

**SANTEE-LYNCHES REGIONAL  
COUNCIL OF GOVERNMENTS**

**FINANCIAL AND  
COMPLIANCE REPORT**

**JUNE 30, 2022**

# SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council, as of June 30, 2022, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparisons, and the information concerning the Council's pension and OPEB plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The Governmental Funds – Detail of Revenues, Expenditures and Changes in Fund Balances 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* (collectively, "the supplementary information") 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. The supplementary 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2023, 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 Council's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Columbia, South Carolina  
April 28, 2023

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

This discussion and analysis of the Santee-Lynches Regional Council of Government's (the Council's) financial performance provides an overview of the Council's financial activities for the fiscal year ended June 30, 2022. The MD&A should be read in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

### **Overview of the Financial Statements**

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

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

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

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

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

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

- ❖ General administration – comprised of administrative and indirect costs and local programs not supported by federal or state funds or service contracts, and
- ❖ Program administration – comprised of the remaining programs and services of the Council, including the major and non-major programs.

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

### **Governmental Fund Statements**

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

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

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

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

Other required supplemental information, found on pages 48 through 51 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.

**GASB 87 Implementation**

The Council implemented the requirements of GASB 87 for the fiscal year ended June 30, 2022. GASB 87 requires the recognition of certain lease assets and liabilities for leases that were previously treated as operating leases.



**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>6/30/2022</u>	<u>6/30/2021</u>	<u>Net Change</u>
Current Assets	\$ 4,149,723	\$ 4,114,474	\$ 35,249
Noncurrent Assets	320,910	174,889	146,021
<b>Total Assets</b>	<b>4,470,633</b>	<b>4,289,363</b>	<b>181,270</b>
<b>Deferred Outflows of Resources</b>	<b>1,682,897</b>	<b>947,761</b>	<b>735,136</b>
Current Liabilities	637,213	614,545	22,668
Net Pension Liability	2,602,206	2,714,993	(112,787)
Net Other Postemployment Benefits Liability	3,064,548	2,343,980	720,568
Other Long-Term Liabilities	101,645	-	101,645
<b>Total Liabilities</b>	<b>6,405,612</b>	<b>5,673,518</b>	<b>732,094</b>
<b>Deferred Inflows of Resources-</b>			
<b>Deferred Pension Credits</b>	<b>832,584</b>	<b>579,288</b>	<b>253,296</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	109,397	113,070	(3,673)
Restricted	-	-	-
Unrestricted (exclusive of GASB 68 & 75)	3,622,378	3,561,748	60,630
GASB 68 & 75 Portions	(4,816,441)	(4,690,500)	(125,941)
<b>Total Net Position</b>	<b>\$ (1,084,666)</b>	<b>\$ (1,015,682)</b>	<b>\$ (68,984)</b>

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

The Unrestricted portion of Net Position (exclusive of GASB 68 and 75) increased by \$60,630, or 1.7%, to \$3,622,378. The GASB 68 & 75 portion of net position decreased by 2.7% from the prior year. Overall, there was a decrease in Total Net Position of -\$68,984.

Current Assets increased slightly by \$35,249, or 0.9%, while Current Liabilities increased by \$22,668 from the prior year. A review of current assets and current liabilities reveals the following: the Council's cash position at June 30, 2022 was down 6% from the prior year; accounts receivables increased by 16%; and accounts payable decreased by 5%. Non-current assets, which include a long-term notes receivable and net capital assets, increased 83.5% due to the inclusion of leased assets. 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>6/30/2022</u>	<u>6/30/2021</u>	<u>Net Change</u>
Operating Grants	\$ 6,500,844	\$ 6,604,749	\$ (103,905)
State and Local Appropriations	341,589	331,589	10,000
Gain on Sale of Capital Assets	26,724	-	26,724
Interest and Other Income	15,744	178,225	(162,481)
<b>Total Revenues</b>	<b><u>6,884,901</u></b>	<b><u>7,114,563</u></b>	<b><u>(229,662)</u></b>
General Administration	525,785	390,713	135,072
Program Administration	6,428,100	6,696,925	(268,825)
<b>Total Expenses</b>	<b><u>6,953,885</u></b>	<b><u>7,087,638</u></b>	<b><u>(133,753)</u></b>
<b>Change in Net Position</b>	<b><u>(68,984)</u></b>	<b><u>26,925</u></b>	<b><u>(95,909)</u></b>
Net Position at the Beginning of the Year	<u>(1,015,682)</u>	<u>(1,043,307)</u>	<u>27,625</u>
Net Position at the End of the Year	<u><u>\$ (1,084,666)</u></u>	<u><u>\$ (1,016,382)</u></u>	<u><u>\$ (68,284)</u></u>

Revenues increased in the General Fund, Aging Fund, and the Housing & Economic Development Fund from the prior year but decreased in both the Workforce Fund and Non-Major Funds; total revenues from all sources were down 0.2%. In expenses, there was a slight overall increase of 0.02% over the prior year.

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

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

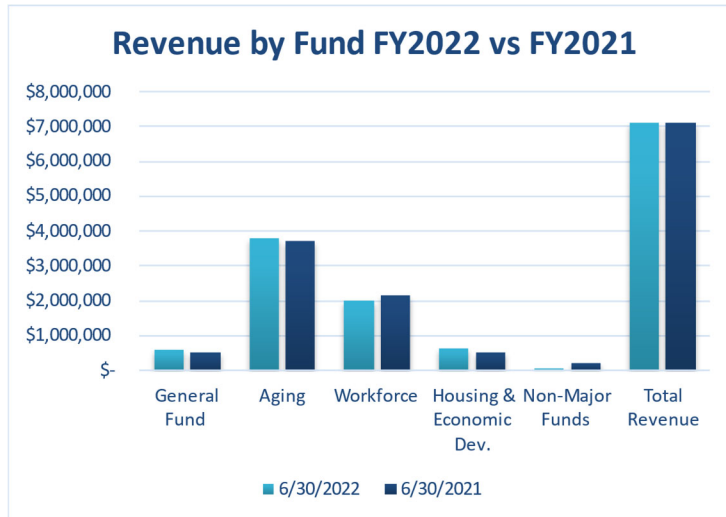
Overall, the most significant changes in assets from last year to this year was the decrease of \$174,011 (or 6.2%) in cash on hand and increase of \$212,246 (or 16%) to accounts receivable. These changes are primarily the result of the timing of invoicing and receipt of payments.

Total accounts payable balances decreased slightly by \$24,421 (or about 5%). The most significant change in liabilities from last year to this year was the addition of the lease liability due to the implementation of GASB 87. The recognition of this new liability increased total liabilities by about 12%.

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. The total match required this year was \$23,247.

