenues			
Operating grants and contributions	6,604,751	-	6,604,751
Net program (expense) revenue	<u>(482,189)</u>	<u>\$ (390,013)</u>	<u>\$ (92,176)</u>
General Revenues			
State revenue	41,242		
Participating local governments	290,347		
Interest income	3,367		
Other revenue	174,858		
Total general revenues	<u>509,814</u>		
Change in net position	27,625		
Net position (deficit), beginning of year	<u>(1,043,307)</u>		
Net position (deficit), end of year	<u>\$ (1,015,682)</u>		

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds					Total
	General	Aging	Workforce Innovation and Opportunity Act	Housing and Economic Development Projects	Non-major Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 2,784,155	\$ -	\$ -	\$ -	\$ -	\$ 2,784,155
Due from other funds	911,378	-	-	-	-	911,378
Accounts receivable	383	369,506	517,666	417,510	18,693	1,323,758
Prepaid items	3,360	-	-	-	-	3,360
Notes receivable	-	-	-	65,020	-	65,020
Total assets	<u>3,699,276</u>	<u>369,506</u>	<u>517,666</u>	<u>482,530</u>	<u>18,693</u>	<u>5,087,671</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	56,775	148,013	250,674	4,910	12	460,384
Due to other governments	-	-	-	66,648	-	66,648
Insurance and tax escrow	-	-	-	6,760	-	6,760
Due to other funds	-	221,493	266,992	404,212	18,681	911,378
Total liabilities	<u>56,775</u>	<u>369,506</u>	<u>517,666</u>	<u>482,530</u>	<u>18,693</u>	<u>1,445,170</u>
Fund Balances						
Nonspendable for prepaid items	3,360	-	-	-	-	3,360
Unassigned	3,639,141	-	-	-	-	3,639,141
Total fund balances	<u>3,642,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,642,501</u>
Total liabilities and fund balances	<u>\$ 3,699,276</u>	<u>\$ 369,506</u>	<u>\$ 517,666</u>	<u>\$ 482,530</u>	<u>\$ 18,693</u>	<u>\$ 5,087,671</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, 2021**

Fund Balance of Governmental Funds	\$	3,642,501
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of depreciation, are not current financial resources and are not included in the governmental funds		113,070
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		(2,714,993)
Net other postemployment benefits liability		(2,343,980)
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		445,859
Deferred outflows related to other postemployment benefits		501,902
Deferred inflows of resources related to pensions		(219,184)
Deferred inflows related to other postemployment benefits		(360,104)
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>(80,753)</u>
Net position of governmental activities	\$	<u><u>(1,015,682)</u></u>

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	Special Revenue Funds					Total
	General	Aging	Workforce Innovation and Opportunity Act	Housing and Economic Development Projects	Non-major Governmental Funds	
Revenues						
Federal revenue	\$ -	\$ 2,878,570	\$ 1,965,127	\$ 304,356	\$ 160,250	\$ 5,308,303
State revenue	41,242	734,170	-	-	-	775,412
Participating local governments	290,347	-	-	-	-	290,347
Service and special contracts	-	100,000	-	180,061	38,278	318,339
Required match	-	3,573	-	45,735	18,656	67,964
Interest income	3,367	-	-	-	-	3,367
Other revenue	174,858	105	172,603	3,267	-	350,833
Total revenues	<u>509,814</u>	<u>3,716,418</u>	<u>2,137,730</u>	<u>533,419</u>	<u>217,184</u>	<u>7,114,565</u>
Expenditures						
General administration	234,066	-	-	-	-	234,066
Program administration	67,964	3,722,814	2,120,222	614,619	239,272	6,764,891
Capital outlay	7,057	2,266	17,499	5,117	8,919	40,858
Total expenditures	<u>309,087</u>	<u>3,725,080</u>	<u>2,137,721</u>	<u>619,736</u>	<u>248,191</u>	<u>7,039,815</u>
Excess (deficiency) of revenues over (under) expenditures	<u>200,727</u>	<u>(8,662)</u>	<u>9</u>	<u>(86,317)</u>	<u>(31,007)</u>	<u>74,750</u>
Other Financing Sources (Uses)						
Transfers in	-	8,662	-	86,317	31,007	125,986
Transfers out	(125,977)	-	(9)	-	-	(125,986)
Total other financing sources (uses)	<u>(125,977)</u>	<u>8,662</u>	<u>(9)</u>	<u>86,317</u>	<u>31,007</u>	<u>-</u>
Net change in fund balance	74,750	-	-	-	-	74,750
Fund balances at June 30, 2020	<u>3,567,751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,567,751</u>
Fund balances at June 30, 2021	<u>\$ 3,642,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,642,501</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, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 74,750

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	\$ 40,858	
Depreciation expense	<u>(52,428)</u>	(11,570)

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	\$ 211,496	
Cost of benefits earned net of employee contributions	<u>(197,733)</u>	13,763

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

Council OPEB contributions	\$ 85,779	
Cost of benefits related to other post employment benefits	<u>(124,269)</u>	(38,490)

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.