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

In the General Fund, overall revenue (including from the sale of capital assets) increased 14.4% from the prior year, while expenses increased 59.5%. This was due primarily to a shift to more appropriately account for most service contract revenue and expenses in the General Fund instead of Non-Major Funds. There were also non-typical expenses in the General Fund for severance payments and related legal expenses. Excess Revenues over Expenditures in the General Fund was \$90,473, which was \$110,253 less than the previous year.

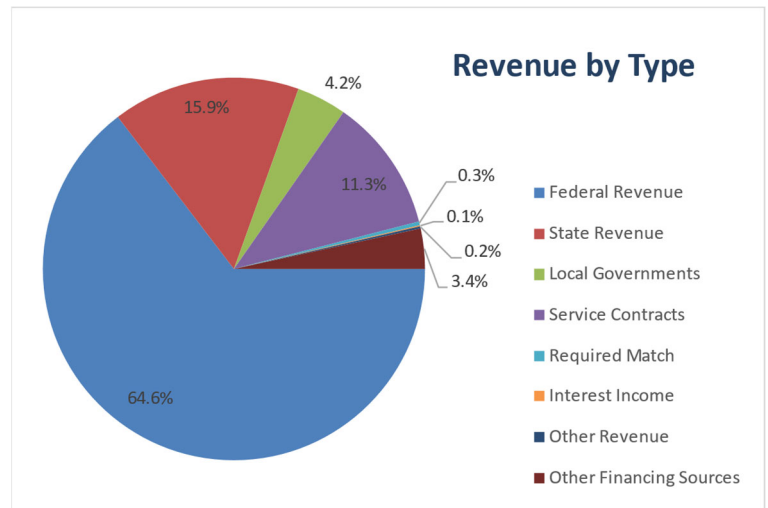


Within the Aging program, there was an overall 1.7% increase in revenues. This increase was due to additional COVID-related grants, as well as increased reimbursement levels to cover the increase in payments to service providers.. Total expenses in the Aging program increased about 1.3% over last year. 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. Overall, Excess Revenues over

Expenditures was \$8,223.

In the Workforce program, revenues and expenditures were both down 5.8% over the prior year. However, if the amounts from the implementation of GASB 87 this year were not included, the change in both revenues and expenditures this year would be -15.1%. This was directly related to a decrease in Workforce Innovation and Opportunity Act (“WIOA”) allocations to Santee-Lynches.

Within the Housing and Economic Development programs, revenues increased by 21.9% from the prior year and expenses increased by 11.4%. These changes were due to new Community Development Block Grants (CDBG) made available due to COVID-19 and more work done on the standard CDBG projects. Overall, \$40,089 was transferred from the General Fund to the Housing and Economic Development Fund to supplement revenue earned, primarily for economic development planning.



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

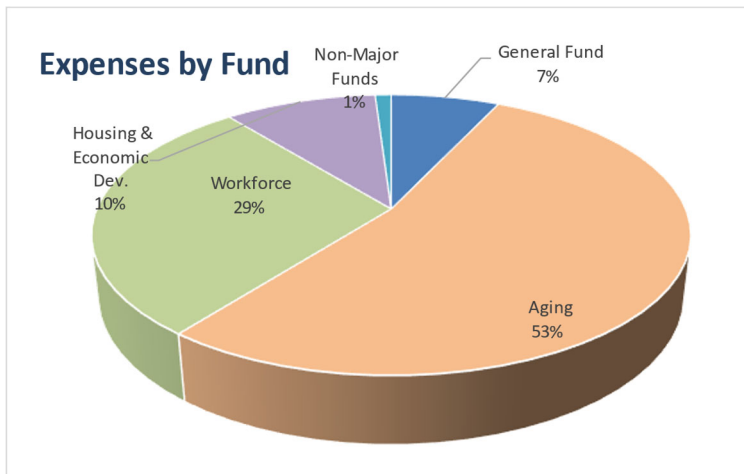
In Non-Major Funds, revenue decreased 67% and expenses decreased by 71%. This was due to less staff time being spent in transportation planning (which results in less reimbursement levels), and a shift to more appropriately account for most service contract revenue and expenses in the General Fund. Overall, \$700 was transferred from the General Fund to Non-Major Funds.

**General Fund Budget Analysis**

Within the Required Supplemental Information section of this report, a budgetary comparison schedule for the General Fund is provided on page 52. When comparing the original and final budgets, new service contracts were added to the final budget as well as estimates for the sale of under-utilized vehicles.

Expenses originally budgeted for personnel costs were increased in the final budget due to the addition of a staff position in the Administration Department, severance payments to the former Executive Director, and more staff time being diverted to work on the new service contracts. Other General Fund expenses were significantly increased in the final budget due to the settlement payment to the former

Executive Director, the addition of an online training platform for staff, the addition of costs for a workplace “climate study”, increased legal fees, and the buy-out of leases on three vehicles.



Actual general fund expenses were lower than the final budgeted amounts by a little over \$86,000. Actual general fund revenues exceeded actual expenses by \$48,218, which was higher than budgeted. After accounting for transfers in/out for other funds as well as proceeds from the sale of capital assets, the general fund had a net change in fund balance of \$57,907, 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 investment in capital assets decreased by \$3,673 or about 3% of the prior year value due to depreciation. With the implementation of GASB 87 during this fiscal year, the Council is showing long-term debt in the amount of \$101,645 at year-end which represents future lease payments due under the current lease agreements.

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

The 2020 Census results showed that the Santee-Lynches region had a population decrease in the past ten years. Because many of our grantors factor in population when determining allocation amounts, the Council expects to see future funding decreases in our major program areas, including Workforce and Aging.

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

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

**Requests for Information**

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

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	Governmental Activities
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 2,610,144
Accounts receivable	1,536,004
Prepaid expenses	341
Note receivable, current	3,234
<b>Total current assets</b>	<b>4,149,723</b>
Noncurrent Assets	
Note receivable	60,976
Capital assets:	
Depreciable assets, net of accumulated depreciation/amortization	259,934
<b>Total noncurrent assets</b>	<b>320,910</b>
<b>Total assets</b>	<b>4,470,633</b>
Deferred Outflows of Resources	
Deferred outflows related to pensions	669,121
Deferred outflows related to other postemployment benefits	1,013,775
<b>Total deferred outflows of resources</b>	<b>1,682,896</b>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable and accrued liabilities	435,962
Due to HOME Program	66,648
Lease liability	48,892
Accrued annual leave	78,030
Insurance and tax escrow	7,681
<b>Total current liabilities</b>	<b>637,213</b>
Noncurrent Liabilities	
Lease liability	101,645
Net pension liability	2,602,205
Net OPEB liability	3,064,548
<b>Total noncurrent liabilities</b>	<b>5,768,398</b>
<b>Total liabilities</b>	<b>6,405,611</b>
Deferred Inflows of Resources	
Deferred inflows related to pensions	507,861
Deferred inflows related to other postemployment benefits	324,723
<b>Total deferred inflows of resources</b>	<b>832,584</b>
<b>Net Position (Deficit)</b>	
Investment in capital assets	109,397
Unrestricted (deficit)	(1,194,063)
<b>Total net position (deficit)</b>	<b>\$ (1,084,666)</b>