(10,828)

Change in net position for the year ended June 30, 2021 **\$ 27,625**

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Santee-Lynches Regional Council of Governments (the "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 1965 Public Law 89-136, 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 Governmental Accounting Standards Board (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

NOTE 1. DESCRIPTION OF ORGANIZATION 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. 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 South Carolina Department on Aging. These funds are used to promote coordination of aging services in the region.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF ORGANIZATION 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 and U.S. Department of Commerce 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 Non-major Special Revenue Funds. The Non-major 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

NOTE 1. DESCRIPTION OF ORGANIZATION 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, 2021, 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 2021, the Council did not 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 Projects, and Workforce Innovation and Opportunity 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 Projects, and Workforce Innovation and Opportunity Act Special Revenue Funds have separate legally adopted budgets.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF ORGANIZATION 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 reports a separate section for *deferred outflows of resources*. This separate financial statement element 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

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

Deferred Outflows/Inflows of Resources (Continued):

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.

Accrued Annual Leave:

The Council allows employees to accrue vacation leave at a rate of one-half day to two-half days for each month actively employed with the Council, depending on length of service. After sixteen years of service, employees are allowed to accrue vacation leave at a rate of two and one-half days for each month actively employed. Council employees can carryover from year-to-year annual leave up to fifteen to forty 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 seventeen to forty-two 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

NOTE 1. DESCRIPTION OF ORGANIZATION 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' 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

NOTE 1. DESCRIPTION OF ORGANIZATION 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

NOTE 1. DESCRIPTION OF ORGANIZATION 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 CASH EQUIVALENTS

Cash Equivalents and Deposits

Cash and cash equivalents at June 30, 2021, consists of the following:

Demand deposits	\$	1,009,678
Cash on hand		102
Local Government Investment Pool		1,774,375
Total cash and cash equivalents	\$	2,784,155

Deposits with financial institutions include bank demand deposits.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND EQUIVALENTS (CONTINUED)

Credit Risk:

South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the South Carolina 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, 2021, the Council had the following investments classified as cash equivalents:

Investment Type	Fair Value	Investment Maturities (in Years) <u>Less Than 1</u>
SC Local Government Investment Pool	\$ 1,774,375	\$ 1,774,375

The LGIP is an investment mechanism authorized by the South Carolina State Legislature and is not registered with the SEC as an investment company. There is no regulatory oversight of the pool. The pool's primary objective is to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions. The total fair value of the investment pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1. Investments in the pool are stated at fair value, which approximates cost. The LGIP is an investment pool, which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the Council does not disclose investment in the LGIP within the fair value hierarchy. At June 30, 2021, 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

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, all of the Council's deposits were secured by depository insurance or collateralized as required by State statutes.

NOTES TO FINANCIAL STATEMENTS

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, 2021, was \$65,020. Maturities of principal payments due from the borrower are as follows for the years ending June 30:

2022	\$	3,201
2023		3,234
2024		3,265
2025		3,299
2026		3,332
2027 and thereafter		48,689
Total	\$	<u>65,020</u>

NOTE 4. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
Capital assets being depreciated				
Buildings and improvements	\$ 18,461	\$ -	\$ -	\$ 18,461
Equipment and furniture	461,950	40,858	-	502,808
Vehicles	61,211	-	-	61,211
Total capital assets being depreciated	<u>541,622</u>	<u>40,858</u>	<u>-</u>	<u>582,480</u>
Less accumulated depreciation:				
Buildings and improvements	(13,404)	(389)	-	(13,793)
Equipment and furniture	(342,367)	(52,039)	-	(394,406)
Vehicles	(61,211)	-	-	(61,211)
Total accumulated depreciated	<u>(416,982)</u>	<u>(52,428)</u>	<u>-</u>	<u>(469,410)</u>
Total capital assets being depreciated, net	<u>\$ 124,640</u>	<u>\$ (11,570)</u>	<u>\$ -</u>	<u>\$ 113,070</u>

Depreciation expense of \$52,428 was unallocated in the primary government.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM LIABILITIES

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

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due within One Year
Accrued annual leave	\$ 69,925	\$ 87,648	\$ 76,820	\$ 80,753	\$ 80,753
Net pension liability	2,631,145	412,303	328,455	2,714,993	-
Net OPEB liability	2,125,784	465,486	247,290	2,343,980	-
Total	<u>\$ 4,826,854</u>	<u>\$ 965,437</u>	<u>\$ 652,565</u>	<u>\$ 5,139,726</u>	<u>\$ 80,753</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:

2022	\$ 160,123
2023	53,400
2024	53,400
2025	1,200
Total	<u>\$ 268,123</u>

During the year ended June 30, 2021, the Council paid \$251,939 under operating leases.

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 \$290,347.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. RELATED PARTY TRANSACTIONS (CONTINUED)

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 \$146,321 for the year ended June 30, 2021. The Corporation owed the Council \$17,719 as of June 30, 2021, 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.