See notes to the financial statements.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**

	Total	Primary Government	
		Functions/Programs	
		General Administration	Program Administration
Governmental Activities			
General administration	\$ 420,813	\$ 420,813	\$ -
Program administration	6,427,305	-	6,427,305
Unallocated depreciation/amortization	105,766	105,766	-
<b>Total governmental activities</b>	<u>6,953,884</u>	<u>526,579</u>	<u>6,427,305</u>
Program Revenues			
Operating grants and contributions	6,500,844	-	6,500,844
<b>Net program revenue (expense)</b>	<u>(453,040)</u>	<u>\$ (526,579)</u>	<u>\$ 73,539</u>
General Revenues			
State revenue	41,242		
Participating local governments	300,347		
Interest income	5,889		
Gain on sale of capital assets	26,724		
Other revenue	9,854		
<b>Total general revenues</b>	<u>384,056</u>		
<b>Change in net position</b>	(68,984)		
Net position (deficit), beginning of year	<u>(1,015,682)</u>		
<b>Net position (deficit), end of year</b>	<u><b>\$ (1,084,666)</b></u>		

See notes to the financial statements.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	Special Revenue Funds					Total
	General	Aging	Workforce Innovation and Opportunity Act	Housing and Economic Development Projects	Non-major Governmental Funds	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,610,144	\$ -	\$ -	\$ -	\$ -	\$ 2,610,144
Due from other funds	1,102,533	-	-	-	-	1,102,533
Accounts receivable	28,135	801,069	262,552	424,663	19,585	1,536,004
Prepaid items	341	-	-	-	-	341
Note receivable	-	-	-	64,210	-	64,210
<b>Total assets</b>	<u>3,741,153</u>	<u>801,069</u>	<u>262,552</u>	<u>488,873</u>	<u>19,585</u>	<u>5,313,232</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable and accrued liabilities	40,745	200,855	184,267	10,079	16	435,962
Due to other governments	-	-	-	66,648	-	66,648
Insurance and tax escrow	-	-	-	7,681	-	7,681
Due to other funds	-	600,214	78,285	404,465	19,569	1,102,533
<b>Total liabilities</b>	<u>40,745</u>	<u>801,069</u>	<u>262,552</u>	<u>488,873</u>	<u>19,585</u>	<u>1,612,824</u>
<b>Fund Balances</b>						
Nonspendable for prepaid items	341	-	-	-	-	341
Unassigned	3,700,067	-	-	-	-	3,700,067
<b>Total fund balances</b>	<u>3,700,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,700,408</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,741,153</u>	<u>\$ 801,069</u>	<u>\$ 262,552</u>	<u>\$ 488,873</u>	<u>\$ 19,585</u>	<u>\$ 5,313,232</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, 2022**

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Fund Balance of Governmental Funds	\$	3,700,408
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.		259,934
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		(2,602,205)
Net other postemployment benefits liability		(3,064,548)
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		669,121
Deferred outflows related to other postemployment benefits		1,013,775
Deferred inflows of resources related to pensions		(507,861)
Deferred inflows related to other postemployment benefits		(324,723)
Long-term liabilities, including accrued annual leave and lease liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(228,567)</u>
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>(1,084,666)</u></b>

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds					Total
	General	Aging	Workforce Innovation and Opportunity Act	Housing and Economic Development Projects	Non-major Governmental Funds	
<b>Revenues</b>						
Federal revenue	\$ -	\$ 2,593,843	\$ 1,647,059	\$ 286,073	\$ 59,441	\$ 4,586,416
State revenue	41,242	1,086,146	-	-	-	1,127,388
Participating local governments	300,347	-	-	-	-	300,347
Service and special contracts	183,841	100,000	168,024	349,712	-	801,577
Required match	-	-	-	11,399	11,848	23,247
Interest income	5,889	-	-	-	-	5,889
Other revenue	9,854	210	-	3,248	-	13,312
<b>Total revenues</b>	<u>541,173</u>	<u>3,780,199</u>	<u>1,815,083</u>	<u>650,432</u>	<u>71,289</u>	<u>6,858,176</u>
<b>Expenditures</b>						
Current:						
General administration	423,536	-	-	-	-	423,536
Program administration	23,246	3,757,072	1,756,042	688,889	71,989	6,297,238
Capital outlay	46,174	14,904	205,452	1,632	-	268,162
Debt service:						
Principal retirements	-	-	48,074	-	-	48,074
Interest	-	-	4,126	-	-	4,126
<b>Total expenditures</b>	<u>492,956</u>	<u>3,771,976</u>	<u>2,013,694</u>	<u>690,521</u>	<u>71,989</u>	<u>7,041,136</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>48,217</u>	<u>8,223</u>	<u>(198,611)</u>	<u>(40,089)</u>	<u>(700)</u>	<u>(182,960)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	40,089	700	40,789
Transfers out	(32,566)	(8,223)	-	-	-	(40,789)
Inception of lease	-	-	198,611	-	-	198,611
Sale of capital assets	42,256	-	-	-	-	42,256
<b>Total other financing sources (uses)</b>	<u>9,690</u>	<u>(8,223)</u>	<u>198,611</u>	<u>40,089</u>	<u>700</u>	<u>240,867</u>
<b>Net change in fund balance</b>	57,907	-	-	-	-	57,907
Fund balances at June 30, 2021	<u>3,642,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,642,501</u>
<b>Fund balances at June 30, 2022</b>	<u>\$ 3,700,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,700,408</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, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ 57,907

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, including right-to-use leased assets, are allocated over their estimated useful lives as depreciation or amortization 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	\$ 268,162	
Depreciation and amortization expense	<u>(105,766)</u>	162,396

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.

(15,532)

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	\$ 238,587	
Cost of benefits earned net of employee contributions	<u>(191,214)</u>	47,373

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	\$ 91,346	
Cost of benefits related to other post employment benefits	<u>(264,660)</u>	(173,314)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents the difference between current year principal payments on the Council's outstanding debt for governmental activities (\$48,074) and the inception of a new lease (\$198,611).

(150,537)

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.

2,723

**Change in net position for the year ended June 30, 2022**

\$ (68,984)

# SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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### 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

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### 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

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### 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

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### 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, 2022, 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 2022, the Council approved 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 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. Leased assets are recorded at the estimated cost of the entire lease term at the date of contract inception. 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. Leased assets are amortized over the total contract term, including reasonably likely extension periods, using the straight-line method of amortization. Useful lives of the Council's capital assets generally range from 3 to 40 years.



## NOTES TO FINANCIAL STATEMENTS

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

#### **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 8 and 12.

*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 8 and 12.

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

The Council allows employees to accrue vacation leave at a rate of one-half day to two and one-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

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### 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.

#### **Leases:**

The Council is a lessee for a noncancellable lease of real property. The Council recognizes a lease liability and an intangible leased asset in the government-wide financial statements. The Council recognizes lease liabilities and leased assets in accordance with its capitalization policy.

At the commencement of a lease, the Council initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

Key estimates and judgments related to leases include how the Council determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The Council uses the interest rate utilized by similar organizations. Since the interest rate charged by the lessor is not provided and the Council does not have its own incremental borrowing rate, the Council generally uses the incremental borrowing rate of similar organizations as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and an extension option that the Council is reasonably certain to exercise.

The Council monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

In the statement of net position, lease assets are reported with other capital assets and lease liabilities are reported with other long-term liabilities as amounts due within one year and amounts due in more than one year.

## NOTES TO FINANCIAL STATEMENTS

---

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

#### **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

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### 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, reduced by the Council's outstanding lease liability.

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

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

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

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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**NOTE 1. DESCRIPTION OF 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, 2022, consists of the following:

Demand deposits	\$ 829,711
Cash on hand	169
Local Government Investment Pool	1,780,264
<b>Total cash and cash equivalents</b>	<b>\$ 2,610,144</b>

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, 2022, 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	\$ 1,780,264	\$ 1,780,264

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, 2022, 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 RECEIVABLE

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, 2022, was \$64,210. Maturities of principal payments due from the borrower are as follows for the years ending June 30:

2023	\$	3,234
2024		3,265
2025		3,299
2026		3,332
2027		3,365
2028 and thereafter		47,715
<b>Total</b>	<b>\$</b>	<b><u>64,210</u></b>

### NOTE 4. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022
Capital assets being depreciated/amortized				
Buildings and improvements	\$ 18,461	\$ -	\$ -	\$ 18,461
Equipment and furniture	502,808	23,788	(5,900)	520,696
Vehicles	61,211	45,763	(35,250)	71,724
Right-to-use lease asset (building)	-	198,611	-	198,611
<b>Total capital assets being depreciated/amortized</b>	<b>582,480</b>	<b>268,162</b>	<b>(41,150)</b>	<b>809,492</b>
Less accumulated depreciation/amortization:				
Buildings and improvements	(13,793)	(389)	-	(14,182)
Equipment and furniture	(394,406)	(50,635)	5,618	(439,423)
Vehicles	(61,211)	(6,103)	20,000	(47,314)
Right-to-use lease asset (building)	-	(48,639)	-	(48,639)
<b>Total accumulated depreciated/amortization</b>	<b>(469,410)</b>	<b>(105,766)</b>	<b>25,618</b>	<b>(549,558)</b>
<b>Total capital assets and right-to-use assets, being depreciated/amortized, net</b>	<b>\$ 113,070</b>	<b>\$ 162,396</b>	<b>\$ (15,532)</b>	<b>\$ 259,934</b>

Depreciation and amortization expense of \$105,766 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, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Accrued annual leave	\$ 80,753	\$ 90,225	\$ 92,948	\$ 78,030	\$ 78,030
Lease payable	-	198,611	48,074	150,537	48,892
Net pension liability	2,714,993	676,424	789,212	2,602,205	-
Net OPEB liability	2,343,980	839,947	119,379	3,064,548	-
Total	<u>\$ 5,139,726</u>	<u>\$ 1,805,207</u>	<u>\$ 1,049,613</u>	<u>\$ 5,895,320</u>	<u>\$ 126,922</u>

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

#### Lease Payable

In July 2021, the Council entered into a noncancelable lease for office space. Annual payments of principal and interest at 2.85% are due monthly until the end of the agreement on June 1, 2025. Debt service to maturity on the Council's outstanding lease is as follows:

	Principal	Interest	Total
Year Ending June 30,			
2023	\$ 48,892	\$ 3,308	\$ 52,200
2024	50,168	2,032	52,200
2025	51,477	722	52,199
Total	<u>\$ 150,537</u>	<u>\$ 6,062</u>	<u>\$ 156,599</u>

### NOTE 6. 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

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### NOTE 6. RELATED PARTY TRANSACTIONS (CONTINUED)

#### Related Party (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 \$35,063 for the year ended June 30, 2022. The Corporation owed the Council \$35,937 as of June 30, 2022, for services provided.

### NOTE 7. 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 8. 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](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and, therefore, retirement trust fund financial information is also included in the ACFR 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

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### **NOTE 8. 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

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### NOTE 8. 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, 2022, the Council contributed \$238,587 to the SCRS plan.

Required employee contribution rates for fiscal year 2021 - 2022 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 2021 - 2022 are as follows:

Employer Class Two	16.41% of earnable compensation
Employer Class Three	16.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

## NOTES TO FINANCIAL STATEMENTS

**NOTE 8. 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.

The following provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021:

	<u>SCRS</u>
Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Investment rate of return	7.00%, including inflation
Projected salary increases	3.0% to 11.0%
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 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of the scale NMP projected from the year 2020. Assumptions used in the determination of the June 30, 2021, TPL are as follows:

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

## NOTES TO FINANCIAL STATEMENTS

**NOTE 8. 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	\$ 6,629,021	\$ 4,026,815	\$ 2,602,206	60.7%

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, 2022, the Council reported a liability of \$2,602,206 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, 2021 (the measurement date), the Council's proportion was 0.012024 percent, which was an increase of 0.001399 percent from its proportion measured as of June 30, 2020 (the measurement date).

For the year ended June 30, 2022, the Council recognized pension expense of \$191,214.

**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 2021 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 8. 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 4.75 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
Public Equity	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
	100%		
		Total expected real return	5.18%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.43%

#### Discount Rate:

The discount rate used to measure the total pension liability was 7.00 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 8. 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
SCRS	\$ 3,408,488	\$ 2,602,206	\$ 1,931,910

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

At June 30, 2022, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 44,326	\$ 3,512
Changes in Assumptions	142,436	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	378,005
Changes in Proportions and Differences Between Council Contributions and Proportionate Share of Contributions	243,773	126,344
Direct Contributions Subsequent to the Measurement Date	238,587	-
<b>Totals</b>	<b>\$ 669,122</b>	<b>\$ 507,861</b>

The contributions of \$238,587, 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, 2023.

## NOTES TO FINANCIAL STATEMENTS

**NOTE 8. 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:**

2023	\$	(6,333)
2024		26,937
2025		43,514
2026		(141,444)
		(77,326)
	\$	(77,326)

**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, 2021, (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, 2021.