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 custodian, co-trustee and co-fiduciary of the systems and the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems. PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The ACFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and, therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

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 and other benefits for teachers and employees of the state and its political subdivisions.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

South Carolina Retirement System (Continued):

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.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

South Carolina Retirement System (Continued):

Contributions:

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017, for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the Board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 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 85 percent, then effective on the following July 1, 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 85 percent. For the year ended June 30, 2021, the Council contributed \$211,496 to the SCRS plan.

Required employee contribution rates for fiscal year 2020 - 2021 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 2020 - 2021 are as follows:

Employer Class Two	15.41% of earnable compensation
Employer Class Three	15.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

NOTES TO FINANCIAL STATEMENTS

NOTE 9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

South Carolina Retirement System (Continued):

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. Amounts determined regarding the net pension liability 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 Systems was most recently issued for the period ending June 30, 2019, for first use in the July 1, 2021 actuarial valuation.

The following provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2020:

	<u>SCRS</u>
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

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016. Assumptions used in the determination of the June 30, 2020, TPL are as follows:

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
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%

NOTES TO FINANCIAL STATEMENTS

NOTE 9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

South Carolina Retirement System (Continued):

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, 2020, for SCRS are presented below:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$ 5,508,445	\$ 2,793,452	\$ 2,714,993	50.7%

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, 2021, the Council reported a liability of \$2,714,993 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, 2020 (the measurement date), the Council's proportion was 0.010625 percent, which was a decrease of 0.000898 percent from its proportion measured as of June 30, 2019 (the measurement date).

For the year ended June 30, 2021, the Council recognized pension expense of \$197,733.

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments is based upon 20-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 2020 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

South Carolina Retirement System (Continued):

Long-term Expected Rate of Return (Continued):

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:

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global public equity	35.0%	7.81%	2.73%
Private equity	9.0%	8.91%	0.80%
Equity options securities	7.0%	5.09%	0.36%
Real assets	12.0%		
Real estate (private)	8.0%	5.55%	0.44%
Real estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure(Public)	1.0%	7.05%	0.07%
Opportunistic	8.0%		
Global tactical asset allocation	7.0%	3.56%	0.25%
Other opportunistic strategies	1.0%	4.41%	0.04%
Credit	15.0%		
High yield bonds/ bank loans	4.0%	4.21%	0.17%
Emerging markets debt	4.0%	3.44%	0.14%
Private debt	7.0%	5.79%	0.40%
Rate Sensitive	14.0%		
Core fixed income	13.0%	1.60%	0.21%
Cash and short duration (net)	1.0%	0.56%	0.01%
	<u>100%</u>		
		Total expected real return	5.80%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	<u>8.05%</u>

Discount Rate:

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

South Carolina Retirement System (Continued):

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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCRS	\$ 3,364,755	\$ 2,714,993	\$ 2,172,218

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2021, 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
SCRS		
Differences Between Expected and Actual Experience	\$ 31,327	\$ 10,267
Changes in Assumptions	3,326	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	199,710	-
Changes in Proportions and Differences Between Council Contributions and Proportionate Share of Contributions	-	208,917
Direct Contributions Subsequent to the Measurement Date	211,496	-
Totals	\$ 445,859	\$ 219,184

The contributions of \$211,496, 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, 2022.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

South Carolina Retirement System (Continued):

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

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:

2022	\$	(42,060)
2023		(13,075)
2024		19,354
2025		50,960
		50,960
	\$	15,179

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, 2020, (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, 2020.

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	\$ 911,378	\$ -
Aging fund	-	221,493
Workforce Innovation & Opportunity Act fund	-	266,992
Housing and Economic Development Projects fund	-	404,212
Other non-major governmental funds	-	18,681
Total	\$ 911,378	\$ 911,378

NOTES TO FINANCIAL STATEMENTS

NOTE 10. INTERFUND ACTIVITY (CONTINUED)

Interfund Transfers:

The following summarizes interfund transfers for the fiscal year ending June 30, 2021:

	Transfer In	Transfer Out
General fund	\$ -	\$ 125,977
Aging fund	8,662	-
Workforce Innovation & Opportunity Act fund	-	9
Housing and Economic Development Projects fund	86,317	-
Non-major governmental funds	31,007	-
Total	<u>\$ 125,986</u>	<u>\$ 125,986</u>

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, 2021, 2020, and 2019.

NOTES TO FINANCIAL STATEMENTS

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 OPEB 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:

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

Contributions:

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

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2020, was 6.25 percent. Council's contributions to the OPEB plan for the year ending June 30, 2021, were \$85,779, 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 2021 from these non-employer contributing entities was \$36,351, which is reported by the Council as State operating grants revenue for the year ended June 30, 2021.

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, 2021, the Council reported a liability of \$2,343,980 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2019. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2020, 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, 2020 and 2019 (the measurement dates), the Council's proportion was 0.012985% and 0.014058%, respectively.

For the year ended June 30, 2021, the Council recognized OPEB expense of \$124,969. At June 30, 2021, the Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 67,040	\$ 53,381
Net difference between projected and actual earnings on OPEB plan investments	-	5,467
Changes in proportion and differences between Council contributions and proportionate share of contributions	-	207,907
Changes in plan assumptions	348,814	93,349
Council contributions subsequent to the measurement date	86,048	-
Total	\$ 501,902	\$ 360,104

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 \$85,779 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, 2022. 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:	
2022	\$ (2,803)
2023	(3,558)
2024	(4,754)
2025	16,021
2026	23,697
Thereafter	27,147
Total	<u>\$ 55,750</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.

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 discount rate changed from 3.13% as of June 30, 2019, to 2.45% as of June 30, 2020.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (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, 2021.

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Investment Rate of Return	2.75%, net of OPEB plan investment expense, including inflation
Single Discount Rate	2.45% as of June 30, 2020
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 6.40% and gradually decreasing to an ultimate trend rate of 4.00% 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)

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%	0.60%	0.48%
Cash equivalents	20.00%	0.35%	0.07%
Total	100.00%		0.55%
Expected Inflation			2.25%
Total Return			2.80%
Investment Return Assumption			2.75%

Discount Rate:

The Single Discount Rate of 2.45% 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 2.45 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 (1.45 percent) or 1.00 percent higher (3.45 percent) than the current rate:

	1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
Net OPEB liability	\$ 2,796,839	\$ 2,343,980	\$ 1,982,112

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	\$ 1,897,227	\$ 2,343,980	\$ 2,930,696

OPEB Plan Fiduciary Net Position:

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

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

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 \$27,778 during the year ended June 30, 2021, 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, 2021, there were no liabilities which exceeded the coverage available through the SCIRF and separately purchased carriers.

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NOTES TO FINANCIAL STATEMENTS

NOTE 15. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During fiscal year 2021, 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 Act 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 Act Fund and that exceeded budgeted amounts as indicated in the Council's budgetary schedules included in the required supplementary information section.

	Budget	Actual	Actual (Over) Budget
General Fund:			
Direct personnel costs	\$ 508,858	\$ 516,655	\$ (7,797)
Indirect cost allocations	(749,046)	(737,807)	(11,239)
Operations and maintenance	26,375	265,902	(239,527)
Travel, training and meetings	45,086	48,769	(3,683)
Payments to service providers	-	1,000	(1,000)
Applied as match	54,788	67,964	(13,176)
Capital outlays	5,212	7,057	(1,845)
Aging Special Revenue Fund:			
Indirect cost allocations	299,308	302,079	(2,771)
Consulting and services	71,004	78,977	(7,973)
Housing and Economic Development Projects Special Revenue Fund:			
Direct personnel costs	348,041	370,096	(22,055)
Indirect cost allocations	184,752	196,454	(11,702)
Consulting and services	8,954	11,679	(2,725)
Capital outlays	3,041	5,117	(2,076)
Workforce Innovation and Opportunity Act Special Revenue Fund:			
Operations and maintenance	210,889	216,285	(5,396)
Payments to service providers	1,158,635	1,222,950	(64,315)
Capital outlay	(500)	17,499	(17,999)

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

<u>SOUTH CAROLINA RETIREMENT SYSTEM</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Council's proportion of the net pension liability	0.010625%	0.011523%	0.012004%	0.012116%
Council's proportionate share of the net pension liability	\$ 2,714,993	\$ 2,631,154	\$ 2,689,775	\$ 2,727,506
Council's covered payroll	\$ 1,372,464	\$ 1,196,954	\$ 1,229,448	\$ 1,257,889
Council's proportionate share of the net pension liability as a percentage of its covered payroll	197.82%	219.82%	218.78%	216.83%
Plan fiduciary net position as a percentage of the total pension liability	50.70%	54.40%	54.10%	53.30%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Council's proportion of the net pension liability	0.012463%	0.014015%	0.014307%	0.014307%
Council's proportionate share of the net pension liability	\$ 2,662,078	\$ 2,658,012	\$ 2,463,191	\$ 2,566,165
Council's covered payroll	\$ 1,238,539	\$ 1,223,454	\$ 1,332,381	\$ 1,319,301
Council's proportionate share of the net pension liability as a percentage of its covered payroll	214.94%	217.25%	184.87%	194.51%
Plan fiduciary net position as a percentage of the total pension liability	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 Council 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 - PENSION
LAST EIGHT FISCAL YEARS

<u>SOUTH CAROLINA RETIREMENT SYSTEM</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 211,496	\$ 184,451	\$ 177,164	\$ 168,683	\$ 141,318	\$ 133,479	\$ 143,231	\$ 137,867
Contributions in relation to the contractually required contribution	<u>(211,496)</u>	<u>(184,451)</u>	<u>(177,164)</u>	<u>(168,683)</u>	<u>(141,318)</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>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 1,372,464	\$ 1,196,954	\$ 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	15.41%	15.41%	14.41%	13.41%	11.41%	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 Council 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 THE NET OPEB LIABILITY
LAST FIVE FISCAL YEARS