**NOTE 9. 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	\$ 1,102,533	\$ -
Aging fund	-	600,214
Workforce Innovation & Opportunity Act fund	-	78,285
Housing and Economic Development Projects fund	-	404,465
Other non-major governmental funds	-	19,569
<b>Total</b>	\$ 1,102,533	\$ 1,102,533



## NOTES TO FINANCIAL STATEMENTS

**NOTE 9. INTERFUND ACTIVITY (CONTINUED)**

**Interfund Transfers:**

The following summarizes interfund transfers for the fiscal year ending June 30, 2022:

	Transfer In	Transfer Out
General fund	\$ -	\$ 32,566
Aging fund	-	8,223
Workforce Innovation & Opportunity Act fund	-	-
Housing and Economic Development Projects fund	40,089	-
Non-major governmental funds	700	-
<b>Total</b>	\$ 40,789	\$ 40,789

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 10. FUND BALANCE RESERVATIONS AND DESIGNATIONS**

The Council uses the following governmental fund balance accounts:

**Nonspendable for prepaid items.** 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 11. 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, 2022, 2021, and 2020.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12. 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 (SFAA), 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, 2022, was 6.25 percent. Council's contributions to the OPEB plan for the year ending June 30, 2022, were \$91,346, 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 2022 from these non-employer contributing entities was \$3,409, which is reported by the Council as State operating grants revenue for the year ended June 30, 2022.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 12. 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, 2022, the Council reported a liability of \$3,064,548 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2020. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2021, 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, 2021 and 2020 (the measurement dates), the Council's proportion was 0.014717% and 0.012985%, respectively.

For the year ended June 30, 2022, the Council recognized OPEB expense of \$264,660. At June 30, 2022, the Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 62,017	\$ 78,549
Net difference between projected and actual earnings on OPEB plan investments	-	828
Changes in proportion and differences between Council contributions and proportionate share of contributions	237,106	171,556
Changes in plan assumptions	623,037	73,790
Council contributions subsequent to the measurement date	91,615	-
Total	\$ 1,013,775	\$ 324,723

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12. 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 \$91,346 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, 2023. 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:	
2023	\$ 86,931
2024	85,576
2025	109,122
2026	117,602
2027	115,166
Thereafter	83,040
Total	<u>\$ 597,437</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 2.45% as of June 30, 2020, to 1.92% as of June 30, 2021.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12. 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, 2022.

Valuation Date	June 30, 2020
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	1.92% as of June 30, 2021
Demographic Assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019.
Mortality Assumptions	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with fully generational mortality projections based on a fully generational basis by the 80% of Scale UMP to account for future mortality improvements and adjusted with multipliers based on plan experience.
Health Care Trend Rates	Initial trend starting at 6.00% 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 12. 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%
<b>Total</b>	<b>100.00%</b>		<b>0.55%</b>
Expected Inflation			2.25%
<b>Total Return</b>			<b>2.80%</b>
<b>Investment Return Assumption</b>			<b>2.75%</b>

#### Discount Rate:

The Single Discount Rate of 1.92% 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 12. 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 1.92 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 (0.92 percent) or 1.00 percent higher (2.92 percent) than the current rate:

	<u>1% Decrease (0.92%)</u>	<u>Current Discount Rate (1.92%)</u>	<u>1% Increase (2.92%)</u>
Net OPEB liability	\$ 3,693,538	\$ 3,064,548	\$ 2,568,666

#### 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:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Net OPEB liability	\$ 2,458,592	\$ 3,064,548	\$ 3,871,963

#### OPEB Plan Fiduciary Net Position:

PEBA issues an 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](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to:

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 13. 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 \$38,452 during the year ended June 30, 2022, 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, 2022, there were no liabilities which exceeded the coverage available through the SCIRF and separately purchased carriers.

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## NOTES TO FINANCIAL STATEMENTS

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### NOTE 14. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During fiscal year 2022, 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
Aging Special Revenue Fund:			
Indirect cost allocations	\$ 299,965	\$ 302,796	\$ (2,831)
Housing and Economic Development Projects Special Revenue Fund:			
Direct personnel costs	360,059	395,856	(35,797)
Indirect cost allocations	162,015	188,255	(26,240)
Operations and maintenance	56,135	59,737	(3,602)
Travel, Training and Meetings	2,313	2,385	(72)
Workforce Innovation and Opportunity Act Special Revenue Fund:			
Debt service principal	-	48,074	(48,074)
Debt service interest	-	4,126	(4,126)
Capital outlay	7,161	205,452	(198,291)

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

<b>SOUTH CAROLINA RETIREMENT SYSTEM</b>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Council's proportion of the net pension liability	0.012024%	0.010625%	0.011523%	0.012004%	0.012116%
Council's proportionate share of the net pension liability	\$ 2,602,206	\$ 2,714,993	\$ 2,631,154	\$ 2,689,775	\$ 2,727,506
Council's covered payroll	\$ 1,453,910	\$ 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	178.98%	197.82%	219.82%	218.78%	216.83%
Plan fiduciary net position as a percentage of the total pension liability	60.70%	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 NINE FISCAL YEARS**

<u>SOUTH CAROLINA RETIREMENT SYSTEM</u>	<u>2022</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	\$ 238,587	\$ 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>(238,587)</u>	<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>	<u>\$ -</u>
Council's covered payroll	\$ 1,453,910	\$ 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	16.41%	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 SIX FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Council's proportion of the net OPEB liability (%)	0.014717%	0.012985%	0.014058%	0.014586%	0.014687%	0.014687%
Council's proportion of the net OPEB liability (\$)	\$ 3,064,548	\$ 2,343,980	\$ 2,125,784	\$ 2,066,922	\$ 1,989,330	\$ 2,125,008
Council's covered payroll	\$ 1,453,910	\$ 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	210.78%	170.79%	177.60%	168.12%	158.15%	171.57%
Plan fiduciary net position as a percentage of the total OPEB liability	7.48%	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, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 91,346	\$ 85,779	\$ 74,246	\$ 74,514	\$ 69,184	\$ 66,014	\$ 65,210
Contributions in relation to the contractually required contribution	<u>91,346</u>	<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>	<u>\$ -</u>
Council's covered payroll	\$ 1,453,910	\$ 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	6.28%	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, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
State revenue	\$ 41,242	\$ 41,242	\$ 41,242	\$ -
Participating local governments	290,347	290,347	300,347	10,000
Service and special contracts	-	189,898	183,841	(6,057)
Interest income	4,538	2,211	5,889	3,678
Other revenue	3,000	7,898	9,854	1,956
<b>Total revenues</b>	<u>339,127</u>	<u>531,596</u>	<u>541,173</u>	<u>9,577</u>
<b>Expenditures</b>				
Direct personnel costs	574,349	714,954	711,102	3,852
Indirect cost allocations	(557,073)	(645,227)	(658,449)	13,222
Support services				
Operations and maintenance	97,446	275,918	239,527	36,391
Travel, training and meetings	84,779	71,175	55,590	15,585
Consulting and services	35,070	81,890	75,766	6,124
Applied as match	52,060	34,568	23,246	11,322
Capital outlays	71,400	46,211	46,174	37
<b>Total expenditures</b>	<u>358,031</u>	<u>579,489</u>	<u>492,956</u>	<u>86,533</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(18,904)	(47,893)	48,217	96,110
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	(29,900)	(11,530)	(32,566)	(21,036)
Sale of capital assets	-	44,000	42,256	(1,744)
<b>Total other financing sources (uses)</b>	<u>(29,900)</u>	<u>32,470</u>	<u>9,690</u>	<u>(22,780)</u>
<b>Net change in fund balance</b>	(48,804)	(15,423)	57,907	73,330
Fund balance at beginning of year	<u>3,642,501</u>	<u>3,642,501</u>	<u>3,642,501</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u>\$ 3,593,697</u>	<u>\$ 3,627,078</u>	<u>\$ 3,700,408</u>	<u>\$ 73,330</u>

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - AGING SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Federal revenue	\$ 2,855,275	\$ 3,194,496	\$ 2,593,843	\$ (600,653)
State revenue	1,770,399	1,290,474	1,086,146	(204,328)
Service and special contracts	100,000	100,000	100,000	-
Other revenue	-	-	210	210
<b>Total revenues</b>	<u>4,725,674</u>	<u>4,584,970</u>	<u>3,780,199</u>	<u>(804,771)</u>
<b>Expenditures</b>				
Direct personnel costs	715,088	666,637	640,440	26,197
Indirect cost allocations	319,669	299,965	302,796	(2,831)
Support services				
Operations and maintenance	73,238	59,625	58,907	718
Travel, training and meetings	15,157	12,809	6,381	6,428
Consulting and services	85,000	69,900	63,900	6,000
Payments to service providers	3,510,693	3,449,961	2,684,648	765,313
Capital outlays	-	17,193	14,904	2,289
<b>Total expenditures</b>	<u>4,718,845</u>	<u>4,576,090</u>	<u>3,771,976</u>	<u>804,114</u>
<b>Excess of revenues over expenditures</b>	6,829	8,880	8,223	(657)
<b>Other Financing (Uses)</b>				
Transfers out	(6,829)	(8,880)	(8,223)	657
<b>Total other financing (uses)</b>	<u>(6,829)</u>	<u>(8,880)</u>	<u>(8,223)</u>	<u>657</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance at beginning of year	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - WORKFORCE INNOVATION AND**  
**OPPORTUNITY ACT FUND**  
**YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Federal revenue	\$ 1,822,618	\$ 1,843,646	\$ 1,647,059	\$ (196,587)
Service and special contracts	218,589	202,599	168,024	(34,575)
Other revenue	-	-	-	-
<b>Total revenues</b>	<u>2,041,207</u>	<u>2,046,245</u>	<u>1,815,083</u>	<u>(231,162)</u>
<b>Expenditures</b>				
Direct personnel costs	388,724	342,051	312,062	29,989
Indirect cost allocations	173,773	153,911	147,443	6,468
Support services				
Operations and maintenance	260,819	256,804	191,955	64,849
Travel, training and meetings	2,714	836	827	9
Consulting and services	220,000	213,884	198,802	15,082
Payments to service providers	995,177	1,071,598	904,953	166,645
Debt Service Principal	-	-	48,074	(48,074)
Debt Service Interest	-	-	4,126	(4,126)
Capital outlay	-	7,161	205,452	(198,291)
<b>Total expenditures</b>	<u>2,041,207</u>	<u>2,046,245</u>	<u>2,013,694</u>	<u>32,551</u>
<b>Deficiency of revenues over (under) expenditures</b>	-	-	(198,611)	(198,611)
<b>Other Financing Sources</b>				
Inception of Lease	-	-	198,611	198,611
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>198,611</u>	<u>198,611</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance at beginning of year	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - HOUSING AND ECONOMIC**  
**DEVELOPMENT PROJECTS SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Federal revenue	\$ 468,218	\$ 487,801	\$ 286,073	\$ (201,728)
Service and special contracts	204,937	240,577	349,712	109,135
Required match	30,810	15,000	11,399	(3,601)
Other revenue	3,300	3,300	3,248	(52)
<b>Total revenues</b>	<u>707,265</u>	<u>746,678</u>	<u>650,432</u>	<u>(96,246)</u>
<b>Expenditures</b>				
Direct personnel costs	371,969	360,059	395,856	(35,797)
Indirect cost allocations	26,364	162,015	188,255	(26,240)
Support services				
Operations and maintenance	191,591	56,135	59,737	(3,602)
Travel, training and meetings	1,998	2,313	2,385	(72)
Consulting and services	8,426	165,104	29,862	135,242
Payments to service providers	127,817	18,500	12,794	5,706
Capital outlays	-	1,658	1,632	26
<b>Total expenditures</b>	<u>728,165</u>	<u>765,784</u>	<u>690,521</u>	<u>75,263</u>
<b>Deficiency of revenues under expenditures</b>	(20,900)	(19,106)	(40,089)	(20,983)
<b>Other Financing Sources</b>				
Transfers in	20,900	19,106	40,089	20,983
<b>Total other financing sources</b>	<u>20,900</u>	<u>19,106</u>	<u>40,089</u>	<u>20,983</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance at beginning of year	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**