	2021	2020	2019	2018	2017
Council's proportion of the net OPEB liability (%)	0.012985%	0.014058%	0.014586%	0.014687%	0.014687%
Council's proportion of the net OPEB liability (\$)	\$ 2,343,980	\$ 2,125,784	\$ 2,066,922	\$ 1,989,330	\$ 2,125,008
Council's covered payroll	\$ 1,372,464	\$ 1,196,954	\$ 1,229,447	\$ 1,257,889	\$ 1,238,539
Council's proportionate share of the net OPEB liability as a percentage of its covered payroll	170.79%	177.60%	168.12%	158.15%	171.57%
Plan fiduciary net position as a percentage of the total OPEB liability	8.39%	8.44%	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 10-year trend is compiled, the Council 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,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 85,779	\$ 74,246	\$ 74,514	\$ 69,184	\$ 66,014	\$ 65,210
Contributions in relation to the contractually required contribution	<u>85,779</u>	<u>74,246</u>	<u>74,514</u>	<u>69,184</u>	<u>66,014</u>	<u>65,210</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 1,372,464	\$ 1,196,954	\$ 1,229,447	\$ 1,257,889	\$ 1,238,539	\$ 1,223,454
Contributions as a percentage of covered payroll	6.25%	6.20%	6.06%	5.50%	5.33%	5.33%

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 Council will present information for those years for which information is available.

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Federal revenue	\$ -	\$ -	\$ -	\$ -
State revenue	41,242	41,242	41,242	-
Participating local governments	290,347	290,347	290,347	-
Service and special contracts	-	-	-	-
Interest income	-	4,538	3,367	(1,171)
Other revenue	-	175,000	174,858	(142)
Total revenues	<u>331,589</u>	<u>511,127</u>	<u>509,814</u>	<u>(1,313)</u>
Expenditures				
Direct personnel costs	584,896	508,858	516,655	(7,797)
Indirect cost allocations	(755,603)	(749,046)	(737,806)	(11,240)
Support services				
Operations and maintenance	161,330	26,375	265,901	(239,526)
Travel, training and meetings	55,379	45,086	48,769	(3,683)
Consulting and services	38,514	40,189	35,468	4,721
Payments to service providers	-	-	1,000	(1,000)
Cost of goods sold	-	130,000	104,079	25,921
Applied as match	63,513	54,788	67,964	(13,176)
Capital outlays	33,505	5,212	7,057	(1,845)
Total expenditures	<u>181,534</u>	<u>61,462</u>	<u>309,087</u>	<u>(247,625)</u>
Excess of revenues over expenditures	150,055	449,665	200,727	(248,938)
Other Financing Uses				
Transfers out	(180,891)	(424,653)	(125,977)	298,676
Total other financing uses	<u>(180,891)</u>	<u>(424,653)</u>	<u>(125,977)</u>	<u>298,676</u>
Net change in fund balance	(30,836)	25,012	74,750	49,738
Fund balance at beginning of year	<u>3,567,751</u>	<u>3,567,751</u>	<u>3,567,751</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,536,915</u>	<u>\$ 3,592,763</u>	<u>\$ 3,642,501</u>	<u>\$ 49,738</u>