**OTHER SUPPLEMENTARY INFORMATION**

**SCHEDULE 1 - GOVERNMENTAL FUNDS - DETAIL OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2022**

	General	Aging	Workforce Innovation and Opportunity Act	Housing and Economic Development Projects	Non-major Governmental	Total
<b>Revenues</b>						
Federal revenue	\$ -	\$ 2,593,843	\$ 1,647,059	\$ 286,073	\$ 59,441	\$ 4,586,416
State revenue	41,242	1,086,146	-	-	-	1,127,388
Participating local governments	300,347	-	-	-	-	300,347
Service and special contracts	183,841	100,000	168,024	349,712	-	801,577
Required match	-	-	-	11,399	11,848	23,247
Interest income	5,889	-	-	-	-	5,889
Other revenue	9,854	210	-	3,248	-	13,312
<b>Total revenues</b>	<b>541,173</b>	<b>3,780,199</b>	<b>1,815,083</b>	<b>650,432</b>	<b>71,289</b>	<b>6,858,176</b>
<b>Expenditures</b>						
Direct personnel costs	711,102	640,440	312,062	395,856	41,710	2,101,170
Indirect cost allocations	(658,449)	302,796	147,443	188,255	19,955	-
Support services						
Operations and maintenance	239,527	58,907	191,955	59,737	10,009	560,135
Travel, training and meetings	55,590	6,381	827	2,385	315	65,498
Consulting and services	75,766	63,900	198,802	29,862	-	368,330
Payments to service providers	-	2,684,648	904,953	12,794	-	3,602,395
Debt service principal	-	-	48,074	-	-	48,074
Debt service interest	-	-	4,126	-	-	4,126
Applied as match	23,246	-	-	-	-	23,246
Capital outlays	46,174	14,904	205,452	1,632	-	268,162
<b>Total expenditures</b>	<b>492,956</b>	<b>3,771,976</b>	<b>2,013,694</b>	<b>690,521</b>	<b>71,989</b>	<b>7,041,136</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>48,217</b>	<b>8,223</b>	<b>(198,611)</b>	<b>(40,089)</b>	<b>(700)</b>	<b>(182,960)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	40,089	700	40,789
Transfers out	(32,566)	(8,223)	-	-	-	(40,789)
Inception of lease	-	-	198,611	-	-	198,611
Sale of capital assets	42,256	-	-	-	-	42,256
<b>Total other financing sources (uses)</b>	<b>9,690</b>	<b>(8,223)</b>	<b>198,611</b>	<b>40,089</b>	<b>700</b>	<b>240,867</b>
<b>Net change in fund balance</b>	<b>57,907</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,907</b>
Fund balance at beginning of year	3,642,501	-	-	-	-	3,642,501
<b>Fund balance at end of year</b>	<b>\$ 3,700,408</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,700,408</b>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **Santee-Lynches Regional Council of Governments** (the "Council") as of and for the year ended June 30, 2022, 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 28, 2023.

### Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is 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 or significant deficiencies may exist that have not been identified.

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**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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.



Columbia, South Carolina

April 28, 2023

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

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

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

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

We have audited the **Santee-Lynches Regional Council of Government's** (the "Council") compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

***Basis for Opinion on Each Major Federal Program***

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 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Council's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Council's federal programs.

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### ***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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### **Report on 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 a 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 Auditor's Responsibility for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 28, 2023

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Additional Award Identification</u>	<u>Pass-through Grantor Number</u>	<u>Federal Expenditures</u>	<u>Passed through to Subrecipients</u>
<b>U.S. Department of Transportation, Federal Transit Administration</b>					
Passed through S.C. Department of Transportation					
Division of Planning - Federal Highway Funds					
State Planning and Research Funds (SPR)	20.205		N/A	\$ 47,390	\$ -
Total Highway Planning and Construction Cluster				47,390	-
<b>Total U.S. Department of Transportation</b>				<b>47,390</b>	<b>-</b>
<b>U.S. Department of Commerce</b>					
Direct Programs					
Economic Development Administration	11.302	ED22ATL3020009	ED22ATL3020009	26,597	-
Economic Adjustment Assistance	11.307	ED20ATL3070107	ED20ATL3070107	153,402	-
<b>Total U.S. Department of Commerce</b>				<b>179,999</b>	<b>-</b>
<b>U.S. Environmental Protection Agency</b>					
Passed through S.C. Department of Health & Environmental Control					
Water Quality Management Planning	66.454		EQ-2-311	12,051	-
<b>Total U.S. Environmental Protection Agency</b>				<b>12,051</b>	<b>-</b>
<b>U.S. Department of Housing &amp; Urban Development</b>					
HOME - Federal (Administrative)	14.239		M20DC450206	36,117	-
HOME - Federal (Administrative)	14.239		M21DC450206	56,413	-
HOME ARP - Federal (Administrative)	14.239		M21DP450206	1,233	-
HOME - Federal (Projects)	14.239		M17DC450206	12,311	-
<b>Total U.S. Department of Housing &amp; Urban Development</b>				<b>106,074</b>	<b>-</b>
<b>US Department of Health &amp; Human Services</b>					
Passed through S.C. Department on Aging					
ARP: III-B - P & A (CS5C621)	93.044	* 2101SCSSC6	R06 ARP22	60	-
ARP: III-C-1 - Group Dining (SCMC621)	93.045	* 2101SCCMC6	R06 ARP22	564	-
ARP: III-C-2 - Home Delivered Meals (SCDC621)	93.045	* 2101SCHDC6	R06 ARP22	4,537	-
Home Meals COVID (HDC5)	93.045	*	COVID-Meals-06	16,006	-
COVID Vaccine Grant - Services (CVAC)	93.044	* 2101SCVAC5	COVID-Vac-06	11,991	-
COVID Vaccine Grant - Admin (CVAC)	93.044	* 2101SCVAC5	COVID-Vac-06	4,802	-
Title III-B - P & A (SIIIB21)	93.044	* 2101SCOASS	R06 MG22	167	-
Title III-B - P & A (SIIIB22)	93.044	* 2201SCOASS	R06 MG22	65,978	-
Title III-C-1 - P & A (IIIC121)	93.045	* 2101SCOACM	R06 MG22	35,755	-
Title III-C-1 - P & A (IIIC122)	93.045	* 2201SCOACM	R06 MG22	7,116	-
Title III-C-2 - P & A (IIIC221)	93.045	* 2101SCOAHD	R06 MG22	32,624	-
Title III-C-2 - P & A (IIIC222)	94.045	* 2201SCOAHD	R06 MG22	28,967	-
Title III-B - Ombudsman (SIIIB21)	93.044	* 2101SCOASS	R06 MG22	15,553	-
Title III-B - Ombudsman (SIIIB22)	93.044	* 2201SCOASS	R06 MG22	101,806	-
Title III-B - Assessment Services (SIIIB21)	93.044	* 2101SCOASS	R06 MG22	82,020	-
Title III-B - Assessment Services (SIIIB22)	93.044	* 2201SCOASS	R06 MG22	70,661	-
Title III-B - Supportive Services (SIIIB21)	93.044	* 2101SCOASS	R06 MG22	178,975	-
Title III-B - Supportive Services (SIIIB22)	93.044	* 2201SCOASS	R06 MG22	139,920	-
Title III-B - Legal Services (SIIIB21)	93.044	* 2101SCOASS	R06 MG22	17,136	-
Title III-B - Legal Services (SIIIB22)	93.044	* 2201SCOASS	R06 MG22	13,466	-
Title III-B Information & Assist (service salaries) (SIIIB21)	93.044	* 2101SCOASS	R06 MG22	36,461	-
Title III-B Information & Assist (service salaries) (SIIIB22)	93.044	* 2201SCOASS	R06 MG22	25,622	-
Title III-C-1 - Group Dining (IIIC121)	93.045	* 2101SCOACM	R06 MG22	157,761	-
Title III-C-2 - Home Delivered Meals (IIIC221)	93.045	* 2101SCOAHD	R06 MG22	370,671	-
Title III-C-2 - Home Delivered Meals (IIIC222)	93.045	* 2201SCOAHD	R06 MG22	405,943	-
NSIP (SNSIP21)	93.053	* 2101SCOANS	R06 MG22	12,952	-
NSIP (SNSIP22)	93.053	* 2201SCOANS	R06 MG22	118,158	-
Total Aging Cluster				1,955,672	-
ARP: VII - Ombudsman (COMB621)	93.042	2101SCOMC6	R06 ARP22	56,000	-
ARP: III-E - P & A (SFCC621)	93.052	2101SCFCC6	R06 ARP22	2,552	-
ARP: III-B Family Caregiver Services (SFCC621)	93.052	2101SCFCC6	R06 ARP22	78,228	-
Family Caregiver CARES (FCGC320)	93.052		CARES FCG Omb-06	16,697	-
Ombudsman CARES (OMBC320)	93.042		CARES FCG Omb-06	16,125	-
				169,602	-