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - AGING SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Federal revenue	\$ 3,198,702	\$ 3,106,064	\$ 2,878,570	\$ (227,494)
State revenue	1,221,354	1,411,151	734,170	(676,981)
Service and special contracts	-	100,000	100,000	-
Required match	5,039	2,803	3,573	770
Other revenue	-	-	105	105
Total revenues	<u>4,425,095</u>	<u>4,620,018</u>	<u>3,716,418</u>	<u>(903,600)</u>
Expenditures				
Direct personnel costs	698,805	661,182	655,281	5,901
Indirect cost allocations	356,357	299,308	302,079	(2,771)
Support services				
Operations and maintenance	55,389	52,690	48,740	3,950
Travel, training and meetings	9,126	1,092	305	787
Consulting and services	60	71,004	78,977	(7,973)
Payments to service providers	3,301,378	3,510,692	2,637,432	873,260
Capital outlays	3,980	2,266	2,266	-
Total expenditures	<u>4,425,095</u>	<u>4,598,234</u>	<u>3,725,080</u>	<u>873,154</u>
Excess (deficiency) of revenues over (under) expenditures	-	21,784	(8,662)	(30,446)
Other Financing Sources (Uses)				
Transfers in	-	-	8,662	8,662
Transfers out	-	(21,784)	-	21,784
Total other financing sources (uses)	<u>-</u>	<u>(21,784)</u>	<u>8,662</u>	<u>30,446</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<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, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Federal revenue	\$ 437,182	\$ 307,251	\$ 304,356	\$ (2,895)
Service and special contracts	154,707	155,344	180,061	24,717
Required match	37,224	30,735	45,735	15,000
Other revenue	3,300	3,300	3,267	(33)
Total revenues	<u>632,413</u>	<u>496,630</u>	<u>533,419</u>	<u>36,789</u>
Expenditures				
Direct personnel costs	315,014	348,041	370,096	(22,055)
Indirect cost allocations	76,534	184,752	196,454	(11,702)
Support services				
Operations and maintenance	137,877	281,631	23,819	257,812
Travel, training and meetings	1,821	498	366	132
Consulting and services	7,500	8,954	11,679	(2,725)
Payments to service providers	170,422	42,606	12,205	30,401
Capital outlays	-	3,041	5,117	(2,076)
Total expenditures	<u>709,168</u>	<u>869,523</u>	<u>619,736</u>	<u>249,787</u>
Deficiency of revenues under expenditures	(76,755)	(372,893)	(86,317)	286,576
Other Financing Sources				
Transfers in	76,755	372,893	86,317	(286,576)
Total other financing sources	<u>76,755</u>	<u>372,893</u>	<u>86,317</u>	<u>(286,576)</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - WORKFORCE INNOVATION AND
OPPORTUNITY ACT FUND
YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Federal revenue	\$ 1,874,617	\$ 1,911,125	\$ 1,965,127	\$ 54,002
Other revenue	157,386	181,493	172,603	(8,890)
Total revenues	<u>2,032,003</u>	<u>2,092,618</u>	<u>2,137,730</u>	<u>45,112</u>
Expenditures				
Direct personnel costs	349,076	345,567	332,278	13,289
Indirect cost allocations	208,333	183,439	176,625	6,814
Support services				
Operations and maintenance	204,785	210,889	216,285	(5,396)
Travel, training and meetings	8,556	214	45	169
Consulting and services	160,060	194,374	172,039	22,335
Payments to service providers	1,099,203	1,158,635	1,222,950	(64,315)
Capital outlay	1,990	(500)	17,499	(17,999)
Total expenditures	<u>2,032,003</u>	<u>2,092,618</u>	<u>2,137,721</u>	<u>(45,103)</u>
Excess of revenues over expenditures	-	-	9	9
Other Financing Uses				
Transfers out	-	-	(9)	(9)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(9)</u>	<u>(9)</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<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, 2021

	General	Aging	Workforce Innovation and Opportunity Act	Housing and Economic Development Projects	Non-major Governmental	Total
Revenues						
Federal revenue	\$ -	\$ 2,878,570	\$ 1,965,127	\$ 304,356	\$ 160,250	\$ 5,308,303
State revenue	41,242	734,170	-	-	-	775,412
Participating local governments	290,347	-	-	-	-	290,347
Service and special contracts	-	100,000	-	180,061	38,278	318,339
Required match	-	3,573	-	45,735	18,656	67,964
Interest income	3,367	-	-	-	-	3,367
Other revenue	174,858	105	172,603	3,267	-	350,833
Total revenues	<u>509,814</u>	<u>3,716,418</u>	<u>2,137,730</u>	<u>533,419</u>	<u>217,184</u>	<u>7,114,565</u>
Expenditures						
Direct personnel costs	516,655	655,281	332,278	370,096	116,507	1,990,817
Indirect cost allocations	(737,806)	302,079	176,625	196,454	62,648	-
Support services						
Operations and maintenance	265,901	48,740	216,285	23,819	43,079	597,824
Travel, training and meetings	48,769	305	45	366	6	49,491
Consulting and services	35,468	78,977	172,039	11,679	17,032	315,195
Payments to service providers	1,000	2,637,432	1,222,950	12,205	-	3,873,587
Direct participant support	104,079	-	-	-	-	104,079
Applied as match	67,964	-	-	-	-	67,964
Capital outlays	7,057	2,266	17,499	5,117	8,919	40,858
Total expenditures	<u>309,087</u>	<u>3,725,080</u>	<u>2,137,721</u>	<u>619,736</u>	<u>248,191</u>	<u>7,039,815</u>
Excess (deficiency) of revenues over (under) expenditures	<u>200,727</u>	<u>(8,662)</u>	<u>9</u>	<u>(86,317)</u>	<u>(31,007)</u>	<u>74,750</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	86,317	31,007	117,324
Transfers out	(125,977)	8,662	(9)	-	-	(117,324)
Total other financing sources (uses)	<u>(125,977)</u>	<u>8,662</u>	<u>(9)</u>	<u>86,317</u>	<u>31,007</u>	<u>-</u>
Net change in fund balance	74,750	-	-	-	-	74,750
Fund balance at beginning of year	<u>3,567,751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,567,751</u>
Fund balance at end of year	<u>\$ 3,642,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,642,501</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***

**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, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated April 8, 2022.

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.

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 financial statements. 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 cursive script that reads "Mauldin & Jenkins, LLC".

Columbia, South Carolina

April 8, 2022

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

**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'** (the "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, 2021. 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, 2021.

Report on Internal Control over Compliance

Management of the Council 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 the Council's 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 the Council's internal control over compliance.