continued



**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-through Grantor Program Title	Assistance Listing Number	Additional Award Identification	Pass-through Grantor Number	Federal Expenditures	Passed through to Subrecipients
<b>US Department of Health &amp; Human Services (Continued)</b>					
Title VII - Ombudsman (OMBUD21)	93.042	2101SCOAOM	R06 MG22	\$ 6,717	\$ -
				<u>6,717</u>	<u>-</u>
SC Prime Advocate Program (PRIME21)	93.634	1J1CMS331789	Prime21-R06	1,126	-
				<u>1,126</u>	<u>-</u>
MIPPA Grant #2001SCMIAA (L0601MPAA22)	93.071	2001SCMIAA	R06 IC 22	29,180	-
MIPPA Grant #2001SCMIDR (L0601MADRC22)	93.071	2001SCMIDR	R06 IC 22	6,744	-
MIPPA Grant #2001SCMISH (L0601MIPPA22)	93.071	2001SCMISH	R06 IC 22	26,301	-
SHIAP Grant #90SAPG0110-03-00 (L0601SHIAP20)	93.324	90SAPG0110	R06 IC 22	7,770	-
SHIAP Grant #90SAPG0110-02-00 (L0601SHIAP20)	93.324	90SAPG0110	R06 IC 22	40,346	-
HCFAC18 Grant #90MPPG0007-04-00 (L0601HCFAC18)	93.048	90MPPG0007	R06 IC22	18,394	-
HCFAC18 Supplement A (L0601HCFAC18)	93.048	90MPPG0007	R06 IC22	4,262	-
HCFAC18 Supplement B (L0601HCFAC18)	93.048	90MPPG0007	R06 IC22	249	-
				<u>133,246</u>	<u>-</u>
Title III-D Evidence-Based Wellness Programs (SIID20)	93.043	2001SCOAPH	R06 MG22	18,248	-
Title III-D Evidence-Based Wellness Programs (SIID19)	93.043	1901SCOAPH	R06 MG22	2,236	-
				<u>20,484</u>	<u>-</u>
Title III-E - P & A (SIIE21)	93.052	2101SCO AFC	R06 MG22	669	-
Title III-E - P & A (SIIE22)	93.052	2201SCO AFC	R06 MG22	20,836	-
Title III-E Family Caregiver (service salaries) (SIIE22)	93.052	2201SCO AFC	R06 MG22	25,999	-
Title III-E Family Caregiver (service salaries) (SIIE21)	93.052	2101SCO AFC	R06 MG22	61,022	-
Title III-E Family Caregiver Services (SIIE20)	93.052	2001SCO AFC	R06 MG22	40,743	-
Title III-E Family Caregiver Services (SIIE21)	93.052	2101SCO AFC	R06 MG22	122,343	-
Title III-E Family Caregiver Services (SIIE22)	93.052	2201SCO AFC	R06 MG22	14,242	-
Title III-E Family Caregiver Services - SRC (SIIE22)	93.052	2201SCO AFC	R06 MG22	6,142	-
Title III-E Family Caregiver Services - SRC (SIIE21)	93.052	2101SCO AFC	R06 MG22	15,000	-
				<u>306,996</u>	<u>-</u>
<b>Total U.S. Department of Health &amp; Human Services</b>				<u>2,593,843</u>	<u>-</u>
<b>US Department of Labor</b>					
Passed through S.C. Department of Employment & Workforce					
WIOA Adult Program - Admin PY 20	17.258		20A010	27,493	-
WIOA Adult Program - Program PY 20	17.258		20A010	178,515	132,860
WIOA Adult Program - Admin PY 21	17.258		21A010	13,223	-
WIOA Adult Program - Program PY 21	17.258		21A010	264,672	316,553
WIOA Dislocated Worker Formula Grants - Admin PY 20	17.278		20DW010	20,441	-
WIOA Dislocated Worker Formula Grants - Program PY 20	17.278		20DW010	276,080	51,202
WIOA Dislocated Worker Formula Grants - Admin PY 21	17.278		21DW010	9,913	-
WIOA Dislocated Worker Formula Grants - Program PY 21	17.278		21DW010	354,349	63,662
WIOA Youth Activities - Admin PY 20	17.259		20Y010	7,337	-
WIOA Youth Activities - Program PY 20	17.259		20Y010	99,280	77,273
WIOA Youth Activities - Admin PY 21	17.259		21Y010	7,922	-
WIOA Youth Activities - Program PY 21	17.259		21Y010	272,905	211,735
WIOA Dislocated Worker - SC Works Security Funding	17.278		20SEC10	13,160	-
WIOA Dislocated Worker - Continuous Improvement Grant	17.278		20CIG10	9,397	-
WIOA Dislocated Worker - Adult/DW LWDA Resiliency Grant	17.278		21LRA10	75,550	36,043
WIOA Dislocated Worker - Rapid Response Additional Assistance	17.278		20RRC10	1,320	1,320
WIOA Dislocated Worker - Incumbent Worker Training PY 20	17.278		20IWT10	15,502	14,106
Total WIOA Cluster Passed through SCDEW				<u>1,647,059</u>	<u>904,754</u>
<b>Total U.S. Department of Labor</b>				<u>1,647,059</u>	<u>904,754</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 4,586,416</u>	<u>\$ 904,754</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, 2022**

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**A. General**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal award programs of Santee-Lynches Regional Council of Governments (the "Council") for the year ended June 30, 2022. 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, 2022. 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 \$904,754 in awards to subrecipients for the year ended June 30, 2022.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

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**I. Summary of Auditor’s Results:**

**Financial Statements**

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

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None Reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major federal programs:

Material weaknesses identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None Reported

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

Unmodified

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

Yes  No

Identification of major federal programs:

Assistance Listing Number

93.044, 93.045, 93.053

Name of Federal Program or Cluster

US Department of Health & Human Services  
Aging 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 2022 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, 2022**

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There were no prior audit findings.