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

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

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

Mauldin & Jenkins, LLC

Columbia, South Carolina
April 8, 2022

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass through Grantor Number	Federal Expenditures	Passed through to Subrecipients
U.S. Department of Transportation, Federal Transit Administration				
Passed through S.C. Department of Transportation				
Division of Planning - Federal Highway Funds				
State Planning and Research Funds (SPR)	20.205	N/A	\$ 74,624	\$ -
Total Highway Planning and Construction Cluster			<u>74,624</u>	<u>-</u>
Total U.S. Department of Transportation			<u>74,624</u>	<u>-</u>
U.S. Department of Commerce				
Direct Programs				
Economic Development Administration	11.302	ED19ATL3020017	106,714	-
Economic Adjustment Assistance	11.307	ED20ATL3070107	100,074	-
Total U.S. Department of Commerce			<u>206,788</u>	<u>-</u>
U.S. Environmental Protection Agency				
Passed through S.C. Department of Health & Environmental Control				
Water Quality Management Planning	66.454	EQ-1-402	19,821	-
Water Quality Management Planning	66.454	EQ-0-279	2,420	-
Total U.S. Environmental Protection Agency			<u>22,241</u>	<u>-</u>
U.S. Department of Housing & Urban Development				
HOME - Federal (Administrative)	14.239	M-19-DC-45-0206	42,392	-
HOME - Federal (Administrative)	14.239	M-20-DC-45-0206	42,488	-
HOME - Federal (Projects)	14.239	M-17-DC-45-0206	12,687	-
Total U.S. Department of Housing & Urban Development			<u>97,567</u>	<u>-</u>
US Department of Health & Human Services				
Passed through S.C. Department on Aging				
Support Services Admin COVID (COVID19)	93.045	COVID-06	2,783	-
Home Meals CARES (HDMC320)	93.045	CARES HDM SS-06	384,117	-
Support Services CARES (SSAC320)	93.044	CARES HDM SS-06	233,207	-
Home Meals Admin COVID (HDC5)	93.045	COVID-Meals-06	10,617	-
Home Meals COVID (HDC5)	93.045	COVID-Meals-06	199,527	-
COVID Vaccine Grant - Services (CVAC)	93.044	COVID-Vac-06	1,160	-
COVID Vaccine Grant - Admin (CVAC)	93.044	COVID-Vac-06	1,201	-
Title III-B - P & A (SIIB21)	93.044	R06 MG20	45,542	-
Title III-B - P & A (SIIB20)	93.044	R06 MG20	13,610	-
Title III-C-1 - P & A (IIIC121)	93.045	R06 MG20	23,992	-
Title III-C-1 - P & A (IIIC120)	93.045	R06 MG20	59,243	-
Title III-C-2 - P & A (IIIC220)	93.045	R06 MG20	31,209	-
Title III-B - Ombudsman (SIIB21)	93.044	R06 MG20	90,000	-
Title III-B - Ombudsman (SIIB20)	93.044	R06 MG20	71,466	-
Title III-B - Assessment Services (SIIB21)	93.044	R06 MG20	73,551	-
Title III-B - Assessment Services (SIIB20)	93.044	R06 MG20	86,233	-
Title III-B - Supportive Services (SIIB21)	93.044	R06 MG20	120,436	-
Title III-B - Supportive Services (SIIB20)	93.044	R06 MG20	129,590	-
Title III-B - Legal Services (SIIB21)	93.044	R06 MG20	7,980	-
Title III-B - Legal Services (SIIB20)	93.044	R06 MG20	18,540	-
Title III-B Information & Assist (service salaries) (SIIB21)	93.044	R06 MG20	31,485	-
Title III-B Information & Assist (service salaries) (SIIB20)	93.044	R06 MG20	31,941	-
Title III-C-1 - Group Dining (IIIC121)	93.045	R06 MG20	3,524	-
Title III-C-1 - Group Dining (IIIC120)	93.045	R06 MG20	17,000	-
Title III-C-2 - Home Delivered Meals (IIIC221)	93.045	R06 MG20	93,535	-
Title III-C-2 - Home Delivered Meals (IIIC220)	93.045	R06 MG20	426,908	-
NSIP (SNSIP21)	93.053	R06 MG20	123,758	-
NSIP (SNSIP20)	93.053	R06 MG20	54,773	-
Total Aging Cluster			<u>2,386,928</u>	<u>-</u>
Family Caregiver CARES (FCGC320)	93.052	CARES FCG Omb-06	97,510	-
Ombudsman CARES (OMBC320)	93.042	CARES FCG Omb-06	6,146	-
ADRC-COVID (51C10010)	93.048	ADRC-COVID-06	45,000	-
ADRC-COVID Administration (51C10010)	93.048	ADRC-COVID-06	5,000	-
ADRC-COVID Emergency Rental Assistance (ERA)	93.048	ADRC-COVID-ERA-06	939	-
			<u>154,595</u>	<u>-</u>

continued

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass through Grantor Number	Federal Expenditures	Passed through to Subrecipients
US Department of Health & Human Services (Continued)				
Title VII - Ombudsman (OMBUD20)	93.042	R06 MG20	\$ 8,271	\$ -
Title VII - Ombudsman (OMBUD21)	93.042	R06 MG20	2,090	-
			<u>10,361</u>	<u>-</u>
SC Prime Advocate Program (PRIME21)	93.634	Prime21-R06	1,958	-
			<u>1,958</u>	<u>-</u>
MIPPA Grant #1801SCMISH-01 (L0601MIPPA19)	93.071	R06 IC 20	8,494	
MIPPA Grant #2001SCMIAA (L0601MPAA21)	93.071	R06 IC 21	15,893	
MIPPA Grant #2001SCMIDR (L0601MADRC21)	93.071	R06 IC 21	7,416	
MIPPA Grant #2001SCMISH (L0601MIPPA21)	93.071	R06 IC 21	25,225	
SHIAP Grant #90SAPG0110-02-00 (L0601SHIAP20)	93.324	R06 IC 22	12,290	
SHIAP Grant #90SAPG0110-01-00 (L0601SHIAP20)	93.324	R06 IC 20	49,415	
HCFAC18 Grant #90MPPG0007-03-00 (L0601HCFAC18)	93.048	R06 IC20	14,244	
			<u>132,977</u>	<u>-</u>
Title III-D Evidence-Based Wellness Programs (SIID19)	93.043	R06 MG20	2,948	
			<u>2,948</u>	<u>-</u>
Title III-E - P & A (SIIE21)	93.052	R06 MG20	22,327	
Title III-E - P & A (SIIE20)	93.052	R06 MG20	602	
Title III-E Family Caregiver (service salaries) (SIIE20)	93.052	R06 MG20	50,599	
Title III-E Family Caregiver (service salaries) (SIIE21)	93.052	R06 MG20	21,574	
Title III-E Family Caregiver Services (SIIE20)	93.052	R06 MG20	59,960	
Title III-E Family Caregiver Services - SRC (SIIE19)	93.052	R06 MG20	422	
Title III-E Family Caregiver Services - SRC (SIIE20)	93.052	R06 MG20	14,475	
Title III-E Family Caregiver Services - SRC (SIIE21)	93.052	R06 MG20	18,845	
			<u>188,804</u>	<u>-</u>
Total U.S. Department of Health & Human Services			<u>2,878,571</u>	<u>-</u>
US Department of Treasury				
Passed through S.C. Department of Administration Coronavirus Relief Fund	21.019	189789480	63,385	
			<u>63,385</u>	<u>-</u>
Total U.S. Department of Treasury			<u>63,385</u>	<u>-</u>
US Department of Labor				
Passed through S.C. Department of Employment & Workforce				
WIOA Adult Program - Admin PY 20	17.258	* 20A010	27,646	-
WIOA Adult Program - Program PY 20	17.258	* 20A010	560,058	511,743
WIOA Adult Program - Admin PY 19	17.258	* 19A010	6,772	-
WIOA Adult Program - Program PY 19	17.258	* 19A010	31,819	27,011
WIOA Dislocated Worker Formula Grants - Admin PY 20	17.278	* 20DW010	25,858	-
WIOA Dislocated Worker Formula Grants - Program PY 20	17.278	* 20DW010	566,468	188,437
WIOA Dislocated Worker Formula Grants - Admin PY 19	17.278	* 19DW010	7,000	-
WIOA Dislocated Worker Formula Grants - Program PY 19	17.278	* 19DW010	95,388	9,834
WIOA Youth Activities - Admin PY 19	17.259	* 19Y010	2,254	-
WIOA Youth Activities - Program PY 19	17.259	* 19Y010	46,898	40,476
WIOA Youth Activities - Admin PY 20	17.259	* 20Y010	32,192	-
WIOA Youth Activities - Program PY 20	17.259	* 20Y010	464,697	399,277
WIOA Dislocated Worker - SC Works Security Funding	17.278	* 20SEC10	21,160	-
WIOA Dislocated Worker - Continuous Improvement Grant	17.278	* 20CIG10	32,950	-
WIOA Youth Activities - SWDB Restoration Funds	17.259	* 20SR10	4,414	4,414
WIOA Adult Program - Incumbent Worker Training PY 18	17.258	* 18IWT10	(5,608)	-
WIOA Dislocated Worker - Rapid Response Additional Assistance	17.278	* 20RRC10	41,557	41,557
WIOA Dislocated Worker - Incumbent Worker Training PY 20	17.278	* 20IWT10	3,603	-
Total WIOA Cluster Passed through SCDEW			<u>1,965,127</u>	<u>1,222,749</u>
Total U.S. Department of Labor			<u>1,965,127</u>	<u>1,222,749</u>
Total Expenditures of Federal Awards			<u>\$ 5,308,303</u>	<u>\$ 1,222,749</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, 2021

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, 2021. 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 includes federal grant activity of the Council under programs of the federal government for the year ended June 30, 2021. 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 funds.

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

The Council 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

The Council provided \$1,222,749 in awards to subrecipients for the year ended June 30, 2021.

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

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:

Assistance Listing Number

17.258, 17.259, 17.278

Name of Federal Program or Cluster

US Department of Labor – WIOA Cluster

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 2021 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, 2021**

There were no prior audit findings.